PRELIMINARY OFFICIAL STATEMENT
Dated March 15, 2024

NEW ISSUE - BOOK-ENTRY-ONLY

Rating: S&P - "AA"
(See "OTHER PERTINENT INFORMATION - Municipal Bond Rating" herein)

In the opinion of Bond Counsel (defined herein), assuming continuing compliance by the City (defined herein) after the date of initial delivery of the Certificates (defined herein) with certain covenants contained in the Ordinance (defined herein) and subject to the matters set forth under "TAX MATTERS" herein, interest on the Certificates for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Certificates, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. See "TAX MATTERS" herein.

$105,495,000*
CITY OF SEGUIN, TEXAS
(A political subdivision of the State of Texas located in Guadalupe County)
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024

Dated Date: March 15, 2024 | **Due: September 1, as shown on page -ii- herein**

The City of Seguin, Texas Combination Tax and Limited Pledge 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") pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), the City's Home Rule Charter, and an ordinance (the "Ordinance") of the City Council of the City of Seguin, Texas (the "City") to be adopted on March 19, 2024. As permitted by the provisions of Chapter 1371, the City Council, in the Ordinance, delegated the authority to certain City officials (each, an "Authorized Official") to execute an approval certificate (the "Approval Certificate") establishing the pricing terms for the Certificates. See "THE CERTIFICATES - Authority for Issuance" herein.

The Certificates constitute direct and general obligations of the City payable primarily from ad valorem taxes levied against all taxable property therein, within the limits prescribed by law (See "AD VALOREM PROPERTY TAXATION"). In addition, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the City's combined electric power, waterworks, and sewer system (the "System") not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding) such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net Revenues which are or may be pledged to the payment of the City's currently outstanding Prior Lien Obligations or any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City (as each such term is described and defined in the Ordinance). The City also previously authorized the issuance of the Limited Pledge Obligations (as defined in the Ordinance) that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in accordance with the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City has reserved the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. (See "THE CERTIFICATES - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)

Interest on the Certificates will accrue from the Dated Date as shown above and will be payable on March 1 and September 1 of each year, commencing September 1, 2024, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive 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 Zions Bancorporation, National Association, Houston, Texas, as the initial paying agent/registrar (the "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.)

The proceeds of the Certificates will be used for the purpose of making permanent public improvements and for other public purposes, to-wit: (1) designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's combined utility systems, (2) constructing street and bridge improvements (including utilities repair, replacement, and relocation), curbs, gutters, street lighting, technology improvements, signage, acquiring lands and rights-of-way necessary for streets, bridges, and sidewalk improvements, including drainage and landscaping incidental thereto, (3) designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's public safety facilities, including the Police department, (4) acquiring fire-fighting and other public safety equipment and vehicles, including a fire truck, (5) designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's parks or recreation facilities, including the City's Max Starcke Park and the Starcke Park Municipal Golf Course, (6) designing, constructing, acquiring, renovating, equipping, enlarging, and improving the flood prevention and drainage systems within the City, (7) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes; and (8) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. See "THE CERTIFICATES - Use of Proceeds."

FOR MATURITY SCHEDULE, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE CERTIFICATES SEE INSIDE PAGE OF THIS FRONT COVER.

The Certificates are offered for delivery, when, as and if issued and received by the initial purchasers thereof named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel. See "LEGAL MATTERS" herein for a discussion of Bond Counsel's legal opinion. Certain legal matters also will be passed upon for the Underwriters by Cantu Harden Montoya LLP, San Antonio, Texas. It is expected that the Certificates will be available for delivery through the services of DTC on or about April 18, 2024.

RBC Capital Markets

Estrada Hinojosa | **Hilltop Securities** | **UMB Bank, NA**

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* *Preliminary, subject to change.*

$105,495,000*
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024

CUSIP NO. PREFIX(1): 815832

Principal Amount($)	Stated Maturity (September 1)	Interest Rate (%)	Initial Yield (%)	CUSIP No. Suffix(1)
2025	$ 750,000			
2026	900,000			
2027	900,000			
2028	935,000			
2029	980,000			
2030	1,040,000			
2031	885,000			
2032	575,000			
2033	625,000			
2034	660,000			
2035	525,000			
2036	700,000			
2037	800,000			
2038	3,350,000			
2039	2,750,000			
2040	3,100,000			
2041	3,985,000			
2042	3,900,000			
2043	3,275,000			
2044	3,275,000			
2045	3,300,000			
2046	3,650,000			
2047	3,650,000			
2048	3,300,000			
2049	1,000,000			
2050	1,300,000			
2051	1,400,000			
2052	1,275,000			
2053	950,000			
2054	8,985,000			
2055	9,215,000			
2056	9,840,000			
2057	11,000,000			
2058	12,720,000			

(Interest to accrue from the Dated Date)

Redemption

The City reserves the right to redeem the Certificates maturing on and after September 1, 203_, in whole or in part, in the principal amount of $5,000 or any integral multiple thereof (and, if less than all Certificates within a stated maturity are redeemed, selected by lot by the Paying Agent/Registrar), on September 1, 203_, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. If two or more serial Certificates of consecutive maturity are combined into one or more "term" Certificates (each, a "Term Certificate") by the Underwriters such Term Certificates will be subject to mandatory sinking fund redemption in accordance with the provisions of the Ordinance. See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.

* *Preliminary, subject to change.*

(1) *CUSIP numbers are included solely for the convenience of owners of the Certificates. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc., on behalf of American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for convenience of the owners of the Certificates. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriters, the City or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.*

CITY OF SEGUIN, TEXAS
205 North River Street
Seguin, Texas 78155

CITY COUNCIL

Name	Position	Years of Service	Term Expires November	Occupation
Donna Dodgen*	Mayor	11	2024	Medical
Joe Rea	Councilperson, District 1	5	2024	Retired
Sonia Mendez	Councilperson, District 2	5	2024	Retired Education
Jim Lievens	Councilperson, District 3	1	2026	Realtor
Chris Rangel	Councilperson, District 4	7	2024	Education
Paul Gaytan	Councilperson, District 5	1	2026	Attorney
Monica Napier Carter	Councilperson, District 6	3	2024	Medical
Jason Biesenbach	Councilperson, District 7	2	2026	Contractor
Bill Keller	Councilperson, District 8	1	2026	Retired

* *Ms. Dodgen served as a councilmember from 2012 through 2018.*

ADMINISTRATION

Name	Position	Length of Service With City
Steve Parker	City Manager	4 years
Ricardo Cortes	Deputy City Manager	17 years
Kristen Mueller	City Secretary	1st year
Susan Caddell	Director of Finance	33 years
Tracy Stevens	Assistant Director of Finance	12 years
Mark Kennedy	City Attorney	1 year

CONSULTANTS AND ADVISORS

Armstrong, Vaughn & Associates, P.C. — Auditors
Universal City, Texas

Norton Rose Fulbright US LLP — Bond Counsel
Austin, Texas

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

For Additional Information Contact:

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Nicholas Westerman, Managing Director
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San Antonio, Texas 78209
(210) 832-9760
Fax (210) 832-9794
Email: dwesterman@samcocapital.com

Steve Parker, City Manager
Susan Caddell, Director of Finance
City of Seguin
Post Office Box 591
Seguin, Texas 78155
(830) 401-2300
Fax (830) 401-2450
Email: scaddell@seguintexas.gov

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule") and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the City with respect to the Certificates that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman, or other person has been authorized by the City to give any information or to make any representation with respect to the Certificates, other than as 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 either of the foregoing.

This Official Statement, which includes the cover page and appendices thereto, does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Certificates by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

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

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 THESE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE THEREOF.

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

None of the City, the Financial Advisor, or the Underwriters makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system described under the caption "BOOK-ENTRY-ONLY SYSTEM"" as such information has been provided by DTC.

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

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TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY INFORMATION

The following information is qualified in its entirety by more detailed information and financial statements appearing elsewhere in this Official Statement:

THE ISSUER	The City of Seguin, Texas (the "City") is a political subdivision and municipal corporation of the State of Texas (the "State"), operating pursuant to its Home Rule Charter, located in Guadalupe County, Texas. The City covers approximately 23.87 square miles and is the county seat of Guadalupe County. (See "APPENDIX B - General Information Regarding the City of Seguin and Its Economy.")
THE CERTIFICATES	The Certificates are issued as "City of Seguin, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024" (the "Certificates"). The Certificates are being issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), the City's Home Rule Charter, and an ordinance (the "Ordinance") to be adopted by the City Council of the City on March 19, 2024. As permitted by the provisions of Chapter 1371, the City Council, in the Ordinance, delegated the authority to certain City officials (each, an "Authorized Official") to execute an approval certificate (the "Approval Certificate") establishing the pricing terms for the Certificates. See "THE CERTIFICATES - Authority for Issuance" herein. Semiannual interest payments begin on September 1, 2024 and continue on each March 1 and September 1 of each year thereafter until stated maturity or prior redemption. The Certificates are being issued in the aggregate principal amount of $105,495,000.* The Certificates will mature on the dates and in the amounts indicated on page -ii- hereof.
DATED DATE	March 15, 2024.
REDEMPTION	Certificates stated to mature on and after September 1, 203_ are subject to optional redemption, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if less than all Certificates within a stated maturity are redeemed, selected by lot by the Paying Agent/Registrar) on September 1, 203_ or any date thereafter, at a price of par (100%) plus accrued interest to the date fixed for redemption. If two or more serial Certificates of consecutive maturity are combined into one or more "term" Certificates (each, a "Term Certificate") by the Underwriters, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with the provisions of the Ordinance. (See "THE CERTIFICATES - Redemption Provisions of the Certificates.")
PAYING AGENT/REGISTRAR	The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas.
SECURITY FOR THE CERTIFICATES	The Certificates constitute direct and general obligations of the City payable primarily from ad valorem taxes levied annually against all taxable property therein, within the limits prescribed by law. (See "THE CERTIFICATES - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein). In addition, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the City's combined electric power, waterworks, and sewer system (the "System") not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding) such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net Revenues which are or may be pledged to the payment of the City's currently outstanding Prior Lien Obligations or any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City (as each such term is described and defined in the Ordinance). The City also previously authorized the issuance of the Limited Pledge Obligations (as defined in the Ordinance) that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in accordance with the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City has reserved the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. (See "THE CERTIFICATES - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)

* *Preliminary, subject to change.*

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 as to principal and interest of the Certificates and the method of transfer. (See “BOOK-ENTRY-ONLY SYSTEM” herein.)
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “TAX MATTERS” herein, including the alternative minimum tax of the owners thereof who are individuals.
USE OF PROCEEDS	The proceeds of the Certificates will be used for the purpose of making permanent public improvements and for other public purposes, to-wit: (1) designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City’s combined utility systems, (2) constructing street and bridge improvements (including utilities repair, replacement, and relocation), curbs, gutters, street lighting, technology improvements, signage, acquiring lands and rights-of-way necessary for streets, bridges, and sidewalk improvements, including drainage and landscaping incidental thereto, (3) designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City’s public safety facilities, including the Police department, (4) acquiring fire-fighting and other public safety equipment and vehicles, including a fire truck, (5) designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City’s parks or recreation facilities, including the City’s Max Starcke Park and the Starcke Park Municipal Golf Course, (6) designing, constructing, acquiring, renovating, equipping, enlarging, and improving the flood prevention and drainage systems within the City, (7) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes, and (8) payment for professional services relating to the design, construction, project management, and financing of the aforementioned. (See “THE CERTIFICATES - Use of Proceeds.”)
RATING	S&P Global Ratings (“S&P”) has assigned its municipal bond rating of “AA” to the Certificates. (See "OTHER PERTINENT INFORMATION - Municipal Bond Ratings" herein.)
FUTURE ISSUES	The City does not anticipate issuing additional general obligation debt in the next twelve months, except potentially refunding bonds for debt service savings.
PAYMENT RECORD	The City has never defaulted on the payment of its general obligation tax debt.
DELIVERY	When issued, anticipated on or about April 18, 2024.
LEGALITY	The Certificates are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, as Bond Counsel. (See “APPENDIX D - Form of Opinion of Bond Counsel” herein.)

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PRELIMINARY OFFICIAL STATEMENT

RELATED TO

$105,495,000*
CITY OF SEGUIN, TEXAS
(A political subdivision of the State of Texas located in Guadalupe County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2024

INTRODUCTION

This Official Statement of the City of Seguin, Texas (the "City") is provided to furnish certain information in connection with the sale of the City's $105,495,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates").

This Official Statement, which includes the cover page and the appendices hereto, provides certain information about the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request from the City and, during the offering period, from the City's Financial Advisor, SAMCO Capital Markets, Inc., 1020 N.E. Loop 410, Suite 640, San Antonio, Texas 78209, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Official Statement pertaining to the Certificates will be filed by the Underwriters with the Municipal Securities Rulemaking Board through its Electronic Municipal Markets 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. Capitalized terms used, but not defined herein, shall have the meanings ascribed thereto in the Ordinance (defined below).

THE CERTIFICATES

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.064, Chapter 1502, as amended, Texas Government Code, Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), the City's Home Rule Charter, and an ordinance (the "Ordinance") to be adopted by the City Council of the City on March 19, 2024. As permitted by the provisions of Chapter 1371, the City Council, in the Ordinance, will delegate the authority to certain City officials (each, an "Authorized Official") to execute an approval certificate (the "Approval Certificate") establishing the pricing terms for the Certificates.

General Description

The Certificates are dated March 15, 2024 (the "Dated Date") and will accrue interest from the Dated Date, and such interest shall be payable on March 1 and September 1 in each year, commencing September 1, 2024, until stated maturity or prior redemption. The Certificates will mature on the dates, in the principal amounts and will bear interest at the rates set forth on page -ii- of this Official Statement.

Interest on the Certificates is payable to the registered owners appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Certificates is payable at maturity or redemption, upon their presentation and surrender to the Paying Agent/Registrar. The Certificates will be issued only in fully registered form in any integral multiple of $5,000 principal for any one maturity.

Initially the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Notwithstanding the foregoing, as long as the Certificates are held in the Book-Entry-Only System, principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.

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* *Preliminary, subject to change.*

Use of Proceeds

The proceeds of the Certificates will be used for the purpose of making permanent public improvements and for other public purposes, to-wit: (1) designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's combined utility systems, (2) constructing street and bridge improvements (including utilities repair, replacement, and relocation), curbs, gutters, street lighting, technology improvements, signage, acquiring lands and rights-of-way necessary for streets, bridges, and sidewalk improvements, including drainage and landscaping incidental thereto, (3) designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's public safety facilities, including the Police department, (4) acquiring fire-fighting and other public safety equipment and vehicles, including a fire truck, (5) designing, constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's parks or recreation facilities, including the City's Max Starcke Park and the Starcke Park Municipal Golf Course, (6) designing, constructing, acquiring, renovating, equipping, enlarging, and improving the flood prevention and drainage systems within the City, (7) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes, and (8) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects.

Security for Payment

The Certificates constitute direct and general obligations of the City payable primarily from ad valorem taxes levied annually against all taxable property therein, within the limits prescribed by law. See "AD VALOREM PROPERTY TAXATION". In addition, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the City's combined electric power, waterworks, and sewer system (the "System") not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding) such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net Revenues which are or may be pledged to the payment of the City's currently outstanding Prior Lien Obligations or any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City (as each such term is described and defined in the Ordinance). The City also previously authorized the issuance of the Limited Pledge Obligations (as defined in the Ordinance) that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in accordance with the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City has reserved the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise. See "AD VALOREM PROPERTY TAXATION" herein.

Redemption Provisions of the Certificates

The City reserves the right to redeem the Certificates maturing on and after September 1, 203_ in whole or in part, in the principal amount of $5,000 or any integral multiple thereof, on September 1, 203_ or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. The years of maturity of the Certificates called for redemption shall be selected by the City. If two or more serial Certificates of consecutive maturity are combined into one or more "term" Certificates (each, a "Term Certificate") by the Underwriters, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with the provisions of the Ordinance.

Selection of Certificates for Redemption

If less than all of the Certificates are redeemed within a stated maturity at any time, the Certificates to be redeemed shall be selected by the Paying Agent/Registrar at random and by lot or other customary method in multiples of $5,000 within any stated maturity.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books relating to the Certificates kept by the Paying Agent/Registrar (the "Security Register") at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE CERTIFICATEHOLDERS FAILED TO RECEIVE SUCH NOTICE.

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the designated corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the registered owner. If a Certificate is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as provided in the Ordinance, such Certificate (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and on the redemption date designated in such notice, interest on said Certificate (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue and such Certificate shall not be deemed to be Outstanding.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will mail 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, shall 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 held by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Legality

The Certificates are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the Certificates. A form of the legal opinion of Bond Counsel appears in APPENDIX D attached hereto.

Delivery

When issued; anticipated on or about April 18, 2024.

Payment Record

The City has never defaulted with respect to the payment of the principal and interest requirements on any of its bonded indebtedness.

Future Bond Issues

The City does not anticipate issuing additional general obligation debt in the next twelve months, except potentially refunding bonds for debt service savings.

Defeasance

Any Certificate will be deemed paid and shall no longer be considered to be outstanding within the meaning of the Ordinance when payment of the principal of and interest on such Certificate to its stated maturity or redemption date will have been made or will have been provided by depositing with the Paying Agent/Registrar, or an authorized escrow agent, (1) cash in an amount sufficient to make such payment, (2) Government Obligations (defined below) of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Government Obligations. 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 institution as specified in the Ordinance.

The Ordinance provides that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City authorizes the defeasance, 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 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. City officials are authorized to restrict such eligible securities as deemed appropriate upon the sale of the Certificates. The City has additionally reserved the right in the Ordinance, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Obligations originally deposited, to reinvest the uninvested money for such deposit for such defeasance, and to withdraw for the benefit of the City money in excess of the amount required for the defeasance. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Obligations, 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 those securities identified in clauses (a) through (c) 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 Texas law as permissible defeasance securities.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid for purposes of applying any debt limitation on indebtedness or for purposes of taxation. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates for redemption is not extinguished if the City: (i) in the proceedings providing for 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.

Amendments

The City 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 City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of all of the registered owners of the Certificates then outstanding, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of, or any installment of interest on any Certificate is due and payable, reduce the principal amount thereof, or the rate of interest thereon, the redemption price therefor, 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 percentage of the aggregate principal amount of Certificates required to be held for consent to any amendment, addition, or waiver.

Defaults and Remedies

If the City defaults in the payment of principal or 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 bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Texas cities are generally immune from suits for money damages for breach of contracts under the doctrine of sovereign immunity. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing the issuance of the Certificates. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Certificates (as further described under the caption "THE CERTIFICATES - Authority for Issuance"), the City has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas Legislature has effectively waived the City's sovereign immunity from a suit for money damages outside of Chapter 1371, bondholders may not be able to bring such a suit against the City for breach of the Certificates or the Ordinance. 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.3rd 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 for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

Notwithstanding the foregoing new 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 bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

REGISTRATION, TRANSFER, AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas. 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. If the Certificates are not held in the Book-Entry-Only System, interest on the Certificates 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 on the Record Date (see "REGISTRATION, TRANSFER AND EXCHANGE - Record Date" herein) or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner, and principal of the Certificates will be paid to the registered owner at stated maturity or earlier redemption upon presentation to the Paying Agent/Registrar.

Successor Paying Agent/Registrar

The City covenants that until the Certificates are paid it will at all times maintain and provide a Paying Agent/Registrar. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, 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 by the City shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City will promptly cause a notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall give the address of the new Paying Agent/Registrar.

Record Date

The record date ("Record Date") for determining the person entitled to the payment of interest on a Certificate is the fifteenth day of the month next preceding each interest payment date.

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

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. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) 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 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.

Registration, Transferability and Exchange

In the event the Book-Entry-Only System shall be discontinued, printed certificates will be issued to the registered owners of the Certificates and thereafter 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 designated office of the Paying Agent/Registrar or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New 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 at the same maturity or maturities as the Certificate or Certificates surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Limitation on Transferability of Certificates Called for Redemption

Neither the City nor the Paying Agent/Registrar are required (1) to make any transfer or exchange during a period beginning at the opening of business 45 days before the day of the first mailing of a notice of redemption of Certificates and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Certificates so selected for redemption when such redemption is scheduled to occur within 45 calendar days; provided however, that such limitation of transfer is not applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

Replacement Certificates

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate of like kind and in the same amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of and in substitution for a Certificate which has been destroyed, stolen, or lost, such new Certificate will be delivered only (a) upon filing with the City and the Paying Agent/Registrar evidence satisfactory to establish to the City and the Paying Agent/Registrar that such Certificate has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the City and the Paying Agent/Registrar with Certificate or indemnity satisfactory to them. The person requesting the authentication and delivery of a new 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

The following describes how ownership of the Certificates is to be transferred and how the principal of 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 Underwriters, and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 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 security certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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 certificates representing their ownership interests in Certificates, except in the event that use of the Book-Entry-Only 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's 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 and 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 price and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC (or its nominee), 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 the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's Book-Entry System has been obtained from sources that the City believes to be reliable, but none of the City, the Underwriters, or the Financial Advisor takes responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of This Official Statement

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

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 will be issued to the respective holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under the caption "REGISTRATION, TRANSFER AND EXCHANGE" above.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Certificates will be applied approximately as follows:

<u>Sources</u>
Par Amount of Certificates
[Net] Reoffering Premium on the Certificates
Accrued Interest
Total Sources

<u>Uses</u>
Deposit to Construction Fund
Deposit to Certificate Fund (accrued and capitalized interest)
Underwriters' Discount
Cost of Issuance
Contingency
Total Uses

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) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the Public Funds Investment Act; and (16) 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.

