

(See: "OTHER PERTINENT INFORMATION-Rating", "BOND INSURANCE" and  
"BOND INSURANCE GENERAL RISKS" herein)**OFFICIAL STATEMENT**  
July 21, 2025

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

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

**\$8,940,000****CITY OF JOURDANTON, TEXAS****(A political subdivision of the State of Texas located in Atascosa County, Texas)****COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025****Dated Date: July 1, 2025****Due: February 1, as shown on inside cover**

The \$8,940,000 City of Jourdanton, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, and an ordinance (the "Ordinance") adopted by the City Council of the City of Jourdanton, Texas (the "City" or the "Issuer") on July 21, 2025. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct and general obligations of the Issuer payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of the currently outstanding Junior Lien Obligations and Subordinate Lien Obligations, and any Prior Lien Obligations, Additional Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Limited Pledge Obligations (identified and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner provided in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Additional Junior Lien Obligations, Additional Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise (See "THE CERTIFICATES - Security for Payment" and "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations" herein.)

Interest on the Certificates will accrue from July 1, 2025 (the "Dated Date") as shown above and will be payable on February 1 and August 1 of each year, commencing February 1, 2026, until the earlier of stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent Registrar to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, demolishing, constructing, renovating, improving, reconstructing, restructuring and extending streets and thoroughfares and related land and right-of-way sidewalks, streetscapes, collectors, drainage, landscape, signage, acquiring lands and rights-of-way necessary thereto or incidental therewith; (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)



The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued by BUILD AMERICA MUTUAL ASSURANCE COMPANY (See "BOND INSURANCE" herein).

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

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The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, San Antonio, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on, or attached to, the Certificates. (See "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" and "APPENDIX C – Form of Legal Opinion of Bond Counsel" herein.) It is expected that the Certificates will be available for initial delivery through DTC on or about August 13, 2025.

**\$8,940,000**  
**CITY OF JOURDANTON, TEXAS**  
(A political subdivision of the State of Texas located in Atascosa County, Texas)  
**COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025**

**MATURITY SCHEDULE**  
**(Due February 1)**

CUSIP Prefix No. 481117<sup>(1)</sup>

Stated					Stated				
Maturity	Principal	Interest	Initial	CUSIP	Maturity	Principal	Interest	Initial	CUSIP
<u>2/1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>No. Suffix</u> <sup>(1)</sup>	<u>2/1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>No. Suffix</u> <sup>(1)</sup>
2026	\$ 100,000	6.000%	3.000%	JK6	2036	\$ 465,000	4.000%	4.000%	JV2
2027	200,000	6.000%	3.000%	JL4	2037	485,000	4.125%	4.125%	JW0
2028	295,000	6.000%	3.050%	JM2	2038	505,000	4.125%	4.150%	JX8
2029	315,000	6.000%	3.050%	JN0	2039	525,000	4.250%	4.250%	JY6
2030	335,000	6.000%	3.150%	JP5	2040	550,000	4.250%	4.300%	JZ3
2031	355,000	6.000%	3.250%	JQ3	2041	575,000	4.375%	4.400%	KA6
2032	380,000	6.000%	3.400%	JR1	2042	600,000	4.500%	4.500%	KB4
2033	400,000	6.000%	3.500%	JS9	2043	630,000	4.500%	4.600%	KC2
2034	425,000	6.000%	3.650%	JT7	2044	660,000	4.625%	4.650%	KD0
2035	450,000	4.000%	3.850% <sup>(2)</sup>	JU4	2045	690,000	4.625%	4.700%	KE8

**(Interest to accrue from Dated Date)**

The Issuer reserves the right to redeem the Certificates maturing on or after February 1, 2035, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on February 1, 2034, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)

<sup>(1)</sup> CUSIP numbers are included solely for the convenience of the owner of the Certificates. CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor, or the Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

<sup>(2)</sup> Yield calculated based on the assumption that the Certificates denoted and sold at premium will be redeemed on February 1, 2034, the earliest date of redemption for the Certificates, at a price of par plus accrued interest to the date of redemption.

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**CITY OF JOURDANTON TEXAS  
1604 SH 97 E  
Jourdanton, Texas 78026  
Telephone: (210) 619-1000**

**ELECTED OFFICIALS**

Name	Years Served	Term Expires (November)
Robert A. Williams Mayor	12	2026
Chester Gonzales Mayor Pro-Tem	8	2026
Karen Pesek Councilmember	10	2025
Pamela Manning Councilmember	2	2025
Raul Morales Councilmember	16	2026
Katrina Wiatrek Councilmember	2	2025

**ADMINISTRATION**

Name	Position	Length of Service at the City
Debbie Molina	City Manager	30
Melissa Gonzalez	City Secretary	1
Jessica Martinez	Financial Analyst	1

**CONSULTANTS AND ADVISORS**

**Bond Counsel** .....Norton Rose Fulbright US LLP  
San Antonio, Texas

**Certified Public Accountants** .....Garza/Gonzales & Associates, LLC  
San Antonio, Texas

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

***For Additional Information Please Contact:***

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## USE OF INFORMATION IN THE OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained are 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 Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the 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 Purchaser has provided the following statement for inclusion in this Official Statement. The Purchaser has reviewed the information in this Official Statement in accordance with, and a part of, its responsibility to investors under the federal securities laws applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

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

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

None of the City, the Financial Advisors or the Purchaser makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company (“DTC”) or its Book-Entry-Only System or the Bond Insurer, and its municipal bond insurance policy described herein under the heading “BOND INSURANCE” as such information is provided by DTC and the Bond Insurer respectively.

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

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “Bond Insurance” and “APPENDIX E - Specimen Municipal Bond Insurance Policy.

## TABLE OF CONTENTS

<b>COVER PAGE</b> .....	1	<b>INVESTMENT POLICIES</b> .....	16
<b>ELECTED AND APPOINTED OFFICIALS</b> .....	3	<b>CONVENING OF TEXAS LEGISLATURE</b> .....	17
<b>USE OF INFORMATION IN THE OFFICIAL STATEMENT</b> .....	4	<b>AD VALOREM PROPERTY TAXATION</b> .....	18
<b>SELECTED DATA FROM THE OFFICIAL STATEMENT</b> .....	5	<b>THE PROPERTY TAX CODE AS APPLIED TO THE CITY</b> .....	22
<b>INTRODUCTORY STATEMENT</b> .....	7	<b>TAX MATTERS</b> .....	22
<b>THE CERTIFICATES</b> .....	7	<b>CONTINUING DISCLOSURE OF INFORMATION</b> .....	24
<b>REGISTRATION, TRANSFER AND EXCHANGE</b> .....	11	<b>LEGAL MATTERS</b> .....	26
<b>BOOK-ENTRY-ONLY SYSTEM</b> .....	12	<b>FORWARD LOOKING STATEMENTS</b> .....	27
<b>BOND INSURANCE</b> .....	14	<b>OTHER PERTINENT INFORMATION</b> .....	27
<b>BOND INSURANCE GENERAL RISKS</b> .....	15		

