OFFICIAL NOTICE OF SALE, BID FORM
and
PRELIMINARY OFFICIAL STATEMENT

$3,050,000*

CITY OF NEW BRAUNFELS, TEXAS

(Comal and Guadalupe Counties)

Tax Notes, Series 2024

The City will NOT designate the Notes as
"QUALIFIED TAX-EXEMPT OBLIGATIONS"

Bids Due
Monday, September 9, 2024
at
10:30 A.M., Central Time

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*Preliminary, subject to change based on bid structures. See "THE NOTES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES" in the Official Notice of Sale Relating to the Notes.

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This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Notes described herein. The invitation for bids on such Notes is being made by means of this Official Notice of Sale, the Official Bid Form and the Preliminary Official Statement.

The City will NOT designate the Notes as "Qualified Tax-Exempt Obligations"

OFFICIAL NOTICE OF SALE

$3,050,000*
CITY OF NEW BRAUNFELS, TEXAS
TAX NOTES, SERIES 2024

NOTES OFFERED FOR SALE AT COMPETITIVE BID: The City Council of the City of New Braunfels, Texas (the "City" or "Issuer") is offering for sale at competitive bid $3,050,000* Tax Notes, Series 2024 (the "Notes").

Bidders must submit bids for the Notes electronically by internet as described below in "BIDS BY INTERNET".

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 10:30 A.M., Central Time ("CDT"), on September 9, 2024. Bidders submitting a bid by internet **shall not be required to submit signed Official Bid Forms prior to the award**. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by no later than 9:00 A.M., CDT, on September 9, 2024 indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by email to mmccliney@samcocapital.com. If there is a malfunction of the electronic bidding process and a bidder submits a bid via an email, please call 210-832-9760 to notify the Financial Advisor of the incoming bid. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY (or by the financial advisor if there is a problem with the electronic bidding system). All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone 212-849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being the sole risk of the prospective bidder.

OPENING OF BIDS: Bids will be opened and publicly read at 10:30 A.M., Central Time, on Monday, September 9, 2024, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the "Financial Advisor") and the City Council shall provide final approval of the award at a City Council meeting later that evening. The Mayor of the City or his representative shall award the Notes as described in the section entitled "AWARD AND SALE OF THE NOTES" below.

AWARD AND SALE OF THE NOTES: By 11:00 A.M., Central Time, on the date set for receipt of bids, the Mayor of the City or his representative shall tentatively award the Notes to the **low qualified bidder (the "Winning Bidder"), as described in the section entitled "CONDITIONS OF SALE – Basis of Award" herein subject to final approval of the City Council which will take action to adopt an ordinance (the "Note Ordinance")** authorizing the issuance and awarding sale of the Notes or will reject all bids promptly at a scheduled meeting to commence at 6:00 P.M. Central Time on Monday, September 9, 2024. The City reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

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* *Preliminary, subject to change. See "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS" herein.*

THE NOTES

DESCRIPTION OF CERTAIN TERMS OF THE NOTES: The Notes will be dated August 1, 2024 (the "Dated Date") and interest on the Notes shall accrue from the Dated Date and will be payable initially on February 1, 2025, and semiannually on each August 1 and February 1 thereafter until maturity or prior redemption. The Notes will be issued as fully-registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Notes will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof within a stated maturity. Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, the principal of and interest on the Notes will be payable by the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.)

MATURITY SCHEDULE

The Notes will be stated to mature on February 1 in each of the following years in the following amounts:

Stated Maturity	Principal Amount*
2025	$ 2,260,000
2026	120,000
2027	125,000
2028	125,000
2029	135,000
2030	140,000
2031	145,000

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Notes, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Notes shall not exceed $3,050,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. <u>The City will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined.</u> The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

NO REDEMPTION: The Notes are not subject to redemption prior to stated maturity.

AUTHORITY FOR ISSUANCE AND SECURITY FOR PAYMENT: The Notes are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly, Chapter 1431, Texas Government Code, as amended, an ordinance (the "Note Ordinance") to be adopted by the City Council on September 9, 2024, and the City's Home Rule Charter and are payable primarily from an annual ad valorem taxes levied against all taxable property therein, within the limits prescribed by law.

PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar for the Notes is BOKF, NA, Dallas, Texas. In the Note Ordinance, the City covenants to provide a Paying Agent/Registrar at all times while the Notes are outstanding, and any Paying Agent/Registrar selected by the City shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Notes. In the Note Ordinance the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Security Register to the successor Paying Agent/Registrar.

In the event there is a change in the Paying Agent/Registrar, the City has agreed to notify each registered owner of the Notes then outstanding by United States mail, first-class postage prepaid, at the address in the Security Register, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

BOOK-ENTRY-ONLY SYSTEM: The City intends to utilize the Book-Entry-Only System of DTC, with respect to the issuance of the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.)

PRELIMINARY OFFICIAL STATEMENT AND OTHER TERMS AND COVENANTS IN THE NOTE ORDINANCE: Further details regarding the Notes and certain covenants of the City contained in the Note Ordinance are set forth in the Preliminary Official Statement to which reference is made for all purposes.

*Preliminary, subject to change.

CONDITIONS OF SALE

TYPES OF BIDS AND INTEREST RATES: The Notes will be sold in one block on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Notes from the Dated Date of the Notes to the date of Initial Delivery (defined herein) of the Notes. **No bid producing a cash premium on the Notes that results in a dollar price of less than 103% will be considered; provided, however, that any bid is subject to adjustment as described under the caption "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS".** Bidders are invited to name the rate(s) of interest to be borne by the Notes, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Notes (calculated in the manner required by Texas Government Code, Chapter 1204, as amended) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 200 basis points (or 2% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Notes of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Notes will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest **True Interest Cost** rate to the Issuer (the "Purchaser" or the "Initial Purchaser"). The True Interest Cost rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Notes on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Notes plus the premium any (but not interest accrued from the Dated Date to the date of their delivery). In the event of a bidder's error in interest cost rate calculation, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the City and its consultants with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Initial Purchaser will be required to provide the City (on or before the 10th business day prior to the delivery of the Notes) with a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ESTABLISHING THE ISSUE PRICE FOR THE NOTES: The Issuer intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the Issuer receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement as communicated by the Municipal Advisor to the winning bidder by 3:00 p.m., Bids will <u>not</u> be subject to cancellation and the winning bidder (i) agrees to promptly report to the Issuer the first prices at which at least 10% of each maturity of the Notes (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Notes that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the Issuer with information that enables it to comply with the establishment of the issue price of the Notes under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the Issuer or to the Issuer's municipal advisor, SAMCO Capital Markets, Inc. (the "Issuer's Municipal Advisor") a certification as to the Notes "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale, no later than 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Notes for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the Issuer. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a Related Party to the underwriter;

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public);

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) "Sale Date" means the date that the Notes are awarded by the Issuer to the winning bidder.

All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Issuer by the Issuer's Municipal Advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer's Municipal Advisor.

The Issuer will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Notes, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wire.

By submitting a bid, the winning bidder agrees, on behalf of each underwriter participating in the purchase of the Notes, that each underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the Issuer when the underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "City of New Braunfels, Texas" **in the amount of $61,000 which is 2% of the par value of the Notes** (the "Good Faith Deposit") is required. The Good Faith Deposit of the Initial Purchaser will be retained uncashed by the Issuer until the Notes are delivered, and at that time it will be returned to the Initial Purchaser of the Notes. The above-mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the Issuer prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Notes has been made. In the event the Initial Purchaser should fail or refuse to take up and pay for the Notes in accordance with its bid, **or if it is determined after the acceptance of its bid by the City that the Initial Purchaser was found not to satisfy the requirement described below under "FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT" and as a result the Texas Attorney General will not deliver its approving opinion of the Notes, then said check shall be cashed and accepted by the City as full and complete liquidated damages**.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:

Described hereinafter is the obligation of the City to receive information from the winning bidder if the bidder is not a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity (a "Privately Held Bidder"). Pursuant to Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Notes to a winning bidder which is a Privately Held Bidder unless such party submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC"). In the event that a Privately Held Bidder's bid for the Notes is the best bid received, the City, acting through its financial advisor, will promptly notify the winning Privately Held Bidder. That notification will serve as the City's conditional verbal acceptance of the bid, and will obligate the winning Privately Held Bidder to establish (unless such winning Privately Held Bidder has previously so established) an account with the TEC, and promptly file a completed Disclosure Form, as described below, in order to allow the City to complete the award.

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*Preliminary, subject to change.

Process for completing the Disclosure Form. Reference should be made to the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form a Privately Held Bidder will need the following information: (a) item 2 – name of governmental entity: "City of New Braunfels, Texas" and (b) item 3 – the identification number assigned to this contract by the City: "City of New Braunfels, 2024 TN BPA", and a description of the services to be provided under the contract: Purchase of the City of New Braunfels, Texas Tax Notes, Series 2024. The Interested Party Disclosure Act and the Disclosure Rules require Privately Held Bidders to complete the form at the TEC Internet "portal" that may be accessed at the URL set forth above, and then print, sign and deliver the Disclosure Form to the City at: spaulos@newbraunfels.gov, and CC the City's financial advisor at MMcLiney@samcocapital.com and the City's bond counsel at jbfowler@mphlegal.com.

Following the award of the Notes, the City will acknowledge receipt of the completed Disclosure Form through the TEC website, as required by the law.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the winning Privately Held Bidder must be declared by an authorized agent of the Privately Held Winning Bidder. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made "under penalty of perjury." Consequently, a winning Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Notes until a completed Disclosure Form is received. If applicable, the City reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein. Neither the City nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to (1) the bidder's obligation to submit the Disclosure Form or (2) the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Notes should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. are provided on the TEC's website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS: The Issuer will not award the Notes to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification through the delivery date of the Notes shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or Official Notice of Sale, notwithstanding anything in the Official Bid Form or Official Notice of Sale to the contrary.

(i) **No Boycott of Israel (Texas Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel through the delivery date of the Notes. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(ii) **Not a Sanctioned Company (Texas Government Code Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association through the delivery date of the Notes. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(iv) **No Boycott of Energy Companies (Texas Government Code Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies through the delivery date of the Notes. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT:

Each prospective bidder must have a standing letter on file with the Texas Attorney General's Office in the form required by the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (collectively, the "All Bond Counsel Letter"). In submitting a bid, a bidder represents to the City that it has filed a standing letter in the form included in the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Texas Attorney General's Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Notes unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The City will not accept a bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Notes. If requested by the City, the bidder agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

THE CITY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER FOR ANY REASON. BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE CITY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW. Unless otherwise publicly available on the Municipal Advisory Council of Texas' website, the bidder shall submit a courtesy copy of its standing letter in connection with the submission of its bid.

To the extent the bidder and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE - Good Faith Deposit").**THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH THE COVERED VERIFICATIONS SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE CITY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

IMPACT OF BIDDING SYNDICATE ON AWARD: For purposes of contracting for the sale of the Notes, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Notes. Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

OFFICIAL STATEMENT

To assist the Initial Purchaser in complying with Rule 15c2-12 of the Securities and Exchange Commission ("SEC"), the Issuer and the Initial Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

COMPLIANCE WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION: The Issuer has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Notes, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the Issuer deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of Rule 15c2-12 of the SEC (the "Rule"), except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Initial Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the Issuer of the initial offering yields of the Notes.

Thereafter, the Issuer will complete and authorize distribution of the Official Statement identifying the Initial Purchaser and containing such omitted information. The Issuer does not intend to amend or supplement the Preliminary Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the Issuer intends the same to be final as of such date, within the meaning of the Rule. Notwithstanding the foregoing, the Issuer makes no representation concerning the absence of material misstatements or omissions from the Preliminary Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the Issuer, the Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Notes.

CONTINUING DISCLOSURE AGREEMENT: The City will agree in the Note Ordinance to provide certain periodic information and notices of material events in accordance with the Rule, as described in the Preliminary Official Statement under “CONTINUING DISCLOSURE OF INFORMATION.” The Initial Purchaser’s obligation to accept and pay for the Notes is conditioned upon delivery to the Initial Purchaser or its agent of a certified copy of the Note Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS: During the last five years, the Issuer has complied in all material respects with its previous continuing disclosure agreements made pursuant to the Rule.

OFFICIAL STATEMENT: The Issuer will furnish to the Initial Purchaser, within seven (7) business days after the sale date, an aggregate maximum of fifty (50) copies of the Official Statement (and 50 copies of any addenda, supplement or amendment thereto), together with information regarding interest rates and other terms relating to the reoffering of the Notes, in accordance with the Rule. The Issuer agrees to provide, or cause to be provided, to the Initial Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in such printed or electronic format may be required for the Initial Purchaser to comply with the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Issuer consents to the distribution of such documents in electronic format. The Initial Purchaser may arrange at its own expense to have the Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Notes. The Initial Purchaser will be responsible for providing information concerning the Issuer and the Notes to subsequent purchasers of the Notes, and the Issuer will undertake no responsibility for providing such information other than to make the Official Statement available to the Initial Purchaser as provided herein. The Issuer's obligation to supplement the Official Statement to correct representations determined to be materially misleading, after the date of the Official Statement, shall terminate upon the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Notes. The Initial Purchaser by submitting a bid for the Notes agrees to promptly file the Official Statement with the MSRB. Unless otherwise notified in writing by the Initial Purchaser, the Issuer can assume that the “end of the underwriting period” for purposes of the Rule is the date of the initial delivery of the Notes to the Initial Purchaser.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the Issuer learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Notes, as described below under “DELIVERY AND ACCOMPANYING DOCUMENTS – CONDITIONS TO DELIVERY,” the Issuer will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the Issuer to do so will terminate on the date specified under “OFFICIAL STATEMENT” above.

CERTIFICATION OF THE OFFICIAL STATEMENT: At the time of payment for and delivery of the Initial Notes, the Initial Purchaser will be furnished a certificate, executed by proper officials of the Issuer, acting in their official capacity, in the form specified in the Official Statement under the heading “OTHER PERTINENT INFORMATION – Certification of the Official Statement.” The Preliminary Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Notes will be authorized, ratified and approved by the City Council on the date of sale, and the Initial Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Notes, a certified copy of such approval, duly executed by the proper officials of the Issuer.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL CERTIFICATE: Initial Delivery will be accomplished by the issuance of one fully registered Certificate, in the aggregate principal amount of $3,050,000*, payable to the Initial Purchaser (the “Initial Certificate”), signed by the Mayor and City Secretary, by their manual or facsimile signatures, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Initial Delivery will be at the designated office of the Paying Agent/Registrar. Upon delivery of the Initial Certificate, it shall be immediately canceled and one definitive certificate for each maturity in the aggregate principal amount of $3,050,000* payable to Cede & Co. will be delivered to DTC in connection with DTC’s Book-Entry-Only System. Payment for the Notes must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given six business days’ notice of the time fixed for delivery of the Notes. It is anticipated that the delivery of the Initial Certificate can be made on or about September 25, 2024, but if for any reason the City is unable to make delivery by September 25, 2024, then the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend his obligation to take up and pay for the Notes an additional 30 days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Notes, provided that such failure is due to circumstances beyond the City’s reasonable control.

____

*Preliminary, subject to change.

DTC DEFINITIVE NOTES: The Notes will be issued in book-entry-only form. Cede & Co. is the nominee for DTC. All references herein and in the Official Statement to the holders or registered owners of the Notes shall mean Cede & Co. and not the beneficial owners of the Notes. Purchases of beneficial interests in the Notes will be made in book-entry form in the denomination of $5,000 principal amounts or any integral multiple thereof. Under certain limited circumstances, there may be a cessation of the immobilization of the Notes at DTC, or another securities depository, in which case, such beneficial interests would become exchangeable for definitive printed obligations of like principal amount.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Notes, but neither the failure to print such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Notes in accordance with the terms of the Official Bid Form and this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid by the Issuer; however, **the CUSIP Service Bureau's charge for the assignment of the numbers shall be paid by the Initial Purchaser.**

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Notes is subject to the following conditions: the issuance of an approving opinion of the Attorney General of Texas, the Initial Purchaser's receipt of the legal opinion of Bond Counsel and the no-litigation certificate, and the non-occurrence of the events described below under the caption "NO MATERIAL ADVERSE CHANGE," all as described below. In addition, if the Issuer fails to comply with its obligations described under "OFFICIAL STATEMENT" above, the Initial Purchaser may terminate its contract to purchase the Notes by delivering written notice to the Issuer within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligations of the Initial Purchaser to take up and pay for the Notes, and of the Issuer to deliver the Notes to the Initial Purchaser, are subject to the condition that, up to the time of delivery of and receipt of payment for the Notes, there shall have been no material adverse change in the affairs of the Issuer subsequent to the date of sale from that set forth in the Official Statement, as it may have been finalized, supplemented or amended through the date of delivery.

LEGAL OPINIONS: The Notes are offered when, as and if issued, subject to the approval of certain legal matters by the Attorney General of the State of Texas and Bond Counsel (see discussion "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" in the Official Statement).

CHANGE IN TAX-EXEMPT STATUS: At any time before the Notes are tendered for initial delivery to the Initial Purchaser, the Initial Purchaser may withdraw its bid if the interest on obligations such as the Notes shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

RATING: A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Initial Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION – Rating" in the Preliminary Official Statement). An explanation of the significance of such rating, when received, may be obtained from S&P. A rating reflects only the view of such company at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that such a rating will continue for any given period of time, or that it will not be revised downward or withdrawn entirely by the company assigning such rating if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Notes.

DEBT ISSUANCE: The City authorized the issuance of its $7,875,000 Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") on August 26,2024. The Certificates are expected to close on September 25, 2024.

REGISTRATION AND QUALIFICATION OF NOTES FOR SALE: No registration statement relating to the Notes has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act. The Notes have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Notes have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Notes been registered or qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for registration or qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Initial Purchaser to register or qualify sale of the Notes under the securities laws of any jurisdiction which so requires. The Issuer agrees to cooperate, at the Initial Purchaser's written request and expense and within reasonable limits, in registering or qualifying the Notes, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but will in no instance execute a special or general consent to service of process in any state that the Notes are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described under "OFFICIAL STATEMENT" herein, additional copies of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement may be obtained from SAMCO Capital Markets, Inc., 1020 NE Loop 410, Suite 640, San Antonio, Texas 78209, Attention: Veronica Alonzo (210-832-9760, *valonzo@samcocapital.com*).

On the date of the sale, the City Council will, in the Note Ordinance awarding the sale of the Notes, approve the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Notes by the Initial Purchaser.

/s/ Neal Linnartz
Mayor
City of New Braunfels, Texas

ATTEST:

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

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OFFICIAL BID FORM

Honorable Mayor and City Council
City of New Braunfels
550 Landa St.
New Braunfels, Texas 78130

September 9, 2024

Ladies and Gentlemen:

Reference is made to your Official Notice of Sale and Preliminary Official Statement dated August 19, 2024, which terms are incorporated by reference to this proposal (and which are agreed to as evidenced by our submission of this bid), we hereby submit the following bid for $3,050,000* City of New Braunfels, Texas Tax Notes, Series 2024, dated August 1, 2024 (the "Notes").

For your legally issued Notes, as described in said Official Notice of Sale and Preliminary Official Statement, we will pay you a price of $__________ (being a price of no less than 103% of the par value) plus accrued interest from their Dated Date to the date of delivery to us, for Notes maturing February 1 and bearing interest as follows:

Year of Stated Maturity	Principal Amount as Stated Maturity	Coupon %
2025	$ 2,260,000	____________
2026	120,000	____________
2027	125,000	____________
2028	125,000	____________
2029	135,000	____________
2030	140,000	____________
2031	145,000	____________

Our calculation (which is not part of this bid) of the interest cost in accordance with the above bid is:

TRUE INTEREST COST ____________________________________%

In the event that the Issuer's Municipal Advisor informs the winning bidder that less than three bids were received for the Notes, the winning bidder shall promptly report which maturities, if any, will be Hold-the-Price maturities on or before 3 p.m. on the date of the bid opening. See "ESTABLISHING THE ISSUE PRICE FOR THE NOTES" in this Notice of Sale.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Notes, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Notes shall not exceed $3,050,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per Certificate underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

By its acceptance of this bid, we understand the City will provide the copies of the Final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale, and will cooperate to permit the undersigned to comply with Rule 15c2-12 of the Securities and Exchange Commission. The Purchaser by submitting this bid for the Notes agrees to promptly file the Official Statement when received from the City with the Municipal Securities Rulemaking Board.

The Initial Notes shall be registered in the name of ________________________________ (Syndicate Manager), which will upon payment for the Notes, be canceled by the Paying Agent/Registrar. The Notes will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System. We will advise DTC of registration instructions at least five business days prior to the date set for Initial Delivery.

Cashier's Check of the ________________________ Bank, _______________, in the amount of $61,000 which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Notice of Sale. Upon delivery of the Notes, said check shall be returned to the Initial Purchaser.