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.

Investment Policies

Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

Current Investments*

As of January 31, 2024, the following percentages of the City's investable funds were invested as indicated below:

Category of Investments	Amount	Percentage	Term of Investments
Depository Bank - Cash	$ 3,642,526	0.83%	NA
Investment Pools/Money Markets	434,944,642	99.17%	NA
Total	$438,587,168	100.00%	

* *Unaudited.*

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

PENSION FUND AND OTHER POST-EMPLOYMENT BENEFITS

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, "Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments." The objective of this Statement is to enhance the clarity and usefulness of the general-purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors. The City implemented GASB 34 for its fiscal year ending September 30, 2003. While adoption of this Statement altered the presentation of some financial information, there was no material adverse impact to the City's financial position, results of operation, or cash flows. In June 2012, Government

Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) was issued to improve accounting and financial reporting by state and local governments regarding pensions. GASB Statement No. 68 requires reporting entities, such as the City, to recognize their proportionate share of the net pension liability and operating statement activity related to changes in collective pension liability. This means that reporting entities, such as the City, that contribute to the Texas Municipal Retirement System pension plan will report a liability on the face of their government-wide financial statements. Such reporting began with the City's fiscal year ended September 30, 2016. GASB Statement No. 68 applies only to pension benefits and does not apply to Other Post-Employment Benefits. See Note J - Employees' Retirement Systems in the Notes to Basic Financial Statements September 30, 2022 included in "APPENDIX C - AUDITED FINANCIAL STATEMENTS."

The City provides certain other post-retirement benefits to retired employees and their dependents that fall within the scope of Governmental Accounting Standards Board's Statement of General Accounting Standards No. 45 ("GASB 45"), Accounting by Employers for Other Post-Employment Benefits ("OPEB").

GASB 45, which sets forth standards for the measurement, recognition, and display of post-employment benefits other than pensions (such as health and life insurance for current and future retirees), applies to the City and requires implementation by the City for the fiscal year that began October 1, 2009. GASB 45 requires the City to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and provide information useful in assessing potential demands on the employer's future cash flows. The employer's contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 45 must be recorded as a liability in the employer's financial statements.

During fiscal year 2009, the City implemented GASB 45. See Note K - Other Post-Employment Benefits Other Than Pensions - Retiree Health Benefits in the Notes to Basic Financial Statements September 30, 2022 included in "APPENDIX C - AUDITED FINANCIAL STATEMENTS."

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 Guadalupe 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.

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 ad valorem 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.

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. The City Council approved the imposition of the tax freeze in December 2013.

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. The City took official action before January 1, 1990 to tax Freeport Property. On December 6, 2011 the City Council took official action to tax Goods-in-Transit.

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.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes, located in an area declared by the Governor (hereinafter defined) to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code, as amended.

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

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. From time to time, the City has entered into tax abatement agreements with a wide array of comparies, such as Tyson Foods, United Alloy, and Yukon Ventures. In most cases, the City's agreement are focused on job creation and real estate investments. In return for meeting its job creation and other performance requirements, the company qualifies for a tax abatement for a certain percentage of its taxable real and/or personal property within the City.

For more information on the City's abatement agreements, see "Note M - Commitment and Contingencies - Economic Development Agreements" in the Notes to Basic Financial Statements September 30, 2022 included in "APPENDIX C - AUDITED FINANCIAL STATEMENTS.

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 special 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 $57,216,456 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 District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "AD VALOREM PROPERTY TAXATION - 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. The City does not allow split payments or discounts.

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.

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.

"foregone revenue amount" means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit's current total value in the applicable preceding tax year.

"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).

"preceding total value" means a taxing unit's current total value in the applicable preceding tax year.

"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 greater of (i) zero; or (ii) the sum of the 2020 foregone revenue amount, 2021 foregone revenue amount, and 2022 foregone revenue amount divided by the current total value.

"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 City has approved a one-fourth percent (1/4%) sales and use tax for property tax reduction. See "APPENDIX A - Municipal Sales Tax".

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

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

TAX MATTERS

Tax Exemption

The delivery of the Certificates is subject to the opinion of Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel, to the effect that interest on the Certificates for federal income tax purposes (1) is excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the owners thereof pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The statute, regulations, rulings, and court decisions on which such opinion is based are subject to change. A form of Bond Counsel's opinion appears as APPENDIX D hereto.

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

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

Tax Changes

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

Ancillary Tax Consequences

Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust ("FASIT"), individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Certificates. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Certificates.

Tax Accounting Treatment of Discount Certificates

The initial public offering price to be paid for certain Certificates may be less than the amount payable on such Certificates at maturity (the "Discount Certificates"). An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificates. A portion of such original issue discount, allocable to the holding period of a Discount Certificate by the initial purchaser, will be treated as interest for federal income tax purposes, excludable from gross income on the same terms and conditions as those for other interest on the Certificates. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such accrued interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

In the event of the sale or other taxable disposition of a Discount Certificate prior to maturity, the amount realized by such owner in excess of the basis of such 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 Discount Certificate was held) is includable in gross income.

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

Tax Accounting Treatment of Premium Certificates

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreements 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 MSRB. The information provided to the MSRB through EMMA is available free of charge at www.emma.msrb.org.

Annual Reports

Under Texas law, including, but not limited to, Chapter 103, as amended, Texas Local Government Code, the City 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 in its public records each audit report within 180 days after the close of the City's fiscal year. The City's fiscal records and audit reports are available for public inspection during the regular business hours, and the City is required to provide a copy of the City's audit reports to any bondholder 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 provide certain updated financial information and operating data to the MSRB annually. The information to be updated with respect to the City includes all quantitative financial information and operating data of the general type included in this Official Statement. The information is of the type included in APPENDIX A, exclusive of the tables reflecting "Direct and Estimated Gross Overlapping Funded Debt Payable from Ad Valorem Taxes," "ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2023-24," and "ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2024-25" and in APPENDIX C. The City will update and provide this information within six months after the end of each of its fiscal years ending in and after 2024.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"). The updated information will include audited financial statements, if it commissions an audit and the audit is completed by the required time. If audited financial statements are not provided with annual information, the City will provide unaudited financial statements at such time and later provide audited financial statements when and if the audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX C or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.
The City's current fiscal year end is September 30. Accordingly, it must provide updated information by the last day of March in each year, unless it changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB.

Notice of Certain Events

The City will file with the MSRB notice of any of the following events with respect to the Certificates in a timely manner (and not more than 10 business days after 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 Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, 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 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 (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of 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. Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement, or liquidity enhancement. 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 information, data, or financial statements in accordance with its agreement described above under “Annual Reports.” The City will provide each notice described in this paragraph to the MSRB.

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 from MSRB

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 material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders 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 (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Beneficial Owners of the Certificates. The City may also repeal or amend these provisions if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. 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.

Compliance with Prior Undertakings

Except as hereafter described, the City has during the past five years complied in all material respects with continuing disclosure agreements made by it in accordance with the Rule.

In 2010, the City issued utility system revenue bonds and in connection with such issuance committed to annually provide a table illustrating debt service requirements for the Schertz/Seguin Local Government Corporation’s contract revenue bonds. The City has inadvertently omitted such table from its annual filings; however, such table has been provided annually in the disclosure of the Schertz/Seguin Local Government Corporation and in other debt offering documents of the City. The City filed such table as an amendment to its 2019 annual filing and will hereafter include such table in its annual filings.

LEGAL MATTERS

The City will furnish the Underwriters 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 Certificates are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas (“Bond Counsel”), to the effect that the Certificates are valid and legally binding obligations of the City and, subject to the qualifications set forth herein under “TAX MATTERS,” the interest on the Certificates is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. Though it represents the Financial Advisor and Underwriters from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates. A form of Bond Counsel’s opinion appears in APPENDIX D attached hereto. Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement except as hereinafter noted and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in their capacity as Bond Counsel, such firm has reviewed the information under the captions “THE CERTIFICATES (except under the subcaptions “Use of Proceeds,” “Delivery,” “Payment Record,” “Additional Bond Issues,” and “Defaults and Remedies” as to which no opinion is expressed). “REGISTRATION, TRANSFER AND EXCHANGE,” “TAX MATTERS," “LEGAL MATTERS”, “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” and “OTHER PERTINENT INFORMATION - Registration and Qualification of Certificates for Sale,” and “CONTINUING DISCLOSURE OF INFORMATION” (except matters discussed under the subcaption “Compliance with Prior Undertakings” as to which no opinion is expressed) in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and the legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. Certain matters will be passed on for the Underwriters by their counsel, Cantu Harden Montoya LLP, San Antonio, Texas. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on definitive bonds in the event of 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 certain officials of the City, the City is not a party to any litigation or other proceedings pending or, to its knowledge, threatened, in any court, agency or other administrative body (either state or federal which, if decided adversely to the City, would have a material adverse effect on the financial statements of the City.

At the time of initial delivery of the Certificates, the City will provide the Underwriters 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, provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the

State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “OTHER PERTINENT INFORMATION - Municipal Bond 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 Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

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.

OTHER PERTINENT INFORMATION

Authenticity of Financial Data and Other Information

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

Registration and Qualification of Certificates for Sale

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

It is the obligation of the Underwriters 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 Underwriters’ 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 or special consent to service of process in any jurisdiction.

Municipal Bond Rating

S&P Global Ratings (“S&P”) has assigned its municipal bond rating of “AA” to the Certificates.

An explanation of the significance of such rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of such company at the time the rating is given, and the City makes no representation as to the appropriateness of such 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.

Financial Advisor

SAMCO Capital Markets, Inc. (the “Financial Advisor”) is employed as the Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor’s fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the City for the investment of bond proceeds or other funds of the City upon the request of the City. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the bond documentation with respect to the federal income tax status of the Certificates.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City at the price equal to the initial offering prices to the public, as shown on the inside cover hereof, less an underwriters' discount of $___________, plus accrued interest on the Certificates to their date of initial delivery. The Underwriters' obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Certificates, if the

Certificates are purchased. The Certificates may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

RBC Capital Markets, LLC ("RBCCM"), has provided the following information for inclusion in this Official Statement: RBCCM and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. RBCCM and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City. RBCCM and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

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

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 discussed in such forward-looking statements.

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

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.

Authorization of the Official 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 will be approved by the City Council of the City for distribution in accordance with provisions of the United States Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c-12, as amended.

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

CITY OF SEGUIN, TEXAS

/s/ ______________________________

Mayor

ATTEST:

/s/ ______________________________

City Secretary

APPENDIX A

SELECTED FINANCIAL INFORMATION
OF THE CITY OF SEGUIN, TEXAS

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VALUATION AND DEBT DATA

General Purpose, General Obligation Bonds and Certificates

2023 Total Appraised Valuation[(1)]	$4,931,614,651
Less Exemptions and Exclusions[(2)]	1,068,565,410
2023 Net Taxable Assessed Valuation (100% of market value)[(3)]	$3,863,049,241

(1) Source: Guadalupe Appraisal District. The Appraisal Review Board approved Certified Values as of August 29, 2023.
(2) Does not include frozen values.
(3) Excludes $323,988,193.

Outstanding Debt By Issues	Amount Outstanding At 3-1-2024[(1)]
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2013	$ 850,000
General Obligation Bonds, Series 2014	3,165,000
General Obligation Refunding Bonds, Series 2015[(2)]	8,065,000 [(2)]
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016	11,300,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016A	7,800,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018	5,450,000
General Obligation Refunding Bonds, Series 2019[(2)]	14,110,000 [(2)]
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020	8,450,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021	10,710,000
General Obligation Refunding Bonds, Series 2021	1,675,000 [(2)]
Tax Notes, Series 2021	410,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022	20,165,000 [(2)]
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022A	87,555,000 [(2)]
General Obligation Refunding Bonds, Series 2023	29,870,000 [(2)]
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 (the "Certificates")	105,495,000 [(3)]
Total General Obligation Debt	315,240,000 [(3)]
Less: Self-supporting Debt	183,150,000
Net Tax Supported General Obligation Debt	$132,089,500
Less: Interest and Sinking Fund Balance (as of 2-29-2024)[(1)]	5,500,642
Net General Obligation Debt Outstanding	$126,588,858
Ratio Net Tax Supported General Obligation Debt to 2023 Net Taxable Assessed Valuation	3.42%
Ratio Net General Obligation Debt to 2023 Net Taxable Assessed Valuation	3.27%

(1) Unaudited.
(2) A portion of debt service of this issue is supported by payments from the City's Utility System.
(3) Preliminary, subject to change.

2020 U. S. Census Population - 29,433
2023 Estimated Population - 34,080
Per Capita 2023 Net Taxable Assessed Valuation - $113,352.38
Per Capita Total Net Tax Supported General Obligation Debt - $3,875.87
Per Capita Net General Obligation Debt - $3,714.46

Future Issues

The City has no authorized and unissued general obligation voted authority from any bond election; however, the City may, from time to time and without an election, issue debt obligations payable from its collection of ad valorem taxes, including (but not limited to) certificates of obligation, public property finance contractual obligations, certain types of capital leases, and tax notes.

TAXATION DATA

Tax Rate Distribution

Tax Year	2023	2022	2021	2020	2019
Local Maintenance	$0.3017	$0.3012	$0.2880	$0.2811	$0.2767
Interest and Sinking Fund	0.2108	0.2213	0.2532	0.2601	.2645
Totals	$0.5125	$0.5225	$0.5412	$0.5412	$0.5412

Tax Collection Data

Taxes are due October 1 and become delinquent after January 31. No split payments or discounts are allowed. Penalties and Interest: (a) 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of twenty percent (20%) of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentage of collections set forth below exclude penalties and interest.

Tax Year	Taxable Assessed Valuation[1]	Tax Rate	% Collections Current	% Collections Total	Year Ending
2012	$1,428,682,800	$0.5073	98.14%	108.00%	09-30-13
2013	1,369,727,941	0.5173	97.81%	99.80%	09-30-14
2014	1,471,733,571	0.5244	98.41%	99.34%	09-30-15
2015	1,554,809,696	0.5256	97.93%	99.83%	09-30-16
2016	1,798,558,709	0.5412	97.14%	99.89%	09-30-17
2017	1,957,487,506	0.5412	98.40%	100.60%	09-30-18
2018	2,117,411,174	0.5412	99.45%	100.34%	09-30-19
2019	2,250,235,626	0.5412	98.64%	99.96%	09-30-20
2020	2,467,061,495	0.5412	98.90%	100.72%	09-30-21
2021	2,808,550,488	0.5412	98.80%	99.66%	09-30-22
2022	3,444,080,545	0.5225	98.70%	100.44%	09-30-23
2023	3,863,049,241 [2][3][4]	0.5125	(in the process of collection)		09-30-24

(1) *City's Comprehensive Annual Financial Report.*
(2) *Guadalupe Appraisal District.*
(3) *Unaudited.*
(4) *See the table of Top 10 Taxpayers and Their 2023 Valuations herein.*

Non-Funded Debt (unaudited)

Capital Leases

The City has entered into notes payable agreement to finance the acquisition of public safety, public works and golf equipment.

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2023 are as follows:

	Notes Payable					
Year Ending	Government Activities			Business Type Activities		
September 30	Principal	Interest	Total	Principal	Interest	Total
2024	$ 529,725	$ 21,151	$ 550,876	$ 57,061	$ 25,820	$ 82,881
2025	195,797	51,631	247,428	52,323	30,558	82,881
2026	210,112	36,786	246,898	55,638	27,243	82,881
2027	213,344	26,692	240,036	59,164	23,717	82,881
2028	104,006	-	104,006	62,912	19,969	82,881
2029	-	-	-	252,235	15,982	268,217
	$1,252,984	$136,260	$1,389,244	$539,333	$143,289	$682,622

Source: The City. The City's Annual Comprehensive Annual Financial Report is expected to be approved on March 19, 2024.

Schedule of Delinquent Taxes Receivable Fiscal Year Ended September 30, 2023 (Unaudited)

Year Ended 9/30	Ending Balance
2014	$ 18,239
2015	23,417
2016	23,645
2017	27,350
2018	23,044
2018	24,343
2020	36,819
2021	46,554
2022	79,465
2023	218,817
Total	$521,693

Source: The City. The City's Annual Comprehensive Report is expected to be approved March 19, 2024.

Municipal Sales Taxes

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City, the proceeds of which are credited to the General Fund and are not pledged to the payment of the Certificates. Collection and enforcement are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In addition to the 1% sales tax, the City collects one-quarter percent (1/4 of 1%) to be used to reduce the property tax rate. Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues. State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6 1/4%). Beginning in fiscal year 1995, the City has collected an additional sales and use tax of one-fourth of one percent (1/4 of 1%) for its economic development as permitted under provision of Article 5190.6, Section 4A (now codified primarily in Chapter 504, Texas Local Government Code). Net collections on fiscal year basis are as follows:

Fiscal Year	Rate [(1)]	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2012	1 1/2%	6,533,697	96.56	0.47
2013	1 1/2%	6,918,184	99.23	0.49
2014	1 1/2%	6,909,704	97.32	0.50
2015	1 1/2%	7,214,240	98.39	0.52
2016	1 1/2%	7,389,899	96.56	0.50
2017	1 1/2%	7,434,928	82.72	0.44
2018	1 1/2%	7,970,496	80.77	0.44
2019	1 1/2%	7,970,112	68.18	0.37
2020	1 1/2%	8,613,777	73.69	0.40
2021	1 1/2%	9,736,753 [(1)]	77.39	0.40
2022	1 1/2%	11,984,262	82.73	0.45
2023	1 1/2%	12,874,058	75.05	0.33

Source: City of Seguin.

(1) 1.00% City sales tax; 0.25% to be used by the City to reduce property taxes; and 0.25% for Seguin Economic Development Corporation. The remaining 0.50% is collected by the Commissioners Court of Guadalupe County to reduce property taxes.

Top 10 Taxpayers and Their 2023 Valuations[1]

Name	Type of Property	2023 Net Assessed Valuation	Percent of Total 2023 Assessed Valuation
Vitesco Technologies	Manufacturing	$188,558,535	4.88%
Caterpillar Inc	Manufacturing	132,563,327	3.43%
Niagara Bottling LLC	Water Bottle Manufacturing	68,872,199	1.78%
8th Street Properties	Real Estate	32,266,599	0.84%
Helmerich & Payne International	Contract Drilling	31,209,472	0.81%
Mack (Oak Hollow) LLC	Real Estate	25,066,700	0.65%
Cargill Inc	Manufacturing	19,035,627	0.49%
Sreit Ranch 123 Apartments LLC	Apartment Complex	18,000,000	0.47%
Tyson Foods Inc	Manufacturing	17,632,207[1]	0.46%
United Alloy Texas LLC	Manufacturing	17,010,823[1]	0.44%
Total		$550,215,487	14.24%[2]

Source: Guadalupe Appraisal District.