Financial Information Relating to the City of Jourdanton, Texas .....	Appendix A
General Information Regarding the City of Jourdanton and Atascosa County, Texas.....	Appendix B
Form of Legal Opinion of Bond Counsel .....	Appendix C
Excerpts from the Issuer’s Audited Financial Statements for the Year Ended September 30, 2024.....	Appendix D
Specimen Municipal Bond Insurance Policy.....	Appendix E

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

## SELECTED DATA FROM THE OFFICIAL STATEMENT

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

<b>The Issuer</b>	The City of Jourdanton, Texas (the "City" or the "Issuer"), a municipal corporation and political subdivision of the State of Texas, was originally incorporated in 1910. The City operates under Council/Manager form of government, as a Type A municipality, with a Mayor and five-member City Council. The City comprises 3.5 Square miles and is about 35 miles from San Antonio. (See "APPENDIX B –General Information Regarding the City of Jourdanton, Texas and Atascosa County, Texas" herein.)
<b>The Certificates</b>	The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, an ordinance (the "Ordinance") adopted by the City Council of the City, on July 21, 2025. (See "THE CERTIFICATES - Authority for Issuance" herein.)
<b>Paying Agent/Registrar</b>	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
<b>Security</b>	The Certificates constitute direct and general obligations of the City payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are additionally secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Limited Pledge Obligations (identified and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner provided in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise (See "THE CERTIFICATES – Security for Payment" and "AD VALOREM PROPERTY TAXATION – Debt Tax Rate Limitations" herein).
<b>Redemption Provisions of the Certificates</b>	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on or after February 1, 2035, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2034, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)
<b>Tax Matters</b>	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income of the owners thereof for purposes of federal income taxation under existing statutes, regulations, published rulings and court decisions, subject to matters discussed herein under "TAX MATTERS", and will not be included in calculating the alternative minimum taxable income of the owners thereof who are individuals. (See "TAX MATTERS" and "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein.)
<b>Qualified Tax-Exempt Obligations</b>	The Issuer has designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS – Qualified Tax-Exempt Obligations" herein.)

**Use of Certificate Proceeds**

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, demolishing, constructing, renovating, improving, reconstructing, restructuring and extending streets and thoroughfares and related land and right-of-way sidewalks, streetscapes, collectors, drainage, landscape, signage, acquiring lands and rights-of-way necessary thereto or incidental therewith; (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

**Rating**

The Certificates are rated "AA" (stable outlook) by S&P Global Ratings, a division of S&P Global ("S&P"), by virtue of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company. S&P has assigned an underlying, unenhanced rating of "A" to the Certificates without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from S&P. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)

**Bond Insurance**

The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by Build America Mutual Assurance Company ("BAM"). (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)

**Payment Record**

The City has never defaulted on Revenue Bonds. All General Obligation Bonds were refunded in 1935 at par with a reduction in interest rate. Defaults continued until 1939 when debt service became current without further refunding.

**Future Debt Issues**

The City does not anticipate the issuance of any additional debt in the next twelve months.

**Delivery**

When issued, anticipated on or about August 13, 2025.

**Legality**

Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel.

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**OFFICIAL STATEMENT**  
relating to

**\$8,940,000**

**CITY OF JOURDANTON, TEXAS**

**(A political subdivision of the State of Texas located in Atascosa County, Texas)**

**COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025**

**INTRODUCTORY STATEMENT**

This Official Statement provides certain information in connection with the issuance by the City of Jourdanton, Texas (the "City" or the "Issuer") of its \$8,940,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates") identified on the cover page.

The Issuer is a political subdivision of the State of Texas (the "State") and a municipal corporation organized and existing under the Constitution and laws of the State of Texas. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.** Copies of such documents may be obtained upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

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

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

**THE CERTIFICATES**

**General Description of the Certificates**

The Certificates are dated July 1, 2025 (the "Dated Date"), will mature on the dates and in the principal amounts and will bear interest at the rates set forth on page 2 of this Official Statement. The Certificates will be registered and issued in denominations of \$5,000 or any integral multiple thereof. The Certificates will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2026, until stated maturity or prior redemption. Principal of and interest on the Certificates are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM". In the event the Book-Entry-Only System is discontinued, the interest on the Certificates payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar, as of the Record Date (defined below), by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Certificates will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar.

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

**Authority for Issuance**

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") particularly Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064 Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, and an ordinance (the "Ordinance") adopted by the City Council of the City (the "City Council") on July 21, 2025.

## **Security for Payment**

*Limited Pledge of Ad Valorem Taxes.* The Certificates are general obligations of the City, payable from its collection of an ad valorem tax levied annually, within the legal limitations imposed by law, upon all taxable property located in the City. (See "AD VALOREM PROPERTY TAXATION - Debt Tax Rate Limitations" herein.)

*Limited Revenue Pledge Benefiting the Certificates.* Solely to comply with Texas law allowing the Certificates to be sold for cash, the Certificates are further secured by a lien on and pledge of the Pledged Revenues (being a limited amount of the Net Revenues derived from the operation of the Issuer's combined utility system (the "System") not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net Revenues securing the payment of the currently outstanding Junior Lien Obligations and Subordinate Lien Obligations, and any Prior Lien Obligations, Additional Junior Lien Obligations, or Additional Subordinate Lien Obligations (each as described and defined in the Ordinance) hereinafter issued by the Issuer. The City previously authorized the issuance of the currently outstanding Limited Pledge Obligations (as described and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues in the manner provided in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Additional Junior Lien Obligations, Additional Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

## **Redemption Provisions of the Certificates**

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after February 1, 2035, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on February 1, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

## **Notice of Redemption**

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

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

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

## **Selection of Certificates to be Redeemed**

The Certificates of a denomination larger than \$5,000 may be redeemed in part (in increments of \$5,000 or any integral multiple thereof). The Certificates to be partially redeemed must be surrendered in exchange for one or more new Certificates for the unredeemed portion of the principal. If less than all of the Certificates are to be redeemed, the Issuer will determine the amounts to be redeemed and will direct the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) to select, at random and by lot, the particular

Certificates, or portion thereof, to be redeemed. If a Certificate (or any portion of the principal sum thereof) will have been called for redemption and notice of such redemption will have been given, such Certificate (or the principal amount thereof to be redeemed), will become due and payable on such redemption date and interest thereon will cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

**Use of Certificate Proceeds**

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) designing, demolishing, constructing, renovating, improving, reconstructing, restructuring and extending streets and thoroughfares and related land and right-of-way sidewalks, streetscapes, collectors, drainage, landscape, signage, acquiring lands and rights-of-way necessary thereto or incidental therewith; (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects.