** Preliminary, subject to change.*

We agree to accept delivery of the Initial Certificate(s) through DTC and make payment for the Initial Certificate(s) in immediately available funds at BOKF, NA, Dallas, Texas, no later than 10:00 A.M., Central Time, on September 25, 2024, or thereafter on the date the Initial Certificate(s) are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute and deliver to the City at least five business days prior to the date of delivery of the Notes, a certificate relating to the "issue price" of the Notes in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the Bond Counsel for the Issuer. The undersigned also agrees to provide the City and its consultants, at least ten business days prior to the delivery of the Notes, a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274 and 2276, Texas Government Code, as heretofore amended, (the "Government Code"), in entering into this Official Bid Form. As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification through the delivery of the Notes shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the bid or Notice of Sale, notwithstanding anything in the bid or Notice of Sale to the contrary.

(i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel through the delivery of the Notes. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(ii) Not a Sanctioned Company (Texas Government Code Chapter 2252). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies through the delivery of the Notes. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

(iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association through the delivery of the Notes. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

By submitting this bid, the bidder understands and agrees that if Purchaser should fail or refuse to take up and pay for the Notes in accordance with this bid, or it is determined that after the acceptance of this bid by the Issuer that the Purchaser was found not to satisfy the requirements described in the Official Notice of Sale and Bidding Instructions under the heading "CONDITIONS OF THE SALE" and as a result the Texas Attorney General will not deliver its approving opinion of the Notes, then the check submitted herewith as the Purchaser's Good Faith Deposit shall be cashed and accepted by the Issuer. IF THE ISSUER CASHES THE PURCHASER'S GOOD FAITH DEPOSIT AS DESCRIBED ABOVE, SUCH ACTION DOES NOT CONSTITUTE COMPLETE OR LIQUIDATED DAMAGES RELATED TO THE PURCHASER'S BREACH OF ANY OF THE COVERED VERIFICATIONS.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the Issuer reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

Further State Law Compliance and Standing Letter Requirement: By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the "All Bond Counsel Letter"). In submitting this bid, the Purchaser represents to the Issuer that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the Issuer may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. The Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Notes unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the Issuer including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

The Purchaser acknowledges that the Issuer, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries or affiliates are, on a list maintained by the Texas Comptroller of financial companies boycotting energy companies or discriminating against firearm entities.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the Issuer reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE - Good Faith Deposit" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THE AGREEMENT OF THE PURCHASER TO PURCHASE THE NOTES UNTIL THE APPLICABLE STATUTE OF LIMITATIONS HAS RUN.

Submission or Exemption of filing Form 1295: In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the Issuer may not award the Notes to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the Issuer as prescribed by the Texas Ethics Commission ("TEC"),
or
(ii) certifies below that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the Issuer, upon notification of conditional verbal acceptance and if required, the undersigned will complete an electronic form of the Disclosure Form through the TEC's electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the City at spaulos@newbraunfels.gov, Issuer's financial advisor at MMcLiney@samcocapital.com and bond counsel at jbfowler@mphlegal.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the Issuer from providing final written award of the enclosed bid.

The Purchaser (mark one):

(i) Agrees to timely make a filing of a completed Disclosure Form with the Issuer [___]
or
(ii) Hereby certifies that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity [___].

The Issuer will consider any bid submitted pursuant to the Notice of Sale relating to the Notes to be a firm offer for the purchase of the Notes.

For purposes of contracting for the sale of the Notes, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Notes. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Bidder: ______________________________

By: ______________________________
Authorized Representative

____
Telephone Number

____
E-mail Address

ACCEPTANCE CLAUSE

THE ABOVE AND FOREGOING BID IS IN ALL THINGS HEREBY ACCEPTED this 9th day of September 2024, by the City Council of the City of New Braunfels, Texas.

ATTEST:

____
Mayor, City of New Braunfels, Texas

____
City Secretary, City of New Braunfels, Texas

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$3,050,000*
CITY OF NEW BRAUNFELS, TEXAS
TAX NOTES, SERIES 2024

ISSUE PRICE CERTIFICATE

(Sales where at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Tax Notes, Series 2024 issued by the City of New Braunfels, Texas ("Issuer") in the principal amount of $______ ("Notes"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Notes by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Notes with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter are as set forth in the pricing wire or equivalent communication for the Notes, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Notes used by the Purchaser in formulating its bid to purchase the Notes.

(b) The Purchaser had an equal opportunity to bid to purchase the Notes and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Notes.

(d) The Purchaser has [___]/has not [___] purchased bond insurance for the Notes. The bond insurance has been purchased from ___________________________ (the "Insurer") for a fee of $_______ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Notes. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Notes, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Notes in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public) to participate in the initial sale of the Notes to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this ______________.

________________________, as Purchaser
By:_______________________________________
Name:____________________________________

**Preliminary, subject to change.*

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$3,050,000*
CITY OF NEW BRAUNFELS, TEXAS
TAX NOTES, SERIES 2024

ISSUE PRICE CERTIFICATE

(Sales where **less than 3 bids are received from underwriters**)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Tax Notes, Series 2024 issued by the City of New Braunfels, Texas ("Issuer") in the principal amount of $______ ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in _______________________ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms ("Maturity") was sold on the Sale Date to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter ("Public") are their respective initial offering prices (the "Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds ("Sale Date"), the Purchaser offered to the Public each Hold-the-Price Maturity at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser has [___]/has not [___] purchased bond insurance for the Bonds. The bond insurance has been purchased from __________________________ (the "Insurer") for a fee of $_______ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this ______________.

________________________, as Purchaser
By:______________________________________
Name:____________________________________

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SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

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NEW ISSUE BOOK-ENTRY-ONLY **Rating: S&P "Applied for"**
(See "OTHER PERTINENT INFORMATION – Ratings" herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: August 28, 2024

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

$3,050,000*
CITY OF NEW BRAUNFELS, TEXAS
(A political subdivision of the State of Texas located in Comal and Guadalupe Counties)
TAX NOTES, SERIES 2024

Dated Date: August 1, 2024 **Due: February 1, as shown on page 2**

The $3,050,000* City of New Braunfels, Texas Tax Notes, Series 2024 (the "Notes" or "Obligations") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1431, Texas Government Code, as amended, an ordinance (the "Note Ordinance") to be adopted by the City Council of the City of New Braunfels, Texas (the "City" or "Issuer") on September 9, 2024 and the City's Home Rule Charter. (See "THE NOTES - Authority for Issuance" herein.)

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

Interest on the Notes will accrue from August 1, 2024 (the "Dated Date") as shown above and will be payable on February 1 and August 1 of each year, commencing February 1, 2025, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Notes will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Notes will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, the principal of and interest on the Notes will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

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

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

The Notes are offered for delivery, when, as and if issued and received by the initial purchaser (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel.) (See "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" herein). It is expected that the Notes will be available for delivery through the facilities of DTC on or about September 25, 2024.

BIDS DUE MONDAY, SEPTEMBER 9, 2024 BY 10:30 A.M., CENTRAL TIME

____
*Preliminary, subject to change.

$3,050,000*
CITY OF NEW BRAUNFELS
TAX NOTES, SERIES 2024

STATED MATURITY SCHEDULE*

CUSIP No. Prefix 642526[1]

Due (2/1)	Principal Amount	Interest Rate	Initial Reoffering Yield	CUSIP No. Suffix [1]
2025	$ 2,260,000			
2026	120,000			
2027	125,000			
2028	125,000			
2029	135,000			
2030	140,000			
2031	145,000			

(Interest to accrue from the Dated Date)

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

* 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 The American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the 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 City, the Financial Advisor, or the Purchaser are responsible for the selection or correctness of the CUSIP numbers set forth herein.

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

ELECTED OFFICIALS

Name	Years Served	Term Expires (May)
Neal Linnartz Mayor	2	2026
Andres Campos Mayor Pro-Tem	3	2025
Christopher Willis District 2	2	2025
D. Lee Edwards District 3	Elected May, 2024	2027
Lawrence Spradley District 4	5	2027
Mary Ann Labowski District 5	2	2026
April Ryan District 6	2	2026

ADMINISTRATION

Name	Position	Length of Service With the City (Years)
Robert Camareno	City Manager	16
Jordan Matney	Deputy City Manager	6
Jared Werner	Assistant City Manager	17
Sandy Paulos	Director of Finance	6
Gayle Wilkinson	City Secretary	3
Valerie Acevedo	City Attorney	12

CONSULTANTS AND ADVISORS

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

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

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

For Additional Information Please Contact:

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

Mr. Mark McLiney
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1020 NE Loop 410, Suite 640
San Antonio, Texas 78209
Telephone: (210) 832-9760
mmcliney@samcocapital.com

Mr. Andrew Friedman
Senior Managing Director
SAMCO Capital Markets, Inc.
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San Antonio, Texas 78209
Telephone: (210) 832-9760
afriedman@samcocapital.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), this Preliminary Official Statement constitutes an "official statement" of the Issuer with respect to the Obligations that has been "deemed final" by the Issuer 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 to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

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

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

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

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

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

TABLE OF CONTENTS

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	The City of New Braunfels, Texas (the "City" or "Issuer") is a municipal corporation, a home rule municipality and a political subdivision of the State of Texas located on Interstate Highway 35, 33 miles northeast of San Antonio. The City operates as a home rule city under the laws of the State of Texas. The 2024 estimated population is 117,793. The City serves as the county seat of Comal County. The economy is primarily based on tourism and manufacturing. (See APPENDIX B - "General Information Regarding the City of New Braunfels, Texas and Comal and Guadalupe Counties, Texas" herein.)
The Notes	The Notes are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Chapters 1431, Texas Government Code, as amended, an ordinance (the "Note Ordinance") to be adopted on September 9, 2024 by the City Council and the City's Home Rule Charter. (see "THE NOTES – Authority for Issuance" herein).
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Notes is BOKF, NA, Dallas, Texas.
Security for the Notes	The Notes are payable from the levy and collection of a direct and continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Note Ordinance. (See "THE NOTES - Security for Payment" and "TAX RATE LIMITATIONS" herein.)
No Redemption	The Notes are not subject to redemption prior to stated maturity.
Tax Matters	In the opinion of Bond Counsel, the interest on the Notes will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
Use of Proceeds of the Notes	Proceeds from the sale of the Notes will be used for the purpose of paying contractual obligations of the City to be incurred for (i) acquisition and installation of vehicles and equipment for (1) the City's Public Works, Planning and Development Services and Parks and Recreation departments and (2) public safety, including the police and fire departments and acquisition of a new fire engine, and (ii) paying the professional services associated with the issuance of the Notes. (See "THE NOTES – Purpose of Notes" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Notes will be made to the beneficial owners of the Notes. Such Book-Entry-Only System may affect the method and timing of payments on the Notes and the manner the Notes may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Ratings	A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available as soon as possible. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Debt Issuance	The City authorized the issuance of its $7,875,000 Combination Tax and Revenue Certificates of Obligation Series 2024 (the "Certificates") on August 26, 2024 under a separate offering document. The Certificates are expected to close on September 25, 2024.
Payment Record	The City has never defaulted on the payment of its ad valorem tax backed indebtedness.
Delivery	When issued, anticipated on or about September 25, 2024.
Legality	Delivery of the Notes is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas.

PRELIMINARY OFFICIAL STATEMENT
Relating to
$3,050,000*
CITY OF NEW BRAUNFELS, TEXAS
(A political subdivision of the State of Texas located in Comal and Guadalupe Counties)
TAX NOTES, SERIES 2024

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of New Braunfels, Texas (the "City" or "Issuer") of its $3,050,000* Tax Notes, Series 2024 (the "Notes" or "Obligations") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas and operates as a home-rule municipality under the statutes and the Constitution of the State of Texas (the "State"). The Notes are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Chapter 1431, as amended, an ordinance (the "Note Ordinance") to be adopted on September 9, 2024 by the City Council and the City's Home Rule Charter. (See "THE NOTES - Authority for Issuance" herein.)

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

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

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

SOURCES AND USES

Sources of Funds		
Par Amount		$
Accrued Interest		
[Net] Original Issue Reoffering Premium		
	Total Sources of Funds	**$**
Uses of Funds		
Deposit to Project Fund		$
Costs of Issuance		
Purchaser's Discount		
Deposit to Note Fund		
	Total Uses of Funds	**$**

THE NOTES

Purpose of Notes

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

General Description of the Notes

The Notes will be dated August 1, 2024 (the "Dated Date"). The Notes are stated to mature on February 1 in the years and in the principal amounts and will bear interest at per annum rates as set forth on page 2 hereof. The Notes will be issued only in fully registered form and in denominations of $5,000 or any integral multiple thereof within a stated maturity. The Notes shall bear interest from the Dated Date on the unpaid principal amounts, and the amount of interest to be paid each payment period shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Notes will be payable on August 1 and February 1 of each year commencing February 1, 2025 until stated maturity or prior redemption. Principal is payable at the designated office of the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas.

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

Authority for Issuance

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

Security for Payment

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

No Redemption

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

Payment Record

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

Legality

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

Defeasance

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

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

Default and Remedies

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

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

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

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

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

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

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Noteholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Notes are qualified with respect to the customary rights of debtors relative to their creditors.

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

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

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

Record Date

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

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

Future Registration

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

Limitation on Transfer or Exchange of Notes

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

Replacement Notes

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

BOOK-ENTRY-ONLY SYSTEM

The following describes how ownership of the Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and credited by DTC (defined below) while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City 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 Notes, or redemption, or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Notes), or redemption, or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of This Official Statement

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

Effect of Termination of Book-Entry-Only System

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

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

Legal Investments

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (7) or in any other manner and amount provided by law for City deposits or, (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (iii) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (v) the City appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3- 3) as custodian for the City with respect to the certificates of deposit issued for the account of the City; (9) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (7) above, clauses (12) through (14) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by SEC Rule 2a-7; and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and an investment portfolio limited to investment grade securities, excluding asset-backed securities. In addition, Note proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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

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

Investment Policies

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

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

Additional Provisions

Under Texas law, the Issuer is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the Issuer to: (a) receive and review the Issuer's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Issuer and the business organization that are not authorized by the Issuer’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Issuer’s entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Issuer and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Issuer's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer, or other investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in mutual funds in the aggregate to no more than 80% of the Issuer's monthly average fund balance, excluding Certificate proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the Issuer’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in no-load money market mutual funds of any portion of bond proceeds reserves and funds held for debt service to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to confirm to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Issuer.

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

As of May 31, 2024, the City held investments as follows:

Investment Type	Amount	Percentage
LGIP	$ 233,041,500	89.11%
Agency	9,894,391	3.79%
Frost Bank	18,576,908	7.10%
Total	$ 261,512,799	100.00%

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

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(1) Unaudited.

AD VALOREM TAX PROCEDURES

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

Valuation of Taxable Property

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

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

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

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

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Local Option Freeze for the Elderly and Disabled

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

Personal Property

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

Freeport Exemptions

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

Other Exempt Property

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

Tax Increment Financing Zones

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

Tax Abatement Agreements

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

Chapter 380 Agreements

The City is authorized, pursuant to Chapter 380, Texas Local Government Code ("Chapter 380") to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grant of public fund for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City.

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

Public Hearing and Maintenance and Operation Tax Rate Limitations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Issuer and Taxpayer Remedies

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

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

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

Levy and Collection of Taxes

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) of delinquent tax, penalty and interest collected if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

Issuer's Rights in the Event of Tax Delinquencies

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

Property Assessment and Tax Payment

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

Future and Proposed State Legislation

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

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

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

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

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

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

City Application of Tax Code. . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $3,750; the disabled are not granted an additional exemption.

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

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

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

The City does not tax nonbusiness personal property; and Comal County and Guadalupe County, as applicable, collect taxes for the City.

On May 29, 2007, the City Council authorized an ordinance creating a TIRZ that totaled 497 acres with a taxable "base" value of $4,985,170 and a 2022 taxable value of $416,937,993 for a period of 25 years, ending December 31, 2032.

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

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

The City currently has no tax abatement agreements in place.

The CGT Agreement allows for a rebate of 80% of the proceeds of the City's ad valorem tax levied on improvements on the development (the "CGT Ad Valorem Taxes") for grant years 1 through 5, 60% of the CGT Ad Valorem Taxes for grant years 6 through 8, and 50% of the CGT Ad Valorem Taxes for grant years 9 through 15. As of the date of this official statement, six payments have been made under this agreement.

The TaskUs Agreement allows for a rebate of 70% of the proceeds of the City's ad valorem tax levied on improvements on the development (the "TaskUs Ad Valorem Taxes") for rebate years 1 through 3, 55% of the TaskUs Ad Valorem Taxes for rebate years 4 through 6, and 30% of the TaskUs Ad Valorem Taxes for grant years 7 through 8. The agreement has a full-time employee count component, an hourly pay component, and annual payroll requirements that all have to be met before any rebates are issued. As of the date of this official statement, two payment has been made under this agreement.

The Continental automotive agreement allows for a rebate of 15% of the proceeds of the City's ad valorem tax levied on improvement of the development for a period of ten years. In order to be eligible for the rebate payment, the company must meet minimum taxable value thresholds. As of the date of this official statement, no payments have been made under this agreement. In 2021, the City and Continental approved an amendment to the original 380 Agreement which extended by one year, the full-time employee count requirements, the first year tax rolls, and the overall term end date. The first full year of compliance is 2024. The first compliance check will be initiated in early 2025.

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

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

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

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

TAX RATE LIMITATIONS

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

Article XI, Section 5 of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. As stated above, the City operates under a Home Rule Charter which adopts a limit of $2.50 per $100 of assessed valuation. The Texas Attorney General has adopted an administrative policy that generally prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from $1.50 of the foregoing $2.50 maximum tax rate calculated at 90% collection. The issuance of the Notes does not violate this Constitutional provision or the Texas Attorney General's administrative policy.

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

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel to the Issuer will rely upon (a) the Issuer's federal tax certificate, and (b) covenants of the Issuer with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Notes and certain other matters. Failure of the Issuer to comply with these representations or covenants could cause the interest on the Notes to become includable in gross income retroactively to the date of issuance of the Notes.

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Opinions

Issuance of the Notes is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Notes are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the City. Issuance of the Notes is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Notes, to the effect that the Notes are valid and binding obligations of the City payable from the sources and 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. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Notes. In connection with the issuance of the Notes, Bond Counsel has been engaged by, and only represents, the City. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Notes are based upon a percentage of Notes actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Notes.

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

No-Litigation Certificate

The City will furnish to the Purchaser a certificate, dated as of the date of delivery of the Notes, executed by both the Mayor and Secretary of the City, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Notes; restraining or enjoining the issuance, execution or delivery of the Notes; affecting the provisions made for the payment of or security for the Notes; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Notes; or affecting the validity of the Notes.

No Material Adverse Change

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The Issuer will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the Issuer of the general type included in this Official Statement including Table 1 of the Official Statement and under the Tables numbered 1 through 10 of APPENDIX A and the financial statements in APPENDIX D. The Issuer will update and provide this information within 6 months after the end of each fiscal year ending in or after 2023. If audited financial statements are not available when the other information is provided, the Issuer will provide audited financial statements when and if they become available and will provide unaudited financial statements within 12 months after fiscal year end, unless audited financial statements are sooner provided. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

The Issuer may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC") as permitted by SEC Rule 15c2-12 (the "Rule").

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

Event Notices

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

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

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

Limitations and Amendments

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

The Issuer may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Notes in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Notes consent to the amendment or (b) any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Notes.

The Issuer may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Notes in the primary offering of the Notes, giving effect to (i) such provisions as so amended and (ii) any amendments or interpretations of the Rule.

If the Issuer so amends its continuing disclosure agreement as described in this section, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Agreements

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

CYBERSECURITY RISKS

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Notes for Sale

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

Litigation

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

Debt Issuance

The City authorized the issuance of its $7,875,000 Combination Tax and Revenue Certificates of Obligation, Series 2024 (the “Certificates”) under a separate offering document, on August 26, 2024. The Certificates are expected to close on September 25, 2024.

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

Ratings

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

Financial Advisor

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

Winning Bidder

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

Certification as to Official Statement

The City, acting by and through its City Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the City and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the City, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the City has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the City has no obligation to disclose any changes in the affairs of the City and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the City delivers the Notes to the Purchaser at closing, unless extended by the Purchaser. All information with respect to the resale of the Notes subsequent to the "end of the underwriting period" is the responsibility of the Purchaser.

Updating the Official Statement during Underwriting Period

If, subsequent to the date of the Official Statement to and including the date the Purchaser is no longer required to provide and Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the City learns or is notified by the Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the City will promptly prepare and supply to the Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchaser, unless the Purchaser elects to terminate its obligation to purchase the Notes as described in the notice of sale accompanying this Official Statement. The obligation of the City to update or change the Official Statement will terminate when the City delivers the Notes to the Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Purchaser provides written notice the City that less than all of the Notes have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Notes have been sold to ultimate customers. In the event the Purchaser provides written notice to the City that less than all of the Notes have been sold to ultimate customers, the Purchaser agrees to notify the City in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

Forward-Looking Statements Disclaimer

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

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

Concluding Statement

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

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

CITY OF NEW BRAUNFELS, TEXAS

ATTEST:

____

Mayor

City of New Braunfels, Texas

____

City Secretary

City of New Braunfels, Texas

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APPENDIX A

FINANCIAL INFORMATION
THE CITY OF NEW BRAUNFELS, TEXAS

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION **TABLE 1**

2024 Market Value of Taxable Property (100% of Market Value)…………………………………………………………………….	$	18,731,458,188
Less Exemptions:		
Local Optional Over-65 or Disabled Exemption…...	$	28,155,012
Veteran's Exemption…..		529,264,514
Freeport Exemption…...		72,199,859
Productivity Value Loss…...		332,145,989
Low Income Housing…..		3,865,224
Homestead…..		1,576,636,297
Historical/Non Req. Exemption Loss…...		11,473,753
Solar Exemption…..		12,655,848
10% Per Year Cap on Residential Homestead…..		663,592,419
TOTAL EXEMPTIONS ……		3,229,988,915
2024 Certified Assessed Value of Taxable Property……………………………………………………………………………………………	$	15,501,469,273 *

Source: Comal and Guadalupe County Appraisal Districts.