(1) *Net Assessed Valuation is subject to a tax abatement agreement. See Note M - Commitment and Contingencies – Economic Development Agreements" in the Notes to Basic Financial Statements September 30, 2022 included in "APPENDIX C - AUDITED FINANCIAL STATEMENTS.*

(2) *As shown in the table above, the top ten taxpayers in the City account for in excess of 14.24% of the City's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the City, resulting in less local tax revenue. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the City to make timely payment of debt service on the Certificates may be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process that may only occur annually. (See "THE CERTIFICATES - Defaults and Remedies" and "AD VALOREM PROPERTY TAXATION - City's Rights in the Event of Tax Delinquencies.")*

Taxpayers by Classification

Classification	2023 Assessed Valuation	Percent of Total	2022 Assessed Valuation	Percent of Total	2021 Assessed Valuation	Percent of Total
Single Family Residential	$2,435,696,545	49.39%	$2,003,438,124	46.62%	$1,476,266,183	45.25%
Multi-Family Residential	157,111,557	3.19%	129,899,927	3.02%	105,810,014	3.24%
Vacant-Platted Lots	82,156,471	1.67%	57,058,207	1.33%	54,071,224	1.66%
Qualified Open Space	190,212,847	3.86%	164,940,209	3.84%	123,480,779	3.78%
Rural Land, Non-qualified Space	69,609,942	1.41%	52,233,738	1.22%	41,409,315	1.27%
Commercial Real Property	438,834,254	8.90%	435,496,323	10.13%	322,057,512	9.87%
Industrial Real Property	310,422,070	6.29%	309,453,376	7.20%	281,817,966	8.64%
Utilities	20,859,574	0.42%	17,202,651	0.40%	15,688,781	0.48%
Commercial Personal Property	214,972,133	4.36%	180,720,771	4.21%	139,505,093	4.28%
Industrial Personal Property	857,902,214	17.40%	823,952,313	19.17%	639,439,056	19.60%
Mobile Homes	10,313,626	0.21%	10,407,690	0.24%	7,114,007	0.22%
Residential Inventory	109,824,941	2.23%	78,889,696	1.84%	29,757,990	0.91%
Special Inventory	33,698,477	0.68%	33,931,388	0.79%	26,157,749	0.80%
Total Appraised Valuation	$4,931,614,651	100.00%	$4,297,624,413	100.00%	$3,262,575,669	100.00%
Less Exemptions & Exclusions	1,068,565,410		1,014,521,707		585,983,579	
Net Taxable Assessed Valuation	$3,863,049,241		$3,283,102,706		$2,676,592,090	

Source: Guadalupe Appraisal District.

Direct and Estimated Gross Overlapping Funded Debt Payable from Ad Valorem Taxes

Expenditures of the various taxing bodies overlapping the territory of the City are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the City. These political taxing bodies are independent of the City and may incur borrowings to finance their expenditures. The following statement 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 City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed 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. The following table reflects the estimated share of direct and overlapping extended debt of these various taxing bodies:

	Gross Debt		Percent	Amount
Political Subdivision	Amount	As Of	Overlapping	Overlapping
Guadalupe County	$ 10,610,000	12-31-2023	18.08%	$ 1,918,288
Lake McQueeney WC&ID	40,000,000	12-31-2023	0.77%	308,000
Lake Placid WC&ID	39,060,000	12-31-2023	3.86%	1,507,716
Seguin ISD	199,319,951	12-31-2023	52.11%	103,813,516
Marion ISD	63,445,000	12-31-2023	**	0
Navarro ISD	117,831,494	12-31-2023	47.22%	55,640,031
Total Net Overlapping Debt				$163,187,551
Seguin, City of	132,089,500 (1)	3-01-2024	100.00%	132,089,500 (1)
Total Direct and Estimated Overlapping Debt				$295,277,051
Total Direct and Estimated Overlapping Debt Percent of Assessed Valuation				7.64%
Total Direct and Estimated Debt Per Capita				$8,664.23

(1) *Preliminary, subject to change. Includes the Certificates.*
** *Less than 0.01%.*

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ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2023/24

Estimated Interest and Sinking Fund Balance at 9-30-2023	$ 1,304,820
Estimated Income from $0.2108 Collected Using 2023 Taxable Assessed Valuation of $3,863,049,241 at 97% Collections	7,899,008
Estimated Other Revenue	1,200,000
Estimated Total Funds Available	10,403,828
2023/24 Net Debt Service Requirement	9,195,733
Estimated Interest and Sinking Fund Balance at 9-30-2024	$ 1,208,095

CONSOLIDATED PRO FORMA DEBT SERVICE REQUIREMENTS*

Fiscal Year 30-Sept	Currently Outstanding Debt Service Requirements	Plus: The Bonds at Assumed Rates Principal Due 9/1	Interest Due 3/1	Interest Due 9/1	Total	Grand Total Of All Debt Service	Less Self-Supporting Debt Service	Net Total GO Debt Service
2024	$ 14,560,601.13			$ 2,637,375.00	$ 2,637,375.00	$ 17,197,976.13	$ 8,002,243.75	$ 9,195,732.38
2025	14,506,110.00	$ 750,000	$ 2,637,375.00	2,637,375.00	6,024,750.00	20,530,860.00	10,841,468.75	9,689,391.25
2026	14,495,900.00	900,000	2,618,625.00	2,618,625.00	6,137,250.00	20,633,150.00	10,959,968.75	9,673,181.25
2027	14,409,200.00	900,000	2,596,125.00	2,596,125.00	6,092,250.00	20,501,450.00	10,957,818.75	9,543,631.25
2028	14,407,237.50	935,000	2,573,625.00	2,573,625.00	6,082,250.00	20,489,487.50	10,956,318.75	9,533,168.75
2029	14,386,137.50	980,000	2,550,250.00	2,550,250.00	6,080,500.00	20,466,637.50	10,933,818.75	9,532,818.75
2030	14,425,500.00	1,040,000	2,525,750.00	2,525,750.00	6,091,500.00	20,517,000.00	10,937,943.75	9,579,056.25
2031	14,434,700.00	885,000	2,499,750.00	2,499,750.00	5,884,500.00	20,319,200.00	10,705,193.75	9,614,006.25
2032	14,525,925.00	575,000	2,477,625.00	2,477,625.00	5,530,250.00	20,056,175.00	10,395,818.75	9,660,356.25
2033	14,541,687.50	625,000	2,463,250.00	2,463,250.00	5,551,500.00	20,093,187.50	10,391,068.75	9,702,118.75
2034	14,546,606.25	660,000	2,447,625.00	2,447,625.00	5,555,250.00	20,101,856.25	10,375,068.75	9,726,787.50
2035	14,687,493.75	525,000	2,431,125.00	2,431,125.00	5,387,250.00	20,074,743.75	10,338,068.75	9,736,675.00
2036	14,505,025.00	700,000	2,418,000.00	2,418,000.00	5,536,000.00	20,041,025.00	10,296,818.75	9,744,206.25
2037	14,376,531.25	800,000	2,400,500.00	2,400,500.00	5,601,000.00	19,977,531.25	10,280,318.75	9,697,212.50
2038	11,429,243.75	3,350,000	2,380,500.00	2,380,500.00	8,111,000.00	19,540,243.75	10,007,068.75	9,533,175.00
2039	11,118,706.25	2,750,000	2,296,750.00	2,296,750.00	7,343,500.00	18,462,206.25	9,769,268.75	8,692,937.50
2040	10,835,075.00	3,100,000	2,228,000.00	2,228,000.00	7,556,000.00	18,391,075.00	9,709,487.50	8,681,587.50
2041	10,028,400.00	3,985,000	2,150,500.00	2,150,500.00	8,286,000.00	18,314,400.00	9,626,900.00	8,687,500.00
2042	9,689,625.00	3,900,000	2,050,875.00	2,050,875.00	8,001,750.00	17,691,375.00	9,560,874.75	8,130,500.25
2043	8,834,412.50	3,275,000	1,953,375.00	1,953,375.00	7,181,750.00	16,016,162.50	9,907,012.50	6,109,150.00
2044	8,658,662.50	3,275,000	1,871,500.00	1,871,500.00	7,018,000.00	15,676,662.50	9,837,262.50	5,839,400.00
2045	8,395,212.50	3,300,000	1,789,625.00	1,789,625.00	6,879,250.00	15,274,462.50	9,703,237.50	5,571,225.00
2046	8,203,637.50	3,650,000	1,707,125.00	1,707,125.00	7,064,250.00	15,267,887.50	9,912,062.50	5,355,825.00
2047	5,720,537.50	3,650,000	1,615,875.00	1,615,875.00	6,881,750.00	12,602,287.50	9,962,287.50	2,640,000.00
2048	5,783,275.00	3,300,000	1,524,625.00	1,524,625.00	6,349,250.00	12,132,525.00	9,612,525.00	2,520,000.00
2049	5,867,725.00	1,000,000	1,442,125.00	1,442,125.00	3,884,250.00	9,751,975.00	9,751,975.00	-
2050	5,737,612.50	1,300,000	1,417,125.00	1,417,125.00	4,134,250.00	9,871,862.50	9,871,862.50	-
2051	5,556,650.00	1,400,000	1,384,625.00	1,384,625.00	4,169,250.00	9,725,900.00	9,725,900.00	-
2052	5,981,962.50	1,275,000	1,349,625.00	1,349,625.00	3,974,250.00	9,956,212.50	9,956,212.50	-
2053	7,745,587.50	950,000	1,317,750.00	1,317,750.00	3,585,500.00	11,331,087.50	11,331,087.50	-
2054	7,741,762.50	8,985,000	1,294,000.00	1,294,000.00	11,573,000.00	19,314,762.50	19,314,762.50	-
2055	7,748,650.00	9,215,000	1,069,375.00	1,069,375.00	11,353,750.00	19,102,400.00	19,102,400.00	-
2056	7,682,687.50	9,840,000	839,000.00	839,000.00	11,518,000.00	19,200,687.50	19,200,687.50	-
2057	6,951,762.50	11,000,000	593,000.00	593,000.00	12,186,000.00	19,137,762.50	19,137,762.50	-
2058	-	12,720,000	318,000.00	318,000.00	13,356,000.00	13,356,000.00	13,356,000.00	-
	$362,519,842.38	$105,495,000	$65,233,000.00	$67,870,375.00	$238,598,375.00	$601,118,217.38	$394,728,574.75	$206,389,642.63

** Preliminary, subject to change.*

ESTIMATED INTEREST & SINKING FUND MANAGEMENT INDEX 2024/25

Estimated Interest and Sinking Fund Balance at 9-30-2024	$ 1,208,095
Estimated Income from $0.2200 Collected Using Projected 2024 Estimated Taxable Assessed Valuation of $4,017,591,211 at 97% Collections	8,573,497
Other Revenue (includes revenue for self-supporting debt)	1,200,000
Estimated Total Funds Available	10,981,592
Estimated 2024/25 Net Debt Service Requirement	9,689,391
Estimated Interest and Sinking Fund Balance at 9-30-2026	$ 1,292,201

COMPARATIVE CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND BALANCE

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

	Fiscal Year Ended September 30				
	2023[1]	2022	2021	2020	2019
REVENUES					
Taxes	$ 22,361,273	$19,319,300	$16,235,079	$14,511,305	$13,657,432
Licenses and Permits	3,552,124	3,826,201	2,810,128	1,976,301	653,927
Intergovernmental	1,406,659	1,260,289	1,225,571	2,804,324	1,134,769
Charges for Services	9,146,386	9,128,656	7,456,842	6,139,753	6,106,516
Fines and Forfeits	596,293	686,990	644,301	630,226	1,193,263
Interest	1,140,956	167,149	13,032	159,687	332,668
Miscellaneous	859,115	853,899	1,515,730	1,585,288	1,922,403
Total Revenues	$39,062,806	$35,242,484	$29,900,683	$27,806,884	$25,000,978
EXPENDITURES					
General Government	5,564,559	4,717,415	4,111,358	3,637,613	3,567,718
Public Safety	20,067,639	18,070,457	16,691,447	15,335,408	13,982,502
Public Service	7,629,284	7,202,441	6,611,884	7,492,584	7,495,600
Nondepartmental	3,720,292	3,884,744	4,683,572	2,789,364	2,358,388
Indirect Cost Allocation (recovery)	(7,045,073)	(6,228,640)	(5,628,493)	(5,256,011)	(4,968,672)
Capital Projects/Outlay	-0-	- 0-	-0-	-0-	-0-
Total Expenditures	$29,936,701	$27,646,417	$26,469,768	$23,998,958	$22,435,536
Excess of Revenues Over (Under) Expenditures	9,126,105	7,596,067	3,430,915	3,807,926	2,565,442
Total Other Financing Sources (Uses)	(4,530,465)	(2,886,430)	(2,014,737)	(1,753,552)	(2,227,274)
Special Items	-0-	-0-	-0-	-0-	-0-
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	4,595,640	4,709,637	1,416,178	2,054,374	338,168
Fund Balance at Beginning of Year	21,521,468	16,811,831	15,395,653	13,341,279	13,003,111
Equity Transfer	-0-	-0-	-0-	-0-	-0-
Fund Balance - September 30	$26,117,108 [1]	$21,521,468	$16,811,831	$15,395,653	$13,341,279

Source: City's Comprehensive Annual Financial Reports.
(1) Unaudited; the City's Annual Comprehensive Financial Report is expected to be approved on March 19, 2024.

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APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF SEGUIN AND ITS ECONOMY

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This Appendix contains a brief discussion of certain economic and demographic characteristics of City. Information in this Appendix has been obtained from the sources noted. They are believed to be reliable, although no investigation has been made to verify the accuracy of such information. Much of this information was obtained from the City, Texas Workforce Commission, Seguin Area Chamber of Commerce, Guadalupe County, Texas, and the City's Texas Municipal Report.

Economic and Demographic Characteristics

The City of Seguin, Texas (the "City") is located in South Central Texas and is the county seat and principal commercial center of Guadalupe County (the "County"). The City is located on Interstate Highway 10, about 35 miles east of San Antonio, 160 miles west of Houston, and 50 miles south of Austin, the State capital.

Incorporated in 1853, the City operates under a Home Rule Charter, which was adopted on December 7, 1971. The City has a council-manager type of government composed of the City Manager, Mayor and eight Councilpersons elected for four-year terms.

The Seguin-Guadalupe County economy is an important contribution to the San Antonio metropolitan area. Industry, agriculture and agribusiness, minerals, education, and recreation are major contributors.

Population

	1970	1980	1990	2000	2010	2020
City	15,934	17,854	18,853	22,011	25,175	29,433
County	33,354	46,700	64,874	89,023	131,533	172,706

Major Area Employers

The area has been economically stable for many years because of the industries located there. The major area employers, their products and approximate number of employees, as currently reported by the Seguin Economic Development Corporation, are given below:

Name	Product	Number of Employees
Caterpillar, Inc.	Engine Manufacturing and Assembly	1,500
Vitesco Technologies	Manufacturing	1,500
Seguin Independent School District	Education	1,100
CMC Steel Texas	Steel Products Manufacturing	900
Guadalupe Regional Medical Center	Healthcare	765
Guadalupe County	Government	650
Tyson Foods, Inc.	Manufacturing	650
City of Seguin	Government	448
Texas Lutheran University	Education	440
HEB	Retail	400
Total		8,353

Many people commute to nearby San Antonio and Randolph Air Force Base for employment.

With the development of SH-130 providing an alternate route from the IH-35 gridlock, commercial traffic is diverted from just north of Austin to Seguin. This places Seguin as a very strategic location for distribution centers and manufacturers alike and will impact both retail and industrial market growths complimenting the already accelerated growth trend.

2023 was a successful year for the City of Seguin and the Seguin Economic Development Corporation as two major economic development projects that were announced. In April 2023, Premium Waters, Inc. announced plans to build a new state-of-the-art manufacturing facility in Seguin, Texas on a 27-acre site located at Freeport Way and Crossroads Boulevard. The Project, which is currently under construction, is expected to represent a total capital investment of at least $80,000,000 by the Company. Premium Waters anticipates investing at least $25,000,000 in the construction of the facility and other Real Property Improvements. The Company also anticipates investing at least $55,000,000 in machinery and equipment. Premium Waters anticipates creating at least 60 new full-time jobs and $3.6 million in total annualized payroll over a 3-year ramp-up period. Premium Waters, Inc., based in Minneapolis, Minnesota is an established, multifaceted bottled water company that offers convenient home and office delivery services, quality private and custom label bottled water, and accompanying products such as water coolers and filtration systems. In May 2023, Ackerman & Co., an industrial real estate developer purchased 120 acres at the intersection of FM 464 and Interstate 10. Ackerman intends to build up to 1.6 million square feet of speculative industrial real estate on the site. Ackerman anticipates breaking ground on the Project in late 2024. 2023 was also a successful year for retail in Seguin, several national retailers including Marshalls, Ross Dress for Less, Boot Barn, Harbor Freight Tools, and Discount Tire all opened new retail stores in Seguin.

Labor Force Statistics - Guadalupe County

Annual Average	Annual Average 2023	2022	2021	2020	2019	2018
Civilian Labor Force	87,830	85,585	82,868	80,610	81,486	79,824
Total Employed	84,847	82,694	79,095	75,677	79,087	77,326
Total Unemployed	2,983	2,891	3,773	4,933	2,399	2,497
% Unemployed	3.4%	3.4%	4.6%	6.1%	2.9%	3.1%
% Unemployed (Texas)	3.9%	3.9%	5.9%	7.6%	3.5%	3.9%
% Unemployed (United States)	3.6%	3.6%	5.3%	8.1%	3.7%	3.9%

Source: Texas Workforce Commission - Economic Research and Analysis Department, and United States Department of Labor.

Employment and Wages by Industry - Guadalupe County

	Number of Employees Third Quarter 2023	Fourth Quarter 2022	Fourth Quarter 2021	Fourth Quarter 2020
Natural Resources and Mining	769	768	512	478
Construction	3,644	3,273	2,864	2,642
Manufacturing	9,852	9,854	8,566	7,770
Trade, Transportation & Utilities	11,139	11,127	12,503	11,410
Information	81	66	63	50
Financial Activities	1,276	1,340	1,126	1,067
Professional and Business Services	3,935	3,479	3,292	2,992
Education and Health Services	3,717	3,477	3,788	3,621
Leisure and Hospitality	4,850	4,569	4,338	3,986
Other Services	1,202	1,241	1,282	1,161
Unclassified	48	14	19	29
Federal Government	287	267	239	246
State Government	180	170	173	175
Local Government	6,443	6,567	6,470	6,238
Total Employment	47,423	46,213	45,235	41,865
Total Wages	$671,127,2709	$668,455,965	$619,060,119	$543,634,031

Source: Texas Workforce Commission - Texas Labor Market Information.

Agriculture

Guadalupe County agricultural income is derived from beef, dairy cattle, hogs, and poultry. Crops include sorghum, corn, wheat, oats, cotton, peanuts and pecans.

Minerals

Minerals produced include oil, gas, sand and gravel. A part of Guadalupe County lies in the Austin Chalk formation from which there is considerable oil production.

Transportation

In addition to Interstate Highway 10, highway facilities include State Highways 46 and 123, and U.S. Highways 90 and 90-A. Interstate 35 goes through the western portion of Guadalupe County.

Railroad facilities are provided by Union Pacific Railroad.

Commercial air service is available at the nearby San Antonio International Airport or Austin Bergstrom. Small and medium sized private aircraft may land at two airfields located within 12 miles of downtown Seguin.

Four local motor freight carriers serve Seguin from local depots. Four additional motor freight carriers serve Seguin from terminals in nearby San Antonio.

Educational Facilities

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

In addition, pre-school and day care centers are located throughout the City with religious and secular programs. Private and parochial schools, representing many teaching disciplines and religious affiliations, can also be found in the area. Baptist, Lutheran, Catholic and other Christian faiths provide pre-school and some elementary through high school programs. There is one Montessori program offered.

Texas Lutheran University ("TLU"), a fully accredited four-year co-educational senior liberal arts institution of higher learning, is located in Seguin. TLU's 1,400 students (50-50, male/female) come from 36 states and seven foreign countries. The 15:1 student-teacher ratio allows for small classes. U.S. News & World Report ranked Seguin's Texas Lutheran University the #3 "Best Value" School for Western Regional Colleges, and the #11 "Regional College" for the Western Region.

The Central Texas Technology Center (the "CTTC") is a regional workforce development training facility located 15-minutes from downtown Seguin. The 50,000-square-foot CTTC facility houses operations for Texas State Technical College ("TSTC") and Alamo Colleges. The Alamo Colleges offers associate degrees and applied science and certificate offerings to prepare students for employment for in-demand careers. TSTC offers a dynamic environment, and a commitment to equipping students with the skills needed for high-demand, high-tech local careers and promising pathways to lucrative job opportunities.

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

Recreation

The Guadalupe River meanders through Guadalupe County and the City of Seguin in a northwest to southeast direction. Canyon Lake dam and reservoir are located in adjoining Comal County about thirty miles upstream from the City of Seguin and this impoundment usually assures the normal flow of the river and provides a variety of water sports including canoeing, tube floating and fishing in a very scenic setting. Other impoundments include Lake Placid, Lake McQueeney and Lake Dunlap, all of which provide boating, fishing and skiing.

Max Starcke Park, owned by the City of Seguin, is a 160-acre park, which provides an 18-hole golf course, wave pool, tennis courts, baseball fields, and a large picnic area.

Seguin is also home to ZDT's Amusement Park. It is a family oriented amusement park with 11 attractions. The park draws numerous visitors to the area.

Community Services

Many cultural events are held at the Seguin-Guadalupe City Coliseum. The Jackson Auditorium at Texas Lutheran College, home of the Mid-Texas Symphony, hosts nationally and internationally renowned acts in music, theatre, and dance, as well as distinguished lecturers.

The One Seguin Art Center has brought area and out-of-town artistic activities to Seguin.