**Sources and Uses**

Sources	
Par Amount of the Certificates	\$ 8,940,000.00
Accrued Interest on the Certificates	50,676.35
Reoffering Premium	<u>325,997.30</u>
Total Sources of Funds	<u>\$ 9,316,673.65</u>
Uses	
Project Fund Deposit	\$ 9,000,000.00
Purchaser’s Discount (Includes Bond Insurance Premium)	128,854.38
Certificate Fund Deposit	50,676.35
Costs of Issuance	<u>137,142.92</u>
Total Uses	<u>\$ 9,316,673.65</u>

**Payment Record**

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

**Amendments**

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

**Defeasance**

The Ordinance provides for the defeasance of the Certificates when payment of the principal amount of the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City’s Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinance). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that “Government Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and

(b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. City officials are authorized to restrict such eligible securities as deemed appropriate. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

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

#### **Default and Remedies**

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

Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality. In *Wasson Interests, Ltd., v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson*") the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the *Wasson* opinion held that Proprietary-Governmental

Dichotomy applies in contract-claims context. The Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

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

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. As noted above, the Ordinance provides that Certificate holders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

## **REGISTRATION, TRANSFER AND EXCHANGE**

### **Paying Agent/Registrar**

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, shall be a national or state banking association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, shall be subject to supervision or examination by federal or state authority, and registered as a transfer agent with the United States Securities and Exchange Commission. Upon a change in the Paying Agent/Registrar for the Certificates, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates affected by the change by United States mail, first-class, postage prepaid.

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

### **Record Date**

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

### **Special Record Date for Interest Payment**

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the

“Special Payment Date” which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

### **Future Registration**

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

### **Limitation on Transfer of Certificates**

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

### **Replacement Certificates**

The Issuer has agreed to replace mutilated, destroyed, lost, or stolen Certificates upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement. The person requesting the authentication of and delivery of a replacement Certificate must comply with such other reasonable regulations as the Paying Agent/Registrar may prescribe and pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

## **BOOK-ENTRY-ONLY SYSTEM**

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (“Direct

Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

Redemption proceeds, principal, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to the holder of such Certificates and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under “REGISTRATION, TRANSFER AND EXCHANGE” hereinabove.

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

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

#### **Use of Certain Terms in Other Sections of this Official Statement**

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

#### **Effect of Termination of Book-Entry-Only System**

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

### **BOND INSURANCE**

#### **BOND INSURANCE POLICY**

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

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

#### **BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.bambonds.com](http://www.bambonds.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.1 million, \$246.4 million and \$235.7 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.bambonds.com](http://www.bambonds.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.

### **BOND INSURANCE GENERAL RISKS**

In the event of default of the payment of principal or interest with respect to the Certificates when all or some becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the Certificate owner as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

Payment of principal and interest is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist. See "THE CERTIFICATES – Default and Remedies". The Bond Insurer may direct and must consent to any remedies that the Paying Agent/Registrar exercises and the Bond Insurer's consent may be required in connection with amendments to any applicable Bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from the Pledged Revenues pursuant to the applicable Bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates.

If a Policy is acquired, the long-term ratings on the Certificates are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Certificates insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates. See "OTHER PERTINENT INFORMATION - Rating" herein.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent/Registrar may be limited by applicable bankruptcy law or other similar laws related to insolvency of insurance companies.

Neither the City, the Financial Advisor, nor the Purchaser have made independent investigation into the claims paying ability of any potential Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Certificates and the claims-paying ability of any potential Bond Insurer, particularly over the life of the Certificates.

### **Claims-Paying Ability and Financial Strength of Municipal Bond Insurers**

Moody's Investor Services, Inc., S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business, and Fitch Ratings, Inc. have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible.

In addition, past events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the Certificates.

## **INVESTMENT POLICIES**

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

### **Legal Investments**

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

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

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

**Investment Policies**

Under State law, the 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 include a list of authorized investments for Issuer funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All Issuer funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's 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 State law, the Issuer's 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 must submit an investment report to the City Council detailing: (1) the investment position of the Issuer, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and 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) the investment strategy expressed in the Issuer's investment policy, and (b) the Public Funds Investment Act. No person may invest Issuer funds without express written authority from the City Council.

**Current Investments <sup>(1)</sup>**

**TABLE 1**

As of May 31, 2025 the City held investments as follows:

<u>Type of Security</u>	<u>Market Value</u>	<u>Percentage of Total</u>
Jourdanton State Bank	\$ 4,087,785	57.74%
TexPool	<u>2,992,423</u>	<u>42.26%</u>
Totals	<u>\$ 7,080,208</u>	<u>100.00%</u>

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.

<sup>(1)</sup> Unaudited.

**CONVENING OF TEXAS LEGISLATURE**

The regular session of the 89th Texas Legislature convened on January 14, 2025 and concluded on June 2, 2025 (the "89th Regular Session"). The Texas Legislature (the "Legislature") meets in regular session in odd numbered years for 140 days. When the 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 (any such special sessions, together with the 89th Regular Session, are collectively referred to herein as the "2025 Legislative Sessions").

The Governor called for a special session on June 23, 2025, which commenced on July 21, 2025, and may last no longer than 30 days (the "First Special Session"). The Governor identified eighteen (18) agenda items that will be considered in the First Special Session. Among the items being considered is "legislation reducing the property tax burden on Texans and legislation imposing spending limits on entities authorized to impose property taxes." The City is unable to predict the substance of such legislation or the effect, if any, it will have on the City's finances or operations.

Additional special sessions may be called by the Governor. During this time, the Legislature may enact laws that materially affect the City and its finances. The City is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the City cannot make any representations as to the full impact of such legislation. Further, the City can make no representations or predictions regarding the scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

## AD VALOREM PROPERTY TAXATION

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

### **Valuation of Taxable Property**

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Atascosa Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

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

An appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,160,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, unless extended by the Legislature, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. See APPENDIX A, Table 1, for the reduction in taxable valuation attributable to the 10% Homestead Cap.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies").

### **State Mandated Homestead Exemptions**

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

### **Local Option Homestead Exemptions**

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

## **Local Option Freeze for the Elderly and Disabled**

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

## **Personal Property**

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

## **Freeport and Goods-In-Transit Exemptions**

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

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

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

## **Other Exempt Property**

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

## **Temporary Exemption for Qualified Property Damaged by a Disaster**

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

## **Tax Increment Reinvestment Zones**

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

## **Tax Abatement Agreements**

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

## **Chapter 380 Agreements**

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

## **City and Taxpayer Remedies**

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

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at \$61,349,201 million for the 2025 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

## **Levy and Collection of Taxes**

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

## **City’s Rights in the Event of Tax Delinquencies**

Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City’s tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

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

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

### **Public Hearing and Maintenance and Operations Tax Rate Limitations**

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

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

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

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

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

“preceding total value” means a taxing unit’s current total value in the applicable preceding tax year.

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

“unused increment rate” means the 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 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. See "APPENDIX A – Municipal Sales Tax Collections".