** Includes Freeze Taxable Value of $1,635,311,826 and Transfer Adjustment of $107,021.*

GENERAL OBLIGATION BONDED DEBT

(as of August 1, 2024)

General Obligation Debt Principal Outstanding		
General Obligation Bonds, Series 2014	$	4,530,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT)		2,090,000
Combination Tax and Limited Pledge Revenue Certificates of Obligaiton, Series 2014A		3,065,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015		3,445,000
General Obligation and Refunding Bonds, Series 2015		16,535,000
General Obligation and Refunding Bonds, Series 2016		19,745,000
General Obligation Refunding Bonds, Series 2017		2,695,000
General Obligation Bonds, Series 2018		19,140,000
Tax Notes, Series 2018		460,000
Combination Tax and Revenue Certificates of Obligation, Series 2018		6,335,000
Tax Notes, Series 2018A		710,000
General Obligation Bonds, Series 2019		16,080,000
Combination Tax and Revenue Certificates of Obligation, Series 2019		3,825,000
General Obligation Bonds, Series 2020		43,415,000
Combination Tax and Revenue Certificates of Obligation, Series 2020		11,060,000
Tax Notes, Series 2020		755,000
General Obligation Refunding Bonds, Series 2020		7,630,000
Tax Notes, Series 2021		1,685,000
General Obligation Bonds, Series 2021		23,185,000
General Obligation Refunding Bonds, Series 2021		16,855,000
General Obligation Bonds, Series 2022		14,680,000
Tax Notes, Series 2022		7,000,000
General Obligation and Refunding Bonds, Series 2023		35,560,000
Combination Tax and Revenue Certificates of Obligation, Series 2023		9,300,000
Tax Notes, Series 2023		1,710,000
Combination Tax and Revenue Certificates of Obligation,Series 2024		7,875,000 *
Tax Notes, Series 2024 (the "Notes")		3,050,000 **
Total Gross General Obligation Debt	$	282,415,000
Less: Self Supporting Debt***		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT)(100% Airport)	$	2,090,000
General Obligation and Refunding Bonds, Series 2015 (6.9% Hotel Occupancy Tax and 1.7% Solid Waste)		1,415,000
Combination Tax and Revenue Certificates of Obligation, Series 2018 (100% Sales Tax)		6,335,000
Combination Tax and Revenue Certificates of Obligation, Series 2019 (100% Sales Tax)		3,825,000
Combination Tax and Revenue Certificates of Obligation, Series 2020 (34.0% Solid Waste & 66.0% TIRZ)		11,060,000
General Obligation Refunding Bonds, Series 2021 (24.6% Sales Tax)		4,150,000
Combination Tax and Revenue Certificates of Obligation, Series 2024 (100% Sales Tax)		7,875,000 *
Total Self-Supporting Debt	$	36,750,000
Total Net General Obligation Debt Outstanding	$	245,665,000
2024 Certified Net Assessed Valuation	$	15,501,469,273
Ratio of Total Gross General Obligation Debt Principal to 2024 Certified Net Assessed Valuation		1.82%
Ratio of Net General Obligation Debt to 2024 Certified Net Assessed Valuation		1.58%

Population: 1990 - 27,334; 2000 - 36,494; 2010 - 57,740; est. 2024 - 117,793

Per Capita Certified Net Taxable Assessed Valuation - $131,599

Per Capita Gross General Obligation Debt Principal - $2,398

Per Capita Net General Obligation Debt Principal - $2,086

** The City sold its Combination Tax and Revenue Certificates of Obligation, Series 2024 on August 26, 2024 which are expected to close September 25, 2024.*

*** Preliminary, subject to change.*

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

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

FYE 9/30	Outstanding Debt Service [(a)]	The Notes* Principal*	The Notes* Interest *	The Notes* Total*	Combined Debt Service*	Less: Self-Supporting Debt *	Total Net Debt Service*
2025	$ 31,458,828	$ 380,000	$ 128,700	$ 508,700	$ 31,967,528	$ 5,182,600	$ 26,784,928
2026	29,995,398	395,000	111,263	506,263	30,501,660	5,128,269	25,373,392
2027	28,942,177	415,000	93,038	508,038	29,450,214	4,530,928	24,919,286
2028	28,231,267	435,000	73,913	508,913	28,740,180	4,535,441	24,204,739
2029	26,778,154	455,000	53,888	508,888	27,287,042	4,458,431	22,828,610
2030	24,725,300	475,000	32,963	507,963	25,233,262	4,464,181	20,769,081
2031	24,297,750	495,000	11,138	506,138	24,803,887	4,451,028	20,352,859
2032	23,002,056	-	-	-	23,002,056	4,455,350	18,546,706
2033	20,495,519	-	-	-	20,495,519	2,803,256	17,692,262
2034	19,599,819	-	-	-	19,599,819	2,777,113	16,822,706
2035	17,937,644	-	-	-	17,937,644	2,522,000	15,415,644
2036	16,492,409	-	-	-	16,492,409	2,512,350	13,980,059
2037	14,597,438	-	-	-	14,597,438	2,519,359	12,078,078
2038	14,587,853	-	-	-	14,587,853	2,517,753	12,070,100
2039	12,223,825	-	-	-	12,223,825	1,938,525	10,285,300
2040	10,604,775	-	-	-	10,604,775	1,625,800	8,978,975
2041	6,722,822	-	-	-	6,722,822	1,318,950	5,403,872
2042	5,010,772			-	5,010,772	1,317,800	3,692,972
2043	3,822,100			-	3,822,100	1,318,000	2,504,100
2044	576,300	-	-	-	576,300	576,300	-
Total	$ 360,102,205	$ 3,050,000	$ 504,900	$ 3,554,900	$ 363,657,105	$ 60,953,435	$ 302,703,671

[(a)] *Includes self-supporting debt and Combination Tax and Revenue Certificates of Obligation, Series 2024 expected to close September 25, 2024.*

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

** Preliminary, subject to change.*

TAX ADEQUACY (Includes Self-Supporting Debt)

2024 Certified Assessed Value of Taxable Property	$	15,501,469,273
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2025)	$	31,967,528
Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements	$	0.2104

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

** Includes the Notes; preliminary, subject to change.*

TAX ADEQUACY (Excludes Self-Supporting Debt)

2024 Certified Assessed Value of Taxable Property	$	15,501,469,273
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2025)	$	26,784,928
Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements	$	0.1763

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

INTEREST AND SINKING FUND MANAGEMENT INDEX

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2023	$	3,022,807
2024 Interest and Sinking Fund Tax Levy at 98% Collections Produce*		31,740,387
Total Available for General Fund Debt	$	34,763,194
Less: General Obligation Debt Service Requirements, Fiscal Year Ended September 30, 2		27,376,562
Estimated Interest and Sinking Fund Balance at Fiscal Year Ending September 30, 2024	$	7,386,632

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

*** Excludes self-supporting debt.*

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

(as of August 1, 2024)

FYE 9/30	Currently Outstanding *	The Notes **	Total	Principal Unpaid at End of the Year	Percent of Principal Retired
2025	$ 20,735,000	$ 380,000	$ 21,115,000	$ 261,300,000	7.5%
2026	20,200,000	395,000	20,595,000	240,705,000	14.8%
2027	20,045,000	415,000	20,460,000	220,245,000	22.0%
2028	20,220,000	435,000	20,655,000	199,590,000	29.3%
2029	19,655,000	455,000	20,110,000	179,480,000	36.4%
2030	18,425,000	475,000	18,900,000	160,580,000	43.1%
2031	18,740,000	495,000	19,235,000	141,345,000	50.0%
2032	18,150,000	-	18,150,000	123,195,000	56.4%
2033	16,310,000	-	16,310,000	106,885,000	62.2%
2034	16,055,000	-	16,055,000	90,830,000	67.8%
2035	14,980,000	-	14,980,000	75,850,000	73.1%
2036	14,040,000	-	14,040,000	61,810,000	78.1%
2037	12,600,000	-	12,600,000	49,210,000	82.6%
2038	13,030,000	-	13,030,000	36,180,000	87.2%
2039	11,080,000	-	11,080,000	25,100,000	91.1%
2040	9,825,000	-	9,825,000	15,275,000	94.6%
2041	6,240,000	-	6,240,000	9,035,000	96.8%
2042	4,745,000	-	4,745,000	4,290,000	98.5%
2043	3,725,000	-	3,725,000	565,000	99.8%
2044	565,000	-	565,000	-	100.0%
Total	$ 279,365,000	$ 3,050,000	$ 282,415,000		

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2015-2024 **TABLE 3**

Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Percent
2015	5,655,196,350	$ 651,361,976	13.02%
2016	6,174,720,505	519,524,155	9.19%
2017	6,898,322,770	723,602,265	11.72%
2018	7,621,384,608	723,061,838	10.48%
2019	8,548,224,205	926,839,597	12.16%
2020	9,762,146,290	1,213,922,085	14.20%
2021	10,560,465,185	798,318,895	8.18%
2022	12,988,440,474	2,427,975,289	22.99%
2023	14,535,431,926	1,546,991,452	11.91%
2024	15,501,469,273	966,037,347	6.65%

Source: Comal and Guadalupe Central Appraisal Districts.

PRINCIPAL TAXPAYERS 2023* **TABLE 4**

Name	**Type of Business/Property**	**2023 Net Taxable Assessed Valuation**	**% of Total 2023 Assessed Valuation**
Central Texas Corridor Hospital Co LLC	Healthcare	$ 138,007,100	0.95%
Walmart Inc.	Retail	136,623,070	0.94%
AL 95 Creekside Town Center LP	Shopping Center/Mall	129,429,330	0.89%
Kahlig Enterprises Inc	Car Dealership	72,268,445	0.50%
CNC-SWAGAT Four LP	Apartments	70,000,000	0.48%
Rush Enterprises	Truck Leasing	67,071,749	0.46%
BMEF Creekside LLC	Apartments	66,388,970	0.46%
CGT US Limited	Industrial Manufacturing	70,901,180	0.49%
HEB Grocery Co LP	Grocery Store	61,012,213	0.42%
Grey Forest Development	Apartments	60,765,724	0.42%
		$ 872,467,781	6.00%

Source: Comal and Guadalupe Central Appraisal Districts.
* 2024 Top Ten Taxpayers not available at time of printing.

MUNICIPAL SALES TAX COLLECTIONS **TABLE 5**

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

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2015	$ 27,087,906	96.14%	0.479
2016	28,850,406	93.78%	0.467
2017	30,144,639	89.51%	0.437
2018	31,814,187	85.50%	0.417
2019	33,485,702	80.24%	0.392
2020	35,099,655	74.41%	0.360
2021	42,677,242	85.01%	0.404
2022	44,624,144	83.01%	0.344
2023	44,900,091	75.54%	0.309
2024	29,691,619	(As of August 2024)	

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

CLASSIFICATION OF ASSESSED VALUATION **TABLE 6**

	2024	% of Total	2023	% of Total	2022	% of Total
Real, Residential, Single-Family	$ 11,613,991,429	62.00%	$ 11,603,341,694	63.71%	$ 10,287,991,591	62.54%
Real, Residential, Multi-Family	1,607,733,232	8.58%	1,403,749,486	7.71%	1,209,817,915	7.35%
Real, Vacant Lots/Tracts	413,505,553	2.21%	363,201,487	1.99%	354,243,289	2.15%
Real, Acreage (Land Only)	333,624,958	1.78%	344,533,170	1.89%	380,409,847	2.31%
Real, Farm and Ranch Improvements	100,863,047	0.54%	158,841,426	0.87%	138,945,694	0.84%
Real, Commercial	3,233,386,814	17.26%	2,982,747,496	16.38%	2,890,560,236	17.57%
Real, Industrial	184,701,402	0.99%	179,444,839	0.99%	151,178,567	0.92%
Real & Tangible, Personal Utilities	61,749,569	0.33%	51,521,500	0.28%	45,718,086	0.28%
Tangible Personal, Commercial	584,866,783	3.12%	587,924,999	3.23%	528,684,518	3.21%
Tangible Personal, Industrial	396,476,264	2.12%	321,054,884	1.76%	248,251,368	1.51%
Tangible Personal, Mobile Homes	34,435,005	0.18%	29,651,346	0.16%	31,127,270	0.19%
Residential Inventory	93,203,290	0.50%	112,903,743	0.62%	111,610,576	0.68%
Special Inventory	72,920,842	0.39%	73,915,150	0.41%	73,026,453	0.44%
Total Appraised Value	$ 18,731,458,188	100.00%	$ 18,212,831,220	100.00%	$ 16,451,565,410	100.00%
Less:						
Local Optional Over-65 or Disabled Exemption	$ 28,155,012		$ 26,976,039		$ 26,071,681	
Veterans' Exemption	529,264,514		437,454,413		352,798,464	
Freeport Exemption	72,199,859		12,768,312		13,877,947	
Productivity Value Loss	332,145,989		343,146,552		378,865,158	
Abatement Value Loss	-		-		-	
Low Income Housing	3,865,224		-		-	
Homestead	1,576,636,297		1,556,665,952		1,390,403,645	
Historical/Non Req. Exemption Loss	11,473,753		1,367,004		10,663,463	
Solar Exemption	12,655,848		1,001,424		574,084	
10% Per Year Cap on Res. Homesteads	663,592,419		1,298,019,598		1,289,870,494	
Net Taxable Assessed Valuation	$ 15,501,469,273		$ 14,535,431,926		$ 12,988,440,474	

Source: Comal and Guadalupe County Appraisal Districts.

TAX DATA **TABLE 7**

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	% of Collections Total	Year Ended
2015	$ 5,655,196,350	0.498230	28,175,885	99.13	100.10	9/30/2016
2016	6,174,720,505	0.498230	30,764,310	98.87	101.14	9/30/2017
2017	6,898,322,770	0.488220	33,678,991	99.12	100.88	9/30/2018
2018	7,621,384,608	0.488220	37,209,124	99.77	100.22	9/30/2019
2019	8,548,224,205	0.488220	41,734,140	99.62	100.38	9/30/2020
2020	9,762,146,290	0.483194	47,170,105	99.49	100.52	9/30/2021
2021	10,560,465,185	0.475400	50,204,451	97.21	97.49	9/30/2022
2022	12,988,440,474	0.413935	53,756,404	98.06	98.44	9/30/2023
2023	14,535,431,926	0.408936	59,440,614	98.63	98.80	9/30/2024*
2024	15,501,469,273	-	-			9/30/2025

** Collections as of April 30, 2024.*

TAX RATE DISTRIBUTION **TABLE 8**

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

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Comal and Guadalupe County Appraisal Districts, the Issuer's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2023, and information supplied by the Issuer.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2023 Assessed Valuation	% of Actual	2023 Tax Rate
Comal County	$ 35,184,833,828	100%	$ 0.226000
Comal Independent School District	26,469,819,639	100%	1.089000
Guadalupe County	22,672,254,765	100%	0.273000
Navarro Independent School District	1,611,632,848	100%	1.140000
New Braunfels Independent School District	8,241,838,930	100%	1.042000

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

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

Issuer	Date of Authorization	Purpose	Authorization	Issued to Date	Unissued
City of New Braunfels	5/6/2023	Transportation	$ 99,330,000	$ 29,500,000	$ 69,830,000
		Parks and Recreation	12,155,000	2,500,000	9,655,000
		Library	28,560,000	3,000,000	25,560,000
			$ 140,045,000	$ 35,000,000	$ 105,045,000
Comal County	None				
Comal Independent School District	5/6/2023	School Building and Buses	$ 560,564,863	$ 72,000,000	$ 488,564,863
		Technology	28,000,000	28,000,000	-
			$ 588,564,863	$ 100,000,000	$ 488,564,863
Guadalupe County	None				
Navarro Independent School District	5/4/2024	School Building and Buses	$ 73,700,000	$ 10,000,000	$ 63,700,000
		Stadium	35,500,000	5,000,000	30,500,000
		Athletic Improvements	10,800,000	5,000,000	5,800,000
			$ 120,000,000	$ 20,000,000	$ 100,000,000
New Braunfels Independent School District *	5/4/2024	School Building and Security	$ 267,500,000	$ 125,000,000	$ 142,500,000
		Stadium	42,500,000	-	42,500,000
		Technology	3,000,000	-	3,000,000
			$ 313,000,000	$ -	$ 188,000,000

** New Braunfels ISD anticipates closing its Unlimited Tax School Building Bonds, Series 2024 on September 12, 2024; table above includes this issue.*

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

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

	Fiscal Year Ended 9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Fund Balance - Beginning of Year	$ 44,973,564	$ 41,057,125	$ 27,386,113	$ 26,075,792	$ 20,929,035
Revenues	$ 96,400,857	$ 91,152,012	$ 86,288,867	$ 72,320,595	$ 70,388,942
Expenditures	98,512,818	86,135,955	72,758,903	71,357,644	66,069,851
Excess (Deficit) of Revenues Over Expenditures	$ (2,111,961)	$ 5,016,057	$ 13,529,964	$ 962,951	$ 4,319,091
Other Financing Sources (Uses):					
Operating Transfers In	$ 1,135,252	$ 897,760	$ 808,917	$ 974,381	$ 816,510
Operating Transfers Out	(3,803,228)	(2,094,219)	(885,226)	(645,659)	(187,845)
Proceeds from the Sale of Capital Assets	458,088	96,841	217,357	18,648	199,001
Proceeds from Loan Payable	750,000	-	-	-	-
Total Other Financing Sources (Uses):	$ (1,459,888)	$ (1,099,618)	$ 141,048	$ 347,370	$ 827,666
Fund Balance - End of Year	$ 41,401,715	$ 44,973,564	$ 41,057,125	$ 27,386,113	$ 26,075,792

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

The City anticipates fiscal year ending September 30, 2024 will have $35,593,738 in general fund balance. The decrease in the general fund is due to an adopted deficit budget for one-time expenditures.

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

Information regarding the City's Pension Plan can be found in the 2023 Audit under Notes.

APPENDIX B

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

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

General Information

The City of New Braunfels, Texas (the "City") is a political subdivision of the State of Texas located on Interstate Highway 35, 33 miles northeast of San Antonio. The City operates as a home rule municipality under the laws of the State of Texas. The City's estimated 2023 population is 115,000. The City serves as the county seat of Comal County. A portion of the City also lies within Guadalupe County. Tourists can enjoy local dining, shopping, recreational activities at Landa Park, river activities on Canyon Lake and Schlitterbahn Water Park, and the annual "Wurstfest" celebration.

Transportation

The City is primarily served by Interstate Highway 35 and State Highway 46. Railroads include the Union Pacific and Missouri Kansas and Texas Lines. The City owned New Braunfels National Airport (NBNA) is a fully operational general aviation airport located 5 miles from downtown. The Airport is one of 92 National airports in the FAA's National Plan of Integrated Airport Systems (NPIAS) consisting of over 3,300 airports nationwide. New Braunfels National Airport sits on approximately 1200 acres, has two asphalt runways (6,503' and 5,345'). As part of the FAA Contract Tower program, NBNA is considered Class D airspace with the Air Traffic Control Tower operational daily from 0700 - 1900. The Airport offers flight training, aircraft maintenance, air charter, and full-service ground handling and refueling for all types of corporate and privately owned aircraft.

Education

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

Economy

The Comal River receives approximately 3.2 million visitors a year. A 2013 economic impact analysis found that the tourism industry accounted for approximately $700 million in 2017 - an increase of 132 percent from 2013. In 2017, the hospitality industry employed 7,764 direct workers and supported another 3,109 indirect workers in spinoff jobs in the community. The tourism and accommodation industry does not, however, provide a majority of the jobs in New Braunfels. Exclusive of government, the City's three largest industries in the value of goods and services provided are manufacturing, aviation, health care and social assistance, and retail trade. The governmental (school district, local, state, and federal), retail trade, health care and social assistance, accommodation and food services, and finance and insurance industries, respectively, provide the greatest number of jobs in the community.

Recreation

There are forty parks totaling over 747 acres for outdoor recreation that include nature trails, playgrounds, picnic areas, Olympic and spring-fed pools, recreation center, historical area, soccer and softball fields, "tube" chute, concessions, volleyball, basketball and tennis courts. Nearby Canyon Lake (16 miles), Lake Dunlap and Lake McQueeney (5 miles east) and two rivers (Comal and Guadalupe) make boating , scuba-diving, camping, dining, tubing, rafting, kayaking, swimming, fishing available. The #1 rated waterpark – Schlitterbahn – boasts over 65-acres of water recreation.

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

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

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

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

COMAL COUNTY

General Information

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

The County has an area of 575 square miles. There are six other cities within Comal County, the City of Garden Ridge, the City of Schertz, the City of Selma, the City of Fair Oaks Ranch, The City of Spring Branch and the City of Bulverde.