"Teatro de Artes de Juan Seguin" has brought area and out-of-town Mexican American artists through the annual events of Fiestas Patrias and Noche De Gala.

The Seguin-Guadalupe County Public Library offers a variety of programs for both children and adults. A major library expansion has resulted in enlargement of facilities from approximately 2,900 square feet to 9,600 square feet and an increase in the book collection from 38,000 to 68,000 volumes.

The City is served by two local daily newspapers. San Antonio and Austin daily newspapers are also available. Two radio stations, four commercial television stations and cable television serve the Seguin area.

Churches representing most religious denominations are available. Those not represented generally are available in nearby San Antonio.

Guadalupe Regional Medical Center ("GRMC"), with an annual budget of more than $120 million, serves Seguin and the surrounding area. GRMC was the proud recipient of the Healthgrades 2023 Outstanding Patient Experience Award, a distinction that recognizes GRMC as being among the top 15% of hospitals nationwide for patient experience. Each year GRMC admits approximately 5,000 patients, treats 32,000 Emergency Department visits, delivers 700 babies, and performs 3,200 surgeries. GRMC contributes nearly $40 million per year to the local economy in salaries and benefits and is one of the largest employers in Guadalupe County. Jointly owned by the City of Seguin and Guadalupe County, GRMC is a not-for-profit community hospital committed to its values of compassion, teamwork, excellence, enthusiasm, and dedication. In addition to the hospital, several clinics are available in Seguin. Numerous hospitals and clinics are also available in nearby San Antonio.

Financial

Commercial banks located in Seguin include First Commercial Bank, N.A., Bank of America, First American Bank of Texas, Wells Fargo, Prosperity Bank, Broadway National Bank, and Randolph-Brooks Federal Credit Union, Schertz Bank & Trust, and The First National Bank.

APPENDIX C

EXCERPTS FROM THE CITY OF SEGUIN AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2022

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CITY OF SEGUIN, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2022

Prepared by: Finance Department
Susan Caddell
Director of Finance

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March 20, 2023

The Honorable Mayor and City Council
City of Seguin, Texas

We are pleased to present the Annual Comprehensive Financial Report of the City of Seguin, Texas (the City), for the fiscal year ended September 30, 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the presented data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Seguin's financial statements have been audited by Armstrong, Vaughan & Associates, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Seguin for the fiscal year ended September 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

The Annual Comprehensive Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis letter, the government-wide financial statements, the fund financial statements, notes to the financial statements, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the City. The City provides a full range of services including: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, convention and visitors' bureau and general administrative services. The City also provides electric, water, and wastewater services; therefore, these activities are included in the reporting entity.

City of Seguin profile. The City of Seguin is the county seat and principal commercial center of Guadalupe County. Seguin is located thirty-five minutes east of San Antonio, fifty-five minutes south of Austin and about two and a half hours west of Houston. Seguin offers immediate access not only to Interstate 10, but to State Highway 130, the safe, fast and reliable alternative to congested Interstate 35 in Central Texas. Founded in 1838 and incorporated in 1853, the City operates under a Home Rule Charter, which was adopted on December 7, 1971. The City has a council-manager type of government composed of the manager, mayor and eight councilpersons elected for four-year terms. The City Manager is the chief administrator and executive officer for the City and has full responsibility for carrying out Council policies and administering City operations, including hiring department Directors and all other City employees. City service departments provide a full range of services including police and fire protection, EMS services, building inspections, animal control services, parks and recreation services, golf, library services, public works services and general administrative services. In addition, the City of Seguin also provides electric, water and wastewater services.

Local economy. The City of Seguin has grown substantially since 1838, and today Seguin's economy is a vital component to the San Antonio metropolitan area. Seguin's diverse economy is made up of primary industries such as advanced manufacturing, distribution and warehousing, healthcare, agriculture, and education. Numerous businesses and Fortune ranked companies have major operations located within the City of Seguin. This includes Vitesco Technologies, Commercial Metals Corporation (CMC), Tyson Foods, Inc., Caterpillar, Inc., The Interplast Group – Minigrip, Alamo Group, Georgia Pacific, Niagara Bottling and Hexcel.

Manufacturing is the heart of the Seguin economy. Nearly 30 % of Seguin's workforce is employed within the manufacturing industry. In fact, the Seguin area has over 6,000 manufacturing jobs; this is more than three times the national average. The City of Seguin's proximity to San Antonio and Austin enables our manufacturers to tap into a large, diverse and skilled labor pool. Seguin is located three hours away from the U.S. – Mexico Border via Interstate 35 and two and a half hours away from the Port of Houston, one of the world's largest sea ports. This provides Seguin manufacturers with great access to get materials in and out to their customers around the world.

It's not all about manufacturing in Seguin, the City is also home to growing education and healthcare industries. In 2022, U.S. News & World Report ranked Seguin's Texas Lutheran University the #2 "Best Value" School for Western Regional Colleges, and the #5"Best Regional College" for the Western Region. Seguin's Guadalupe Regional Medical Center (GRMC) was the proud recipient of the Healthgrades 2021 Patient Experience Award, a distinction that recognizes GRMC as being among the top 5% of hospitals nationwide for patient experience. Each year GRMC admits approximately 5,000 patients, treats 32,000 Emergency Department visits, delivers 700 babies, and performs 3,200 surgeries. GRMC contributes nearly $40 million per year to the local economy in salaries and benefits and is one of the largest employers in Guadalupe County. Jointly owned by the City of Seguin and Guadalupe County, GRMC is a not-for-profit community hospital committed to its values of compassion, teamwork, excellence, enthusiasm, and dedication.

2021 data provided by the Bureau of Labor Statistics indicates that labor force conditions within the State of Texas, the San Antonio-New Braunfels Metropolitan Statistical Area (MSA) and the City of Seguin have recovered from the impacts created by the COVID-19 Pandemic. The average unemployment rate decreased from 4.8% in 2021, to 3.6% in 2022. The civilian labor force population increased from an average of 13,443 in 2021, to 13,765 in 2022. Unemployment rates in 2022 averaged 3.7% for the San Antonio-New Braunfels MSA, 3.3% for the City of New Braunfels, 3.7% for the City of San Antonio, and 3.5% for the City of Schertz.

2022 was a successful year for the City of Seguin and the Seguin Economic Development Corporation as two major economic development projects that were announced. In May 2022, Yukon Ventures, a cold storage facilities developer announced that they will be building a new state of the art cold storage warehouse facility on a 15.8-acre tract of land located at the northwest corner of Lawson Street and US Hwy 90 (Kingsbury Street). The project will represent a capital investment of at least $30,000,000. The roughly 170,000 SF state-of-the-art facility will provide storage for 21,000 pallets and 600 blast freezing positions. Yukon anticipates breaking ground on the Project in early 2023. In September 2022, Maruichi Stainless Tube Texas Corporation announce that they will build a 125,000 square foot state-of- the-art manufacturing facility in Seguin, Texas. Maruichi will build their future Seguin facility on a 33- acre site purchased from the SEDC. The project will represent a total capital investment of $75 million and will result in the creation of at least 106 new jobs over a two-year ramp up period. Maruichi Stainless Tube Texas Corporation is a subsidiary of Maruichi Stainless Tube Co., LTD. which is headquartered in Shimonoseki, Japan, a group company of Maruichi Steel Tube Co, Ltd. Maruichi Stainless Tube Texas Corporation's future Seguin facility will produce seamless stainless steel precision tube to support customers in the semiconductor industry. The demand for stainless steel precision Bright Annealed (BA) tubes used for semiconductor manufacturing is significantly increasing, due to global increase in semiconductor demand. The Seguin facility will help Maruichi further meet demand in the United States from multiple construction projects for large-scale semiconductor manufacturing plants.

FINANCIAL INFORMATION

Internal control. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The City utilizes a computerized financial accounting system, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurances.

Budgeting Controls. The City also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. However, budgetary accounting is maintained on a line-item basis. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end, however, encumbrances generally are re-appropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet is responsibility for sound financial management.

Financial rating. The City's bond rating for Fitch Ratings and Standard & Poor's is as follows:

	Fitch Ratings	Standard & Poor's
General Obligation Bonds	AA/stable outlook	AA/stable outlook
Utility Revenue Bonds	A-/stable outlook	A-/stable outlook

Retirement Plan. The City provides pension benefits for all of its full-time employees through the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

Deferred Compensation Plan. The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Health Benefits Trust Fund. During fiscal year 2009, the City established a Health Benefits Trust Fund and Retiree Insurance Trust Fund. These funds were established for the receipt of health insurance premiums from the benefits paid by the City, premiums paid by retirees and dependent premiums paid by employees and retirees. The disbursements of these premiums are also paid out of these funds.

OTHER INFORMATION

Independent Audit. The City Charter requires an annual audit of the books, accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report by Armstrong, Vaughan & Associates, P.C., Certified Public Accountants, has been included in this report.

Acknowledgements. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to thank the members of the City Council and the citizens of the City of Seguin for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Steve Parker
City Manager

Susan Caddell

Susan Caddell
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Seguin
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

CITY OF SEGUIN, TEXAS

PRINCIPAL OFFICERS

DONNA DODGEN	Mayor
JOE REA	Mayor Pro-Tem
VACANT	Councilman
MONICA CARTER	Councilwoman
JEREMY ROY	Councilman
MARK HERBOLD	Councilman
JOE REA	Councilman
SONIA MENDEZ	Councilwoman
CHRIS RANGEL.	Councilman

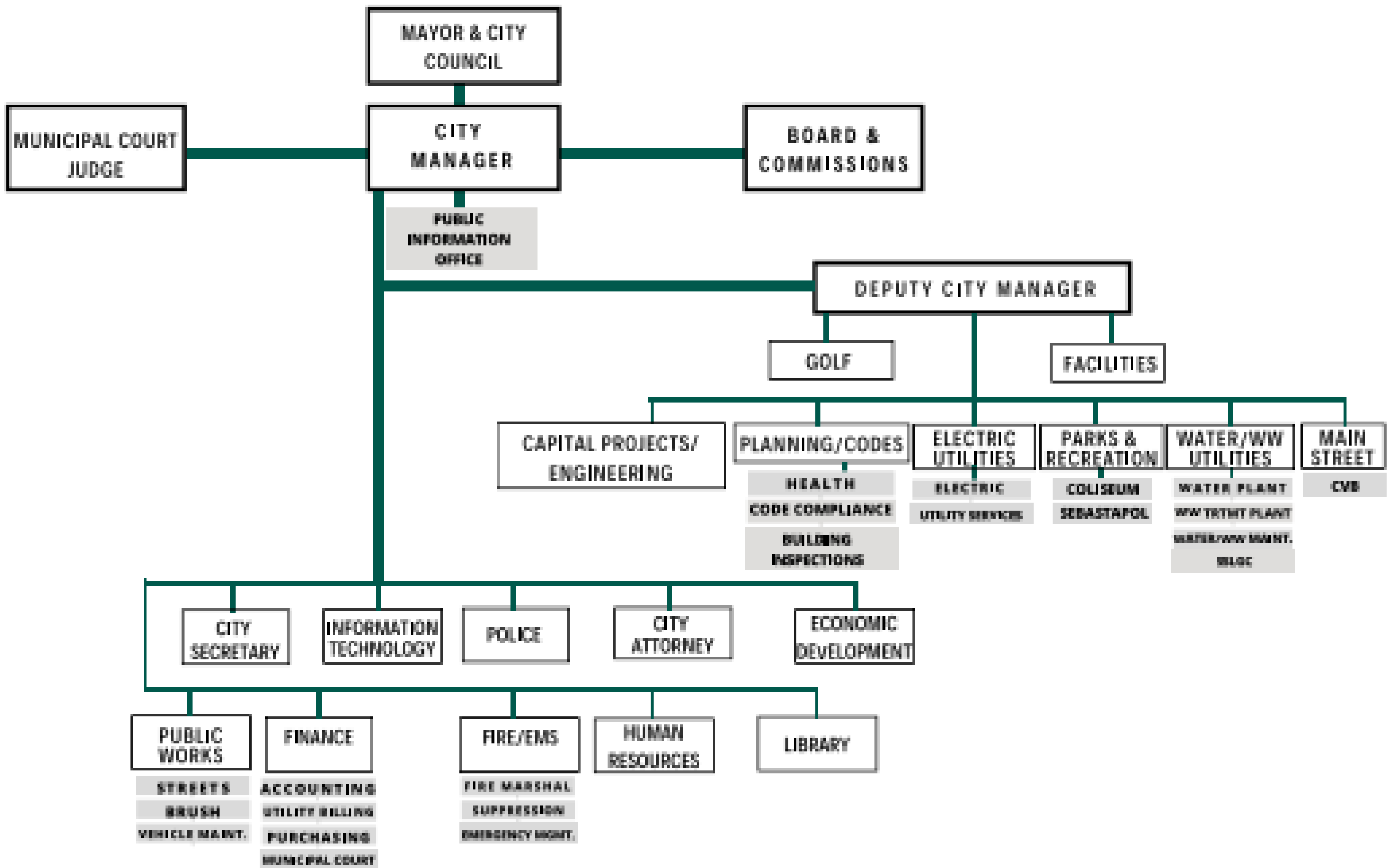
STEVE PARKER
City Manager

STEVE PARKER	City Manager
NAOMI MANSKI	City Secretary
SUSAN CADDELL	Director of Finance
ANDREW QUITTNER	City Attorney

ORGANIZATIONAL CHART

SEGUIN TEXAS
It's real.

City of Seguin



Armstrong, Vaughan & Associates, P. C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Seguin, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seguin, Texas, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Seguin 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

The City of Seguin, Texas' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Seguin'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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Phone: 210-658-6229 • Fax: 210-659-7611 • Email: info@avacpa.com • www.avacpa.com

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 GAAS 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Seguin, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Seguin, Texas'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 management's discussion and analysis, budgetary comparison information, schedules of changes and city contributions – defined benefit plan, and other postemployment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on management's discussion and analysis, budgetary comparison information and schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seguin, Texas' basic financial statements as a whole. The comparative statements, combining and individual nonmajor fund financial statements, introductory section, statistical section, and schedule of expenditures of federal awards (SEFA) as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023 on our consideration of the City of Seguin, Texas' 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 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 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 Seguin, Texas' internal control over financial reporting and compliance.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.
March 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seguin, we offer readers of the City of Seguin's financial statements this narrative overview and analysis of the financial activities for the City of Seguin for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and the City's financial statements immediately following this analysis.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Seguin exceeded its liabilities at the close of the fiscal year ending September 30, 2022, by $158.8 million, (net position). Of this amount, $59.2 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $23.9 million or 17.8% compared to the prior fiscal year.

- As of September 30, 2021 the City of Seguin's governmental funds reported combined ending fund balances of $59.0 million, an increase of $8.5 million.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $18.6 million, or 67.2% of total General Fund expenses.

- The City's total debt increased by $13.5 million during the current fiscal year. The City issued 2022 Certificates of Obligation in the amount of $20.3 million, and 2021 Tax Notes in the amount of $705 thousand. In addition, golf course equipment was financed through a capital lease in the amount of $200 thousand.

- During the year, the City's expenses were $14.3 million less than the $28.5 million generated in taxes and other revenues for governmental activities before transfers.

- The total cost of the City's governmental activity programs increased by $1.9 million from last year, and no new programs were added this year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City of Seguin's basic financial statements. The City of Seguin's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Annual Comprehensive Financial Report (AFCR) also contains other supplementary information in addition to the basic statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Seguin's finances, in a manner similar to a private-sector business

The *statement of net position* presents information on all of the City of Seguin's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Seguin is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the *statement of net position* and the *statement of activities,* the City's operations are divided into two kinds of activities:

1 Governmental Activities – Most of the City's basic services are reported here, such as public safety, public works and general administration. Property taxes, franchise fees and charges for services finance most of these activities.

2 Business-Type Activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Utility Fund, which include, electric, water and wastewater services, are reported here.

In addition, the *government-wide financial statements* include not only the City of Seguin itself, but also the Seguin Economic Development Corporation, a legally separate component unit for which the City is financially accountable. Financial information for this component unit is reported separately from the primary government and business-type activities.

The *government-wide financial statements* can be found on pages 15 - 18 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Seguin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Governmental funds statements are reported using current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the *statement of net position* and the *statement of activities*) and governmental funds are detailed in a reconciliation following the fund financial statements.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the CAFR.
The basic governmental fund financial statements can be found on pages 19 - 24.

Proprietary funds. The City charges customers for certain services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *statement of net position* and the *statement of activities.*

The City maintains two different types of proprietary funds. The Utility Fund is a business-type activity and consists of revenues from charges for electric, water and wastewater sales. The Internal Service Funds account for revenues and expenditures for the employee health insurance, retiree health insurance and workers' compensation insurance. The fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 25 - 29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Seguin's own programs. The method of accounting utilized for these funds is similar in nature to that of the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30 - 31 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 - 67 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund budgetary schedule. The City of Seguin adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 68 - 79 of this report.

In addition, this report also contains certain required supplementary information concerning the City of Seguin's progress in funding its obligation to provide pension benefits to City staff and members of the City's firemen's pension fund, as well as funding progress for other postemployment benefits (health insurance) provided to retirees.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and individual internal service funds are presented immediately following the required supplementary information described in the preceding paragraph. Combining and individual fund statements can be found on pages 80 - 129 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of September 30, 2022, the City of Seguin's assets and deferred outflows of resources exceeded liabilities by $159.8 million. Table A-1 is a condensed version of the City's statement of net position for the years ended September 30, 2022 and 2021, respectively.

The largest portion of the City's total net position (51.3%) is its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Seguin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The next largest portion of the City's total net position (37.2%) is its unrestricted net position.

Table A-1

City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current assets	$ 58,633,256	$ 50,363,127	$ 46,220,846	$ 43,677,785	$ 104,854,102	$ 94,040,912
Capital assets	109,551,164	102,348,182	111,547,587	109,413,195	221,098,751	211,761,377
Other non current assets	13,955,701	10,267,022	48,737,305	31,846,809	62,693,006	42,113,831
Total assets	182,140,121	162,978,331	206,505,738	184,937,789	388,645,859	347,916,120
Deferred Outflows of Resources	5,079,779	3,580,155	3,524,721	2,853,079	8,604,500	6,433,234
Liabilities						
Current liabilities	11,494,735	7,941,575	9,408,755	8,072,723	20,903,490	16,014,298
Noncurrent liabilities	121,811,001	121,311,858	89,149,409	79,563,441	210,960,410	200,875,299
Total liabilities	133,305,736	129,253,433	98,558,164	87,636,164	231,863,900	216,889,597
Deferred Inflows of Resources	3,418,239	642,609	3,158,468	1,935,785	6,576,707	2,578,394
Net Position						
Invested in Capital Assets	32,708,778	27,972,543	48,719,693	58,013,629	81,428,471	85,986,172
Restricted	4,038,235	3,783,621	14,101,505	9,719,197	18,139,740	13,502,818
Unrestricted(Deficit)	13,748,912	4,906,280	45,492,629	30,486,093	59,241,541	35,392,373
Total Net Position	$ 50,495,925	$ 36,662,444	$ 108,313,827	$ 98,218,919	$ 158,809,752	$ 134,881,363

An additional portion of the City of Seguin's net position (11.4%) is subject to external restrictions, including bond covenants, on how they must be used. The remaining balance of unrestricted net position of $59.2 million may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net position. The City's total government-wide revenues increased by $17.9 million or 17.3%. This was largely due to increase in electric, water and sewer revenue along with an increase in property and sales tax revenue, as well as grants. The City's total government-wide expenses increased by $6.3 or 7.0%. An increase in salaries and benefits was a major factor in the increase.