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

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

#### **Debt Tax Rate Limitations**

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$1.50 per \$100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.00 of the \$1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

#### **THE PROPERTY TAX CODE AS APPLIED TO THE CITY**

The City has not elected to grant an exemption of up to 20% of the appraised value of residence homesteads (but not less than \$5,000).

The City has elected to grant a Local Option Homestead Exemption of \$10,000 of the appraised value of the residence homestead of persons 65 year of age or older and the disabled.

The City took official action before April 1, 1990 to tax Freeport Property.

The City does not tax Goods-in-Transit.

The City does not offer split payments but does allow discounts for early payment of ad valorem property taxes.

#### **TAX MATTERS**

##### **Tax Exemption**

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

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

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

### **Tax Changes**

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

### **Ancillary Tax Consequences**

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

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

### **Tax Accounting Treatment of Discount Certificates**

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

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions (see "TAX MATTERS – Qualified Tax-Exempt Obligations" herein), life insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income.

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

#### **Tax Accounting Treatment of Premium Certificates**

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

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

#### **Qualified Tax-Exempt Obligations**

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for financial institutions, stating that such disallowance does not apply to interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are properly designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain current refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The City has designated the Certificates as "qualified tax-exempt obligations" and certifies its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Certificates will not be subject to the 100% disallowance of interest expense allocable to interest on the Certificates under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Certificates will be reduced by 20% pursuant to section 291 of the Code.

### **CONTINUING DISCLOSURE OF INFORMATION**

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

#### **Annual Reports**

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

The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in Table 1 of the Official Statement and in Tables 1-14 of APPENDIX A to this Official Statement and in APPENDIX D. The Issuer will update and provide this information within six months after the end of each fiscal year in or after 2025. The City will provide the updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

The Issuer may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements for the Issuer, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by that time, the Issuer will provide by the required time unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Issuer's annual financial statements or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

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

### **Notice of Certain Events**

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates, as the case may be; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Certificates nor the Ordinance make provision for credit enhancement (although an application has been made for municipal bond insurance policy), liquidity enhancement, or debt service reserves.

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

### **Availability of Information**

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

## **Limitations and Amendments**

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

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

## **Compliance with Prior Undertakings**

Except as described below, 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.

The City issued two series of certificates of obligation to the Texas Water Development Board on June 17, 2020. Due to an administrative oversight, the City did not timely file notice of its incurrence of these financial obligations. The City filed the ordinances authorizing each series of these certificates of obligation and a notice of failure to timely file the incurrences of these financial obligations with EMMA on August 17, 2020. The City has since put procedures in place to ensure that it meets its Financial and Operating Data Information moving forward.

Due to an administrative oversight, the City failed to include the water and sewer tables (Tables 11-14) in its continuing disclosure filing for its fiscal year ending September 30, 2020, which was timely filed. The City has taken steps to ensure that all future filings are complete and in compliance with its prior continuing disclosure undertakings. The City filed the aforementioned tables and a notice of failure to timely file with EMMA on November 25, 2020.

## **LEGAL MATTERS**

### **Legal Opinions and No-Litigation Certificate**

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

the validity of the Certificates will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of Certificates are contingent on the sale and initial delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System.

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

### **Litigation**

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

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

### **Legal Investments and Eligibility to Secure Public Funds in Texas**

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

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

### **FORWARD LOOKING STATEMENTS**

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

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

### **OTHER PERTINENT INFORMATION**

#### **Registration and Qualification of Certificates for Sale**

The sale of the Certificates has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Certificates have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor

have the Certificates been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which they may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

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

### **Rating**

S&P Global Ratings, a division of S&P Global Inc. ("S&P") has assigned a rating of "AA" to the Certificates based solely upon the municipal bond insurance policy to be issued by the Bond Insurer on the date of initial delivery of the Certificates and an underlying rating of "A" to the Certificates without regard to credit enhancement. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Certificates by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

### **Authenticity of Financial Information**

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

### **Financial Advisor**

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

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

### **Winning Bidder**

After requesting competitive bids for the Certificates, the City accepted the bid of BOK Financial Securities, Inc. (previously defined as the "Purchaser" or the "Initial Purchaser") to purchase the Certificates at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a reoffering premium of \$325,997.30, less a Purchaser's discount (including the Insurance Premium) of \$128,854.38, plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The City can give no assurance that any trading market will be developed for the City after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

### **Certification of the Official Statement**

At the time of payment for and delivery of the Initial Certificates, the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates, and on the date of the delivery thereof, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement

did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect, and (d) there has been no material adverse change in the financial condition of the City, since September 30, 2024, the date of the last financial statements of the City appearing in the Official Statement.

**Information from External Sources**

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

**Concluding Statement**

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

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

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

This Official Statement was approved by the City Council for distribution in accordance with the provisions of the SEC’s rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

**CITY OF JOURDANTON, TEXAS**

/s/Robert A. Williams  
Mayor  
City of Jourdanton, Texas

ATTEST:

/s/Melissa Gonzalez  
City Secretary  
City of Jourdanton, Texas

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**APPENDIX A**

**FINANCIAL INFORMATION RELATING TO  
THE CITY OF JOURDANTON, TEXAS**

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**FINANCIAL INFORMATION OF THE ISSUER**

**ASSESSED VALUATION**

**TABLE 1**

2025 Actual Certified Market Value of Taxable Property (100% of Market Value).....	\$ 364,822,446
Less Exemptions:	
Optional Over-65 or Disabled Homestead	\$ 3,314,945
Disabled/Deceased Veterans'	8,283,600
Open-Space Land and Timberland	3,590,607
Homestead	118,050
Loss to 10% HO Cap	10,859,565
<b>TOTAL EXEMPTIONS</b> .....	<u>\$ 26,166,767</u>
2025 Certified Assessed Value of Taxable Property.....	<u>\$ 338,655,679</u>

Source: Atascosa Central Appraisal District.

**GENERAL OBLIGATION BONDED DEBT <sup>(1)</sup>**

(as of July 1, 2025)

**General Obligation Debt Principal Outstanding**

Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2011	\$ 3,708,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012	1,390,000
Combination Tax and Municipal Hotel Occupancy Tax Junior Lien Revenue Certificates of Obligation, Series 2014	2,835,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019	3,105,000
Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2020A	5,795,000
Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2020B	2,110,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021	925,000
Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Taxable Series 2021	961,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates")	8,940,000
<b>Total Gross General Obligation Debt</b>	<u>\$ 29,769,000</u>

**Less: Self Supporting Debt**

Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2011 (100% Utility Fund)	\$ 3,708,000
Combination Tax and Municipal Hotel Occupancy Tax Junior Lien Revenue Certificates of Obligation, Series 2014 (100% HOT)	2,835,000
Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2020A (100% Utility Fund)	5,795,000
Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2020B (100% Utility Fund)	2,110,000
<b>Total Self-Supporting Debt</b>	<u>\$ 14,448,000</u>
<b>Total Net General Obligation Debt Outstanding</b>	<u>\$ 15,321,000</u>

2025 Net Assessed Valuation	\$ 338,655,679
Ratio of Gross General Obligation Debt Principal to Net Taxable Assessed Valuation	8.79%
Ratio of Net General Obligation Debt to Net Taxable Assessed Valuation	4.52%

Population: 2000 - 3,732; 2010 - 3,871; est. 2025 - 4,318  
Per Capita Net Taxable Assessed Valuation - \$78,428.83  
Per Capita Gross General Obligation Debt Principal - \$6,894.16  
Per Capita Net General Obligation Debt Principal - \$3,548.17

**DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE**

**TABLE 2**

The City entered into a note payable for the acquisition of a 2022 Pierce Freightliner M2-106 Pumper Truck in the amount of \$342,364 payable with a down payment of \$200,000 and ten annual payments of \$16,361 with an interest rate of 2.49%. The equipment is included in the capital assets at a cost of \$345,441 as of September 30, 2024. The debt, capital assets and accumulated depreciation are in the government fund.