Commercial

The County's location between San Antonio and Austin provides opportunities for commuters to live in the county and work in one of the major cities. During 2021, 4,459 new home sites became available in subdivisions in the unincorporated areas of Comal County.

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

Major Employers

Employer	Number of Employees
Comal ISD	3,550
Schlitterbahn Water Park	3,000
New Braunfels ISD	1,302
Wal-Mart Distribution Center	1,200
Hunter Industries/Colorado Materials, Inc.	873
Comal County	805
City of New Braunfels	800
Taskus	620
Christus Santa Rosa Hospital	585
Resolute Baptist Hospital	520

Labor Force Statistics (1)

	2024 (2)	2023 (3)	2022 (3)	2021 (3)
Civilian Labor Force	86,860	84,437	82,200	79,647
Total Employed	83,283	81,394	79,317	76,016
Total Unemployed	3,577	3,043	2,883	3,631
%Unemployed	4.1%	3.6%	3.5%	4.6%
% Unemployed (Texas)	4.3%	3.6%	3.6%	5.3%

(1) Source: Texas Workforce Commission.
(2) As of June 2024.
(3) Average Annual Statistics.

GUADALUPE COUNTY

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

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

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

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

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

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

Labor Force Statistics (1)

	2024 (2)	**2023 (3)**	**2022 (3)**	**2021 (3)**
Civilian Labor Force	90,260	87,830	85,569	82,771
Total Employed	86,630	84,847	82,634	79,063
Total Unemployed	3,630	2,983	2,935	3,708
%Unemployed	4.0%	3.4%	3.4%	4.5%
% Unemployed (Texas)	4.3%	3.6%	3.6%	5.3%

(1) Source: Texas Workforce Commission.
(2) As of June 2024.
(3) Average Annual Statistics.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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McCALL
PARKHURST & HORTON

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

CITY OF NEW BRAUNFELS, TEXAS
TAX NOTES, SERIES 2024
IN THE AGGREGATE PRINCIPAL AMOUNT OF $_________

AS BOND COUNSEL FOR THE CITY OF NEW BRAUNFELS, TEXAS (the "City") in connection with the issuance of the bonds described above (the "Notes"), we have examined into the legality and validity of the Notes, which bear interest from the dates specified in the text of the Notes, until maturity or redemption, at the rates and payable on the dates specified in the text of the Notes and in the ordinance of the City adopted on ________, 2024 authorizing the issuance of the Notes (the “Note Ordinance”).

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

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

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

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

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

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

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

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

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

Respectfully

APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the 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 units, each major fund, and the aggregate remaining fund information of the City of New Braunfels, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of New Braunfels Utilities, a discretely presented component unit, which financial statements reflect total assets of $1,184,485,791 and total revenues of $338,114,906 for the fiscal year ending July 31, 2023. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for New Braunfels Utilities is based solely on the report of the other auditors.

Basis for Opinions

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

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Responsibility of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Belt Harris Pechacek, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 21, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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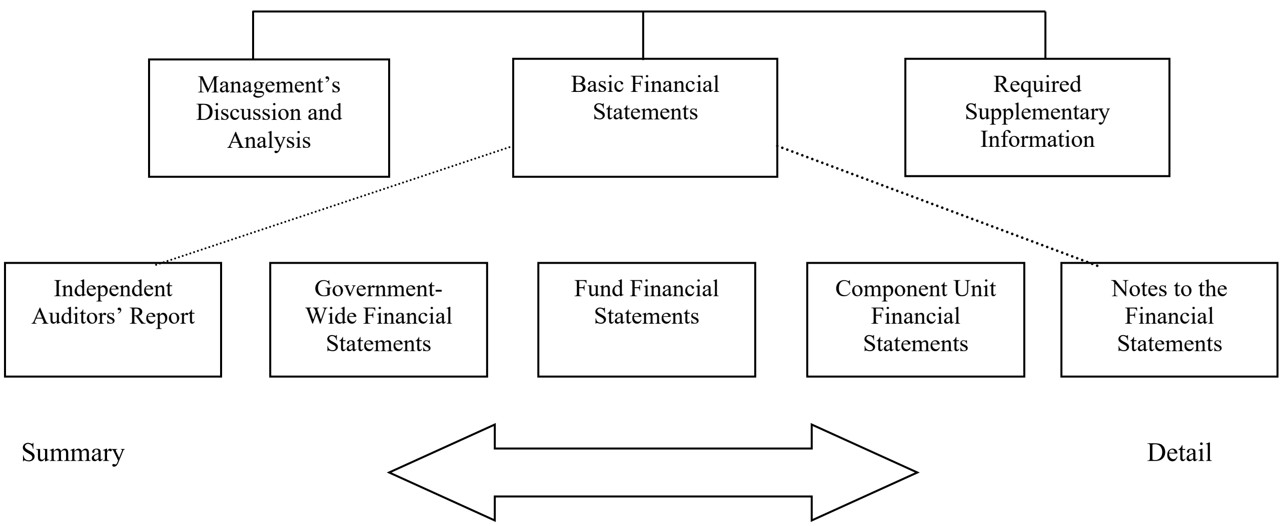
The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of New Braunfels, Texas (the "City") for the year ending September 30, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



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

Government-Wide Statements

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

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains 41 individual governmental funds. 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, debt service, 2019 capital improvement, parks improvement, and grant funds, which are considered to be major funds for reporting purposes. The general obligations, hotel/motel tax, and roadway impact fees funds are not major funds, but the City has elected to present them as major due to their significance.

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

Proprietary Funds

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

The City also uses an internal service fund to account for its self-funded health plan and city-wide fleet services. These internal service funds have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

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

The City maintains two types of fiduciary funds. The private-purpose trust fund is used to report resources held in trust for contributions and payments made on behalf of the Solms Landing Public Improvement District (the "PID"). The custodial fund is used to report the collection of special assessment tax revenue and the associated contributions to the private-purpose trust fund. The fiduciary fund financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $123,760,370 as of September 30, 2023 for the primary government. This compares with $102,309,947 from the prior fiscal year. A portion of the City's net position, $64,775,995, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022*	2023	2022	2023	2022*
Current and other assets	$ 208,664,758	$ 214,330,516	$ 11,057,752	$ 11,936,761	$ 219,722,510	$ 226,267,277
Capital assets, net	260,252,340	246,528,061	26,124,633	25,421,198	286,376,973	271,949,259
Total Assets	468,917,098	460,858,577	37,182,385	37,357,959	506,099,483	498,216,536
Deferred charge on refunding	959,505	1,180,708	-	-	959,505	1,180,708
Deferred outflows - pensions	23,545,470	9,979,852	2,346,901	1,016,402	25,892,371	10,996,254
Deferred outflows - OPEB	1,028,996	1,275,458	84,155	108,075	1,113,151	1,383,533
Total Deferred Outflows of Resources	25,533,971	12,436,018	2,431,056	1,124,477	27,965,027	13,560,495
Long-term liabilities	365,577,904	357,106,822	6,415,619	3,693,961	371,993,523	360,800,783
Other liabilities	29,106,467	26,502,949	1,986,501	2,165,871	31,092,968	28,668,820
Total Liabilities	394,684,371	383,609,771	8,402,120	5,859,832	403,086,491	389,469,603
Deferred inflows - leases	574,102	581,523	1,387,091	1,426,210	1,961,193	2,007,733
Deferred inflows - pensions	-	10,195,803	-	1,000,527	-	11,196,330
Deferred inflows - OPEB	4,794,863	6,197,862	461,593	595,556	5,256,456	6,793,418
Total Deferred Inflows of Resources	5,368,965	16,975,188	1,848,684	3,022,293	7,217,649	19,997,481
Net Position:						
Net investment in capital assets	38,706,190	10,635,952	26,069,805	25,339,150	64,775,995	35,975,102
Restricted	54,789,238	52,934,963	-	-	54,789,238	52,934,963
Unrestricted	902,305	9,138,721	3,292,832	4,261,161	4,195,137	13,399,882
Total Net Position	$ 94,397,733	$ 72,709,636	$ 29,362,637	$ 29,600,311	$ 123,760,370	$ 102,309,947

*Net position has been restated.

A portion of the primary government's net position, $54,789,238, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is $4,195,137.

The City's total net position increased by $21,450,423 during the current fiscal year. Capital assets, net of accumulated depreciation, increased due to capital additions in excess of depreciation expense, as the City continued to add infrastructure to sustain growth. Long-term liabilities increased during the year primarily due to an increase in the net pension liability associated with the City's pension plan.

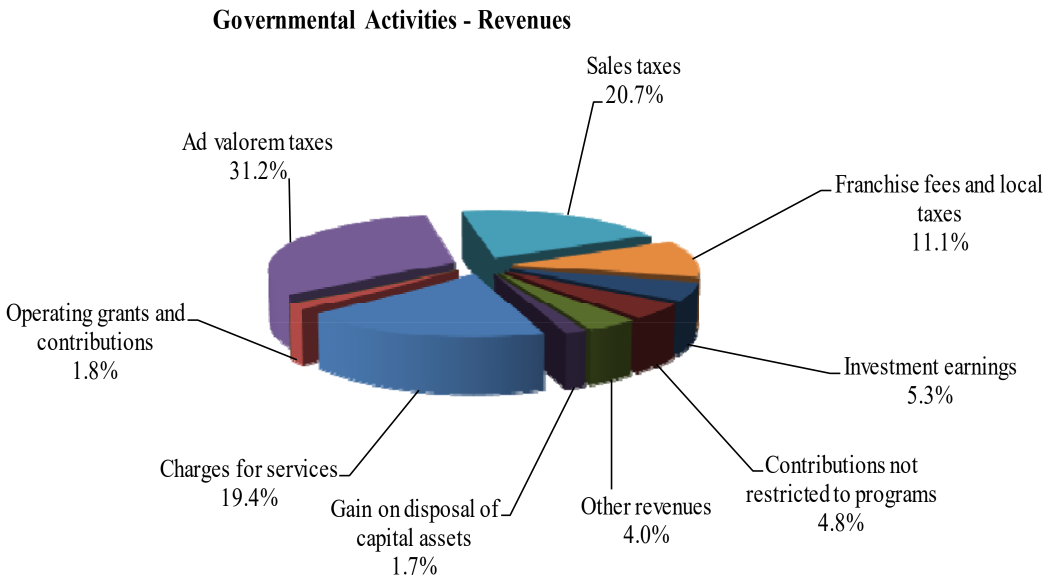
Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022*	2023	2022	2023	2022*
Revenues						
Program revenues:						
Charges for services	$ 32,453,912	$ 29,353,595	$ 18,350,775	$ 18,400,051	$ 50,804,687	$ 47,753,646
Operating grants and contributions	3,044,408	685,742	-	-	3,044,408	685,742
Capital grants and contributions	-	-	3,081,470	1,707,193	3,081,470	1,707,193
General revenues:						
Property taxes	52,102,388	47,774,799	-	-	52,102,388	47,774,799
Sales taxes	34,516,607	34,519,455	-	-	34,516,607	34,519,455
Franchise fees and local taxes	18,546,923	17,797,103	-	-	18,546,923	17,797,103
Investment earnings	8,706,006	1,121,872	182,195	39,359	8,888,201	1,161,231
Contributions not restricted to programs	8,025,412	5,587,991	-	-	8,025,412	5,587,991
Other revenues	6,660,591	4,875,847	270,872	505,005	6,931,463	5,380,852
Gain on disposal of capital assets	2,817,167	191,199	14,363	390	2,831,530	191,589
Total Revenues	166,873,414	141,907,603	21,899,675	20,651,998	188,773,089	162,559,601
Expenses						
General government	18,361,048	10,769,312	-	-	18,361,048	10,769,312
Finance and tax	1,732,848	1,325,662	-	-	1,732,848	1,325,662
Planning and enviromental development	5,667,729	3,901,028	-	-	5,667,729	3,901,028
Public safety	62,482,323	44,116,389	-	-	62,482,323	44,116,389
Public works	31,166,168	36,629,200	-	-	31,166,168	36,629,200
Parks and recreation	10,345,668	11,410,083	-	-	10,345,668	11,410,083
Civic/convention center	-	-	1,246,041	1,119,860	1,246,041	1,119,860
Library	2,793,210	2,796,129	-	-	2,793,210	2,796,129
Interest and fiscal agent fees	14,842,161	8,625,458	-	-	14,842,161	8,625,458
Airport	72,443	23,530	5,152,896	5,378,556	5,225,339	5,402,086
Solid waste	-	-	11,040,163	9,281,306	11,040,163	9,281,306
Golf course	-	-	2,419,968	2,191,163	2,419,968	2,191,163
Total Expenses	147,463,598	119,596,791	19,859,068	17,970,885	167,322,666	137,567,676
Increase in Net Position Before Transfers	19,409,816	22,310,812	2,040,607	2,681,113	21,450,423	24,991,925
Transfers	2,278,281	2,029,843	(2,278,281)	(2,029,843)	-	-
Change in Net Position	21,688,097	24,340,655	(237,674)	651,270	21,450,423	24,991,925
Beginning net position	72,709,636	48,368,981	29,600,311	28,949,041	102,309,947	77,318,022
Ending Net Position	$ 94,397,733	$ 72,709,636	$ 29,362,637	$ 29,600,311	$ 123,760,370	$ 102,309,947

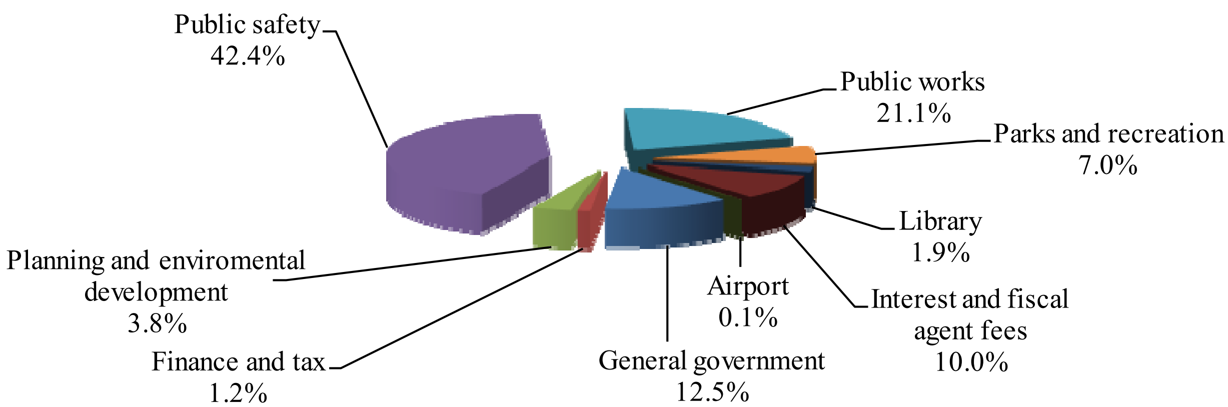
*Net position has been restated.

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



For the year ended September 30, 2023, revenues from governmental activities totaled $166,873,414. This $24,965,811 net increase was primarily from an increase in various tax collections mostly attributable to continued growth and consumer activity within the City. Charges for services revenue also increased in fiscal year 2023. The primary reason for this increase was increased activity at the Das Rec Center along with an increase in ambulance service revenue. In addition, there was a significant increase in investment earnings due to interest received on the City's investments. Operating grants and contributions also increased this year primarily related to additional grant funds received from the federal government related to the recognition of ARPA funding in the current year.

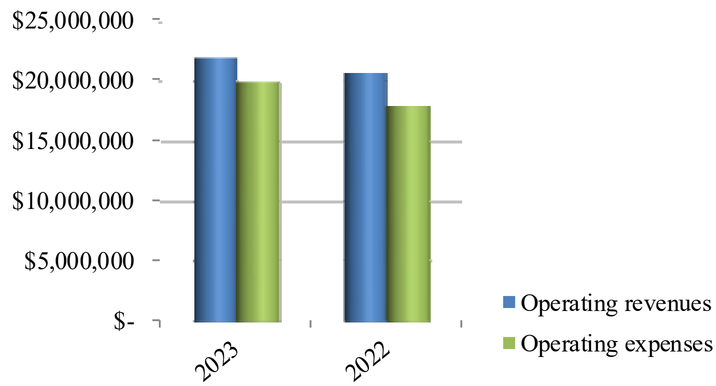
Governmental Activities - Expenses



Governmental expenses increased by a net $27,866,807, or 23%. This net increase is primarily related to increases in general government and public safety. Overall, the increase in expenses can primarily be attributed to changes in the City's pension plan, as well as increases to overall personnel costs in the fiscal year.

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

Business-Type Activities - Revenues and Expenses



Overall, business-type activities revenues increased by a net $1,247,677 from the prior period, primarily due to increases in fuel sales as prices for fuel increased during the year.

Business-type activities expenses increased by a net $1,888,183, mostly due to increases in expenses for operations of the solid waste fund.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of $176,535,228. Of this, $256,613 is nonspendable, $128,861,048 is restricted for various purposes, $6,016,758 is committed, $4,113,268 is assigned, and $37,287,541 is unassigned.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was $37,287,541, while total fund balance reached $41,401,714. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38% of total general fund expenditures, while total fund balance represents 42% of that same amount. The general fund balance decreased by $3,571,849 this year, primarily related to transfers to other funds, as well as increases in the general government and public safety expenditures primarily attributable to increases in personnel costs.

It is important to note that this fund balance includes all of the fund balance in the general fund and equipment replacement subfund. The equipment replacement subfund contributes $4,113,268 to this stated fund balance. This fund allows the City to account for equipment replacement and improvements in a separate subfund and not include these activities in the primary general operating fund.

The fund balance of the hotel/motel tax fund experienced an increase of $579,075, mostly due to increased tourism activity as well as a continued City enforcement effort.

The fund balance in the debt service fund experienced a slight increase of $243,739. The debt service fund property tax revenue increased during the year mostly due to increases in property valuations. This increase was partially offset by increases in principal and interest payments on the City's debt.

The fund balance in the general obligations capital projects fund had an increase of $228,425, which was primarily a result of investment earnings due to increases in interest earned on the City's investments.

The fund balance in the roadway impact fees fund had an increase of $2,209,663, which was primarily a result of decreases in expenditures related to infrastructure in fiscal year 2023.

The fund balance in the 2019 capital improvement fund had a decrease of $3,445,699, which was primarily a result of bond proceeds being used for capital projects. This decrease was partially offset by a contribution from the New Braunfels EDC for construction related to the sports complex.

The fund balance in the park improvement fund had an increase of $9,170,979, which was primarily a result of increases in collections of park development impact fees in fiscal year 2023.

The grants fund is used to track various special project expenditures and reimbursements for grant programs in the City. The fund experienced an increase of $156,060 due primarily to transfers in from other funds. The City expended for certain costs in this fund for which grant money was ultimately not awarded and required a supplement from another fund.

Proprietary Funds – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The Airport fund experienced a decrease in net position of $896,469 primarily related to the increase in personnel expense due to increases in benefit costs. The Solid Waste fund experienced an increase in net position of $1,244,122 primarily related to capital contributions. The Golf Course fund experienced a decrease in net position of $238,039 primarily related to increases in personnel expenses. The Civic/Convention Center fund experienced a decrease in net position of $347,288 due to increases in supplies expense, as general costs for service increased during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The amended budget included a planned decrease in fund balance in the amount of $12,387,817. The actual fund balance for the year decreased by $3,571,849. Actual revenues exceeded the amended budget by $7,829,186 spread across various revenue lines. The largest positive variances were in investment earnings, sales taxes, licenses and permits, and charges for services. The City's conservative revenue projections, as well as the diverse economy within the City, are both attributable to the positive variances. Actual expenditures were under the amended budget by $502,013. The largest positive variances were in finance and planning and development services departments.

CAPITAL ASSETS

At the end of fiscal year 2023, the City's governmental activities had invested $260,252,340 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $13,724,279.

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

LONG-TERM DEBT

At the end of the current year, the City had total general obligation bonds and certificates of obligation outstanding of $247,330,000. Of this amount, $214,425,000 was general obligation debt and $32,905,000 was certificates of obligation.

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

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

ECONOMIC FACTORS AND NEXT YEARS BUDGET

From a budget planning perspective, inflation and interest rates created a significant amount of economic uncertainty. The fiscal strategy over the past year was to continue to budget conservatively. Fortunately, the City's reserves are in a strong surplus position which has allowed for major one-time investments in equipment and technology with specific focus on improving efficiency, safety, and productivity. The fiscal year 2024 adopted budget includes over $8 million of one-time investments.