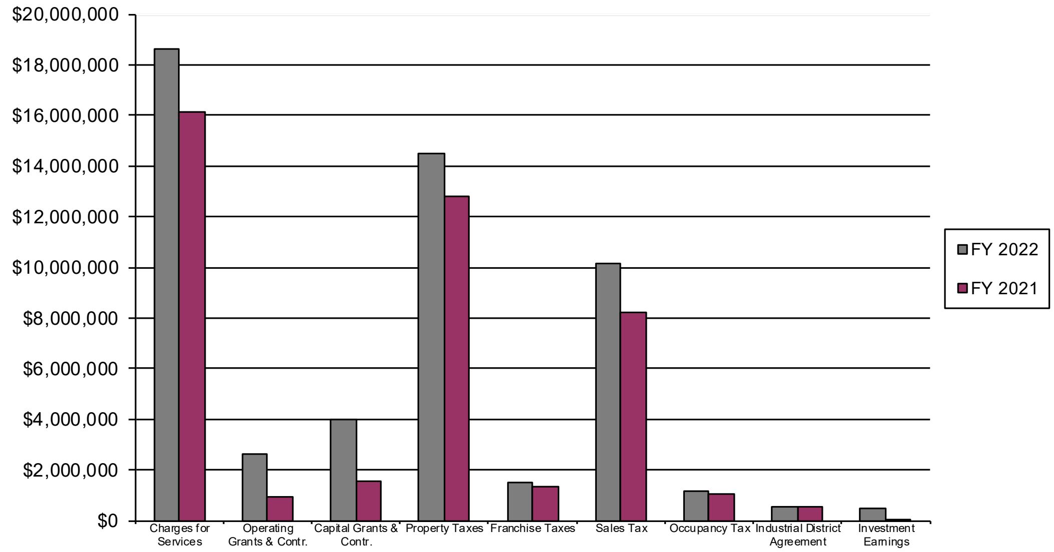
Table A-2
Changes in City of Seguin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for Services	$ 18,636,479	$ 16,123,887	$ 66,615,679	$ 59,893,148	$ 85,252,158	$ 76,017,035
Operating Grants and Contributions	2,647,696	906,378	-	-	2,647,696	906,378
Capital Grants and Contributions	4,008,991	1,545,026	190,303	591,597	4,199,294	2,136,623
General Revenues						
Property Taxes	14,480,532	12,791,688	-	-	14,480,532	12,791,688
Franchise Taxes	1,509,595	1,344,906	-	-	1,509,595	1,344,906
Sales Tax	10,118,330	8,232,954	-	-	10,118,330	8,232,954
Occupancy Tax	1,140,613	1,039,212	-	-	1,140,613	1,039,212
Industrial District Agreement	555,956	550,452	-	-	555,956	550,452
Investment Earnings	500,692	44,172	533,638	40,236	1,034,330	84,408
Gain (Loss) on Sale of Assets	207,721	122,509	60,144	65,358	267,865	187,867
Total Revenues:	53,806,605	42,701,184	67,399,764	60,590,339	121,206,369	103,291,523
Expenses:						
General Government	3,848,815	4,026,784	-	-	3,848,815	4,026,784
Public Safety	18,432,214	17,638,658	-	-	18,432,214	17,638,658
Public Service	14,004,359	12,883,281	-	-	14,004,359	12,883,281
Interest on Long-Term Debt	3,247,737	3,083,651	-	-	3,247,737	3,083,651
Utility	-	-	57,744,855	53,278,062	57,744,855	53,278,062
Total Expenses	39,533,125	37,632,374	57,744,855	53,278,062	97,277,980	90,910,436
Excess (Deficiency) Before	14,273,480	5,068,810	9,654,909	7,312,277	23,928,389	12,381,087
Transfers In (Out)	(439,999)	(389,406)	439,999	389,406	-	-
Increase (Decrease) in Net Position	$ 13,833,481	$ 4,679,404	$ 10,094,908	$ 7,701,683	$ 23,928,389	$ 12,381,087

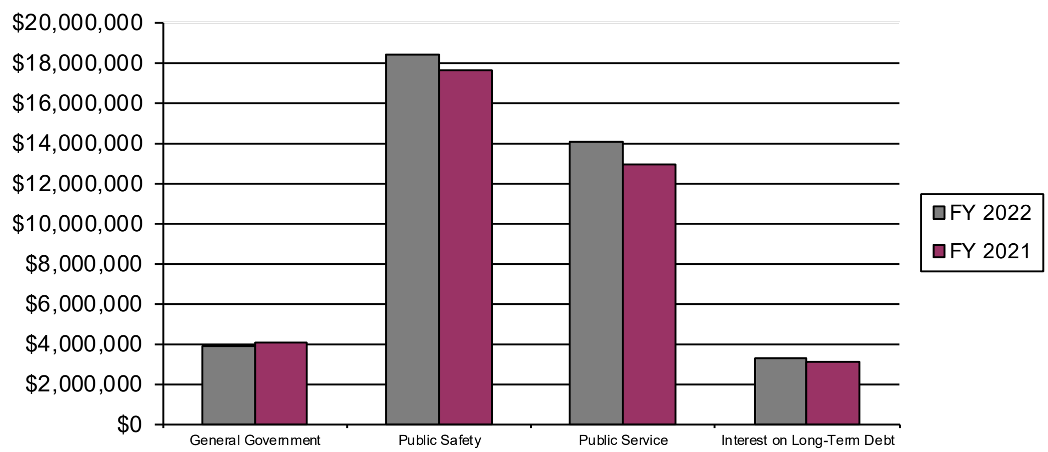
Governmental activities. The City's total governmental revenues increased by $11.1 million or 26.0% over the prior year. The City's total governmental expenses increased by $1.9 million or 5.1% above last year.

- Charges for Services increased by $2.5 million or 15.6%. Building Permits increased by $968 thousand or 40.5% increase and ROW User Fees increased by $78 thousand or 7.1%.
- Property Taxes increased by $1.6 million or 13.2%. Taxable values increased by over 13.8%.
- Sales Tax increased by $1.9 million or 22.9%.
- Interest Earnings increased by $456 thousand or 1033.5%.
- The most significant governmental expense for the City was in providing public safety, which incurred expenses of $18.4 million. These expenses are offset by revenues collected from a variety of sources, including fines and penalties, EMS revenue and Fire and EMS interlocal agreements with Guadalupe County, the total being $3.9 million. The major components of public safety are policy and fire. Police accounted for $9.7 million in public safety expense while Fire accounted for $8.1 million in public safety expense.

Revenues - Governmental Activities



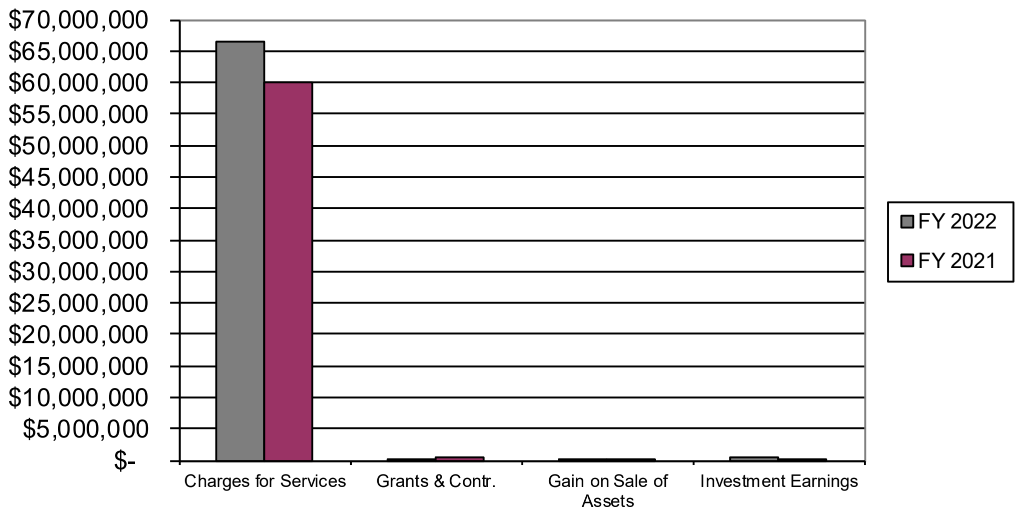
Expenses - Governmental Activities



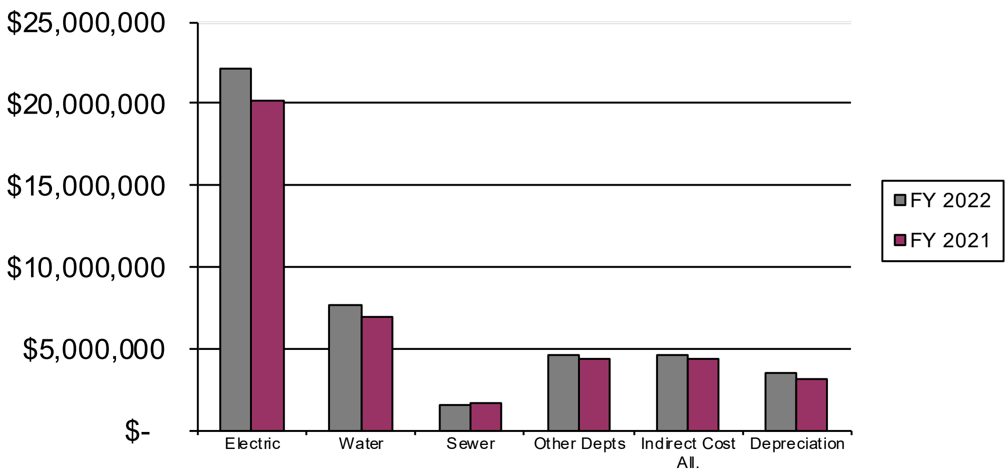
Business-type activities. The City's total business-type revenues increased by $6.8 million or 11.2%. The City's total business-type expenses increased by $4.5 million or 8.4%.

- Electric revenues make up $32.0 million of the charges for services. This year electric revenues increased by $2.1 million or a 6.8% increase.
- Water revenues make up $16.0 million of the charges for services. This year water revenues increased by $1.3 million or a 9.1% increase.
- Sewer revenues make up $16.3 million of the charges for services. This year sewer revenues increased by $2.7 million or 20.0% increase. Growth in our service area continues to increase both consumption and sewer impact fees.

Business-Type Activities-Revenues



Business-Type Activities-Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Seguin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $58.9 million. This is an increase of $8.5 million. In 2022, the City issued $20.3 million in Certificates of Obligation Bonds of which $6.5 million was issued for the governmental uses and 13.8 million for the proprietary funds. Of this total amount of fund balance, $18.6 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balances is as follows: 1) nonspendable fund balance in the amount of $270 thousand which are prepaids and inventory, 2) restricted fund balance in the amount of $30.4 million, which are restricted to tourism and economic development, public safety, public service, capital projects or debt service, 3) committed fund balance in the amount of $3.0 million, which is committed to stabilization agreement and aquatic and golf fees, and 4) assigned fund balance in the amount of $6.6 million, which is assigned to capital projects.

The General Fund is the main operating fund of the City of Seguin. At the end of the current fiscal year, unassigned fund balance of the General Fund was $18.6 million, while total fund balance reached $21.5 million. Of this amount, $86 thousand is attributable to the balance of a tax exemption settlement agreement. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. With the $184 thousand taken out of the equation, unassigned fund balance represents 67.1% of general fund expenditures, while total fund balance represents 77.8% of that same amount.

The General Fund Capital Projects Fund has a total fund balance of $5.5 million, an increase of $1.1 million. Projects.

At the end of FY2022, SIX bond funds had a total fund balance of $21.2 million. This was an increase of $896 thousand. The City issued Certificate of Obligation Bonds in March 2022 in the amount of $6.5 million and a premium on the bond of $279 thousand.

Other factors concerning the finances of governmental fund have already been addressed in the discussion of the City's governmental activities in the government-wide financial statements.

Proprietary funds. The City of Seguin's proprietary funds are utilized to account for operations of the City that are commercial in nature and accounted for in a manner more similar to private enterprise. The statements for proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the year amounted to $45 million. The restricted net position for debt services is $4.0 million, while restricted net position for impact fees is $10.1 million. Net position invested in capital assets amounted to $48 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

For FY 2022, actual revenues on a budgetary basis were $35.2 million compared to the final budget of $29.6 million, which is $5.6 million above budget. Building permits exceeded budget by $1.6 million. Sales tax exceeded budget by $2.4 million and property tax exceeded budget by $207 thousand.

For FY 2022, actual expenditures on a budgetary basis were $27.6 million compared to the final budget of $30.8, which was $3.2 million below final budget amounts. Some departments had employee turnover resulting in their personnel services being under budget and savings on other operating expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2022, the City had invested $221.1 million, net of depreciation, in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents a net increase (including additions and deductions) of $9.3 million or 4.4%. The increase was due in part to large bond projects being completed or underway begun during fiscal year 2022. More detailed information about the City's capital assets can be found in Note G, page 46 - 47.

Table A-3

City of Seguin's Capital Assets

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2021 - 2020
Land	$ 5,494,955	$ 4,793,057	$ 877,233	$ 877,233	$ 6,372,188	$ 5,670,290	12.4%
Buildings and Improvements	42,416,755	39,776,756	39,340,906	39,332,663	81,757,661	79,109,419	3.3%
Improvements Other than Buildings	96,387,811	94,964,416	128,820,152	122,156,119	225,207,963	217,120,535	3.7%
Transportation and Equipment	21,785,314	20,343,135	11,580,325	11,100,722	33,365,639	31,443,857	6.1%
Construction in Progess	20,031,274	13,073,972	19,732,104	18,840,319	39,763,378	31,914,291	24.6%
Totals at Historical Cost	186,116,109	172,951,336	200,350,720	192,307,056	386,466,829	365,258,392	5.8%
Total Accumulated Depreciation	(76,564,945)	(70,603,154)	(88,803,133)	(82,893,861)	(165,368,078)	(153,497,015)	7.7%
Net Capital Assets	$ 109,551,164	$ 102,348,182	$ 111,547,587	$ 109,413,195	$ 221,098,751	$ 211,761,377	4.4%

Long-term debt. At year-end, the City had $170 million in bonds, loans and capital leases outstanding as shown in Table A-4. This was an increase of $13.5 million or 8.6% from 2021. This fiscal year, the City issued $20.3 million in 2022 Certificates of Obligation Bonds along with $705 thousand in 2021 Tax Notes.

The City's tax-supported debt rating by Fitch is AA with a stable outlook while Standard and Poor rating is AA with a stable outlook. The City's utility system revenue bonds' rating by Fitch is A- with a stable outlook while Standard and Poor rating is A with a stable outlook. The current ratio of net tax-supported debt to assessed value of all taxable property is 6.4%. The pledged revenue coverage for the utility revenue bonds is 2.52.

Table A-4

City of Seguin's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2022	2021	2022	2021	2022	2021	2021 - 2020
Bonds Payable	$ 38,775,000	$ 41,160,000	$ 78,445,000	$ 68,085,000	$ 117,220,000	$ 109,245,000	7.3%
Certificates of Obligation	52,265,000	46,920,000	-	-	52,265,000	46,920,000	11.4%
Tax Anticipation Notes	715,000	255,000	-	-	715,000	255,000	180.4%
Notes Payable	612,362	903,646	-	-	612,362	903,646	-32.2%
Total Bonds & Notes Payable	$ 92,367,362	$ 89,238,646	$ 78,445,000	$ 68,085,000	$ 170,812,362	$ 157,323,646	8.6%

Net Pension Liability. The City's net pension liability is determined annually by an actuarial valuation. The City's net pension liability decreased $3.7 million, from $31.2 million to $27.4 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the budget process for fiscal year 2022-23, City staff and City Council considered many factors when setting the budget. Staff reviewed all of the fees charged to citizens and customers when using City services. Along with fees, staff also considered the tax rate. They also reviewed expenditures and how the increases may be held to a minimum. The City set a goal to maintain financial stability, a lean organization, a competitively paid staff and investment in capital outlay. This helped to maintain the City's services with the least affect possible on our citizens through taxes, fees, and utility rates.

The projected revenues and expenditures for the General Fund are budgeted to increase by $5,110,554, or 13.5% above the FY22 budget.

- Property tax revenue is budgeted to increase by $2,246,826. This is based on increase in values, an increased debt service contribution and the increase above the no new revenue rate.
- Sales tax revenue is budgeted to increase by $1,956,035. This is based on tax on residential utilities and historical increases.
- Building permit fees are budgeted to increase by $866,057. This is based on the increase in development throughout the City of Seguin.
- Right of way user fees are budgeted to increase by $298,652. This is based on increased electric, water and sewer revenues.
- Salaries and benefits are budgeted to increase by $2,234,425. This includes a 5% cost of living increase effective in January 2023. It also includes the addition of key positions.
- Transfers to Building/Infrastructure Fund is budgeted to increase by $452,220. This is to establish a fund to provide for future purchases or construction of city buildings or to cover possible budget shortages on future projects.
- Indigent Health Care is budgeted to increase by $320,226. This represents a 15.2% increase.

The projected revenues and expenditure for the Utility Fund are budgeted to increase by $3,297,177, or 5.8% above the FY22 budget.

- The projected water revenues are expected to increase by $2,067,408, which is due to the approved rate adjustments from the updated water rate study and the increase in consumption with the new developments. In addition, our wholesale water contract with NBU will increase by $519,733.
- Sewer revenues are projected to increase by $1,269,500 based upon the approved rate adjustments from the updated sewer rate study for FY23 and an increase in the number of customers and increase in water consumption.
- Salaries and benefits are budgeted to increase by $1,853,047. This includes a 5% cost of living increase effective in January 2023. It also includes the addition of key positions.
- Right of way user fees are budgeted to increase by $298,652. This is based on increased electric, water and sewer revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the City of Seguin, 205 North River Street, Seguin, Texas 78155.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary funds
  - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
Cash and Cash Equivalents	$ 4,999,201	$ 1,078,514	$ 6,077,715	$ 35,129
Investments	47,356,221	33,430,473	80,786,694	4,168,810
Receivables (net of allowances for uncollectibles)				
Taxes	3,091,763	-	3,091,763	-
Accounts	1,582,440	7,394,780	8,977,220	3,873
Grants	951,245	-	951,245	-
Miscellaneous	161,447	1,228,708	1,390,155	-
Interfund Receivables/Payables	(129,933)	129,933	-	-
Due From Component Unit/ Primary Government	-	34,144	34,144	429,935
Inventories	24,905	2,774,800	2,799,705	-
Prepaids	595,967	149,494	745,461	-
Restricted Assets:				
Cash and Cash Equivalents	107,408	941,820	1,049,228	-
Investments	13,848,293	46,393,181	60,241,474	-
Notes Receivable	-	1,402,304	1,402,304	41,057
Capital Assets, not depreciated	25,526,229	20,609,337	46,135,566	-
Capital Assets (Net)	84,024,935	90,938,250	174,963,185	2,240,392
Total Assets	182,140,121	206,505,738	388,645,859	6,919,196
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension/OPEB Related Outflows	4,806,451	3,410,003	8,216,454	-
Deferred Charge on Refunding	273,328	114,718	388,046	-
Total Deferred Outflows of Resources	$ 5,079,779	$ 3,524,721	$ 8,604,500	$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2022

	Primary Government			Component Unit
LIABILITIES	Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
Accounts Payable and				
Other Current Liabilities	$ 5,013,043	$ 6,934,889	$ 11,947,932	$ 75,853
Unearned Revenue	5,843,632	1,535,310	7,378,942	-
Accrued Interest Payable	296,622	-	296,622	-
Due to Component Unit/				
Primary Government	341,438	-	341,438	34,144
Customer Deposits	-	601,160	601,160	-
Payable from Restricted Assets:				
Accrued Interest Payable	-	337,396	337,396	-
Current Portion of Long-Term Debt	-	2,705,000	2,705,000	-
Noncurrent Liabilities:				
Due within One Year	5,155,609	241,085	5,396,694	250,000
Due in more than One Year:				
Long-term Debt	94,035,638	78,942,643	172,978,281	911,614
Net Pension Liability	20,882,859	6,564,488	27,447,347	-
Net OPEB Liabilities	1,736,895	696,193	2,433,088	-
Total Liabilities	133,305,736	98,558,164	231,863,900	1,271,611
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension/OPEB Related Inflows	3,418,239	3,158,468	6,576,707	-
Total Deferred Inflows of Resources	3,418,239	3,158,468	6,576,707	-
NET POSITION				
Net Investment in Capital Assets	32,708,778	48,719,693	81,428,471	1,078,778
Restricted for:				
Tourism & Economic Development	1,936,312	-	1,936,312	-
Public Safety	402,959	-	402,959	-
Public Service	275,407	-	275,407	-
Debt Service	1,423,557	3,958,252	5,381,809	-
Impact Fees	-	10,143,253	10,143,253	-
Unrestricted (Deficit)	13,748,912	45,492,629	59,241,541	4,568,807
Total Net Position	$ 50,495,925	$ 108,313,827	$ 158,809,752	$ 5,647,585

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Expenses		Program Revenues		
Functions and Programs	Direct	Indirect Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 10,077,455	$ (6,228,640)	$ 8,735,593	$ 2,400,610	$ 19,573
Public Safety	18,432,214	-	3,915,385	185,559	5,000
Public Service	14,004,359	-	5,985,501	61,527	3,984,418
Interest on Long-term Debt	3,247,737	-	-	-	-
Total Governmental Activities	45,761,765	(6,228,640)	18,636,479	2,647,696	4,008,991
Business-Type Activities					
Utility	51,516,215	6,228,640	66,615,679	-	190,303
Total Business-Type Activities	51,516,215	6,228,640	66,615,679	-	190,303
Total Primary Government	$ 97,277,980	$ -	$ 85,252,158	$ 2,647,696	$ 4,199,294
Component Unit:					
Seguin Economic Development Corporation	$ 769,128	$ -	$ -	$ 1,411	$ -
Total Component Unit	$ 769,128	$ -	$ -	$ 1,411	$ -
General Revenues:					
Taxes					
Property Taxes					
Franchise Taxes					
Sales Taxes					
Occupancy Taxes					
Miscellaneous Revenues					
Gain on Sale of Capital Assets					
Interest and Investment Earnings					
Total General Revenues					
Transfers					
Change in Net Position					
Net Position at Beginning of Year					
Net Position at End of Year					