The City entered into a note payable for the acquisition of vehicles in the amount of \$154,000 payable in annual payment of \$33,003 with an interest rate of 3.048%. The equipment is included in the capital assets at a cost of \$154,000 as of September 30, 2024. The debt, capital assets and accumulated depreciation are split between the governmental and water funds.

Future minimum lease payments under the capital leases are as follows:

Year Ending	Governmental Activities
September 30,	
2025	\$ 82,367
2026	16,361
2027	16,361
2028	16,361
2029	16,361
<u>2030-2031</u>	<u>32,722</u>
Total	\$ 180,533
Less: Amounts Representing Interest	(13,504)
Present Value of Minimum Lease Payments	<u>\$ 167,029</u>

Source: The City's Comprehensive Annual Financial Report for fiscal year ended September 30, 2024.

**GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending (9/30)	Current Total		The Certificates			Total Combined Debt Service	Less: Self Supporting Debt Service	Total Net Debt Service
	Outstanding Debt <sup>(1)</sup>							
		Principal	Interest	Total				
2026	\$ 1,468,500	\$ 100,000	\$ 467,566	\$ 567,566	\$ 2,036,066	\$ 889,311	\$ 1,146,755	
2027	1,467,954	200,000	422,369	622,369	2,090,323	891,690	1,198,633	
2028	1,466,773	295,000	407,519	702,519	2,169,292	889,059	1,280,233	
2029	1,466,057	315,000	389,219	704,219	2,170,276	890,468	1,279,808	
2030	1,462,628	335,000	369,719	704,719	2,167,346	887,851	1,279,495	
2031	1,462,155	355,000	349,019	704,019	2,166,174	888,891	1,277,283	
2032	1,466,442	380,000	326,969	706,969	2,173,411	890,053	1,283,358	
2033	1,463,496	400,000	303,569	703,569	2,167,065	889,345	1,277,720	
2034	1,440,487	425,000	278,819	703,819	2,144,306	893,261	1,251,045	
2035	1,442,085	450,000	257,069	707,069	2,149,154	896,465	1,252,689	
2036	1,108,867	465,000	238,769	703,769	1,812,635	565,115	1,247,520	
2037	883,646	485,000	219,466	704,466	1,588,111	563,773	1,024,338	
2038	882,372	505,000	199,047	704,047	1,586,419	563,347	1,023,072	
2039	879,656	525,000	177,475	702,475	1,582,131	561,628	1,020,503	
2040	620,807	550,000	154,631	704,631	1,325,439	560,807	764,631	
2041	625,311	575,000	130,366	705,366	1,330,676	564,311	766,366	
2042	562,682	600,000	104,288	704,288	1,266,970	562,682	704,288	
2043	561,747	630,000	76,613	706,613	1,268,359	561,747	706,613	
2044	559,644	660,000	47,175	707,175	1,266,819	559,644	707,175	
2045	563,006	690,000	15,956	705,956	1,268,963	563,006	705,956	
2046	561,215	-	-	-	561,215	561,215	-	
2047	559,184	-	-	-	559,184	559,184	-	
2048	556,972	-	-	-	556,972	556,972	-	
2049	560,378	-	-	-	560,378	560,378	-	
2050	214,592	-	-	-	214,592	214,592	-	
2051	214,590	-	-	-	214,590	214,590	-	
Total	<u>\$ 24,521,246</u>	<u>\$ 8,940,000</u>	<u>\$ 4,935,619</u>	<u>\$ 13,875,619</u>	<u>\$ 38,396,866</u>	<u>\$ 17,199,388</u>	<u>\$ 21,197,477</u>	

<sup>(1)</sup> Includes self-supporting debt.

**TAX ADEQUACY (Includes Self-Supporting Debt)**

2024 Certified Net Taxable Assessed Valuation	\$ 338,655,679
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2032)	2,173,411 *
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	\$ 0.65487 *

\* Includes the Certificates.

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

**TAX ADEQUACY (Excludes Self-Supporting Debt)**

2024 Certified Net Taxable Assessed Valuation	\$ 338,655,679
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2032)	1,283,358 *
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	\$ 0.38669 *

\* Includes the Certificates.

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**

I&S Fund Balance on 9/30/2024 (audited)	\$ 282,982
2024 Interest and Sinking Fund Tax Levy at 98% Collections Produce <sup>(1)</sup>	<u>1,100,002</u>
Total Available for General Obligation Debt	<u>\$ 1,382,984</u>
General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/25	\$ 1,146,755
Anticipated Unaudited I&S Fund Balance on 9/30/2025	\$ 236,229

<sup>(1)</sup> Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.

**GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE**

(as of July 1, 2025)

Fiscal Year Ending 9-30	Principal Repayment Schedule			Principal Unpaid at End of Year	Percent of Principal Retired (%)
	Currently Outstanding <sup>(a)</sup>	The Certificates	Total		
2026	\$ 1,091,000	\$ 100,000	\$ 1,191,000	28,578,000	4.0%
2027	1,114,000	200,000	1,314,000	27,264,000	8.4%
2028	1,137,000	295,000	1,432,000	25,832,000	13.2%
2029	1,160,000	315,000	1,475,000	24,357,000	18.2%
2030	1,179,000	335,000	1,514,000	22,843,000	23.3%
2031	1,202,000	355,000	1,557,000	21,286,000	28.5%
2032	1,231,000	380,000	1,611,000	19,675,000	33.9%
2033	1,255,000	400,000	1,655,000	18,020,000	39.5%
2034	1,259,000	425,000	1,684,000	16,336,000	45.1%
2035	1,288,000	450,000	1,738,000	14,598,000	51.0%
2036	977,000	465,000	1,442,000	13,156,000	55.8%
2037	766,000	485,000	1,251,000	11,905,000	60.0%
2038	776,000	505,000	1,281,000	10,624,000	64.3%
2039	785,000	525,000	1,310,000	9,314,000	68.7%
2040	535,000	550,000	1,085,000	8,229,000	72.4%
2041	546,000	575,000	1,121,000	7,108,000	76.1%
2042	490,000	600,000	1,090,000	6,018,000	79.8%
2043	496,000	630,000	1,126,000	4,892,000	83.6%
2044	501,000	660,000	1,161,000	3,731,000	87.5%
2045	512,000	690,000	1,202,000	2,529,000	91.5%
2046	518,000	-	518,000	2,011,000	93.2%
2047	524,000	-	524,000	1,487,000	95.0%
2048	530,000	-	530,000	957,000	96.8%
2049	542,000	-	542,000	415,000	98.6%
2050	204,000	-	204,000	211,000	99.3%
2051	211,000	-	211,000	-	100.0%
Total	<u>\$ 20,829,000</u>	<u>\$ 8,940,000</u>	<u>\$ 29,769,000</u>		

<sup>(a)</sup> Includes self-supporting debt.