Long-term budgeting priorities include considering staffing strategies and other initiatives driven by population growth and increased demand for services.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF NEW BRAUNFELS, TEXAS

STATEMENT OF NET POSITION (page 1 of 2)

September 30, 2023

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Cash and equity in pooled cash and investments	$ 162,238,584	$ 8,685,439	$ 170,924,023
Investments	24,887,636	-	24,887,636
Receivables, net	10,192,126	966,676	11,158,802
Leases receivable	586,018	1,405,637	1,991,655
Inventory	103,684	-	103,684
Prepaid items	-	-	-
Other current assets	-	-	-
Restricted current assets			
Cash and cash equivalents	10,656,710	-	10,656,710
Investments	-	-	-
	208,664,758	11,057,752	219,722,510
Capital assets:			
Nondepreciable/nonamortizeable	65,969,408	2,599,279	68,568,687
Depreciable/amortizeable, net	194,282,932	23,525,354	217,808,286
Investments:			
Restricted	-	-	-
Unrestricted	-	-	-
Other noncurrent assets	-	-	-
	260,252,340	26,124,633	286,376,973
Total Assets	468,917,098	37,182,385	506,099,483
Deferred Outflows of Resources			
Deferred charge on refunding	959,505	-	959,505
Deferred outflows - pensions	23,545,470	2,346,901	25,892,371
Deferred outflows - OPEB	1,028,996	84,155	1,113,151
Total Deferred Outflows of Resources	25,533,971	2,431,056	27,965,027
Liabilities			
Accounts payable	16,284,292	1,546,443	17,830,735
Deposit payable	-	115,785	115,785
Leases payable	-	54,828	54,828
Accrued expenses payable	1,838,120	269,445	2,107,565
Accrued interest	1,689,304	-	1,689,304
Unearned revenue	9,294,751	-	9,294,751
	29,106,467	1,986,501	31,092,968
Noncurrent liabilities:			
Due within one year:			
Bonds payable	19,320,000	-	19,320,000
Loan payable	366,139	-	366,139
Accrued compensated absences	12,796,826	378,312	13,175,138
Due in more than one year:			
Bonds payable	269,268,780	-	269,268,780
Loan payable	3,311,486	-	3,311,486
Net pension liability	51,744,286	5,245,025	56,989,311
Total OPEB liability - TMRS	1,486,339	148,495	1,634,834
Total OPEB liability - retiree benefits	5,862,178	601,752	6,463,930
Accrued compensated absences	1,421,870	42,035	1,463,905
Other noncurrent liability	-	-	-
	365,577,904	6,415,619	371,993,523
Total Liabilities	394,684,371	8,402,120	403,086,491

Component Units	
Economic Development Corporation	New Braunfels Utilities
$ 23,092,378	$ 88,712,441
-	25,605,997
4,397,255	48,048,913
-	-
-	6,536,822
-	1,785,249
2,434,271	4,016,963
-	65,617,640
-	15,689,095
29,923,904	256,013,120
-	77,618,949
-	833,250,372
-	1,868,058
-	4,366,602
-	11,368,690
-	928,472,671
29,923,904	1,184,485,791
-	-
-	16,754,946
-	-
-	16,754,946
567,551	41,439,631
-	12,089,562
-	-
-	11,997,387
-	1,879,276
-	-
567,551	67,405,856
-	8,045,000
-	50,000,000
-	2,092,014
-	397,475,629
-	-
-	29,067,501
-	-
-	-
-	1,062,900
-	13,856,838
-	501,599,882
567,551	569,005,738

City of New Braunfels, Texas

STATEMENT OF NET POSITION (page 2 of 2)

September 30, 2023

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Deferred Inflows of Resources			
Deferred inflows - OPEB	$ 4,794,863	$ 461,593	$ 5,256,456
Deferred inflows - leases	574,102	1,387,091	1,961,193
Total Deferred Inflows of Resources	5,368,965	1,848,684	7,217,649
Net Position			
Net investment in capital assets	38,706,190	26,069,805	64,775,995
Restricted for:			
Debt service	3,022,807	-	3,022,807
Capital projects	33,631,802	-	33,631,802
Cemetery perpetual care (nonexpendable)	255,708	-	255,708
Grants	198,168	-	198,168
Impact fees	-	-	-
Municipal court	398,169	-	398,169
Public safety	25,099	-	25,099
Governmental programming	703,930	-	703,930
Tourism	4,466,257	-	4,466,257
Economic development	11,180,103	-	11,180,103
Special donation	907,195	-	907,195
Unrestricted	902,305	3,292,832	4,195,137
Total Net Position	$ 94,397,733	$ 29,362,637	$ 123,760,370

See Notes to Financial Statements.

Component Units	
Economic Development Corporation	New Braunfels Utilities
$ -	$ -
-	-
-	-
-	472,846,729
-	37,836,322
-	-
-	-
-	-
-	22,060,186
-	-
-	-
-	-
-	-
-	-
-	-
29,356,353	99,491,762
$ 29,356,353	$ 632,234,999

City of New Braunfels, Texas
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 18,361,048	$ 732,924	$ 19,922	$ -
Finance and tax	1,732,848	-	-	-
Planning and environmental development	5,667,729	-	481,884	-
Public safety	62,482,323	8,243,594	2,407,621	-
Public works	31,166,168	8,511,895	134,981	-
Parks and recreation	10,345,668	14,952,624	-	-
Library	2,793,210	12,875	-	-
Airport	72,443	-	-	-
Interest and fiscal agent fees	14,842,161	-	-	-
Total Governmental Activities	147,463,598	32,453,912	3,044,408	-
Business-Type Activities				
Airport	5,152,896	4,494,355	-	50,000
Solid waste	11,040,163	11,005,155	-	3,031,470
Golf course	2,419,968	2,274,543	-	-
Civic center	1,246,041	576,722	-	-
Total Business-Type Activities	19,859,068	18,350,775	-	3,081,470
Total Primary Government	$ 167,322,666	$ 50,804,687	$ 3,044,408	$ 3,081,470
Component Units				
Economic Development Corporation	$ 8,176,506	$ -	$ -	$ -
New Braunfels Utilities	261,563,072	271,665,610	-	61,424,183
Total Component Units	$ 269,739,578	$ 271,665,610	$ -	$ 61,424,183

General Revenues and Transfers:

Taxes and fees

Property

Sales

Hotel/motel occupancy

Franchise

Mixed beverages

Investment earnings

Contributions not restricted to programs

Miscellaneous

Gain (loss) on sale of assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	New Braunfels Utilities
$ (17,608,202)	$ -	$ (17,608,202)	$ -	$ -
(1,732,848)	-	(1,732,848)	-	-
(5,185,845)	-	(5,185,845)	-	-
(51,831,108)	-	(51,831,108)	-	-
(22,519,292)	-	(22,519,292)	-	-
4,606,956	-	4,606,956	-	-
(2,780,335)	-	(2,780,335)	-	-
(72,443)	-	(72,443)	-	-
(14,842,161)	-	(14,842,161)	-	-
(111,965,278)	-	(111,965,278)	-	-
-	(608,541)	(608,541)	-	-
-	2,996,462	2,996,462	-	-
-	(145,425)	(145,425)	-	-
-	(669,319)	(669,319)	-	-
-	1,573,177	1,573,177	-	-
(111,965,278)	1,573,177	(110,392,101)	-	-
-	-	-	(8,176,506)	-
-	-	-	-	71,526,721
-	-	-	(8,176,506)	71,526,721
52,102,388	-	52,102,388	-	-
34,516,607	-	34,516,607	9,761,673	-
4,894,300	-	4,894,300	-	-
12,715,037	-	12,715,037	-	-
937,586	-	937,586	-	-
8,706,006	182,195	8,888,201	831,723	5,025,113
8,025,412	-	8,025,412	-	-
6,660,591	270,872	6,931,463	172,953	-
2,817,167	14,363	2,831,530	-	(349,575)
2,278,281	(2,278,281)	-	-	-
133,653,375	(1,810,851)	131,842,524	10,766,349	4,675,538
21,688,097	(237,674)	21,450,423	2,589,843	76,202,259
72,709,636	29,600,311	102,309,947	26,766,510	556,032,740
$ 94,397,733	$ 29,362,637	$ 123,760,370	$ 29,356,353	$ 632,234,999

City of New Braunfels, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2023

	General	Hotel/Motel Tax	Debt Service	General Obligations
Assets				
Cash and equity in pooled cash and investments	$ 17,119,983	$ 5,169,945	$ 3,022,807	$ 5,335,832
Investments	24,887,636	-	-	-
Receivables, net of allowance	8,811,030	372,180	516,371	-
Leases receivable	586,018	-	-	-
Due from other funds	70,357	-	-	-
Inventory	905	-	-	-
Restricted cash	-	-	-	-
Total Assets	$ 51,475,929	$ 5,542,125	$ 3,539,178	$ 5,335,832
Liabilities				
Accounts payable	$ 7,240,459	$ 1,075,868	$ -	$ -
Due to other funds	-	-	-	-
Accrued wages payable	1,838,120	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	9,078,579	1,075,868	-	-
Deferred Inflows of Resources				
Unavailable revenue - leases receivable	574,102	-	-	-
Unavailable revenue - property taxes	421,534	-	516,371	-
Total Deferred Inflows of Resources	995,636	-	516,371	-
Fund Balances				
Nonspendable	905	-	-	-
Restricted	-	4,466,257	3,022,807	5,335,832
Committed	-	-	-	-
Assigned	4,113,268	-	-	-
Unassigned	37,287,541	-	-	-
Total Fund Balances	41,401,714	4,466,257	3,022,807	5,335,832
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 51,475,929	$ 5,542,125	$ 3,539,178	$ 5,335,832

See Notes to Financial Statements.

Roadway Impact Fees	2019 Capital Improvement	Park Improvement	Grants	Nonmajor Governmental	Total Governmental Funds
$ 12,583,310	$ 59,830,323	$ 21,247,862	$ 22,166	$ 34,075,352	$ 158,407,580
-	-	-	-	-	24,887,636
12,465	-	-	120,441	359,639	10,192,126
-	-	-	-	-	586,018
-	-	-	-	-	70,357
-	-	-	-	-	905
-	-	-	9,434,498	1,222,212	10,656,710
$ 12,595,775	$ 59,830,323	$ 21,247,862	$ 9,577,105	$ 35,657,203	$ 204,801,332
$ 211,064	$ 3,620,386	$ 771	$ 84,186	$ 3,351,846	$ 15,584,580
-	-	-	-	36,646	36,646
-	-	-	-	-	1,838,120
-	-	-	9,294,751	-	9,294,751
211,064	3,620,386	771	9,378,937	3,388,492	26,754,097
-	-	-	-	-	574,102
-	-	-	-	-	937,905
-	-	-	-	-	1,512,007
-	-	-	-	255,708	256,613
12,384,711	56,209,937	21,247,091	198,168	25,996,245	128,861,048
-	-	-	-	6,016,758	6,016,758
-	-	-	-	-	4,113,268
-	-	-	-	-	37,287,541
12,384,711	56,209,937	21,247,091	198,168	32,268,711	176,535,228
$ 12,595,775	$ 59,830,323	$ 21,247,862	$ 9,577,105	$ 35,657,203	$ 204,801,332

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City of New Braunfels, Texas

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

September 30, 2023

Total fund balances for governmental funds		$	176,535,228
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.			
Capital assets - nondepreciable/nonamortizeable	65,969,408		
Capital assets - depreciable/amortizeable	194,282,932		
			260,252,340
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.			937,905
Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.			
Accrued interest	(1,689,304)		
Bonds, notes, and other payables due in one year	(19,320,000)		
Bonds, notes, and other payables due in more than one year	(244,035,000)		
			(265,044,304)
Premiums on bond issuance and deferred loss on bond refunding are recorded as other financing sources and uses in the fund financial statements when first issued, but are capitalized and amortized in the government-wide financial statements over the life of the bond.			
Premiums	(25,233,780)		
Deferred charge on refunding	959,505		
			(24,274,275)
Loans payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			(3,677,625)
Net pension liability and total other postemployment benefits (OPEB) obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.			
Net pension liability	(51,744,286)		
Total OPEB liability - TMRS	(1,486,339)		
Total OPEB liability - retiree benefits	(5,862,178)		
			(59,092,803)
Deferred outflows and inflows of resources related to the net pension and total OPEB liability are not reported in the funds.			
Deferred outflows - pensions	23,545,470		
Deferred outflows - OPEB	1,028,996		
Deferred inflows - OPEB	(4,794,863)		
			19,779,603
Accrued liabilities for compensated absences are not due and payable in the current period and, therefore, have not been included in the fund financial statements.			(14,218,696)
The City uses an internal service fund to charge the costs of certain activites to individual funds. Assets and liabilities of the internal service fund are included in governmental activities.			3,200,360
Net Position of Governmental Activities		$	94,397,733

See Notes to Financial Statements.

City of New Braunfels, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	Hotel/Motel Tax	Debt Service	General Obligations
Revenues				
Taxes and fees	$ 70,604,256	$ 4,894,300	$ 24,289,513	$ -
Licenses and permits	6,673,441	-	-	-
Intergovernmental	19,922	-	-	-
Fines and forfeitures	1,072,529	-	-	-
Investment earnings	3,012,005	41,761	242,486	180,264
Parks and recreation	5,522,270	-	-	-
Miscellaneous	4,077,962	1,502	-	49,256
Other contributions	-	-	1,967,857	-
Charges for services	5,418,472	-	-	-
Total Revenues	96,400,857	4,937,563	26,499,856	229,520
Expenditures				
Current:				
General government	12,582,785	3,412,313	-	-
Finances and tax	1,619,218	-	-	-
Planning and environmental development	4,940,728	-	-	-
Public safety	54,536,506	-	-	-
Public works	11,639,705	-	-	1,095
Parks and recreation	10,175,390	-	-	-
Library	3,018,486	-	-	-
Airport	-	-	-	-
Debt Service:				
Principal	-	-	18,110,000	-
Interest	-	-	9,522,305	-
Issuance cost and fiscal charges	-	-	5,200	-
Total Expenditures	98,512,818	3,412,313	27,637,505	1,095
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,111,961)	1,525,250	(1,137,649)	228,425
Other Financing Sources (Uses)				
Transfers in	1,135,252	-	1,381,388	-
Transfers (out)	(3,803,228)	(946,175)	-	-
Sale of capital assets	458,088	-	-	-
Loan proceeds	750,000	-	-	-
Total Other Financing Sources (Uses)	(1,459,888)	(946,175)	1,381,388	-
Net Change in Fund Balances	(3,571,849)	579,075	243,739	228,425
Beginning fund balances	44,973,563	3,887,182	2,779,068	5,107,407
Ending Fund Balances	$ 41,401,714	$ 4,466,257	$ 3,022,807	$ 5,335,832

See Notes to Financial Statements.

Roadway Impact Fees	2019 Capital Improvement	Park Improvement	Grants	Nonmajor Governmental	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 5,185,016	$ 104,973,085
-	-	-	-	6,832	6,680,273
-	-	-	2,267,598	756,888	3,044,408
1,065,234	-	-	-	389,082	2,526,845
305,934	3,241,843	177,138	43,918	1,355,125	8,600,474
-	-	9,420,804	-	-	14,943,074
-	-	-	-	2,531,871	6,660,591
2,353,677	3,500,000	-	197,245	6,633	8,025,412
-	-	-	-	2,885,248	8,303,720
3,724,845	6,741,843	9,597,942	2,508,761	13,116,695	163,757,882
-	2,235,918	-	2,108,026	36,700	20,375,742
-	-	-	-	-	1,619,218
-	-	-	-	481,884	5,422,612
-	-	-	259,002	1,326,500	56,122,008
-	11,451,624	-	-	17,192,308	40,284,732
1,515,182	-	426,963	11,856	214,448	12,343,839
-	-	-	5,993	66,885	3,091,364
-	-	-	71,993	450	72,443
-	-	-	-	2,195,000	20,305,000
-	-	-	-	983,108	10,505,413
-	-	-	-	6,228,832	6,234,032
1,515,182	13,687,542	426,963	2,456,870	28,726,115	176,376,403
2,209,663	(6,945,699)	9,170,979	51,891	(15,609,420)	(12,618,521)
-	3,500,000	-	104,169	6,055,301	12,176,110
-	-	-	-	(5,148,426)	(9,897,829)
-	-	-	-	105,421	563,509
-	-	-	-	-	750,000
-	3,500,000	-	104,169	1,012,296	3,591,790
2,209,663	(3,445,699)	9,170,979	156,060	(14,597,124)	(9,026,731)
10,175,048	59,655,636	12,076,112	42,108	46,865,835	185,561,959
$ 12,384,711	$ 56,209,937	$ 21,247,091	$ 198,168	$ 32,268,711	$ 176,535,228

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CITY OF NEW BRAUNFELS, TEXAS

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

For the Year Ended September 30, 2023

Net changes in fund balances - total governmental funds	$	(9,026,731)
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/amortization expense.		
Depreciation/amortization expense		(20,050,368)
Capital outlay		34,020,989
Disposals, net		(246,342)
The City uses an internal service fund to charge the costs of certain activities to individual funds. Net change in net position of the internal service fund is reported with governmental activities.		453,337
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		192,833
The issuance of long-term debt (e.g., bonds, leases, and certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.		
Principal repayments		20,305,000
Loan proceeds		(1,000,000)
Note principal payment		2,863,469
Amortization of deferred charge on refunding		(221,203)
Amortization of premium on bonds		1,999,781
Accrued interest on long-term debt		118,706
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(5,674,201)
Change in net pension liability		(27,010,422)
Change in total OPEB liability - TMRS		693,868
Change in total OPEB liability - retiree benefits		(648,577)
Change in deferred outflows - pensions		13,565,618
Change in deferred inflows - pensions		10,195,803
Change in deferred outflows - OPEB		(246,462)
Change in deferred inflows - OPEB		1,402,999
Change in Net Position of Governmental Activities	$	21,688,097

See Notes to Financial Statements.

City of New Braunfels, Texas

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2023

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic/Con. Center
Assets				
Current assets:				
Cash and equity in pooled cash and investments	$ 2,040,222	$ 4,653,628	$ 1,785,373	$ 206,216
Receivables, net	56,653	881,781	28,242	-
Lease receivable	1,405,637	-	-	-
Inventories	-	-	-	-
Total Current Assets	3,502,512	5,535,409	1,813,615	206,216
Noncurrent assets:				
Capital assets:				
Nondepreciable/amortizeable	2,464,279	-	135,000	-
Net depreciable capital assets	7,564,392	7,553,770	3,753,293	4,653,899
Total Capital Assets, Net	10,028,671	7,553,770	3,888,293	4,653,899
Total Noncurrent Assets	10,028,671	7,553,770	3,888,293	4,653,899
Total Assets	13,531,183	13,089,179	5,701,908	4,860,115
Deferred Outflows of Resources				
Deferred outflows - pensions	260,671	1,611,277	310,667	164,286
Deferred outflows - OPEB	7,350	54,914	14,259	7,632
Total Deferred Outflows of Resources	268,021	1,666,191	324,926	171,918
Liabilities				
Current liabilities:				
Accounts payable	1,069,421	337,873	105,197	33,952
Due to other funds	-	-	-	-
Deposits payable	48,985	-	-	66,800
Lease payable	-	-	54,828	-
Accrued expenses payable	34,014	176,480	40,566	18,385
Current portion of long-term liabilities:				
Accrued compensated absences	27,939	246,308	81,563	22,502
Total Current Liabilities	1,180,359	760,661	282,154	141,639
Noncurrent liabilities:				
Compensated absences	3,104	27,368	9,063	2,500
Net pension liability	544,892	3,529,254	808,023	362,856
Total OPEB liability - TMRS	15,052	101,041	20,671	11,731
Total OPEB liability - retiree benefits	45,844	417,779	93,905	44,224
Total Noncurrent Liabilities	608,892	4,075,442	931,662	421,311
Total Liabilities	1,789,251	4,836,103	1,213,816	562,950
Deferred Inflows of Resources				
Deferred inflows - leases	1,387,091	-	-	-
Deferred inflows - OPEB	52,000	315,054	59,285	35,254
Total Deferred Inflows of Resources	1,439,091	315,054	59,285	35,254
Net Position				
Net investment in capital assets	10,028,671	7,553,770	3,833,465	4,653,899
Unrestricted	542,191	2,050,443	920,268	(220,070)
Total Net Position	$ 10,570,862	$ 9,604,213	$ 4,753,733	$ 4,433,829

See Notes to Financial Statements.

Business-Type Activities	Governmental Activities
Total	Internal Service
$ 8,685,439	$ 3,831,004
966,676	-
1,405,637	-
-	102,779
11,057,752	3,933,783
2,599,279	-
23,525,354	-
26,124,633	-
26,124,633	-
37,182,385	3,933,783
2,346,901	-
84,155	-
2,431,056	-
1,546,443	699,712
-	33,711
115,785	-
54,828	-
269,445	-
378,312	-
2,364,813	733,423
42,035	-
5,245,025	-
148,495	-
601,752	-
6,037,307	-
8,402,120	733,423
1,387,091	-
461,593	-
1,848,684	-
26,069,805	-
3,292,832	3,200,360
$ 29,362,637	$ 3,200,360

City of New Braunfels, Texas

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

PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Business-Type Activities			
	Airport	**Solid Waste**	**Golf Course**	**Civic/Con. Center**
Operating Revenues				
Charges for services	$ 4,494,355	$ 11,005,155	$ 2,274,543	$ 576,722
Miscellaneous	12,961	182,738	74,363	810
Total Operating Revenues	4,507,316	11,187,893	2,348,906	577,532
Operating Expenses				
Personnel	834,296	4,913,090	1,017,112	484,705
Purchased services	307,228	2,983,556	209,852	282,293
Professional services	153,532	112,683	-	-
Supplies	2,551,529	1,652,844	467,603	115,573
Depreciation and amortization	1,306,311	1,377,990	725,401	363,470
Total Operating Expenses	5,152,896	11,040,163	2,419,968	1,246,041
Operating Income (Loss)	(645,580)	147,730	(71,062)	(668,509)
Nonoperating Revenues				
Investment earnings	18,991	147,637	15,301	266
Gain on sale of assets	-	-	5,938	8,425
Total Nonoperating Revenues	18,991	147,637	21,239	8,691
Income (Loss) Before Transfers and Capital Contributions	(626,589)	295,367	(49,823)	(659,818)
Transfers and Contributions				
Capital contributions	50,000	3,031,470	-	-
Transfers in	99,910	-	-	355,800
Transfers (out)	(419,790)	(2,082,715)	(188,216)	(43,270)
Total Transfers and Contributions	(269,880)	948,755	(188,216)	312,530
Change in Net Position	(896,469)	1,244,122	(238,039)	(347,288)
Beginning net position	11,467,331	8,360,091	4,991,772	4,781,117
Ending Net Position	$ 10,570,862	$ 9,604,213	$ 4,753,733	$ 4,433,829

See Notes to Financial Statements.