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Seguin Economic Development Corporation
$ 7,306,961	$ -	$ 7,306,961	$ -
(14,326,270)	-	(14,326,270)	-
(3,972,913)	-	(3,972,913)	-
(3,247,737)	-	(3,247,737)	-
(14,239,959)	-	(14,239,959)	-
-	9,061,127	9,061,127	-
-	9,061,127	9,061,127	-
(14,239,959)	9,061,127	(5,178,832)	-
-	-	-	(767,717)
-	-	-	(767,717)
14,480,532	-	14,480,532	-
1,509,595	-	1,509,595	-
10,118,330	-	10,118,330	1,997,377
1,140,613	-	1,140,613	-
555,956	-	555,956	-
207,721	60,144	267,865	-
500,692	533,638	1,034,330	32,039
28,513,439	593,782	29,107,221	2,029,416
(439,999)	439,999	-	-
13,833,481	10,094,908	23,928,389	1,261,699
36,662,444	98,218,919	134,881,363	4,385,886
$ 50,495,925	$ 108,313,827	$ 158,809,752	$ 5,647,585

CITY OF SEGUIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

ASSETS	General Fund	2021 Certificates of Obligation	2022 Certificates of Obligation
Cash and Cash Equivalents	$ 1,134,859	$ -	$ -
Investments	20,513,524	-	-
Receivables (net of allowances for uncollectibles):			
Taxes	2,636,547	-	-
Accounts	1,020,855	-	-
Grants	118,421	-	-
Miscellaneous	365,911	-	-
Inventories	24,905	-	-
Prepaid Items	245,317	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	34,780	44,617
Investments	-	7,292,488	5,137,406
Total Assets	$ 26,060,339	$ 7,327,268	$ 5,182,023
LIABILITIES			
Accounts Payable	$ 1,194,269	$ 88,505	$ 25,899
Accrued Expenditures	955,403	-	-
Due to Other Funds	129,933	-	-
Due to Component Unit	341,438	-	-
Unearned Revenues	369,265	-	-
Due to Others	385,741	-	-
Total Liabilities	3,376,049	88,505	25,899
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	1,162,822	-	-
Total Deferred Inflows of Resources	1,162,822	-	-
FUND BALANCE			
Nonspendable:			
Prepaids and Inventory	270,222	-	-
Restricted:			
Tourism & Economic Development	-	-	-
Public Safety	36,886	-	-
Public Service	5,300	-	-
Capital Projects	-	7,238,763	5,156,124
Debt Service	-	-	-
Committed:			
Stabilization Arrangement	2,500,330	-	-
Aquatic/ Golf Fees	-	-	-
Assigned	142,121	-	-
Unassigned	18,566,609	-	-
Total Fund Balances	21,521,468	7,238,763	5,156,124
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	$ 26,060,339	$ 7,327,268	$ 5,182,023

See accompanying notes to basic financial statements.

Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
$ 11,728	$ 3,715,925	$ 4,862,512
1,508,491	17,074,965	39,096,980
200,110	255,106	3,091,763
-	1,530,759	2,551,614
-	-	118,421
-	-	365,911
-	-	24,905
-	-	245,317
-	40,117	119,514
-	8,710,887	21,140,781
$ 1,720,329	$ 31,327,759	$ 71,617,718
$ 150	$ 2,262,687	$ 3,571,510
-	39,623	995,026
-	-	129,933
-	-	341,438
-	5,474,366	5,843,631
-	65,197	450,938
150	7,841,873	11,332,476
187,539	-	1,350,361
187,539	-	1,350,361
-	-	270,222
-	1,936,312	1,936,312
-	366,073	402,959
-	270,107	275,407
-	13,791,277	26,186,164
1,532,640	-	1,532,640
-	-	2,500,330
-	512,305	512,305
-	6,609,812	6,751,933
-	-	18,566,609
1,532,640	23,485,886	58,934,881
$ 1,720,329	$ 31,327,759	$ 71,617,718

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CITY OF SEGUIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ 58,934,881
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		109,551,164
Internal service funds are used by management to charge costs related to employee insurance. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		1,105,602
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,350,361
Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and, therefore, not reported in the funds:		
General Bonded Debt	91,755,000	
Unamortized Premiums and Deferred Charges	4,804,172	
Capital Leases	612,362	
Net Other Post Employment Benefit Obligations (Net of Deferred Outflows & Inflows)	1,570,156	
Net Pension Liability (Net of Deferred Outflows & Inflows)	19,661,385	
Compensated Absences	1,746,386	(120,149,461)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		(296,622)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 50,495,925

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	2021 Certificates of Obligation	2022 Certificates of Obligation
REVENUES			
Taxes	$ 19,319,300	$ -	$ -
Licenses and Permits	3,827,707	-	-
Intergovernmental	1,260,289	-	-
Charges for Services	9,128,656	-	-
Fines and Forfeits	685,484	-	-
Interest	167,149	60,980	37,406
Miscellaneous	853,899	-	-
Total Revenues	35,242,484	60,980	37,406
EXPENDITURES			
Current:			
General Government	4,717,415	-	33,964
Public Safety	18,070,457	-	-
Public Service	7,202,441	-	-
Nondepartmental	3,884,744	-	-
Indirect Cost Allocation (Recovery)	(6,228,640)	-	-
Capital Projects/Outlay	-	3,127,681	1,347,318
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issue Costs	-	-	57,608
Total Expenditures	27,646,417	3,127,681	1,438,890
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,596,067	(3,066,701)	(1,401,484)
OTHER FINANCING SOURCES (USES)			
Transfers In	18,364	-	-
Transfers Out	(2,904,794)	-	(222,295)
Issuance of Debt	-	-	6,500,000
Premiums on Issuance of Debt	-	-	279,903
Total Other Financing Sources (Uses)	(2,886,430)	-	6,557,608
Net Change in Fund Balance	4,709,637	(3,066,701)	5,156,124
Fund Balances at Beginning of Year	16,811,831	10,305,464	-
Fund Balances at End of Year	$ 21,521,468	$ 7,238,763	$ 5,156,124

See accompanying notes to basic financial statements.

Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
$ 6,765,550	$ 1,144,175	$ 27,229,025
-	1,850,657	5,678,364
-	6,116,260	7,376,549
-	1,515,115	10,643,771
-	151,862	837,346
28,004	201,175	494,714
-	504,111	1,358,010
6,793,554	11,483,355	53,617,779
-	2,687,369	7,438,748
-	-	18,070,457
-	32,800	7,235,241
-	384,961	4,269,705
-	-	(6,228,640)
-	9,381,250	13,856,249
3,519,800	757,243	4,277,043
3,287,011	99,008	3,386,019
-	10,103	67,711
6,806,811	13,352,734	52,372,533
(13,257)	(1,869,379)	1,245,246
115,000	2,656,311	2,789,675
-	(102,585)	(3,229,674)
-	874,072	7,374,072
-	-	279,903
115,000	3,427,798	7,213,976
101,743	1,558,419	8,459,222
1,430,897	21,927,467	50,475,659
$ 1,532,640	$ 23,485,886	$ 58,934,881

CITY OF SEGUIN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 8,459,222
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Current Year Additions	13,393,118	
Current Period Depreciation	(6,190,134)	7,202,984
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Decrease in Unavailable Revenues		182,851
The issuance of long-term-debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position Also, governmental funds report the net effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:		
Proceeds of New Debt	(7,374,072)	
Premiums on Debt Issues	(279,903)	
Principal Payments	4,277,043	
Amortization of Deferred Charges & Premiums	323,552	(3,053,380)
The governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities, differences between pension plan and other postemployment benefit contributions and costs for the year are reported as an asset or obligation.		1,283,182
Some expenses reported in the Statement of Activities (including compensated absences and accrued interest expense) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(122,510)
Internal service funds are used by management to charge the costs of employee insurance to individual funds. The net revenue/(loss) is reported with governmental activities.		(118,868)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		$ 13,833,481

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and Cash Equivalents:		
Restricted Cash	$ 941,820	$ -
Unrestricted Cash	1,078,514	124,581
Investments:		
Restricted Investments	46,393,181	-
Unrestricted Investments	33,430,473	966,756
Accounts Receivable (Net)	7,394,780	-
Miscellaneous Receivables	1,228,708	24,040
Due from Other Funds	129,933	
Due from Component Unit	34,144	-
Current Portion of Notes Receivable	306,063	-
Inventories	2,774,800	-
Prepaid Items	149,494	-
Total Current Assets	93,861,910	1,115,377
Noncurrent Assets		
Notes Receivable (Net of Current)	1,096,241	-
	1,096,241	-
Capital Assets (Net)	111,547,587	-
Total Noncurrent Assets	112,643,828	-
Total Assets	206,505,738	1,115,377
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension and OPEB Related Outflows	3,410,003	-
Deferred Charge on Refundings	114,718	-
Total Deferred Outflows of Resources	$ 3,524,721	$ -

Continued

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2022

	Business-Type Activities	Governmental Activities
LIABILITIES	Utility Fund	Internal Service Funds
Current Liabilities:		
Accounts Payable	$ 3,845,663	$ 9,775
Accrued Expenses	3,330,311	-
Unearned Revenue	1,535,310	-
Customer Deposits	601,160	-
Current Liabilities	9,312,444	9,775
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	337,396	-
Current Portion of Long-term Bonds	2,705,000	-
Current Liabilities Payable from Restricted Assets	3,042,396	-
Total Current Liabilities	12,354,840	9,775
Noncurrent Liabilities:		
Compensated Absences	260,267	-
Total Other Post Employment Benefit Liabilities	696,193	-
Net Pension Liability	6,564,488	-
Revenue & Refunding Bonds Payable	78,682,376	-
Total Noncurrent Liabilities	86,203,324	-
Total Liabilities	98,558,164	9,775
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension and OPEB Related Inflows	3,158,468	-
Total Deferred Inflows of Resources	3,158,468	-
NET POSITION		
Net Investment in Capital Assets	48,719,693	-
Restricted for:		
Debt Service	3,958,252	-
Impact Fees	10,143,253	-
Unrestricted	45,492,629	1,105,602
Total Net Position	$ 108,313,827	$ 1,105,602

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Utility Service	$ 64,296,102	$ -
Charges for Premiums	-	4,608,212
Miscellaneous Revenues	2,319,577	619
Total Operating Revenues	66,615,679	4,608,831
OPERATING EXPENSES		
Administration	2,168,930	4,733,683
Engineering	815,088	
Operation and Maintenance:		
Electric Distribution	22,652,317	-
Utility Services	1,404,383	-
Water Production	7,164,283	-
Water/Sewer Maintenance	8,093,463	-
Sewer	2,487,888	-
Economic Development	507,861	-
Facilities Maintenance	1,115,779	-
Information Technology	864,316	-
City Attorney	155,809	-
Nondepartmental	1,633,851	-
Indirect Cost Allocation	6,228,640	-
Total Operating Expenses	55,292,608	4,733,683
OPERATING INCOME (LOSS)	11,323,071	(124,852)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	533,638	5,984
Gain (Loss) on Sale of Assets	60,144	-
Interest and Fiscal Charges	(2,323,551)	-
Bond Issue Costs	(128,696)	-
Total Nonoperating Revenues (Expenses)	(1,858,465)	5,984
Net Income (Loss) Before Contributions and Transfers	9,464,606	(118,868)
Capital Contributions	190,303	-
Transfers In (Out)	439,999	-
	630,302	-
Change in Net Position	10,094,908	(118,868)
NET POSITION AT BEGINNING OF YEAR	98,218,919	1,224,470
NET POSITION AT END OF YEAR	$ 108,313,827	$ 1,105,602

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Cash Flows From Operating Activities:		
Cash Received From Customers	$ 66,414,497	$ 4,601,818
Cash Paid for Employee Wages & Benefits	(11,458,594)	-
Cash Paid to Suppliers for Goods & Services	(32,239,586)	(4,729,241)
Cash Paid General Fund for Indirect Costs	(6,228,640)	-
Net Cash Provided (Used) by Operating Activities	16,487,677	(127,423)
Cash Flows From Noncapital Financing Activities:		
Transfers From Other Funds	439,999	-
Net Cash Provided (Used) by Noncapital Financing Activities	439,999	-
Cash Flows From Capital and Related Financing Activities:		
Purchase/Construction of Capital Assets	(7,996,742)	-
Proceeds from Revenue and Refunding Bonds	13,815,000	-
Premiums on Bonds	594,901	-
Principal Payments on Long-term Bonds	(3,455,000)	-
Interest and Fiscal Charges Paid	(2,454,935)	-
Bond Issue Costs	(128,696)	-
Proceeds from Sale of Capital Assets	60,144	-
Net Cash Provided (Used) by Capital and Related Financing Activities	434,672	-
Cash Flows From Investing Activities:		
(Purchase) of Investment Securities	(18,332,940)	(346,215)
Investment Interest Received	533,638	5,984
Principal Received on Notes Receivable	294,691	-
Net Cash Provided (Used) by Investing Activities	(17,504,611)	(340,231)
Net Increase (Decrease) in Cash and Cash Equivalents	(142,263)	(467,654)
Cash and Equivalents at Beginning of Year:		
Cash and Cash Equivalents	543,395	592,235
Restricted Cash and Cash Equivalents	1,619,202	-
	2,162,597	592,235
Cash and Cash Equivalents at End of Year:		
Cash and Cash Equivalents	1,078,514	124,581
Restricted Cash and Cash Equivalents	941,820	-
	$ 2,020,334	$ 124,581

Continued

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ 11,323,071	$ (124,852)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation:	6,052,653	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(553,608)	(7,013)
Short Term Interfund Advances	(129,933)	-
Inventory/Prepaid Items	(854,030)	-
Net Deferred Pension/OPEB Related Outflows	(674,848)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	976,745	4,442
Accrued Expenses	(119,132)	-
Unearned Revenue	581,514	-
Customer Deposits	(229,088)	-
Total Other Postemployment Benefit Liability	31,563	-
Net Pension Liability	(1,139,913)	-
Net Deferred Pension/OPEB Related Inflows	1,222,683	-
	$ 16,487,677	$ (127,423)
Transaction Not Affecting Cash and Cash Equivalents		
Capital Assets Contributed	$ 190,303	$ -

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2022

		Custodial Funds
ASSETS		
Cash and Cash Equivalents	$	6,135
Investments		267,279
Inventory		359,431
Total Assets		632,845
LIABILITIES		
Accounts Payable/ Due to Others		547
Total Liabilities		547
NET POSITION		
Restricted for:		
Individuals Organizations and other governments		632,298
Total Net Position	$	632,298

See accompanying notes to basic financial statements.

CITY OF SEGUIN, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Custodial Funds
ADDITIONS	
Interest	$ 1,967
Total Additions	1,967
DEDUCTIONS	
Distributions to Participants	-
Total Deductions	-
Change in Net Position	1,967
Net Position, Beginning of Year	630,331
Net Position, End of Year	$ 632,298

See accompanying notes to basic financial statements.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Seguin, Texas ("City") was incorporated in 1853. The City Charter was adopted on December 7, 1971, under the provisions of the Home Rule Charter Act of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, health services, maintenance of streets, planning and zoning, parks and recreation, general administrative services, electric, water, and wastewater services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

1. REPORTING ENTITY

Component Units
As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The Seguin Economic Development Corporation, a nonprofit corporation, was incorporated under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4A. The Corporation is organized exclusively for public purposes of the City of Seguin, and the City Council appoints directors of the Corporation. It receives all proceeds from the 0.25% sales tax adopted in 1994 for economic development in Seguin. The corporation meets the criteria of a discretely presented component unit, described above, and is presented in the government-wide financial statements. Complete financial statements for the Seguin Economic Development Corporation may be obtained at City Hall.

Joint Ventures
A joint venture is a legally separate entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participating governments. The following entities meet the criteria as joint ventures:

The Guadalupe Regional Medical Center is a joint venture between the City of Seguin and Guadalupe County. Each participating government appoints one-half of the board of directors and approves annual budgets. In addition, the participating governments are financially responsible for indigent health care provided by the hospital, and are contingently liable for hospital debts. Separate financial statements of the Guadalupe Regional Medical Center may be obtained by contacting the hospital administrator.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. REPORTING ENTITY (Continued)

Joint Ventures (Continued)
The Schertz/Seguin Local Government Corporation is a public, nonprofit corporation organized to aid, assist, and act on behalf of the cities of Schertz and Seguin in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Separate financial statements for the Schertz/Seguin Local Government Corporation may be obtained at City Hall.

Summarized financial data for joint ventures is provided in Note M.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit (except for City fiduciary activity). The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The primary government is reported separately from the component unit within the government-wide statements.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, 2021 Certificates of Obligation, 2022 Certificates of Obligation, and Debt Service Fund meet criteria as ***major governmental funds***. Each major fund is reported in separate columns in the fund financial statements. Nonmajor funds include other Special Revenue and Capital Projects Funds. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented in the Combining Fund Statements and Schedules as “Supplementary Information”.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Major revenue types, which have been accrued, are revenue from investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues.* Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition. Nondepartmental expenses include insurance costs, professional services and miscellaneous costs that do not benefit any one department, as well as contributions to the Guadalupe Regional Medical Center.

2021 Certificates of Obligation Capital Projects Fund will account for the proceeds of the Certificates of Obligation and the costs of the capital projects to be funded.

2022 Certificates of Obligation Capital Projects Fund will account for the proceeds of the Certificates of Obligation and the costs of the capital projects to be funded.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

   Debt Service Fund accounts for ad valorem tax and contributions from the component unit to support city bonded debt.

   Nonmajor funds include Special Revenue Funds (other than major projects and grants) and Capital Projects Funds.

   Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is the Utility Fund (used to account for the provision of electric, water and sewer services to residents) and the Internal Service Funds used to account for the City's group medical insurance program and workers compensation benefits.

   Revenues are derived from charges for services for utilities, city contributions, employee and retiree/cobra premiums, and investment of idle funds. Expenses are charges incurred for operating, purchases of electricity and water, premiums and administrative expenses for insurance.

   The **Proprietary Funds** are accounted for using the accrual basis of accounting as follows:

   Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

   Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

   Fiduciary fund level financial statements are used to account for resources held for others. The City's custodial funds hold donations intended for scholarships, Riverside Cemetery, and assets seized and held on behalf of other governments and/or plaintiffs.

4. CASH AND CASH EQUIVALENTS

   Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAm (or equivalent) rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The City reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: 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 are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost (see Note B).

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1, 2021 and past due after January 31, 2022. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year’s levy are shown net of an allowance for uncollectible in the amount of $27,616.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. ACCOUNTS RECEIVABLE (Continued)

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. INVENTORIES & PREPAID ITEMS

Inventories of consumable supplies are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories of repair and replacement parts for the utility system are valued at cost, which approximates market, using the moving average cost method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and in the fund financial statements are offset by a reservation of fund balance which indicates they do not represent “available spendable resources.”

9. RESTRICTED ASSETS

Certain proceeds of General Obligation Bonds, Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds are segregated to report those proceeds of revenue bond issuances that are restricted for use in construction. Funds are also segregated to provide for debt service as provided under bond indenture agreements.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of $5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. CAPITAL ASSETS (Continued)

Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation, with the exception of works of art and capital assets received in a service concession arrangement. Those assets are reported at acquisition value rather than fair value.

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. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings and improvements	20 to 40 years
Improvements other than buildings	20 to 40 years
Utility system in service	20 to 67 years
Machinery and equipment	5 to 15 years

11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category: deferred pension and other post employment benefits related costs which will be included in the subsequent actuarial valuation, and deferred charge on refundings reported in the government-wide statement of net position, as well as the Proprietary Fund statement of position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Deferred inflows for pension and other post employment benefits are deferred and will be recognized in a subsequent actuarial valuation. Unavailable revenues from property tax and EMS receivables are deferred and recognized as an inflow of resource in the period the amounts become available.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. COMPENSATED ABSENCES

The City permits employees to accumulate earned but unused vacation pay benefits up to the amount earned in two years. Upon resignation, an employee may receive pay for any unused accrued vacation provided the employee gives two weeks written notice of the resignation and is not subject to discharge for misconduct. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave. Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

13. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

14. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

15. PENSIONS

The net pension liability, deferred outflows and inflows related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, 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.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. OTHER POST-EMPLOYMENT BENEFITS

The fiduciary net position of the Texas Municipal Retirement System (TMRS) and the City's Retiree Health Insurance have been determined using the flow of economic resources 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 or deductions from the fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as both OPEBs are pay-as-you-go plans.