**TAXABLE ASSESSED VALUATION FOR TAX YEARS 2016-2025**

**TABLE 3**

Year	Net Taxable		Change From Preceding Year	
	Assessed Valuation		Amount (\$)	Percent
2016	\$ 183,960,308		-	-
2017	188,197,675		4,237,367	2.30%
2018	198,570,860		10,373,185	5.51%
2019	216,259,903		17,689,043	8.91%
2020	211,706,937		(4,552,966)	-2.11%
2021	241,981,145		30,274,208	14.30%
2022	265,062,254		23,081,109	9.54%
2023	293,808,689		28,746,435	10.85%
2024	323,443,970		29,635,281	10.09%
2025	338,655,679		15,211,709	4.70%

Source: Atascosa Central Appraisal District.

**CLASSIFICATION OF ASSESSED VALUATION**

**TABLE 4**

	<b>2025</b>	<b>% of Total</b>	<b>2024</b>	<b>% of Total</b>	<b>2023</b>	<b>% of Total</b>
Real, Residential, Single-Family	\$ 225,380,154	61.78%	\$ 217,665,125	59.55%	\$ 191,616,125	59.77%
Real, Residential, Multi-Family	10,716,940	2.94%	11,489,770	3.14%	8,640,740	2.70%
Real, Vacant Lots/Tracts	11,546,825	3.17%	14,488,826	3.96%	9,483,212	2.96%
Real, Acreage (Land Only)	3,672,897	1.01%	4,217,693	1.15%	3,527,610	1.10%
Real, Farm and Ranch Improvements	4,443,745	1.22%	4,622,604	1.26%	4,143,730	1.29%
Real, Commercial and Industrial	74,917,225	20.54%	77,705,135	21.26%	69,874,082	21.79%
Real & Tangible, Personal Utilities	7,506,610	2.06%	7,881,490	2.16%	7,493,610	2.34%
Tangible Personal, Commercial & Industrial	19,614,090	5.38%	20,320,370	5.56%	18,817,570	5.87%
Tangible Personal, Mobile Homes	7,003,530	1.92%	7,134,390	1.95%	6,899,100	2.15%
Real Property, Inventory	-	-	-	0.00%	117,250	0.04%
Real Property, Special Inventory	20,430	0.01%	19,870	0.01%	-	0.00%
<b>Total Appraised Value</b>	<b>\$ 364,822,446</b>	<b>100.00%</b>	<b>\$ 365,545,273</b>	<b>100.00%</b>	<b>\$ 320,613,029</b>	<b>100.00%</b>
<b>Less:</b>						
Optional Over-65 or Disabled Homestead	\$ 3,314,945		\$ 3,019,192		\$ 2,916,841	
Disabled/Deceased Veterans'	8,283,600		6,314,302		5,669,929	
Open-Space Land and Timberland	3,590,607		4,132,923		3,441,290	
Homestead	118,050				117,322	
Loss to 10% HO Cap	10,859,565		28,634,886		14,658,958	
<b>Net Taxable Assessed Valuation</b>	<b>\$ 338,655,679</b>		<b>\$ 323,443,970</b>		<b>\$ 293,808,689</b>	

Source: Atascosa Central Appraisal District.

**PRINCIPAL TAXPAYERS 2024\***

**TABLE 5**

<b>Name</b>	<b>Type of Business/Property</b>	<b>2024 Net Taxable Assessed Valuation</b>	<b>% of 2024 Assessed Valuation</b>
Methodist Healthcare	Healthcare	\$ 13,433,520	3.97%
Lennar Homes of Texas Land & Construction LTD	Homebuilder	6,952,830	2.05%
AEP Texas Inc	Utility	6,737,540	1.99%
JWTC Homes LTD	Homebuilder	7,904,870	2.33%
Methodist Hospital South	Healthcare	3,553,590	1.05%
HSR Ghuman LLC	Commercial Property/Hotel	2,984,880	0.88%
Freer Investment Group LTD	Financial	4,937,720	1.46%
Argent Court of Pleasonton LLC	Retirement Home	2,949,680	0.87%
Wiley Lease Co LTD	Car Leasing	2,688,440	0.79%
Shivamin Group LLC	Healthcare	3,236,260	0.96%
		<b>\$ 55,379,330</b>	<b>16.35%</b>

As shown in the table above, the top ten taxpayers in the City account for in excess of 16% of the City's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the city, resulting in less local tax revenue See "INFECTIOUS DISEASE OUTBREAK - COVID 19" in this Official Statement. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the City to make timely payment of debt service on the Certificates may be dependent on its ability to enforce and liquidate its tax lien, which is a time consuming process that may only occur annually. See "THE CERTIFICATES – Default and Remedies" and "AD VALOREM PROPERTY TAXATION – City's Rights in the Event of Tax Delinquencies" in this Official Statement.

\*2025 Principal Taxpayers not available at time of printing.

**TAX RATE DISTRIBUTION****TABLE 6**

	2024	2023	2022	2021	2020
General Fund	\$ 0.392969	\$ 0.411124	\$ 0.418906	\$ 0.463438	\$ 0.472296
I&S Fund	0.347031	0.328876	0.321094	0.286562	0.237704
Total Tax Rate	<u>\$ 0.740000</u>	<u>\$ 0.740000</u>	<u>\$ 0.740000</u>	<u>\$ 0.750000</u>	<u>\$ 0.710000</u>

Source: Atascosa Central Appraisal District

**TAX DATA****TABLE 7**

Taxes are due October 1 and become delinquent after January 31. Discounts are allowed: 3% October, 2% November, and 1% if paid in December. Current collections are those taxes collected through August 31, applicable to the current year's tax levy. Penalties and Interest: (a) a delinquent tax incurs a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of 20% of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentages of collections set for below exclude penalties and interest.