Business-Type Activities	Governmental Activities
Total	Internal Service
$ 18,350,775	$ 9,173,135
270,872	8,052
18,621,647	9,181,187
7,249,203	7,691,744
3,782,929	-
266,215	1,141,638
4,787,549	-
3,773,172	-
19,859,068	8,833,382
(1,237,421)	347,805
182,195	105,532
14,363	-
196,558	105,532
(1,040,863)	453,337
3,081,470	-
455,710	-
(2,733,991)	-
803,189	-
(237,674)	453,337
29,600,311	2,747,023
$ 29,362,637	$ 3,200,360

City of New Braunfels, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2023

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic/Con. Center
Cash Flows from Operating Activities				
Receipts from customers	$ 4,474,073	$ 11,184,282	$ 2,344,366	$ 564,749
Receipts for interfund services provided and used	-	-	-	-
Payments to suppliers	(3,238,868)	(4,673,962)	(683,305)	(395,341)
Payments for premiums, claims, and administrative charges	-	-	-	-
Payments for personnel services	(799,131)	(4,659,759)	(978,861)	(462,809)
Net Cash Provided (Used) by Operating Activities	436,074	1,850,561	682,200	(293,401)
Cash Flows from Noncapital Financing Activities				
Transfers in from other funds	99,910	-	-	355,800
Transfers (out) to other funds	(419,790)	(2,082,715)	(188,216)	(43,270)
Net Cash Provided (Used) by Noncapital Financing Activities	(319,880)	(2,082,715)	(188,216)	312,530
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(205,173)	(956,282)	(233,680)	1
Gain on sale of capital assets	-	-	5,938	8,425
Net Cash (Used) Provided by Capital and Related Financing Activities	(205,173)	(956,282)	(227,742)	8,426
Cash Flows from Investing Activities				
Interest on investments	18,991	147,637	15,301	266
Net Cash Provided by Investing Activities	18,991	147,637	15,301	266
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	(69,988)	(1,040,799)	281,543	27,821
Beginning cash and equity in pooled cash and investments	2,110,210	5,694,427	1,503,830	178,395
Ending Cash and Equity in Pooled Cash and Investments	$ 2,040,222	$ 4,653,628	$ 1,785,373	$ 206,216
Total Cash and Cash Equivalents	$ 2,040,222	$ 4,653,628	$ 1,785,373	$ 206,216

Business-Type Activities	Governmental Activities
Total	Internal Service
$ 18,567,470	$ -
-	9,283,966
(8,991,476)	-
-	(1,202,635)
(6,900,560)	(7,794,523)
2,675,434	286,808
455,710	-
(2,733,991)	-
(2,278,281)	-
(1,395,134)	-
14,363	-
(1,380,771)	-
182,195	105,532
182,195	105,532
(801,423)	392,340
9,486,862	3,438,664
$ 8,685,439	$ 3,831,004
$ 8,685,439	$ 3,831,004

City of New Braunfels, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2023

	Business-Type Activities			
	Airport	Solid Waste	Golf Course	Civic/Con. Center
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	$ (645,580)	$ 147,730	$ (71,062)	$ (668,509)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,306,311	1,377,990	725,401	363,470
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	(36,871)	(3,611)	(4,540)	2,912
Inventories	-	98,271	-	-
Due from other funds	21,425	-	-	-
Deferred outflows - pensions	(155,387)	(913,564)	(178,128)	(90,770)
Deferred outflows - OPEB	10,033	16,359	3,115	1,763
Increase (Decrease) in:				
Accounts payable	(207,206)	55,925	22,623	8,979
Leases payable	-	-	(27,220)	-
Accrued expenses	5,893	(32,347)	7,858	(1,811)
Due to other funds	-	-	-	-
Net pension liability	294,755	1,818,920	354,742	180,732
Total OPEB liability - TMRS	(7,572)	(46,728)	(9,111)	(4,643)
Total OPEB liability - retiree benefits	7,047	42,597	7,966	4,857
Accrued compensated absences	7,621	72,386	(15,396)	13,485
Customer deposits	3,628	-	-	(15,695)
Deferred inflows - leases	(39,119)	-	-	-
Deferred inflows - pensions	(113,691)	(692,322)	(117,376)	(77,138)
Deferred inflows - OPEB	(15,213)	(91,045)	(16,672)	(11,033)
Net Cash Provided (Used) by Operating Activities	$ 436,074	$ 1,850,561	$ 682,200	$ (293,401)
Noncash Capital Activities:				
Capital assets contributed during the year	$ 50,000	$ 3,031,470	$ -	$ -

See Notes to Financial Statements.

Business-Type Activities	Governmental Activities
Total	Internal Service
$ (1,237,421)	$ 347,805
3,773,172	-
(42,110)	-
98,271	(102,779)
21,425	-
(1,337,849)	-
31,270	-
(119,679)	8,071
(27,220)	-
(20,407)	-
-	33,711
2,649,149	-
(68,054)	-
62,467	-
78,096	-
(12,067)	-
(39,119)	-
(1,000,527)	-
(133,963)	-
$ 2,675,434	$ 286,808
$ 3,081,470	$ -

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City of New Braunfels, Texas

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

September 30, 2023

	Custodial	Private-Purpose Trust
Assets		
Cash	$ -	$ 1,844,042
Total Assets	-	1,844,042
Net Position		
Restricted for debt service	-	1,844,042
Total Net Position	$ -	$ 1,844,042

See Notes to Financial Statements.

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City of New Braunfels, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended September 30, 2023

	Custodial	Private-Purpose Trust
Additions		
Special assessment collections	$ 610,381	$ -
Contributions	-	610,381
Investment earnings	-	105,291
Total Additions	610,381	715,672
Deductions		
Contribution to trust	610,381	-
Payment to developer	-	996,098
Payment to bond holders	-	557,989
Payment to fiscal agents	-	44,847
Total Deductions	610,381	1,598,934
Net Decrease in Fiduciary Net Position	-	(883,262)
Beginning net position	-	2,727,304
Ending Net Position	$ -	$ 1,844,042

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

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

Discretely Presented Component Units

<u>Economic Development Corporation</u>

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

New Braunfels Utilities

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

Blended Component Units

Tax Increment Reinvestment Zone No. 1

During fiscal year 2007, the City passed a resolution creating a Tax Increment Reinvestment Zone No. 1 (TIRZ No. 1), in accordance with Section 311 of the Texas Tax Code, for the purpose of financing public improvements in support of the Creekside Town Center Development. The TIRZ No. 1 includes participation by a developer and by other governmental entities, the Corporation, and Comal County, Texas (the "County"). Under this arrangement, a certain percentage of the incremental ad valorem tax revenue collected by the City and the County and one-half cent of sales taxes collected by the City and the Corporation will be utilized to pay for certain infrastructure costs. In fiscal year 2021, City Council voted on and implemented a change to this arrangement to be implemented in fiscal year 2022. Effective October of 2021, the City's portion of sales tax collected will no longer be utilized for TIRZ infrastructure costs. Such tax revenue is controlled by the Board of Directors managing the TIRZ No. 1 and is accounted for in a special revenue fund with the City's financial oversight. The Board of Directors is made up of seven members, five of which are appointed by the City Council.

New Braunfels Development Authority

During fiscal year 2007, the City passed a resolution creating the New Braunfels Development Authority (NBDA) in accordance with Section 394 of the Texas Local Government Code. The NBDA has been included in the reporting entity as a blended component unit. The NBDA was created to assist and act on behalf of the City in the performance of the City's governmental functions to promote the common good and general welfare of the TIRZ and to promote, develop, encourage, and maintain employment, commerce, and economic development in the City. During fiscal year 2007, the City passed an agreement (the "Agreement") between the City, the NBDA, and the TIRZ No 1 in which the NBDA will facilitate the implementation of the TIRZ plan and assist the City with reimbursement to the developer participating in the TIRZ No 1. Reimbursement to the developer will be made through the issuance of bonds, notes, or other obligations available to the NBDA but only after consent of the City Council. Efforts of the NBDA will be financed using the TIRZ No 1 tax increment as outlined in the Agreement. Such taxes and payment of debt service activity are controlled by the Board of Directors managing the NBDA and are accounted for in a special revenue fund with the City's financial oversight. The Board of Directors is made up of seven members, five of which are appointed by the City Council.

River Mill Tax Increment Reinvestment Zone

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

Downtown Tax Increment Reinvestment Zone

In September 2021, the City Council established the Downtown Tax Increment Reinvestment Zone (TIRZ No. 3). Similar to TIRZ No. 1, the City's participation is limited to 85% of the real and business personal property tax revenue. The TIRZ will provide support for catalytic infrastructure and incentives that will facilitate the redevelopment of the downtown area. The downtown area faces barriers to continued redevelopment as much of the pedestrian infrastructure in the zone is insufficient. Additionally, new development in the zone has be stifled due to lack of convenient and adequate parking given the built-out nature of the development pattern. The City has established a board for TIRZ #3 to oversee the utilization of the incremental funds, and a project and financing plan has been approved. Collections of revenue in the TIRZ have started in fiscal year 2023.

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

The City also has the following related organization:

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

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

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

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The grants fund was the only special revenue fund that was considered major. The special revenue funds are considered nonmajor funds for reporting purposes, except for the hotel/motel tax fund, which does not qualify as major, but the City has elected to present it as major due to its significance.

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

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

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects funds are considered nonmajor funds for reporting purposes, except for the 2019 capital improvement fund and the park improvement fund. The general obligations fund and roadway impact fees fund were not major funds, but the City elected to present them as major due to their significance.

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

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

Park improvement fund: This fund accounts for collection and expenditure of park development impact fees charged within the City.

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

The *permanent fund* is used to account for nonexpendable trust arrangements where the principal may not be spent, and the earnings must be spent for a particular purpose. This fund is used to report the activity of the cemetery perpetual care fund.

The City reports the following proprietary funds:

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

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

The City reports the following fiduciary funds:

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

The *custodial fund* accounts for collection of special assessment revenue and contributions made to the trust related to the PID.

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

5. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has two types of items, which arises only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, these items, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and from leases in which the government is the lessor. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Compensated Absences

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

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

7. Long-Term Obligations

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

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

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

8. Leases

Lessee

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

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

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

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

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

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

<u>Lessor</u>

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

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

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

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

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

9. Subscription-Based Information Technology Arrangements

The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City would recognize a liability (the "subscription liability") and an intangible, right-to-use subscription asset (the "subscription asset") in the financial statements. The City's SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

10. Net Position Flow Assumption

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

11. Fund Balance Flow Assumptions

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

12. Fund Balance Policies

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

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

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

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

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

	General	Hotel/Motel Tax	Debt Service	General Obligations	Roadway Impact Fees	2019 Capital Improvement	Park Improvement	Grants	Nonmajor Governmental	Total Governmental Funds
Nonspendable:										
Cemetery perpetual care	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 255,708	$ 255,708
Inventory	905	-	-	-	-	-	-	-	-	905
Total Nonspendable	905	-	-	-	-	-	-	-	255,708	256,613
Restricted:										
Tourism	-	4,466,257	-	-	-	-	-	-	-	4,466,257
Debt service	-	-	3,022,807	-	-	-	-	-	-	3,022,807
Grants	-	-	-	-	-	-	-	198,168	-	198,168
Special donation	-	-	-	-	-	-	-	-	907,195	907,195
Stormwater development	-	-	-	-	-	-	-	-	842,434	842,434
Edwards Aquifer HCP	-	-	-	-	-	-	-	-	69,381	69,381
Capital projects	-	-	-	5,335,832	12,384,711	56,209,937	21,247,091	-	11,869,934	107,047,505
Public safety	-	-	-	-	-	-	-	-	25,099	25,099
Municipal court	-	-	-	-	-	-	-	-	398,169	398,169
Governmental programming	-	-	-	-	-	-	-	-	703,930	703,930
Economic development	-	-	-	-	-	-	-	-	11,180,103	11,180,103
Total Restricted	-	4,466,257	3,022,807	5,335,832	12,384,711	56,209,937	21,247,091	198,168	25,996,245	128,861,048
Committed:										
Facilities maintinance	-	-	-	-	-	-	-	-	1,540,291	1,540,291
Enterprise equipment	-	-	-	-	-	-	-	-	4,476,467	4,476,467
Assigned:										
Equipment replacement	4,113,268	-	-	-	-	-	-	-	-	4,113,268
Unassigned	37,287,541	-	-	-	-	-	-	-	-	37,287,541
Total Fund Balances	$ 41,401,714	$ 4,466,257	$ 3,022,807	$ 5,335,832	$ 12,384,711	$ 56,209,937	$ 21,247,091	$ 198,168	$ 32,268,711	$ 176,535,228

Minimum Fund Balance Policy

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

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

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

13. Estimates

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

14. Pensions

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

15. Other Postemployment Benefits

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

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

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

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

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

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of September 30, 2023, the City had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
Primary Government and Component Unit-EDC:			
U.S. agency treasury notes	$ 2,434,271	0.30	AAA
Federal Home Loan Bank	29,881,909	0.45	Aaa
External investment pools:			
TexPool	85,240,853	0.07	AAAm
Texas CLASS	29,954,561	0.20	AAAm
Texas FIT	10,123,951	0.07	AAAmmf
Total	$ 157,635,545		
Portfolio weighted average maturity		0.19	
Component Unit - NBU			
U.S. agency securities	$ 27,529,318	0.33	AA+
U.S. agency treasury notes	20,000,434	1.70	AA+
Escrow funds	37,511,261	0.25	N/A
Demand deposit and money market	23,946,852	0.00	N/A
Investment pools	92,871,968	0.00	AAAm
Total	$ 201,859,833		
Portfolio weighted average maturity		0.46	

Fair Value Measurements

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

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

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

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

As of September 30, 2023, the City had the following recurring fair value measurements:

	September 30, 2023	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Primary Government			
U.S. agency treasury notes	$ 2,434,271	$ -	$ 2,434,271
Federal Home Loan Bank	29,881,909	-	29,881,909
Total - Primary Government	$ 32,316,180	$ -	$ 32,316,180
Component Unit - NBU			
U.S. agency securities	$ 27,529,319	$ -	$ 27,529,319
U.S. agency treasury notes	20,000,434	20,000,434	-
Total - NBU	$ 47,529,753	$ 20,000,434	$ 27,529,319

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

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

Credit risk. The City's policy requires that investment pools must be rated no lower than 'AAA' or 'AAAm'. As of September 30, 2023, the City's investments in investment pools were rated 'AAAm' by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. These investments were rated not less than 'AA+' by both Moody's and Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2023, fair values of pledged securities and FDIC coverage exceeded bank balances.

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

TexPool

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

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

Texas CLASS

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

Texas FIT

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

B. Receivables

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

	Governmental Funds						
	General	Hotel/Motel Tax	Debt Service	Roadway Impact Fees	Grants	Nonmajor Funds	Total
Ad valorem taxes	$ 467,288	$ -	$ 540,418	$ -	$ -	$ -	$ 1,007,706
Franchise fees and local taxes	-	-	-	12,465	-	35,433	47,898
Accounts	8,389,496	372,180	-	-	-	323,966	9,085,642
Intergovernmental	-	-	-	-	120,441	-	120,441
Other	-	-	-	-	-	240	240
Less allowances	(45,754)	-	(24,047)	-	-	-	(69,801)
	$ 8,811,030	$ 372,180	$ 516,371	$ 12,465	$ 120,441	$ 359,639	$ 10,192,126

	Proprietary Funds			
	Airport	Solid Waste	Golf Course	Total
Accounts	$ 56,653	$ 881,781	$ 11,038	$ 949,472
Other	-	-	17,204	17,204
	$ 56,653	$ 881,781	$ 28,242	$ 966,676

	Component Unit NBU
Customer accounts	$ 41,057,649
Interest	94,702
Other	7,286,926
Less allowance	(390,364)
	$ 48,048,913

Lease Receivable

The City is a lessor for two agreements related to the lease of space. These leases combined are for 86 years. The City receives annual payments of $14,500 for these two leases. The City recognized $2,946 in lease revenue and $6,054 in interest revenue related to these leases in the current year. As of September 30, 2023, the City's receivable for these lease payments was $586,018. The City also has a deferred inflow of resources associated with these leases that will be recognized over the lease term. As of September 30, 2023, the balance of the deferred inflow of resources was $574,102.

The Airport is a lessor of land space for a variety of different parties. The combined lease term for these leases is 59 years. The Airport receives variable amounts for annual payments related to these leases. The Airport recognized $29,425 in lease revenue and $29,528 in interest revenue during the current fiscal year related to these leases. As of September 30, 2023, the Airport's receivable for lease payments was $1,405,637. The Airport fund also has a deferred inflow of resources related to these leases that will be recognized as revenue over the lease term. As of year end, this balance of the deferred inflow of resources was $1,387,091

C. Capital Assets

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

	Beginning Balance	Increases	Reclassifications (Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 42,577,074	$ 1,106,873	$ -	$ 43,683,947
Construction in progress	8,653,778	17,097,963	(3,466,280)	22,285,461
Total capital assets not being depreciated	51,230,852	18,204,836	(3,466,280)	65,969,408
Other capital assets				
Road network	158,646,803	168,170	-	158,814,973
Infrastructure	25,040,967	-	-	25,040,967
Buildings*	130,001,290	5,260,199	(2,460,200)	132,801,289
Improvements other than buildings	59,202,872	320,404	-	59,523,276
Machinery and equipment	17,638,657	6,715,388	-	24,354,045
Fleet	24,329,767	6,818,272	(1,265,287)	29,882,752
Total other capital assets	414,860,356	19,282,433	(3,725,487)	430,417,302
Less accumulated depreciation for:				
Road network	(94,777,499)	(7,963,014)	-	(102,740,513)
Infrastructure	(12,099,230)	(834,699)	-	(12,933,929)
Buildings*	(46,042,091)	(3,660,787)	2,213,858	(47,489,020)
Improvements other than buildings	(34,351,938)	(3,955,193)	-	(38,307,131)
Machinery and equipment	(12,381,581)	(1,618,347)	-	(13,999,928)
Fleet	(19,910,808)	(2,018,328)	1,265,287	(20,663,849)
Total accumulated depreciation	(219,563,147)	(20,050,368)	3,479,145	(236,134,370)
Other capital assets, net	195,297,209	(767,935)	(246,342)	194,282,932
Governmental Activities Capital Assets, Net	$ 246,528,061	$ 17,436,901	$ (3,712,622)	260,252,340
*Beginning balance has been restated.			Less associated debt	(292,266,405)
			Plus deferred charge on refunding	959,505
			Plus unspent bond proceeds	69,760,750
			Net Investment in Capital Assets	$ 38,706,190

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

Depreciation was charged to governmental functions as follows:

General government	$ 1,449,642
Finance and tax	427,073
Planning and environmental development	1,182,972
Public safety	13,515,953
Public works	1,758,417
Parks and recreation	1,209,037
Library	507,274
Total Governmental Activities Depreciation Expense	$ 20,050,368

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

	Beginning Balance	Increases	Reclassifications (Decreases)	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated/amortized:				
Land	$ 2,540,961	$ -	$ -	$ 2,540,961
Construction in progress	-	58,318	-	58,318
Total capital assets not being depreciated/amortized	2,540,961	58,318	-	2,599,279
Other capital assets				
Buildings	21,412,931	31,115	-	21,444,046
Improvements other than building	22,076,348	51,803	-	22,128,151
Furniture and fixtures	20,190	-	-	20,190
Machinery and equipment	2,049,423	1,223,617	(13,094)	3,259,946
Fleet	14,222,846	3,111,755	(1,632,588)	15,702,013
Airspace easement	37,515	-	-	37,515
Right-to-use assets	109,148	-	-	109,148
Total other capital assets	59,928,401	4,418,290	(1,645,682)	62,701,009
Less accumulated depreciation/amortization for:				
Buildings	(12,221,419)	(612,086)	-	(12,833,505)
Improvements other than building	(14,369,061)	(1,437,237)	-	(15,806,298)
Furniture and fixtures	(20,189)	-	-	(20,189)
Machinery and equipment	(1,235,669)	(316,073)	13,094	(1,538,648)
Fleet	(9,148,768)	(1,376,205)	1,632,588	(8,892,385)
Airspace easement	(26,687)	(938)	-	(27,625)
Right-to-use assets	(26,371)	(30,634)	-	(57,005)
Total accumulated depreciation amortization	(37,048,164)	(3,773,173)	1,645,682	(39,175,655)
Other capital assets, net	22,880,237	645,117	-	23,525,354
Business-Type Activities Capital Assets, Net	$ 25,421,198	$ 703,435	$ -	$ 26,124,633
			Less associated debt	(54,828)
			Net Investment in Capital Assets	$ 26,069,805