17. FUND EQUITY

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council – the government's highest level of decision making authority. The City Council is the highest level of decision-making authority for the city that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (by adoption of another ordinance) to remove or revise the limitation.

The City Council adopted an ordinance in March 2012 establishing an *emergency fund stabilization arrangement*. The Ordinance requires additions to the fund in the event the fund balance falls below $2,000,000. Additions are to come from interest earnings, direct transfers from the General Fund and/or Utility Fund, or reimbursements from insurance or grants for expenditures incurred by the fund. The stabilization fund may be expended on recovery efforts for public infrastructure damage that occurs as a result of a disaster declared by the federal or state governments.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. FUND EQUITY (Continued)

Assigned fund balance. This classification reflects the amounts constrained by the city's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council has designated the City Manager as the responsible agent for assigning fund balances. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

As of September 30, 2022, the City Manager had assigned fund balances for the following:

- Excess recycling fees over expenditures were assigned for future expenditures associated with "green" waste disposal ($1,348), also favorable budget variances for street maintenance were assigned for future street projects ($140,773).
- Funds set aside in nonmajor capital project funds that are not otherwise restricted by bond covenants are assigned for specific capital projects.

Total assigned funds in the General Fund were $142,121. Total assigned balances in nonmajor capital project funds were $6,545,661.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

The City Council has set a General Fund minimum fund balance target at three months of expenditures and recurring transfers. No other fund balance policies exist.

18. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

19. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the Utility (Proprietary) Fund an indirect cost percentage of general government administration expenses that are paid through the General Fund. During the year ended September 30, 2022, the City allocated $6,228,640 as a transfer for such services. The indirect cost allocation is reflected as an operating expense in the Utility Fund, and a reduction of current expenditures in the General Fund, and in a separate column in the Statement of Activities.

20. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services and premiums for employee insurances. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

21. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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.

22. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year has been provided for the General Fund and Utility Fund in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds. Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. The reclassifications had no effect on the changes in financial position.

23. CHANGES IN ACCOUNTING POLICIES

As of October 1, 2021, the City implemented Governmental Accounting Standard Board Statement No. 87 regarding leases (contracts that confer the right to use an asset). The City performed an evaluation of its significant contracts and found no leases at this time that would require changes in their treatment or disclosure.

NOTE B -- DEPOSITS AND INVESTMENTS

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

Investment Type	Fair Value	Input Level	Weighted Average Maturity (Days)	Rating	Agency
Primary Government					
Local Government Investment Pools:					
TexPool	$ 21,776,851	1	4	AAAm	Standard & Poor's
Texas Class	21,147,516	1	4	AAAm	Standard & Poor's
LOGIC	84,435,644	1	13	AAAm	Standard & Poor's
U.S. Treasury Money Market	13,935,435	1	43	AA+	Standard & Poor's
	$ 141,295,446				
Portfolio Weighted Average Maturity			32		
Component Unit					
Local Government Investment Pools:					
TexPool	$ 1,193,688	1	7	AAAm	Standard & Poor's
Texas Class	$ 755,268	1	4	AAAm	Standard & Poor's
LOGIC	2,219,854	1	10	AAAm	Standard & Poor's
	$ 4,168,810				
Portfolio Weighted Average Maturity			21		

Investment Rate Risk. The City and component unit manage exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk. The City's investment policy limits investments to obligations of the United States (up to 95% of total invested funds) or its agencies and instrumentalities (maximum 80% of funds); direct obligations of the State of Texas; obligations of states, agencies, contracts, cities, and other political subdivisions rated as to investment quality of not less than AAA by a nationally recognized investment firm. U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

The City may also invest funds in government investment pools provided the pool maintains a AAA rating, the pool maintains a stable asset value, and the average dollar weighted maturity does not exceed 90 days. As of September 30, 2022, the investments in TexPool, Texas Class, and LOGIC were rated AAAm by Standard & Poor's. The City may invest in Money Market Mutual funds that are regulated by the SEC and have a dollar weighted average stated maturity of 90 days or less and maintain a net asset value of $1.00 per share.

The City's and Component Units' investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Texpool, Texas Class, and Logic Pools operate in a manner consistent with Rule 2a7. Therefore, the investments are reported at $1 per share, which approximates fair value. There was no change in fair value of the investment pools for the year ended September 30, 2022. There are no limitations or restrictions on participant withdrawals.

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2022, the government's deposits were fully collateralized or insured by FDIC.

The Component Unit had deposits that were fully insured by FDIC.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2022, the City and the Component Unit were not exposed to custodial credit risk.

Concentration of Credit Risk – Thirteen percent of the City's investment is held in U.S. Treasury Money Market Fund.

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Guadalupe County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2021, upon which the fiscal 2022 levy was based, was $2,808,550,488 (i.e., market value less exemptions). The estimated market value was $3,907,369,976 making the taxable value 72% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to $2.50 per $100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to $1.50 per $100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2022, was $0.5412 per $100 of assessed value, which means that the City has a tax margin of $1.9588 for each $100 value and could increase its annual tax levy by approximately $55,013,887 based upon the present assessed valuation of $2,808,550,488 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding a public hearing. The Property Tax Code subjects an increase in the no new revenue tax rate to a referendum election, if petitioned by registered voters, when the no new revenue rate increase is more than three and a half percent (3.5%) of the previous year's effective tax rate.

Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

NOTE D -- INTERFUND RECEIVABLE/PAYABLE

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of September 30, 2022, balances of interfund amounts receivable or payable have been recorded as follows:

	Due From	Due To
General Fund		
Enterprise Fund	$ -	$ 129,933
Enterprise Fund		
General Fund	129,933	-
Totals	$ 129,933	$ 129,933

	Due From	Due To
Primary Government		
General Fund	$ -	$ 341,438
Enterprise Fund	439,999	-
	439,999	341,438
Component Unit		
General Fund	341,438	-
Enterprise Fund	-	439,999
	341,438	439,999
Totals	$ 781,437	$ 781,437

NOTE E -- NOTES RECEIVABLE

Primary Government

The City loaned money to the Seguin Economic Development Corporation (component unit) to purchase land to be sold and/or developed for economic development in the city. The note receivable, in the amount of $1,161,614, is to be repaid in annual installments of $250,000 each beginning May 1, 2020 thru May 1, 2027. The note is interest free, but carries acceleration clauses and interest at the maximum rate allowed by law in the event of default. The loan was fully paid in December 2022.

The City sold property located at 2460 Crossroads Blvd, consisting of a 49,120 square foot building and improvements, to Pure and Gentle Soap Products, Inc. The original term of the note was for twenty (20) years and carried interest at 5.75%. Payments are due monthly with 40 payments remaining, for a total outstanding balance of $248,870.

Component Unit

The SEDC (Component Unit) provides incentives in the form of grants and notes receivable to area businesses in conjunction with its function of generating economic development. One note receivable was outstanding at September 30, 2022 and matures in 2026 with a 3% annual interest rate.

NOTE E -- NOTES RECEIVABLE (CONTINUED)

Component Unit (Continued)

In addition, SEDC provided an interest-free loan to a local distillery for a period of 10 years. The note calls for forgiveness of partial payments if certain grant conditions are met. The note calls for monthly payments in the amount of $4,500. The balance remaining on the note is $34,883.

Requirements to amortize notes receivable for the primary government and component unit are as follows:

	Primary Government			Component Unit		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2023	$ 306,063	$ 49,922	$ 355,985	$ 6,291	$ 160	$ 6,451
2024	320,419	35,566	355,985	6,345	106	6,451
2025	338,546	17,440	355,986	6,401	50	6,451
2026	275,656	1,002	276,658	5,143	12	5,155
2027	161,620	-	161,620	4,500	-	4,500
Thereafter	-	-	-	12,377	-	12,377
	$ 1,402,304	$ 103,930	$ 1,506,234	$ 41,057	$ 328	$ 41,385

NOTE F – SUMMARY OF PENSION AND OPEB LIABILITIES, DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES AND EXPENSES

	Net Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Expenditures
Pension	$ 27,447,347	$ 7,878,033	$ 6,480,253	$ 4,346,785
Retiree Health OPEB	723,000	64,161	28,772	41,203
TMRS SDBF OPEB	1,710,088	274,260	67,682	145,263
Subtotal OPEB	2,433,088	338,421	96,454	186,466
Total	$ 29,880,435	$ 8,216,454	$ 6,576,707	$ 4,533,251

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

Business-Type Activities	Balance 10/1/2021	Additions	Disposals	Transfers/ Adjustments	Balance 9/30/2022
Land	$ 877,233	$ -	$ -	$ -	$ 877,233
Construction in Progress	18,840,319	5,536,461	-	(4,644,676)	19,732,104
Total Assets Not Depreciated	19,717,552	5,536,461	-	(4,644,676)	20,609,337
Buildings and Improvements	39,332,663	8,243	-	-	39,340,906
Utility System	122,156,119	2,019,357	-	4,644,676	128,820,152
Transportation and Equipment	11,100,722	622,984	(143,381)	-	11,580,325
Totals at Historical Cost	192,307,056	8,187,045	(143,381)	-	200,350,720
Buildings and Improvements	(21,110,929)	(546,149)	-	-	(21,657,078)
Improvement Other Than Buildings	(53,623,665)	(4,350,185)	-	-	(57,973,850)
Transportation and Equipment	(8,159,267)	(1,156,319)	143,381	-	(9,172,205)
	(82,893,861)	(6,052,653)	143,381	-	(88,803,133)
Business-Type Capital Assets, Net	$ 109,413,195	$ 2,134,392	$ -	$ -	$ 111,547,587
Discretely Presented Component Unit					
Land	$ 2,170,638	$ -	$ -	$ -	$ 2,170,638
Buildings and Improvements	89,547	-	-	-	89,547
Accumulated Depreciation	(18,073)	(1,720)	-	-	(19,793)
	$ 2,242,112	$ (1,720)	$ -	$ -	$ 2,240,392

Primary Government

Depreciation Expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 49,869
Public Safety	1,339,383
Public Service	4,347,071
Nondepartmental	453,811
Total Governmental Activities	$ 6,190,134
Business-Type Activities:	
Engineering	$ 6,721
Electric	1,375,946
Water Production	1,072,722
Water Distribution	2,486,501
Sewer Plant	667,546
Other	443,217
Total Business-Type Activities	$ 6,052,653

NOTE H – NOTES PAYABLE

The City has entered into notes payable agreement to finance the acquisition of public safety, public works and golf equipment.

	Notes Payable		
Year Ending	Governmental Activities		
September 30,	Principal	Interest	Total
2023	$ 258,504	$ 21,151	$ 279,655
2024	343,887	8,049	351,936
2025	2,809	353	3,162
2026	7,162	222	7,384
	$ 612,362	$ 29,775	$ 642,137

NOTE I -- LONG-TERM DEBT

Bonded debt and obligations payable at September 30, 2022, comprise the following individual issues:

General Obligation Bonds:		
$19,785,000 2014 General Obligation Bonds due in annual installments of $200,000 to $4,130,000 through September 1, 2034; interest at 3.0 to 6.0%	$	17,340,000
$8,465,000 2014 General Obligation Refunding Bonds due in annual installments of $100,000 to $1,170,000 through September 1, 2026; interest at 2.0% - 4%		4,015,000
$9,370,000 2015 General Obligation Refunding Bonds due in annual installments of $100,000 to $1,945,000 through September 1, 2028; interest at 2.0% - 5.0%		6,945,000
$8,370,000 2019 General Obligation Refunding Bonds due in annual installments of $45,000 to $2,585,000 through March 1, 2031; interest at 3.0% - 5.0%		8,200,000
$2,920,000 2021 General Obligation Bonds due in annual installments of $50,000 to $1,225,000 through September 1, 2031; interest at 1%		2,275,000
Total General Obligation Bonds		38,775,000
Certificates of Obligation		
$2,500,000 2013 Certificates of Obligation due in annual installments of $100,000 to $200,000 through September 1, 2028; interest at 2.7%		1,000,000
$12,445,000 2016 Certificates of Obligation due in annual installments of $100,000 to $4,305,000 through September 1, 2036; interest at 3.0% to 5.0%		11,500,000
$8,800,000 2016A Certificates of Obligation due in annual installments of $100,000 to $4,200,000 through September 1, 2037; interest at 3.5% to 5.5%		8,050,000
$6,450,000 2018 Certificates of Obligation due in annual installments of $200,000 to $1,430,000 through September 1, 2038; interest at 3.5% to 5.5%		5,650,000
$9,170,000 2020 Certificates of Obligation due in annual installments of $45,000 to $1,765,000 through September 1, 2040; interest at 3.5% to 5.0%		8,725,000
$10,970,000 2021 Certificates of Obligation due in annual installments of $130,000 to $2,240,000 through September 1, 2040; interest at 2.5% to 5.0%		10,840,000
$6,500,000 2022 Certificates of Obligation due in annual installments of $50,000 to $1,800,000 through September 1, 2042; interest at 3.0% to 4.0%		6,500,000
Total Certificate of Obligations		52,265,000
Tax Anticipation Notes		
$775,000 Tax Notes, Series 2017 due in annual installments of $85,000 to $135,000 through February 2024; interest at 1.785%		170,000
$705,000 Tax Notes, Series 2021 due in annual installments of $135,000 to $160,000 through February 2026; interest at 0.8% to 1.25%		545,000
Total Tax Anticipation Notes		715,000
Total Governmental Bonded Debt	$	91,755,000

NOTE I -- LONG-TERM DEBT (CONTINUED)

Utility Fund Revenue Bonds/Certificates of Obligation:		
$21,405,000 Utility System Revenue, Series 2014, due in annual installments of $190,000 to $2,335,000 through February 1, 2037; interest at 3.0% to 5.0%.	$	18,580,000
$4,430,000 Utility System Revenue, Series 2016, due in annual installments of $100,000 to $345,000 through February 1, 2037; interest at 3.0% to 5.0%.		3,830,000
$8,415,000 Utility System Revenue, Series 2017, due in annual installments of $190,000 to $620,000 through February 1, 2037; interest at 3.0% to 4.0%.		7,450,000
$9,900,000 Utility System Revenue, Series 2018, due in annual installments of $125,000 to $3,380,000 through February 1, 2038; interest at 3.25% to 5.0%.		9,360,000
$3,550,000 Utility System Revenue, Series 2020, due in annual installments of $120,000 to $245,000 through February 1, 2034; interest at 3.25% to 5.0%.		3,185,000
$14,240,000 Utility System Revenue, Series 2021, due in annual installments of $125,000 to $1,100,000 through February 1, 2051; interest at 0.8% to 2.19%.		13,140,000
$13,815,000 Certificates of Obligtion, Series 2022, due in annual installments of $100,000 to $1,000,000 through February 1, 2051; interest at 3.0% to 4.0%.		13,815,000
Total Utility Revenue Bonds		69,360,000
General Obligation Bonds - Utility Portion		
$5,385,000 2015 General Obligation Refunding Bonds due in annual installments of $25,000 to $1,025,000 through September 1, 2026; interest at 2.0% to 5.0%		2,285,000
$6,200,000 2019 General Obligation Refunding Bonds due in annual installments of $5,000 to $980,000 through March 1, 2031; interest at 3.0% to 5.0%		6,175,000
$1,240,000 2021 General Obligation Refunding Bonds due in annual installments of $50,000 to $1,225,000 through September 1, 2031; interest at 1.0%		625,000
Total GO Refunding Bonds		9,085,000
Total Business-Type Bonded Debt	$	78,445,000

The City is required by the revenue bond ordinances to establish certain accounts to maintain and operate the Utility System and to provide for the payment of bond principal and interest. A reserve fund is not required as long as the net revenues for each fiscal year are equal to at least 110% of the average annual debt service requirements of all bonds similarly secured (*Springing Reserve Fund Covenant).* The City is in compliance with the Covenant and, accordingly, a reserve fund is not maintained.

The annual requirements to amortize all bonded debt and obligations outstanding as of September 30, 2022, including interest payments, are as follows:

	Public Offerings			
Year Ending	Governmental Activities		Business-Type Activities	
September 30,	Principal	Interest	Principal	Interest
2023	$ 3,955,000	$ 3,338,121	$ 2,580,000	$ 2,443,375
2024	4,360,000	3,211,961	2,645,000	2,344,700
2025	4,205,000	3,061,698	2,760,000	2,211,500
2026	4,350,000	2,914,398	2,845,000	2,096,850
2027	4,405,000	2,745,825	2,940,000	1,967,950
2028-2032	24,885,000	10,800,431	16,175,000	7,940,199
2033-2037	28,855,000	5,738,400	19,475,000	4,703,348
2038-2042	16,740,000	1,288,250	7,570,000	2,161,978
2043-2047	-		4,715,000	1,273,800
2048-2051	-		3,600,000	360,000
	$ 91,755,000	$ 33,099,084	$ 65,305,000	$ 27,503,700

NOTE I -- LONG-TERM DEBT (CONTINUED)

	Private Placement			
Year Ending	Governmental Activities		Business-Type Activities	
September 30,	Principal	Interest	Principal	Interest
2023	$ -	$ -	$ 125,000	$ 155,919
2024	-	-	200,000	154,519
2025	-	-	200,000	152,919
2026	-	-	200,000	151,319
2027	-	-	200,000	149,719
2028-2032	-	-	1,000,000	724,565
2033-2037	-	-	1,000,000	681,255
2038-2042	-	-	3,160,000	578,028
2043-2047	-	-	3,845,000	345,816
2048-2051	-	-	3,210,000	87,510
	$ -	$ -	$ 13,140,000	$ 3,181,569

Changes in Long-Term Liabilities

Governmental Activities	Balance 10/1/2021	Additions	Reductions	Balance 9/30/2022	Due Within One Year
General Obligation Bonds	$ 41,160,000	$ -	$ (2,385,000)	$ 38,775,000	$ 2,480,000
Bond Premiums	5,189,556	279,903	(391,961)	5,077,498	-
Certificates of Obligation	46,920,000	6,500,000	(1,155,000)	52,265,000	1,255,000
Tax Anticipation Notes	255,000	705,000	(245,000)	715,000	220,000
Notes Payable	903,646	200,759	(492,043)	612,362	258,504
Net Pension Liability	23,481,742	7,613,991	(10,212,874)	20,882,859	-
Net OPEB Liability -SDBF	1,167,148	89,454	(38,660)	1,217,942	-
Net OPEB Liability -Retiree Health	493,319	77,616	(51,982)	518,953	-
Compensated Absences	1,741,447	942,105	(937,166)	1,746,386	942,105
Total Governmental Activities	121,311,858	16,408,828	(15,909,686)	121,811,000	5,155,609
Business-Type Activities					
Private Placement					
TWDB Utility System Revenue Bonds	14,240,000	-	(1,100,000)	13,140,000	125,000
Public Offering					
Revenue Bonds	43,580,000	13,815,000	(1,175,000)	56,220,000	1,360,000
General Obligation Refunding Bonds	10,265,000	-	(1,180,000)	9,085,000	1,220,000
Bond Premiums	2,642,064	594,901	(294,589)	2,942,376	-
Net Pension Liability	7,704,401	2,537,997	(3,677,910)	6,564,488	-
Net OPEB Liability -SDBF	469,867	29,818	(7,539)	492,146	-
Net OPEB Liability -Retiree Health	194,763	28,707	(19,423)	204,047	-
Compensated Absences	532,279	330,495	(306,018)	556,756	296,489
Total Business-Type Activities	79,628,374	17,336,918	(7,760,479)	89,204,813	3,001,489
Total Primary Government	$ 200,940,232	$ 33,745,746	$ (23,670,165)	$ 211,015,813	$ 8,157,098

Compensated absences for governmental activities are generally liquidated by the general fund.

NOTE I -- LONG-TERM DEBT (CONTINUED)

Tax Notes, Series 2021, were issued in the amount of $705,000 to fund various equipment and improvements.

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2022, were issued in the amount of $20,315,000 to fund, $6,500,000 to the governmental activities and $13,815,000 to the business type activities. The bonds are to fund permanent public improvements for the water and wastewater utility systems, constructing street and bridge improvements, fire-fighting and other public safety equipment and vehicles, to include a fire truck, professional services and various other materials, supplies, equipment machinery and drainage improvements.

Component Unit

The component unit received a loan from the City to fund the purchase of approximately 60 acres to be used or developed for economic development in the City. The note is to be repaid in 7 (5 remaining) annual installments of $250,000 beginning May 1, 2020, and carries no interest (see Note E).