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections		Year Ended
				Current	Total	
2015	\$ 204,331,435	\$ 0.7220	\$ 1,475,273	60.57	63.83	9/30/2016
2016	183,960,308	0.5287	972,598	92.53	98.41	9/30/2017
2017	188,197,675	0.5365	1,009,681	99.72	100.63	9/30/2018
2018	198,570,860	0.5365	1,065,333	99.34	100.66	9/30/2019
2019	216,259,903	0.6500	1,405,689	97.09	103.00	9/30/2020
2020	211,706,937	0.7100	1,503,119	96.68	96.92	9/30/2021
2021	241,981,145	0.7500	1,814,859	91.98	96.70	9/30/2022
2022	265,062,254	0.7400	1,961,461	96.85	96.55	9/30/2023
2023	293,808,689	0.7400	2,174,184	97.27	99.16	9/30/2024
2024	323,443,970	0.7400	2,393,485	92.52	93.14	9/30/2025*

Source: Atascosa Central Appraisal District

\* As of May 31, 2025.

**MUNICIPAL SALES TAX COLLECTIONS**

**TABLE 8**

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 tax. The Issuer has authorized the additional one-half cent sales tax for property tax relief. Net collections on calendar year basis are as follows:

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2014	1,235,948	89.94%	0.649
2015	1,061,469	71.95%	0.519
2016	942,655	96.92%	0.512
2017	892,084	88.35%	0.474
2018	1,070,538	100.49%	0.539
2019	1,021,681	72.68%	0.472
2020	873,389	58.11%	0.413
2021	870,038	47.94%	0.360
2022	987,765	50.36%	0.373
2023	1,109,068	51.01%	0.377
2024	1,054,241	44.05%	0.326
2025	593,854	(As of July 2025)	

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

**OVERLAPPING DEBT INFORMATION**

(as of July 1, 2025)

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

Taxing Body	Gross Debt (As of 07/01/2025)	% Overlapping	Amount Overlapping
Atascosa County	\$ 16,160,000	5.25%	\$ 848,400
Jourdanton ISD	33,876,761	29.21%	9,895,402
Total Gross Overlapping Debt			<u>\$ 10,743,802</u>
Jourdanton, City of			\$ 29,769,000 *
Total Gross Direct and Overlapping Debt			<u>\$ 40,512,802</u> *
Ratio of Gross Direct Debt and Overlapping Debt			11.96% *
Per Capita Gross Direct Debt and Overlapping Debt			\$9,382.31 *
Note: The above figures show Gross General Obligation Debt for the City of Jourdanton, Texas. The Issuer's Net General Obligation Debt is \$15,321,000*. Calculations on the basis of Net General Obligation Debt would change the above figures as follows:			
Total Net Direct and Overlapping Debt			\$ 26,064,802 *
Ratio of Net Direct and Overlapping Debt to 2024 Net Assessed Valuation			7.70% *
Per Capita Net Direct and Overlapping Debt			\$6,036.31 *

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

\* Includes the Certificates.

**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				
	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020
Fund Balance - Beginning of Year	\$ 3,225,544 <sup>(1)</sup>	\$ 3,283,464	\$ 3,245,190	\$ 2,744,490	\$ 2,022,178
Revenues	3,838,711	3,502,024	3,551,209	3,366,031	3,077,512
Expenditures	<u>3,750,646</u>	<u>3,454,013</u>	<u>3,534,004</u>	<u>3,389,401</u>	<u>2,877,361</u>
Excess (Deficit) of Revenues Over Expenditures	\$ 88,065	\$ 48,011	\$ 17,205	\$ (23,370)	\$ 200,151
Other Financing Sources (Uses):					
Operating Transfers In	\$ -	\$ 21,069	\$ 21,069	\$ 117,934	\$ -
Capital Lease Issued	-	-	-	-	-
Proceeds from Settlement	-	-	-	496,365	-
Sale of Real and Personal Property	8,656	-	-	-	-
Operating Transfers Out	<u>(200,000)</u>	<u>23,000</u>	<u>-</u>	<u>(90,229)</u>	<u>-</u>
Total Other Financing Sources (Uses):	\$ (191,344)	\$ 44,069	\$ 21,069	\$ 524,070	\$ -
Prior Period Adjustment	-	-	-	-	522,161
Fund Balance - End of Year	<u>\$ 3,122,265</u>	<u>\$ 3,375,544</u>	<u>\$ 3,283,464</u>	<u>\$ 3,245,190</u>	<u>\$ 2,744,490</u>

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

<sup>(1)</sup> Starting Fund Balance restated to account for the start of a new street fund.

\* The City expects to end the fiscal year 2025 with an unaudited General Fund balance of \$3,122,265.

**ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS**

Governmental Subdivision	2024 Assessed Valuation	% of Actual	2024 Tax Rate
Atascosa County	\$ 6,916,702,075	100%	\$ 0.409000
Jourdanton ISD	1,084,010,412	100%	1.020000

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	Amount Authorized	Amount Issued to Date	Amount Unissued
Atascosa County	None			
Jourdanton ISD	None			

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

**UTILITY PLANT IN SERVICE****TABLE 10***(As of September 30, 2024)*

Land	\$ 342,593
Buildings and Improvements	13,671,938
Machinery, Equipment, and vehicles	1,663,984
Infrastructure	1,323,023
Construction in Progress	<u>4,763,474</u>
<b>Total</b>	\$ 21,765,012
Less: Accumulated Depreciation	<u>(5,382,512)</u>
<b>Net Property, Plant and Equipment</b>	<u>\$ 16,382,500</u>

*Source: The Issuer's Comprehensive Annual Financial Report.***WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT****TABLE 11**

*The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, garbage, bad debt, debt service payments and*

	Fiscal Year Ended				
	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>
Revenues	\$ 2,904,360	\$ 2,421,243	\$ 2,130,636	\$ 1,749,696	\$ 1,720,681
Expenses	<u>1,572,800</u>	<u>1,156,440</u>	<u>1,216,040</u>	<u>1,134,854</u>	<u>1,397,931</u>
Net Revenue Available for Debt Service	<u>\$ 1,331,560</u>	<u>\$ 1,264,803</u>	<u>\$ 914,596</u>	<u>\$ 614,842</u>	<u>\$ 322,750</u>