Depreciation/amortization was charged to business-type functions as follows:

Airport	$	1,306,311
Solid waste		1,377,990
Golf course		725,402
Civic center		363,470
Total Business-Type Activities Depreciation/Amortization Expense	$	3,773,173

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

	Beginning Balance	Increases	Reclassifications (Decreases)	Ending Balance
Component Unit:				
Capital assets not being depreciated:				
Land and improvements	$ 41,856,107	$ 1,845,413	$ -	$ 43,701,520
Construction in progress	92,434,199	118,555,607	(133,370,857)	77,618,949
Total capital assets not being depreciated	134,290,306	120,401,020	(133,370,857)	121,320,469
Other capital assets				
Buildings	144,849,917	10,920,631	(13,990,000)	141,780,548
Infrastructure	741,856,851	107,489,295	(2,065,635)	847,280,511
Equipment	127,035,884	11,324,632	(211,049)	138,149,467
Wells and springs	2,163,985	1,790,887	-	3,954,872
Total other capital assets	1,015,906,637	131,525,445	(16,266,684)	1,131,165,398
Less accumulated depreciation for:				
Buildings	(36,501,655)	(3,674,795)	-	(40,176,450)
Infrastructure	(226,140,539)	(24,153,480)	11,468,127	(238,825,892)
Equipment	(55,602,097)	(6,534,726)	210,530	(61,926,293)
Wells and springs	(635,012)	(52,899)	-	(687,911)
Total accumulated depreciation	(318,879,303)	(34,415,900)	11,678,657	(341,616,546)
Other capital assets, net	697,027,334	97,109,545	(4,588,027)	789,548,852
Component Unit Capital Assets, Net	$ 831,317,640	$ 217,510,565	$ (137,958,884)	$ 910,869,321

Depreciation was charged to the NBU as follows:

Electric	$	12,526,914
Water		9,502,725
Wastewater		12,386,261
Total Component Unit Activities Depreciation Expense	$	34,415,900

D. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance		Amounts Due Within One Year
Governmental Activities:						
Bonds, notes, and other payables:						
General obligation bonds/notes	$ 231,165,000	$ -	$ (16,740,000)	$ 214,425,000		$ 15,610,000
Certificates of obligation	34,970,000	-	(2,065,000)	32,905,000		2,160,000
Contract revenue obligations	17,525,000	-	(1,500,000)	16,025,000		1,550,000
Bond premium	27,233,561	-	(1,999,781)	25,233,780		-
	310,893,561	-	(22,304,781)	288,588,780	**	19,320,000
Other liabilities:						
Note payable*	5,541,094	1,000,000	(2,863,469)	3,677,625	**	366,139
Net pension liability	24,733,864	27,010,422	-	51,744,286		-
Total OPEB liability - TMRS	2,180,207	-	(693,868)	1,486,339		-
Total OPEB liability - retiree benefits	5,213,601	648,577	-	5,862,178		-
Compensated absences	8,544,495	13,364,247	(7,690,046)	14,218,696		12,796,826
Total Governmental Activities	$ 357,106,822	$ 42,023,246	$ (33,552,164)	$ 365,577,904		$ 32,482,965
*Beginning balance has been restated.						
			Long-term debt due in more than one year	$ 333,094,939		
			**** Debt associated with capital assets**	$ 292,266,405		

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Leases payable	$ 82,048	$ -	$ (27,220)	$ 54,828	$ 27,350
Net pension liability	2,595,876	2,649,149	-	5,245,025	-
Total OPEB liability - TMRS	216,549	-	(68,054)	148,495	-
Total OPEB liability - retiree benefits	539,285	62,467	-	601,752	-
Compensated absences	342,251	386,121	(308,025)	420,347	378,312
Total Business-Type Activities	$ 3,776,009	$ 3,097,737	$ (403,299)	$ 6,470,447	$ 405,662
			Long-term debt due in more than one year	$ 6,064,785	

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Units:					
Bonds payable	$ 346,868,045	$ 40,120,970	$ (6,765,000)	$ 380,224,015	$ 8,045,000
Bond premium	27,983,170	-	(2,686,557)	25,296,613	-
Net pension liability	12,319,133	16,748,368	-	29,067,501	-
Compensated absences	2,567,085	1,906,168	(1,318,339)	3,154,914	2,092,014
Total Component Units	$ 389,737,433	$ 58,775,506	$ (10,769,896)	$ 437,743,043	$ 10,137,014
			Long-term debt due in more than one year	$ 427,606,029	

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

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

Governmental Activities:

Series	Final Maturity	Original Issue	Interest Rate	Balance
General Obligation Bonds/Notes				
2014 General Obligation Bonds	2034	$ 13,970,000	2.00-5.00%	8,920,000
2015 General Obligation and Refunding Bonds	2035	$ 29,260,000	2.00-5.00%	19,325,000
2016 General Obligation Refunding Bonds	2036	$ 37,360,000	2.00-5.00%	22,465,000
2017 General Obligation Refunding Bonds	2029	$ 5,255,000	1.91%	3,205,000
2018 General Obligation Bonds	2038	$ 21,620,000	3.00-5.00%	19,390,000
2018 Tax Note	2025	$ 3,000,000	2.78%	910,000
2018A Tax Note	2026	$ 2,300,000	2.35-2.87%	1,050,000
2019 General Obligation Bonds	2039	$ 19,985,000	2.00-5.00%	16,870,000
2020 General Obligation Bonds	2040	$ 47,770,000	3.00-5.00%	44,885,000
2020 Tax Note	2027	$ 1,675,000	2.00-4.00%	995,000
2020 General Obligation Refunding Bonds	2031	$ 10,100,000	3.00-4.00%	8,485,000
2021 Tax Note	2028	$ 2,835,000	2.00-3.00%	2,075,000
2021 General Obligation Bonds	2031	$ 27,140,000	2.00-5.00%	24,100,000
2021 General Obligation Refunding Bonds	2033	$ 21,785,000	2.00-5.00%	18,445,000
2022 Tax Note	2029	$ 9,415,000	4.00-5.00%	8,210,000
2022 General Obligation Bonds	2042	$ 15,695,000	3.50-5.00%	15,095,000
		Total General Obligation Bonds/Notes		214,425,000
Certificates of Obligation				
2014A Certificates of Obligation	2034	$ 6,845,000	2.00-5.00%	4,320,000
2014B Certificates of Obligation	2034	$ 3,280,000	2.00-5.00%	2,260,000
2015 Certificates of Obligation	2035	$ 5,395,000	2.00-5.00%	3,695,000
2018 Certificates of Obligation	2038	$ 8,120,000	2.00-5.00%	6,660,000
2019 Certificates of Obligation	2039	$ 4,755,000	2.00-5.00%	4,020,000
2020 Certificates of Obligation	2040	$ 14,470,000	3.00-5.00%	11,950,000
		Total Certificates of Obligation		32,905,000
Tax Increment Contract Revenue Obligations				
2012 Tax Increment Contract Revenue Improvement and Refunding Obligations	2032	$ 11,670,000	2.93%	6,190,000
2014 Tax Increment Contract Revenue Notes	2032	$ 17,000,000	3.68%	9,835,000
	Total Tax Increment Contract Revenue Obligations			16,025,000
		Total Governmental Activities Long-Term Debt		$ 263,355,000

Component Unit - NBU:

Series	Original Issue	Interest Rate	Balance
Revenue Bonds			
2004 Utility System Revenue - Capital Appreciation	$ 2,572,596	3.10-5.16%	$ 727,397
2015 Utility System Revenue	$ 23,940,000	2.00-4.00%	24,705,000
2016 Utility System Revenue and Refunding	$ 26,870,000	2.00-4.00%	56,445,000
2018 Utility System Revenue	$ 62,235,000	2.00-5.00%	36,990,000
2020 Utility System Revenue Refunding	$ 45,200,000	2.00-5.00%	81,370,000
2021 Utility System Revenue Refunding	$ 88,100,000	3.00-5.00%	66,250,000
2022 Utility System Revenue Refunding	$ 73,855,000	5.00%	72,765,000
2022A Utility System Revenue Bonds	$ 40,000,000	0.60-2.90%	39,750,000
		Total Revenue Bonds	379,002,397
	Total Accreted Interest on Capital Apprecation Bonds		1,221,619
		Total Component Unit - NBU	$ 380,224,016

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

	Governmental Activities						
Year Ending	General Obligation		Certificates of Obligation		Tax Increment Contract Revenue Obligations		
Sep. 30	Principal	Interest	Principal	Interest	Principal	Interest	Total
2024	$ 15,610,000	$ 7,958,019	$ 2,160,000	$ 1,261,513	$ 1,550,000	$ 543,295	$ 29,082,827
2025	16,630,000	7,228,910	2,245,000	1,167,789	1,605,000	490,830	29,367,529
2026	15,955,000	6,492,986	2,345,000	1,069,283	1,660,000	436,491	27,958,760
2027	15,595,000	5,796,584	2,445,000	965,719	1,715,000	380,241	26,897,544
2028	15,560,000	5,121,593	2,555,000	857,550	1,775,000	322,116	26,191,259
2029-2033	67,025,000	16,876,907	13,360,000	2,612,925	7,720,000	665,998	108,260,830
2034-2038	50,440,000	6,248,265	6,890,000	615,975	-	-	64,194,240
2039-2043	17,610,000	734,179	905,000	21,800	-	-	19,270,979
Total	$ 214,425,000	$ 56,457,443	$ 32,905,000	$ 8,572,553	$ 16,025,000	$ 2,838,971	$ 331,223,967

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

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

In November 2021, the Solms Landing Public Improvement District (PID) issued $8,828,000 of special assessment revenue bonds. This is not considered a debt of the City; however, the City presents a private-purpose trust fund to account for the servicing of this debt. At the end of the fiscal year, the principal balance on the debt was $8,670,000, which will be serviced with special assessment revenue collected within the PID.

The City entered into a ten-year note payable (the "Note") of $1,394,231 with an interest rate of 2.09% with a national bank on May 30, 2014. The proceeds of the Note were used to acquire capital assets by which the Note is secured. The City has also entered into various notes payable financing arrangements with interest rates that range from 0.00% to 2.25%. The annual requirements to amortize the note payables outstanding at year end were as follows:

Fiscal	Governmental Activities		
Year Ending Sep. 30	Principal	Interest	Total
2024	$ 366,139	$ 14,321	$ 380,460
2025	297,498	11,204	308,702
2026	299,205	9,498	308,703
2027	50,972	7,730	58,702
2028	552,804	5,898	558,702
2029-2033	2,111,007	6,037	2,117,044
			-
Total	$ 3,677,625	$ 54,688	$ 3,732,313

The City's golf course fund recognizes a lease related to equipment used in operation of the golf course. An initial lease liability was recorded in the amount of $109,148 during the fiscal year. As of September 30, 2023, the value of the lease liability was $54,828. The City is required to make annual principal and interest payments of $27,610. The lease has an interest rate of 2%. The equipment has a 4-year estimated useful life. The value of the right-to-use lease assets at the end of the current fiscal year was $82,777 and had accumulated amortization of $56,476.

The future principal and interest payments as of September 30, 2023 are as follows:

	Business-Type Activities		
Fiscal Year	Principal	Interest	Total
2024	$ 27,350	$ 260	$ 27,610
2025	27,478	131	27,610
	$ 54,828	$ 391	$ 55,219

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

	Bonds Payable		
Year Ending Sep. 30	Principal	Interest	Total
2024	$ 8,045,000	$ 15,177,664	$ 23,222,664
2025	8,245,020	14,856,164	23,101,184
2026	8,598,950	14,513,914	23,112,864
2027	8,875,045	14,157,054	23,032,099
2028	9,335,000	13,783,254	23,118,254
2029-2033	51,950,000	62,760,246	114,710,246
2034-2038	60,575,000	52,306,560	112,881,560
2039-2043	70,445,000	40,170,673	110,615,673
2044-2048	79,685,000	26,459,690	106,144,690
2049-2053	74,470,000	9,713,680	84,183,680
Total	$ 380,224,015	$ 263,898,899	$ 644,122,914

Federal Arbitrage

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

E. Interfund Receivables and Payables

Interfund balances at September 30, 2023 consisted of the following:

Receivable Fund	Payable Fund	Total
General	Nonmajor governmental	$ 36,646
General	Internal service	33,711
		$ 70,357

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

F. Interfund Transfers

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

	Transfers In	Transfers Out	Explanation
General	$ 133,122	$ -	Airport Fund - Admin Svcs
	43,270	-	Civic/Convention Center - Admin Svcs
	824,901	-	Solid Waste - Admin Svcs & Street Impact
	86,758	-	Golf Course - Admin Svcs
	47,201	-	Fire Apparatus Fund - Pumper replacement reimbursement
	-	104,169	Grant Fund - Cash match for grants
	-	3,500,000	2019 Bond Fund - Sports Complex
	-	59,059	EAHCP Fund
	-	125,000	Recreation Center Improvement Fund - Das Rec Payback
	-	15,000	Special Revenue Fund - Reclass FY19 Solms Landing PID fees
Total General Fund	1,135,252	3,803,228	
Hotel/Motel Tax	-	590,375	Debt Service
	-	355,800	Civic/Convention Center Fund
Total Hotel/Motel Tax Fund	-	946,175	
Debt Service	46,800	-	Fire Apparatus Replacement Maintenance Fund
	264,169	-	Airport - Debt Service
	380,044	-	Solid Waste - Debt Service
	100,000	-	Golf - Debt Service
	590,375	-	Hotel Motel Tax Fund - Civic/Convention Center
Total Debt Service Fund	1,381,388	-	
2019 Bond Program	3,500,000	-	General Fund - Sports Complex
Total 2019 Bond Program Fund	3,500,000	-	
Grant	104,169	-	General Fund - matching funds for grants
Total Grant Fund	104,169	-	
	-		
Special Revenue	70,831	55,831	General Fund - Reclass FY19 Solms Landing PID fees
Total Special Revenue	70,831	55,831	
Facilities Maintenance	-	99,910	Airport Fund - Ground Lease
Total Facilities Maintenance Fund	-	99,910	
NB Development Authority	4,898,684	-	Tax Increment Reinvestment Zone No. 1
Total NB Development Authority Fund	4,898,684	-	
Tax Increment Reinvestment Zone No. 1	-	4,898,684	NB Development Authority-pass through of TIRZ revenue and existing balance to NBDA to support debt service.
Total TIRZ No. 1 Fund	-	4,898,684	
River Activities	127,770	-	Solid Waste Fund - Litter Removal
Total River Activities Fund	127,770	-	

	Transfers In	Transfers Out	Explanation
Fire Apparatus Replacement Maintenance	$ -	$ 47,201	Reimburse GF for Pumper Truck
	-	46,800	Debt Service
Total Fire Apparatus Replacement Maintenance Fund	-	94,001	
Edwards Aquifer HCP	59,059	-	General Fund - administrative support
Total Edwards Aquifer HCP Fund	59,059	-	
Enterprise Maintenance	750,000	-	Solid Waste Fund
	22,500	-	Airport
	1,457	-	Golf
Total Enterprise Maintenance Fund	773,957	-	
Recreation Center Improvements	125,000	-	General Fund - Das Rec Payback
Total Recreation Center Improvements Fund	125,000	-	
Airport	99,910	-	Facilities Maintenance Fund - Airport land lease
	-	133,121	General Fund Admin costs
	-	22,500	Enterprise Equipment Replacement Fund
	-	264,169	Debt Service
Total Airport Fund	99,910	419,790	
Solid Waste	-	824,901	General Fund admin
	-	127,770	River fund - River Litter Removal
	-	750,000	Enterprise Equipment Replacement Fund
	-	380,044	Debt Service
Total Solid Waste Fund	-	2,082,715	
Golf Course	-	86,759	General Fund
	-	1,457	Enterprise Equipment Replacement Fund
	-	100,000	Debt Service
Total Golf Course Fund	-	188,216	
Civic/Convention Center	355,800	-	Hotel/Motel Tax Fund
	-	43,270	General Fund
Total Civic/Convention Center Fund	355,800	43,270	
	$ 12,631,820	$ 12,631,820	

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

IV. OTHER INFORMATION

A. Risk Management

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

The City's health insurance program is a self-insured minimum premium cash flow plan (the "Plan"). The City makes pre-determined monthly contributions to the Plan to fully cover the cost of employee-only coverage. The City and each covered employee make a pre-determined monthly contribution to the Plan if they cover one or more dependents. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the Plan, and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for each claim processed. Funding covers both the cost of claims and administrative expenses. The City paid $6,585,258 in health claims and paid $948,901 for administrative costs for the year ended September 30, 2023. The City contributed $8,000,390 and City employees contributed $1,042,242 to the Plan for the year ended September 30, 2023.

The transactions of the Plan are reported in the City's internal service fund. The City pays a specified monthly amount for each employee and a portion of an employee's dependent coverage which averages to approximately $793. The largest portion of this amount is dedicated to the direct payment of claims. The remaining part of the monthly amount is dedicated to the payments of administrative fees and commercial insurance for excess claims. The commercial insurance coverage becomes effective when the claims exceed the maximum amount per employee.

Estimated health claims that have been incurred but not reported are accrued at year end. The estimated liability for health claims is $630,644 at September 30, 2023. The estimated liability for health claims is based upon historical claims experience.

The changes in the claim liability for the years ended September 30, 2023 and 2022 are as follows:

	2023	2022
Claims payable, beginning of year	$ 691,641	$ 1,049,641
Plus: incurred claims	6,585,258	5,832,255
Less: claims paid	(6,646,255)	(6,190,255)
Claims Payable, End of Year	$ 630,644	$ 691,641

B. Contingent Liabilities

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

At September 30, 2023, the City is involved in various lawsuits. These lawsuits generally involve claims relating to general liability, automobile liability, civil rights actions, and various contractual matters. In the opinion of management, any liability resulting from such litigation would not have a material adverse effect on the City's financial statements.

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

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 909 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed

Board of Trustees (the "Board"); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at tmrs.com.

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

Benefits Provided

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

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

	2023	2022
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	334
Inactive employees entitled to, but not yet receiving, benefits	430
Active employees	729
Total	1,493

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.05% and 17.17% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were $8,665,644, which were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global public equity	35%	7.7%
Core fixed income	6%	4.9%
Non-core fixed income	20%	8.7%
Other public and private markets	12%	8.1%
Real estate	12%	5.8%
Hedge funds	5%	6.9%
Private equity	10%	11.8%
Total	100%	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, TMRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	$ 9,191,722	$ -	$ 9,191,722
Interest	14,948,539	-	14,948,539
Changes in current period benefits	-	-	-
Difference between expected and actual experience	3,623,841	-	3,623,841
Changes in assumptions	-	-	-
Contributions - employer	-	8,665,644	(8,665,644)
Contributions - employee	-	3,555,531	(3,555,531)
Net investment income	-	(14,140,250)	14,140,250
Benefit payments, including refunds of employee contributions	(7,615,018)	(7,615,018)	-
Administrative expense	-	(122,128)	122,128
Other changes	-	145,735	(145,735)
Net Changes	20,149,084	(9,510,487)	29,659,571
Balance at December 31, 2021	220,671,492	193,341,752	27,329,740
Balance at December 31, 2022	$ 240,820,576	$ 183,831,265	$ 56,989,311

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	$ 95,170,406	$ 56,989,311	$ 25,998,843

Pension Plan Fiduciary Net Position

Detailed information about the TMRS fiduciary net position is available in the schedule of changes in fiduciary net position, by participating City. That report may be obtained at www.tmrs.com.

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of $13,080,001.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 6,030,847	$ -
Changes in actuarial assumptions	158,767	-
Difference between projected and actual investment earnings	12,679,163	-
Contributions subsequent to the measurement date	7,023,594	-
Total	$ 25,892,371	$ -

$7,023,594 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2024	$ 2,944,383
2025	4,914,032
2026	4,768,346
2027	6,242,016
Thereafter	-
Total	$ 18,868,777

D. Other Postemployment Benefits

1. TMRS Supplemental Death Benefits

Plan Description

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

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 GASB 75. As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	273
Inactive employees entitled to, but not yet receiving, benefits	110
Active employees	729
Total	1,112

Total OPEB Liability

The City's total OPEB liability of $1,634,834 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of 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 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 and 2024 rates as determined in the December 31, 2021 and December 31, 2022 actuarial valuations, respectively.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 137,190
Interest	44,988
Differences between expected and actual experience	(29,190)
Changes of assumptions	(874,261)
Benefit payments*	(40,649)
Net Changes	(761,922)
Beginning balance	2,396,756
Ending Balance	$ 1,634,834

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

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

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

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

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

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City's Total OPEB Liability	$ 1,967,660	$ 1,634,834	$ 1,376,426

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

For the fiscal year ended September 30, 2023, the City recognized TMRS OPEB expense of $125,585.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 365,509	$ 769,699
Changes in assumptions	-	92,346
Contributions subsequent to the measurement date	36,816	-
Total	$ 402,325	$ 862,045

$36,816 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2024.