Long-term debt activity for the component unit is summarized as follows:

	Balance Outstanding 10/1/2021	Increases	Decreases	Balance Outstanding 9/30/2022
Notes Payable	$ 1,411,614	$ -	$ (250,000)	$ 1,161,614

Annual requirements to amortize the notes payables as of September 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 250,000	$ -	$ 250,000
2024	250,000	-	250,000
2025	250,000	-	250,000
2026	250,000	-	250,000
2027	161,614	-	161,614
	$ 1,161,614	$ -	$ 1,161,614

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

<u>Texas Municipal Retirement System</u>

Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance 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 employees of Texas participating cities. The TMRS Act places the general administration and management of the system with a six-member, Governor-appointed Board of Trustee, however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (CONTINUED)

Texas Municipal Retirement System (Continued)

Plan Description (Cont.)

Annual Comprehensive Financial Report (AFCR) that can be obtained at www.tmrs.com. All eligible employees of the City are required to participate in TMRS retirement system

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.

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

	Plan Year 2020	Plan Year 2021
Inactive employees or beneficiaries currently receiving benefits	265	272
Inactive employees entitled to but not yet receiving benefits	228	243
Active employees	412	415
	905	930

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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

For the year ending September 30, 2022, employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 22.22% and 21.79% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022 were $5,978,022, and were equal to the required contributions. The General fund is used to liquidate pension liabilities for governmental activities.

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary Increases	2.75% per year
Investment Rate of Return*	6.75%

* Presented net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the 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 actives, 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.

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

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 rates of return by the target asset allocation percentage and by adding the 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 the fiscal year 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	7.80%
Core Fixed Income	10.00%	3.80%
Non-Core fixed Income	20.00%	6.60%
Real Return	10.00%	6.50%
Real Estate	10.00%	6.40%
Hedge Funds	10.00%	6.00%
Private Equity	10.00%	10.30%
	100.00%	

Discount Rate

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

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020:	$ 128,315,012	$ 97,128,869	$ 31,186,143
Changes for the year:			
Service Cost	4,358,069	-	4,358,069
Interest	8,598,348	-	8,598,348
Change of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	3,417,803	-	3,417,803
Changes of Assumptions	-	-	-
Contributions - Employer	-	5,702,964	(5,702,964)
Contributions - Employee	-	1,796,613	(1,796,613)
Net Investment Income	-	12,671,624	(12,671,624)
Benefit Payments, Including Refunds of Employee Contributions	(6,222,232)	(6,222,232)	-
Administrative Expense	-	(58,587)	58,587
Other Changes	-	402	(402)
Net Changes	10,151,988	13,890,784	(3,738,796)
Balance at December 31, 2021:	$ 138,467,000	$ 111,019,653	$ 27,447,347

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:

	Discount Rate		
	5.75%	6.75%	7.75%
Net Pension Liability (Asset)	$ 48,156,013	$ 27,447,347	$ 10,636,905

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

NOTE J -- EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

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

For the year ended September 30, 2022, the City recognized pension expense of $4,346,785. Also as of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ 3,492,672	$ -
Changes in Actuarial Assumptions	-	-
Differences between Projected and Actual Investment Earnings	-	6,480,253
Contributions subsequent to the Measurement Date	4,385,361	-
	$ 7,878,033	$ 6,480,253

Deferred outflows of resources in the amount of $4,385,361 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2022 (subsequent fiscal period). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future years as follows:

For the Plan Year ended December 31,	
2022	$ 272,852
2023	(1,466,440)
2024	(570,908)
2025	(1,223,085)
	$ (2,987,581)

NOTE K – OTHER POST-EMPLOYMENT BENEFITS

TMRS Supplemental Death Benefits Other Post-Employment Benefit

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

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

TMRS Supplemental Death Benefits Other Post-Employment Benefit (Continued)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other post-employment benefit," or OPEB. Membership in the plan at December 31, 2021, the valuation and measurement date, consisted of:

	2021
Inactive Employees or Beneficiaries Currently Receiving Benefits	203
Inactive Employees Entitled to but Not Yet Receiving Benefits	52
Active Employees	415
	670

The SDBF required contribution rates, based on these assumptions, are as follows:

	Total SDBF Contribution Rate	Retiree SDBF Contribution Rate
For the Plan Year Ended December 31,		
2022	0.25%	0.16%
2021	0.28%	0.18%

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

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate *	1.84%
Administrative Expenses	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 disbled 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.

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

TMRS Supplemental Death Benefits Other Post-Employment Benefit (Continued)

The City's contributions to TMRS were $70,384 for the fiscal year ended September 30, 2022 and were equal to the required contributions. The SDBF required contribution rates of .25% and .21% for the plan years 2022 and 2021, respectively. The retiree portion to SDBF was .09% and .10% for the same years.

Total City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2021, the measurement and actuarial valuation date were calculated as follows:

	Total OPEB Liability
Balance at December 31, 2020	$ 1,637,015
Changes for the year:	
Service Cost	87,264
Interest	33,151
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(52,598)
Changes in Assumptions or Other Inputs	51,455
Benefit Payments	(46,199)
Net Changes	73,073
Balance at December 31, 2021	$ 1,710,088

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 1.84% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (0.84%) and 1-percentage point higher (2.84%) than the current rate:

	Discount Rate 0.84%	Discount Rate 1.84%	Discount Rate 2.84%
Total OPEB Liability	$ 2,084,475	$ 1,710,088	$ 1,420,429

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

For the year ended September 30, 2022, the City recognized OPEB expense of $145,263. Also as of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the TMRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ 258,374	$ -
Differences in Expected and Actual Experience	-	67,682
Contributions After the Measurement Date	15,886	-
	$ 274,260	$ 67,682

TMRS Supplemental Death Benefits Other Post-Employment Benefit (Continued)

Deferred outflows of resources in the amount of $15,886 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total TMRS OPEB liability for the plan year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to the TMRS OPEB will be recognized in OPEB expense in future periods as follows:

For the Plan Year Ended December 31,	
2022	$ 67,669
2023	59,286
2024	54,344
2025	9,461
2026	(68)
Thereafter	-
	$ 190,692

City of Seguin Retiree Health Other Post-Employment Benefit Plan

In addition to the TMRS OPEB, The City administers a single-employer defined benefit healthcare plan for retirees, established under legal authority of the City Charter. The City is the only employer participating in the Plan. The Plan does not issue a publicly available financial report. Actuarial valuations are performed for the plan every two years.

The City provides post-employment benefits for eligible participants enrolled in City-sponsored plans. The benefits are provided in the form of an implicit rate subsidy where the City contributes towards the retiree health premiums before achieving Medicare eligibility. While the Plan offers retiree only rates, a very small implicit liability still exists. Membership in the plan as of September 30, 2022, the measurement date, consisted of:

	2022
Inactive Employees or Beneficiaries Currently Receiving Benefits	13
Inactive Employees Entitled to but Not Yet Receiving Benefits	59
Active Employees	337
	409

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City of Seguin Retiree Health Other Post-Employment Benefit Plan (Continued)

Current active employees must be eligible for service retirement under the Texas Municipal Retirement System. To attain this eligibility active employees must be at least age 60 with 5 years of service or have at least 20 years of employment with the City. Furthermore, there is a subsidy offered only to employees hired prior to January 2008.

Minimum Years of Continuous Service	Minimum Age	City Contributions
15	57	0%
20	57	50% *
25	57	100% *

* The City Contribution toward retiree coverage is based on a percentage of the City Contribution made for active duty employees. Retiree rates are actuarially established and adopted annually by the City/Employee Benefit Trust. Qualification for 100% contribution entitles the retiree to 100% of the contribution made for an active employee but does not necessarily mean retiree insurance coverage will be at no cost.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	4.02% (Bond Buyer 20-Bond GO index)
Mortality Rates	PUB 2010 mortality table with generational scale MP-2021 applied on a gender-specific and job class basis.
Health Care Cost Trend Rates	7% for 2022, Decreasing 0.25% each year reaching ultimate rate of 4.0%

The City's Retiree Health OPEB Liability (TOL), based on the above actuarial factors, as of September 30, 2022, the measurement and actuarial valuation date was calculated as follows:

	Total OPEB Liability
Balance at September 30, 2020	$ 688,082
Changes for the year:	
Service Cost	11,450
Interest	14,274
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	122,451
Changes in Assumptions or Other Inputs	(41,852)
Benefit Payments	(71,405)
Net Changes	34,918
Balance at September 30, 2021	$ 723,000

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (Continued)

City of Seguin Retiree Health Other Post-Employment Benefit Plan (Continued)

Methods and Assumptions Used to Determine Contribution Rates (Continued):

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement NO. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 4.02% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (3.02%) and 1-percentage point higher (5.02%) than the current rate:

	Discount Rate 3.02%	Discount Rate 4.02%	Discount Rate 5.02%
Total OPEB Liability	$ 766,000	$ 723,000	$ 684,000

The following presents what the total OPEB liability of the City would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6% decreasing to 3.5%) or 1-percentage point higher (8% decreasing to 5.5%) than the current healthcare cost trends:

	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	$ 675,000	$ 723,000	$ 776,000

For the year ended September 30, 2022, the City recognized OPEB expense of $41,203. Also as of September 30, 2022, 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	$ 64,161	$ -
Changes in assumptions/inputs	-	28,772
	$ 64,161	$ 28,772

Amounts reported as deferred outflows and inflows of resources related to the City's Retired Health OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended September 30,	
2023	$ 4,479
2024	4,479
2025	4,479
2026	4,479
2027	4,479
Thereafter	12,994
	$ 35,389

The aggregate amount of expense recognized for all OPEB plans for the fiscal year ending September 30, 2021 was $186,466.

NOTE L -- INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2022, were as follows:

Receiving Fund/Activity	Transferring Fund/Activity	Amount	
Utility Fund	Nonmajor Spec Revenue	$ 9,890	Contribution to Capital Project
Utility Fund	Nonmajor Cap Projects	284,287	Contribution to Capital Project
Utility Fund	General Fund	145,822	Contribution to Capital Project
Total Transfers		$ 439,999	

NOTE M -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Grants

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

Construction Commitments

The City has entered into construction and engineering contracts for the improvement of various streets and utility systems, as well as park improvements. Estimated future commitments associated with these contracts as of September 30, 2022 are as follows:

Primary Government	Total Commitments	Incurred Thru September 2020	Estimated Future Commitments
General Government			
Bldgs, Streets & Drainage	$ 17,719,189	$ 12,875,463	$ 8,972,689
Professional Services	9,237,357	8,658,394	6,772,717
	26,956,546	21,533,857	5,422,689
Utility System			
Utility System Improvements	7,345,279	2,221,574	5,123,705
Professional Services (Engineering)	12,562,915	4,019,841	8,543,074
	19,908,194	6,241,415	13,666,779
Total Primary Government Commitments	$ 46,864,740	$ 27,775,272	$ 19,089,468
Component Unit			
Professional Services	$ 597,045	$ 88,497	$ 508,548
	$ 597,045	$ 88,497	$ 508,548

NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)

Economic Development Agreements

Yukon Ventures Partners, LLC Agreement

The SEDC entered into a Performance Agreement with Yukon Ventures Partners, LLC (YV) which provides that the SEDC shall provide certain financial incentives to YV for development of a warehouse facility of at least 150,000 square feet on a 15.8 acre tract of land and is committing to a minimum capital investment of at least $30 million in the development of the property. The SEDC will provide a cash grant of $250,000 which shall be paid in three installments of $83,333 as compliance with specific obligations have been met. Reimbursement for the year ended September 30, 2022 was $83,333.

Maruichi Stainless Tube Texas Corporation

The SEDC entered into a Performance Agreement with Maruichi Stainless Tube Texas Corporation (Maruichi) which provides that the SEDC shall provide certain financial incentives to Maruichi for development of a manufacturing facility of at least 125,000 square feet designed to produce high growth products including stainless steel pipes and tubes and Maruichi will make a capital investment of $55 million. The company is obligated to create at least 106 new full-time jobs with an annual payroll of $4.7 million. The SEDC will provide a cash grant of $1,013,249 which shall be paid in three installments of $253,312 as compliance with specific obligations have been met. Reimbursement for the year ended September 30, 2022 was $0.

Power Purchase Agreements

On December 17, 2015, the City entered into a fifteen (15) year agreement with the City of Garland to purchase energy produced by a solar-power facility, along with associated Environmental Attributes. The terms of the agreement began on the Commercial Operation Date (March 17, 2017) and ends on the day preceding the 15th anniversary of the agreement. In addition, the City entered into a separate twenty (20) year agreement with the City of Garland to purchase energy produced by a wind energy facility, along with associated Environmental Attributes. The terms of the agreement began on the Commercial Operation Date (November 13, 2016) and ends on the day preceding the 20th anniversary of the agreement. Both agreements carry performance guarantees for all parties, as well as mutual security provisions.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be re-appropriated and honored during the subsequent year. Therefore, there were no outstanding encumbrances as of September 30, 2022.

NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)

Guadalupe Regional Medical Center

The City of Seguin is contingently liable for 50% of operating deficits produced by Guadalupe Regional Medical Center (GRMC), if any, with Guadalupe County contingently responsible for the remainder. As of September 30, 2022, long-term debt of GRMC consisted of Revenue Bonds in the amount of $105,190,000, and capital lease obligations in the amount of $7,225,459.

Following is a summary of financial data as reported in the Guadalupe Regional Medical Center's most recent audited financial statements for the year ended September 30, 2020:

Assets:		
Current Assets	$	82,764,262
Other Assets		29,325,081
Capital Assets (Net)		113,253,305
Other Long Term Assets		27,760,167
Deferred Outflows of Resources		7,100,391
Total Assets and Deferred Outflows		260,203,206
Liabilities & Net Assets:		
Long Term Debt, current and noncurrent		107,040,530
Lease liabilities, current and noncurrent		7,225,459
Other current and noncurrent liabilites		39,335,172
Total Liabilities		153,601,161
Deferred Inflows of Resources		13,512,347
Net Position	$	93,089,698
Operating Revenues:		
Net Revenues from Patient Services	$	279,724,919
Other Operating Revenues		15,748,145
Total Operating Revenues		295,473,064
Operating Expenses:		288,343,069
Total Net Operating Income		7,129,995
Nonoperating Revenues and (Expenses)		259,718
Increase (Decrease) in Net Position	$	7,389,713

NOTE M -- COMMITMENTS AND CONTINGENCIES (CONTINUED)

Schertz/Seguin Local Government Corporation

The City of Seguin is jointly liable, together with the City of Schertz, for operating deficits and long-term debt of the Schertz/Seguin Local Government Corporation (See Note A1). Following is a summary of financial data as reported in the Corporation's most recent audited financial statements dated 2022:

Assets:		
Current Assets	$	18,248,979
Restricted Cash and Cash Equivalents		42,758,747
Property, Plant & Equipment		135,121,768
Total Assets & Deferred Charges		196,129,494
Deferred outflows of resources related to Pension		2,272,296
Liabilities & Net Position:		
Current Liabilities		9,935,267
Revenue Bonds (Less Current Maturities and Unamortized Discounts)		150,367,663
Total Liabilities		160,302,930
Lease Inflows		648,661
Net Position:		
Net Investment in Capital Assets		5,605,857
Restricted		8,214,760
Unrestricted		23,629,582
Total Net Position	$	37,450,199

The Corporation had revenue bonds outstanding in the amount of $150,850,000 (as of September 30, 2022) to provide funds to build, improve, extend, enlarge and repair the Corporation's utility system, fund a reserve, and pay the costs of bond issuance. The bond resolution pledges intergovernmental contract revenues from the cities of Schertz and Seguin (the participating governments) to bond holders. Under the intergovernmental water supply contract, the participating governments are unconditionally obligated to pay their respective shares of annual contract revenue bond debt service from the operation of their respective utility systems.

NOTE N -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2022 were $523,302 for property and casualty and $200,381 for workers' compensation coverage.

NOTE O – TAX ABATEMENT DISCLOSURES

The City of Seguin negotiates property tax abatement agreements on a case-by-case basis. The agreements freeze property tax revenues received from the paying entity at current levels and deprives the City of a percentage of future increases in ad valorem property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas until the tax abatement period terminates. The Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code authorizes taxing jurisdictions to provide property tax abatement for a limited period of time as inducement for the development or redevelopment of property.

The City of Seguin Tax Abatement Guidelines (the "Guidelines"), adopted and effective on January 1, 2017, allow abatements to be granted only for the additional value of real or personal property improvements. No abatement will be approved that exceeds 100% of the new appraised value of capital improvements and/or personal property, or that will reduce current ad valorem revenue, and will be effective for no more than ten years. In the event that a facility that has been granted a tax abatement discontinues producing goods or services, fails to commence or complete the required capital investment, or fails to comply with any other provisions of the tax abatement agreement, the abatement agreement may be terminated by the City and all taxes previously abated will be recaptured and paid within 60 days of the termination. The Guidelines also include three abatement schedules that identify maximum allowable percentages based on the amount of real and personal property investment. These schedules serve as a guide for staff in determining a recommended abatement for a specific project.

As of September 30, 2022, the City has three active tax abatement agreements with three entities. The gross amount of property tax abated during 2022 was $236,280.

Minigrip Personal Property Tax Abatement Agreement is for a period of five years beginning January 1, 2019 and expiring December 31, 2024, for the installation of manufacturing machinery and equipment with a current appraised value of $4,236,414.

CSP of Texas Real and Personal Property Tax Abatement Agreement is for a period of five years beginning January 1, 2021 and expiring December 31, 2030, for 25% of the taxable value of real and eligible personal property used in it's manufacturing process with an estimated investment value of $50,000,000 and the creation of 200 full time jobs within the city.

United Alloy Texas LLC Real and Personal Property Tax Abatement Agreement is for a period of five years beginning January 1, 2021 and expiring December 31, 2026, for 25% of the taxable value of real and eligible personal property used in it's manufacturing process with an estimated investment value of $18,000,000 and the creation of 100 full time jobs within the city.

Maruichi Stainless Steel Tube Texas Corporation Real and Personal Property Tax Abatement Agreement is for a period of five years beginning January 1, 2025 and expiring December 31, 2029, for 25% of the taxable value of real and eligible personal property used in it's manufacturing process with an estimated investment value of $55,000,000.

NOTE O – TAX ABATEMENT DISCLOSURES (CONTINUED)

Tyson Farms, Inc. Real and Personal Property Tax Abatement Agreement for a period of five years beginning January 1, 2023 and expiring December 31, 2027 for 50% of the taxable value of construction and operation of an additional 40,000 square foot facility with an estimated investment value of $58,000,000.

Yukon Venture Partners, LLC Real and Personal Property Tax Abatement Agreement for a period of four years beginning January 1, 2025 and expiring December 31, 2029, for a declining abatement (75% to 45%) of taxable value of a 150,000 square foot cold storage warehouse with an estimated investment value of $30,000,000.

NOTE P – SUBSEQUENT EVENTS

Primary Government
The City issued $87,555,000 City of Seguin, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation on December 15, 2022 for the purpose of making permanent public improvements. The bonds will fully mature in 2057 and the interest rates paid on the bond vary between 5.25% and 4.25%.

The City issued $20,315,000 in 2022 Certificates of Obligation to fund street and drainage improvements, the purchase of a new fire truck, water and wastewater improvements, replacement of Star meters and MTUs, and improvements to the City's water plant.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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April 16, 2024

DRAFT

IN REGARD to the authorization and issuance of the "City of Seguin, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024" (the *Certificates*), dated March 15, 2024 in the aggregate principal amount of $__,___,___, we have reviewed the legality and validity of the issuance thereof by the City Council of the City of Seguin, Texas (the *Issuer*). The Certificates are issuable in fully registered form only in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity). The Certificates have Stated Maturities of September 1 in each of the years 20__ through 20__, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Certificates. Interest on the Certificates accrues from the dates, at the rates, in the manner, and is payable on the dates as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Certificates. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Ordinance.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Certificates under the laws of the State of Texas and with respect to the exclusion of the interest on the Certificates from the gross income of the owners thereof for federal income tax purposes and for no other purpose. 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 Issuer or the Issuer's combined utility system and have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Certificates. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

WE HAVE EXAMINED, the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the City Council of the Issuer in connection with the issuance of the Certificates, including the Ordinance; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Certificates and certain other funds of the Issuer and to certain other facts solely within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Certificate executed and delivered initially by the Issuer and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Certificates are valid and legally binding obligations of the Issuer enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property within the Issuer and are additionally payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the Issuer's combined utility system (the *System*), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge thereof providing for the payment and security of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the Issuer. The Issuer also previously authorized the issuance of the Limited Pledge Obligations that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in accordance with the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the Issuer reserves and retains the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Ordinance and in reliance upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Certificates, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Certificates will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Certificates will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits,

Legal Opinion of Norton Rose Fulbright US LLP, Austin, Texas, in connection with the authorization and issuance of "CITY OF SEGUIN, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024"

individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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

Norton Rose Fulbright US LLP

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Financial Advisory Services
Provided By:

SAMCO Capital