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

Year Ended September 30	OPEB Expense Amount
2024	$ (58,948)
2025	(72,014)
2026	(60,236)
2027	(104,211)
2028	(134,209)
Thereafter	(66,918)
Total	$ (496,536)

2. Retiree Health Plan

Plan Description

The City provides post-retirement medical, dental, vision, and life insurance benefits on behalf of its eligible retirees. GASB 75 requires public employers to preform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of the employer.

Benefits

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

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

Total OPEB Liability

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

Actuarial Assumptions and Other Inputs

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	5.00%
Discount rate	4.75%
Prior year discount rate	4.59%

The discount rate was based on an average of the September 30, 2022 S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 239,370
Interest	274,816
Changes of assumptions	(44,728)
Differences between expected and actual experience	251,551
Benefit payments	(9,965)
Net Changes	711,044
Beginning balance	5,752,886
Ending Balance	$ 6,463,930

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

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

	1% Decrease in Discount Rate (3.75%)	Discount Rate (4.75%)	1% Increase in Discount Rate (5.75%)
City's Total OPEB Liability	$ 7,328,828	$ 6,463,930	$ 5,715,120

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's Total OPEB Liability	$ 5,584,132	$ 6,463,930	$ 7,510,599

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

For the fiscal year ended September 30, 2023, the City recognized retiree OPEB expense of $1,384,595.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 529,206	$ 29,818
Changes in actuarial assumptions	181,620	4,364,593
Total	$ 710,826	$ 4,394,411

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

Year Ended September 30	OPEB Expense
2024	(1,898,781)
2025	(1,784,804)
2026	-
2027	-
2028	-
Thereafter	-
Total	$ (3,683,585)

Aggregate OPEB Expense

The total OPEB expense for both the TMRS SBDF and Retiree Health plans for fiscal year 2023 was $1,510,180.

E. New Braunfels Utilities Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	145
Inactive employees entitled to, but not yet receiving, benefits	115
Active employees	349
Total	609

Contributions

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

Employees of NBU were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for NBU were 18.4% and 17.8% in calendar years 2023 and 2022, respectively. NBU's contributions to TMRS for the years ended July 31, 2023 and 2022 were $5,424,316 and $4,774,121, respectively, and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with both male and female rates multiplied by 107.5%. The rates are projected on a fully generational basis by scale BB to account for future Mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables are used with slight adjustments.

Actuarial assumptions used in the December 31, 2021 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global public equity	35.00%	7.70%
Core fixed income	6.00%	4.90%
Non-core fixed income	20.00%	8.70%
Other public and private markets	12.00%	8.10%
Real estate	12.00%	5.80%
Hedge funds	5.00%	6.90%
Private equity	10.00%	11.80%
Total	100.00%	

Discount Rate

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

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	$ 4,870,192	$ -	$ 4,870,192
Interest	7,974,728	-	7,974,728
Changes in current period benefits	-	-	-
Difference between expected and actual experience	3,043,437	-	3,043,437
Changes in assumptions	-	-	-
Contributions - employer	-	4,886,836	(4,886,836)
Contributions - employee	-	1,942,527	(1,942,527)
Net investment income	-	(7,702,247)	7,702,247
Benefit payments, including refunds of employee contributions	(4,079,746)	(4,079,746)	-
Administrative expense	-	-	-
Other changes	-	12,873	(12,873)
Net Changes	11,808,611	(4,939,757)	16,748,368
Balance at December 31, 2021	117,748,902	105,429,769	12,319,133
Balance at December 31, 2022	$ 129,557,513	$ 100,490,012	$ 29,067,501

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
NBU's Net Pension Liability	$ 48,211,209	$ 29,067,501	$ 13,413,267

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended July 31, 2022, NBU recognized pension expense of $7,490,502.

At July 31, 2023, NBU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual economic experience	$	6,601,445	$	-
Changes in actuarial assumptions		64,855		-
Difference between projected and actual investment earnings		6,860,208		-
Contributions subsequent to the measurement date		3,228,438		-
Total	$	16,754,946	$	-

NBU contributions of $3,228,438 made subsequent to the measurement date of December 31, 2022, as shown in the table above, are included as part of pension deferred outflows in the Statement of Net Position. These contributions will be recognized as a reduction of the net pension liability for the year ending July 31, 2024. The remaining net amount of $13,525,508 is comprised the deferred outflows of resources $6,666,300 consisting of the difference between expected and actual economic experience, and the deferred outflows of $6,859,208 resulting from differences between projected and actual investment earnings. This amount will be recognized in pension expense as follows:

Fiscal Year Ended July 31		Pension Expense
2023	$	2,217,621
2024		3,333,252
2025		3,252,446
2026		4,153,648
2027		519,654
Thereafter		49,887
Total	$	13,526,508

F. New Braunfels Utilities Supplemental Death Benefit Fund

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

Benefits - The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other post-employment benefit," or OPEB.

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

NBU's contributions for 2023, 2022, and 2021 were $63,962, $42,737, and $38,39, respectively, and equaled the required contributions for those years. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions was deemed not material and has no impact on NBU's financial reporting. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions was deemed not material and has no impact on NBU's financial reporting.

G. Tax Abatements

1. Chapter 378 Neighborhood Empowerment Zone Agreement

Chapter 378 of the Texas Local Government Code, *Neighborhood Empowerment Zone*, provides the authority to the governing body of a municipality to create a Neighborhood Empowerment Zone that would promote an increase in economic development in the municipality. The City has entered into a property tax abatement agreement (the "Agreement") with a company (the "Company") as authorized by Chapter 378 of the Texas Local Government Code. Under the Agreement, the Company agrees to establish a customer contact center that will employ 120 people by the end of the first year of operation and will employ at least 343 people by the end of the tenth year of operation. In exchange, the City will pay the Company 50 percent of the sales tax revenue received by the City which is connected to the Company's business activities within the City starting on the date outlined in the Agreement for a period of 10 years. This agreement expired November 30, 2021.

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

	Sales Tax Reconciliation		
	General	Economic Dev. Corporation	Total
Payments from Comptroller	$ 33,208,710	$ 11,069,571	$ 44,278,281
TIRZ - Abatement Payments	(6,809)	(1,307,898)	(1,314,707)
Net Sales Tax Collected	$ 33,201,901	$ 9,761,673	$ 42,963,574

2. Chapter 380 Economic Development Agreement

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

Property Taxes

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

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

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

- The Developer agrees to construct a manufacturing facility of approximately 240,000 square-feet for the purpose of promoting economic development in the City and stimulating business and commercial activity. The City has granted the Developer a tax limitation for a period of 15 years. In order to be eligible to receive the limitation, the Developer agrees to make an investment of $80 million that increases total taxable assessed value of at least $35 million by January 2017 and $50 million by January 2018. In addition, the Developer must meet certain employment conditions. The City will make annual payments to the Developer from property tax revenues at an amount equal to 80 percent, 60 percent, and 50 percent of total taxable assessed value for years one through five, six through eight, and nine through fifteen, respectively. For the years ending September 30, 2023 and 2022, the total amount of taxes abated were $212,620 and $289,097 respectively.

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

	Property Tax Reconciliation		
	Maintenance and Operations	Interest and Sinking	Total
Property Taxes Collected*			
Current	$ 24,906,777	$ 25,316,223	$ 50,223,000
Delinquent	107,468	86,280	193,748
Penalties and Interest	130,552	133,189	263,741
Protest Adjustments	(35,823)	(36,547)	(72,370)
Property Taxes Collected	$ 25,108,974	$ 25,499,145	$ 50,608,119
Less: Adjustments**	(1,200,501)	(1,209,632)	(2,410,133)
Net Property Taxes Collected	$ 23,908,473	$ 24,289,513	$ 48,197,986

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

H. Intergovernmental Revenue

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

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

I. Restatement

The City has restated beginning assets, accumulated deprecation and liabilities for a transaction related to a building purchased from NBU in fiscal year 2020. The detail for the restatement to governmental activities is detailed below:

	Governmental Activities
Beginning net position - as reported	$ 68,208,303
Capital assets	10,180,000
Accumulated deprecation	(678,667)
Note payable	(5,000,000)
Beginning Net Position - Restated	$ 72,709,636

J.Subsequent Event

On October 4, 2023, the City issued $9,660,000 of combination tax and revenue certificates of obligation, Series 2023 (the "Certificates"). The proceeds from the issuance will be used for the construction, improvement, design, and acquisition, including land for park and recreational facilities to include the Sports Field Complex, and the payment of professional services for this construction. The Certificates will mature in 2033 and carry an interest rate ranging from 3.32% to 3.55%.

On October 4, 2023, the City issued $38,015,000 of general obligation and refunding bonds, Series 2023 (the "Bonds"). Proceeds from the sale of the Bonds will be used for the purpose of (i) providing street improvements; (ii) constructing, acquiring, improving, renovating, developing, and equipping land and buildings for park and recreational purposes, parkland, and other costs to include Mission Hill Park; (iii) constructing, renovating, improving, and equipping existing and/or additional City library facilities including acquisition of any necessary sites and related water, wastewater, drainage, streets, sidewalks, parking infrastructure, and other related costs to include a Southeast Library Branch; (iv) refunding certain maturities of the City's currently outstanding obligations relating to the Series 2014 general obligation bonds, as well as the Series 2014A combination tax and limited pledge revenue certificates of obligation. The Bonds will mature in 2043 and carry an interest rate ranging from 3.48% to 5.00%.

On October 4, 2023, the City issued $1,960,000 of tax notes, Series 2023 (the "Notes"). Proceeds from the sale of the Notes will be used for the purpose of paying contractual obligations of the City to be incurred for (i) acquisition and installation of vehicles and equipment for (1) the City's Public Works, Planning and Development Services and Parks and Recreation departments and (2) public safety, including the police and fire departments, and (ii) paying the professional services associated with the issuance of the Notes. The Notes will mature in 2030 and carry an interest rate of 5.00%.

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REQUIRED SUPPLEMENTARY INFORMATION

City of New Braunfels, Texas

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

GENERAL FUND

For the Year Ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Ad valorem	$ 23,810,142	$ 23,810,142	$ 23,908,473	$ 98,331
Sales	31,519,912	31,519,912	33,201,900	1,681,988
Franchise fees and other taxes	13,312,634	13,312,634	13,493,883	181,249
Licenses and permits	5,232,750	5,232,750	6,673,441	1,440,691
Intergovernmental	50,000	50,000	19,922	(30,078)
Fines and forfeitures	1,135,500	1,135,500	1,072,529	(62,971)
Investment earnings	400,000	400,000	3,012,005	2,612,005
Parks and recreation	4,743,107	4,743,107	5,522,270	779,163
Miscellaneous	3,299,126	3,299,126	4,077,962	778,836
Charges for services	5,068,500	5,068,500	5,418,472	349,972
Total Revenues	88,571,671	88,571,671	96,400,857	7,829,186
Expenditures				
General government:				
City council	36,325	52,025	51,923	102
City attorney	1,098,303	1,143,203	1,142,995	208
City administration	6,909,312	6,809,513	6,770,346	39,167
Human resources	1,289,231	1,306,231	1,305,706	525
Nondepartmental	2,840,500	3,314,831	3,311,815	3,016
Finance	1,639,600	1,889,600	1,619,218	270,382
Planning and development services	4,232,790	5,020,967	4,940,728	80,239
Public safety:				
Police	26,193,640	29,226,870	29,226,780	90
Fire	24,809,736	25,336,160	25,309,726	26,434
Public works	11,763,175	11,690,725	11,639,705	51,020
Parks and recreation	10,441,596	10,201,807	10,175,390	26,417
Library	2,977,936	3,022,899	3,018,486	4,413
Total Expenditures	94,232,144	99,014,831	98,512,818	502,013
(Deficiency) of Revenues (Under) Expenditures	(5,660,473)	(10,443,160)	(2,111,961)	8,331,199

City of New Braunfels, Texas

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

For the Year Ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Transfers in	$ 1,135,253	$ 4,635,253	$ 1,135,252	$ (3,500,001)
Transfers (out)	(5,978,910)	(7,404,910)	(3,803,228)	3,601,682
Loan proceeds	-	750,000	750,000	-
Sale of capital assets	-	75,000	458,088	383,088
Total Other Financing Sources (Uses)	(4,843,657)	(1,944,657)	(1,459,888)	484,769
Net Change in Fund Balance	$ (10,504,130)	$ (12,387,817)	(3,571,849)	$ 8,815,968
Beginning fund balance			44,973,563	
Ending Fund Balance			$ 41,401,714	

Notes to Required Supplementary Information:

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

City of New Braunfels, Texas

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

GRANTS FUND

For the Year Ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 15,474,719	$ 15,474,719	$ 2,267,598	$ (13,207,121)
Investment earnings	-	-	43,918	43,918
Other contributions	-	-	197,245	197,245
Total Revenues	15,474,719	15,474,719	2,508,761	(12,965,958)
Expenditures				
Current:				
General government	10,995,314	10,995,314	2,108,026	8,887,288
Public saftey	1,106,781	1,106,781	259,002	847,779
Parks and recreation	750,000	750,000	11,856	738,144
Library	16,927	16,927	5,993	10,934
Airport	109,577	109,577	71,993	37,584
Total Expenditures	12,978,599	12,978,599	2,456,870	10,521,729
Excess of Revenues Over Expenditures	2,496,120	2,496,120	51,891	(2,444,229)
Other Financing Sources (Uses)				
Transfers in	160,000	160,000	104,169	(55,831)
Total Other Financing Sources	160,000	160,000	104,169	(55,831)
Net Change in Fund Balance	$ 2,656,120	$ 2,656,120	156,060	$ (2,500,060)
Beginning fund balance			42,108	
Ending Fund Balance			$ 198,168	

Notes to Required Supplementary Information:

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

City of New Braunfels, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HOTEL/MOTEL TAX FUND

For the Year Ended September 30, 2023

	Original Budgeted Amounts	Final Budgeted Amounts	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 5,367,278	$ 5,367,278	$ 4,894,300	$ (472,978)
Investment earnings	150	150	41,761	41,611
Miscellaneous	-	-	1,502	1,502
Total Revenues	5,367,428	5,367,428	4,937,563	(429,865)
Expenditures				
Current:				
General government	4,407,503	4,407,503	3,412,313	995,190
Total Expenditures	4,407,503	4,407,503	3,412,313	995,190
Excess of Revenues Over Expenditures	959,925	959,925	1,525,250	565,325
Other Financing Sources (Uses)				
Transfers (out)	(1,220,375)	(1,220,375)	(946,175)	274,200
Total Other Financing (Uses)	(1,220,375)	(1,220,375)	(946,175)	274,200
Net Change in Fund Balance	$ (260,450)	$ (260,450)	579,075	$ 839,525
Beginning fund balance			3,887,182	
Ending Fund Balance			$ 4,466,257	

Notes to Required Supplementary Information:

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

City of New Braunfels, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2023

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

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

Measurement Year*				
2018	2019	2020	2021	2022
$ 7,075,714	$ 7,548,546	$ 8,207,720	$ 8,444,367	$ 9,191,722
10,661,364	11,540,144	12,604,862	13,696,706	14,948,539
227,139	1,420,919	1,661,149	3,350,245	3,623,841
-	615,649	-	-	-
(4,810,400)	(5,552,933)	(5,809,554)	(7,023,616)	(7,615,018)
13,153,817	15,572,325	16,664,177	18,467,702	20,149,084
156,813,471	169,967,288	185,539,613	202,203,790	220,671,492
$ 169,967,288	$ 185,539,613	$ 202,203,790	$ 220,671,492	$ 240,820,576
$ 6,539,492	$ 7,026,523	$ 7,636,802	$ 7,857,115	$ 8,665,664
2,719,934	2,901,000	3,172,560	3,252,382	3,555,531
(3,794,347)	19,681,894	11,484,015	21,870,293	(14,140,250)
(4,810,400)	(5,552,933)	(5,809,554)	(7,023,616)	(7,615,018)
(73,269)	(111,060)	(74,206)	(101,026)	(122,128)
(3,829)	(3,337)	(2,895)	692	145,735
577,581	23,942,087	16,406,722	25,855,840	(9,510,466)
126,559,522	127,137,103	151,079,190	167,485,912	193,341,752
$ 127,137,103	$ 151,079,190	$ 167,485,912	$ 193,341,752	$ 183,831,286
$ 42,830,185	$ 34,460,423	$ 34,717,878	$ 27,329,740	$ 56,989,290
74.80%	81.43%	82.83%	87.62%	76.34%
$ 38,856,198	$ 41,430,000	$ 45,321,482	$ 46,423,126	$ 50,811,068
110.23%	83.18%	76.60%	58.87%	112.16%

City of New Braunfels, Texas
New Braunfels Utilities
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - NEW BRAUNFELS UTILITIES
For the Year Ended July 31, 2023

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

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

Measurement Year*			
2019	2020	2021	2022
$ 3,421,657	$ 4,031,193	$ 4,465,895	$ 4,870,192
6,104,485	6,625,838	7,191,514	7,974,728
-	-	-	-
1,260,367	1,586,860	4,166,579	3,043,437
205,839	-	-	-
(3,751,212)	(3,395,518)	(4,766,188)	(4,079,746)
7,241,136	8,848,373	11,057,800	11,808,611
90,601,592	97,842,728	106,691,102	117,748,902
$ 97,842,728	$ 106,691,102	$ 117,748,902	$ 129,557,513
$ 3,502,065	$ 3,946,380	$ 4,578,667	$ 4,886,836
1,407,263	1,604,227	1,794,562	1,942,527
11,028,572	6,336,072	11,986,679	(7,702,247)
(3,751,212)	(3,395,518)	(4,766,188)	(4,079,746)
(62,302)	(40,984)	(55,428)	(66,597)
(1,871)	(1,599)	380	79,470
12,122,515	8,448,578	13,538,672	(4,939,757)
71,320,004	83,442,519	91,891,097	105,429,769
$ 83,442,519	$ 91,891,097	$ 105,429,769	$ 100,490,012
$ 14,400,209	$ 14,800,005	$ 12,319,133	$ 29,067,501
85.28%	86.13%	89.54%	77.56%
$ 20,103,751	$ 22,917,524	$ 25,636,594	$ 27,750,383
71.63%	64.58%	48.05%	104.75%

CITY OF NEW BRAUNFELS, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2023

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

Notes to Required Supplementary Information:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 Years (Longest amortization ladder)
Asset valuation method	10 year smoothed market , 12.00% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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

Fiscal Year					
2018	**2019**	**2020**	**2021**	**2022**	**2023**
$ 6,439,837	$ 6,937,744	$ 7,429,745	$ 7,753,182	$ 8,326,013	$ 8,665,644
6,439,837	6,937,744	7,429,745	7,753,182	8,326,013	8,665,644
$ -	$ -	$ -	$ -	$ -	$ -
$ 38,208,179	$ 40,641,797	$ 43,646,238	$ 45,447,930	$ 48,929,783	$ 50,811,068
16.85%	17.07%	17.02%	17.06%	17.02%	17.05%

City of New Braunfels, Texas
New Braunfels Utilities

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM - NEW BRAUNFELS UTILITIES

For the Year Ended July 31, 2023

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

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

Notes to Required Supplementary Information:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 Years (Longest amortization ladder)
Asset valuation method	10 year smoothed market, 12.00% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the participant's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 – December 31, 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

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

Fiscal Year*							
2020		2021		2022		2023	
$	3,776,143	$	4,333,080	$	4,731,381	$	5,360,354
	3,811,074		4,371,468		4,774,121		5,424,316
$	(34,931)	$	(38,388)	$	(42,740)	$	(63,962)
$	21,832,301	$	24,621,104	$	26,710,661	$	29,942,959
	17.46%		17.75%		17.87%		18.12%

City of New Braunfels, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE BENEFITS PROGRAM

For the Year Ended September 30, 2023

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

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

Notes to Required Supplementary Information:

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

2. Changes of Assumptions:
Changes of assumptions reflect a change in the discount rate from 4.59% as of September 30, 2022 to 4.75% as of September 30, 2023.

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

Measurement Year*	
2021	2022
$ 590,331	$ 239,370
298,003	274,816
873,734	(44,728)
(8,288,715)	251,551
(61,412)	(9,965)
(6,588,059)	711,044
12,340,945	5,752,886
$ 5,752,886	$ 6,463,930
$ 40,551,080	$ 42,578,634
14.19%	15.18%

City of New Braunfels, Texas

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

For the Year Ended September 30, 2023

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

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

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Discount rate	4.05%
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of 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 a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements

3. Other Information:

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial study for the period December 31, 2014 to December 31, 2018.

There were no benefit changes during the year.

Measurement Year*	
2021	2022
$ 120,700	$ 137,190
45,051	44,998
(20,677)	(29,190)
78,072	(874,271)
(37,139)	(40,649)
186,007	(761,922)
2,210,749	2,396,756
$ 2,396,756	$ 1,634,834
$ 46,423,126	$ 50,811,068
5.16%	3.22%

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