*Source: The Issuer's Annual Financial Reports.*

*New Rates*  
*Rates Effective February 1, 2024*

	Residential (ISL)	Residential (OCL)	Commercial (ICL)	Commercial (OCL)	Residential (ICL - Water Only)	Residential (OCL - Water Only)	Commercial (ICL - Water Only)	Commercial (OCL - Water Only)
Minimum Charge first 2,000 Gallons								
5/8" Meter	\$ 24.95	\$ 35.18	\$ 34.25	\$ 48.29	\$ 24.95	\$ 35.18	\$ 34.25	\$ 48.29
3/4" Meter	24.95	35.18	34.25	48.29	24.95	35.18	34.25	48.29
1" Meter	28.75	40.54	47.05	66.34	28.75	40.54	47.05	66.34
1 1/2" Meter	39.04	55.05	67.95	95.81	39.04	55.05	67.95	95.81
2" Meter	49.08	69.20	118.80	167.51	49.08	69.20	118.80	167.51
3" Meter	-	-	219.60	309.64	-	-	219.60	309.64
4" Meter	-	-	337.15	475.38	-	-	337.15	475.38
5" Meter	-	-	693.90	978.40	-	-	693.90	978.4
6" Meter	-	-	759.80	1,071.32	-	-	759.80	\$ 1,071
<b>Consumption Charge - per 1,000 Gallons</b>								
2,000 - 3,000	\$ 2.64	\$ 3.52	\$ 3.02	\$ 4.03	\$ 2.64	\$ 3.52	\$ 3.02	\$ 4.03
3,001 - 4,000	2.93	3.91	3.36	4.48	2.93	3.91	3.36	4.48
4,001 - 5,000	2.93	3.91	3.36	4.48	2.93	3.91	3.36	4.48
5,001 - 6,000	3.08	3.98	3.53	4.57	3.08	3.98	3.53	4.57
6,001 - 7,000	3.08	3.98	3.53	4.57	3.08	3.98	3.53	4.57
7,001 - 10,000	3.08	3.98	3.53	4.57	3.08	3.98	3.53	4.57
10,001 - 13,000	3.38	4.21	3.88	4.83	3.38	4.21	3.88	4.83
13,001 - 15,000	3.38	4.21	3.88	4.83	3.38	4.21	3.88	4.83
15,001 - 20,000	3.38	4.21	3.88	4.83	3.38	4.21	3.88	4.83
20,001 - 21,000	3.68	4.51	4.22	5.17	3.68	4.51	4.22	5.17
21,001 - 25,000	3.68	4.51	4.22	5.17	3.68	4.51	4.22	5.17
25,001 - 30,000	3.68	4.51	4.22	5.17	3.68	4.51	4.22	5.17
30,001 - 50,000	4.06	5.04	4.65	5.77	4.06	5.04	4.65	5.77
50,001 - 100,000	4.59	5.56	5.26	6.38	4.59	5.56	5.26	6.38
100,001 or Greater	5.19	6.16	5.95	7.07	5.19	6.16	5.95	7.07

*Old Rates*  
*Rates Effective February 1, 2022*

	Residential (ISL)	Residential (OCL)	Commercial (ICL)	Commercial (OCL)	Residential (ICL - Water Only)	Residential (OCL - Water Only)	Commercial (ICL - Water Only)	Commercial (OCL - Water Only)
Minimum Charge first 2,000 Gallons								
5/8" Meter	\$ 23.77	\$ 33.51	\$ 29.35	\$ 41.38	\$ 23.77	\$ 33.51	\$ 29.35	\$ 41.38
3/4" Meter	23.77	33.51	29.35	41.38	23.77	33.51	29.35	41.38
1" Meter	26.05	36.72	37.03	52.20	26.05	36.72	37.03	52.2
1 1/2" Meter	32.22	45.43	49.57	69.89	32.22	45.43	49.57	69.89
2" Meter	38.25	53.92	80.08	112.90	38.25	53.92	80.08	112.9
3" Meter	-	-	140.56	198.18	-	-	140.56	198.18
4" Meter	-	-	211.09	297.63	-	-	211.09	297.63
5" Meter	-	-	425.14	599.44	-	-	425.14	599.44
6" Meter	-	-	464.68	655.19	-	-	464.68	655.19
<b>Consumption Charge - per 1,000 Gallons</b>								
2,000 - 3,000	\$ 1.87	\$ 2.49	\$ 2.03	\$ 2.70	\$ 1.87	\$ 2.49	\$ 2.03	\$ 2.70
3,001 - 4,000	2.49	3.32	2.70	3.60	2.49	3.32	2.70	3.60
4,001 - 5,000	2.49	3.32	2.70	3.60	2.49	3.32	2.70	3.60
5,001 - 6,000	2.62	3.38	2.87	3.67	2.62	3.38	2.84	3.67
6,001 - 7,000	2.62	3.38	2.84	3.67	2.62	3.38	2.84	3.67
7,001 - 10,000	2.62	3.38	2.84	3.67	2.62	3.38	2.84	3.67
10,001 - 13,000	2.87	3.58	3.12	3.88	2.87	3.58	3.12	3.88
13,001 - 15,000	2.87	3.58	3.12	3.88	2.87	3.58	3.12	3.88
15,001 - 20,000	2.87	3.58	3.12	3.88	2.87	3.58	3.12	3.88
20,001 - 21,000	3.13	3.83	3.40	4.16	3.13	3.83	3.40	4.16
21,001 - 25,000	3.13	3.83	3.40	4.16	3.13	3.83	3.40	4.16
25,001 - 30,000	3.13	3.83	3.40	4.16	3.13	3.83	3.40	4.16
30,001 - 50,000	3.45	4.28	3.74	4.64	3.45	4.28	3.74	4.64
50,001 - 100,000	3.90	4.73	4.23	5.13	3.90	4.73	4.23	5.13
100,001 or Greater	4.41	5.24	4.78	5.68	4.41	5.24	4.78	5.68

**New Rates  
February 1, 2024**

	<u>Residential (ICL)</u>	<u>Residential (OCL)</u>	<u>Commercial (ICL)</u>	<u>Commercial (OCL)</u>
Minimum Charge first 2K Gallons	\$ 27.50	\$ 35.50	\$ 29.50	\$ 38.35
<b>Consumption Charge - per 1,000 Gallons</b>				
2,000 - 3,000	\$ 2.50	\$ 4.26	\$ 2.87	\$ 4.89
3,001 - 4,000	2.78	4.74	3.19	5.43
4,001 - 5,000	2.78	4.74	3.19	5.43
5,001 - 6,000	2.86	4.81	3.27	5.51
6,001 - 7,000	2.86	4.81	3.27	5.51
7,001 - 10,000	2.86	4.81	3.27	5.51
10,001 - 13,000	3.08	5.04	3.53	5.77
13,001 - 15,000	3.08	5.04	3.53	5.77
15,001 - 20,000	3.08	5.04	3.53	5.77
20,001 - 21,000	3.31	5.26	3.79	6.03
21,001 - 25,000	3.31	5.26	3.79	6.03
25,001 - 30,000	3.31	5.26	3.79	6.03
30,001 - 50,000	3.53	5.49	4.05	6.29
50,001 - 100,000	3.83	5.86	4.39	6.72
100,001 or Greater	4.14	6.24	4.74	7.15

	<i>Old Rates</i>			
	<i>February 1, 2022</i>			
	<i>Residential</i>	<i>Residential</i>	<i>Commercial</i>	<i>Commercial</i>
	<u><i>Residential (ICL)</i></u>	<u><i>(OCL)</i></u>	<u><i>(ICL)</i></u>	<u><i>(OCL)</i></u>
Minimum Charge first 2K Gallo	\$ 27.50	\$ 35.50	\$ 28.70	\$ 37.21
<b>Consumption Charge - per</b>				
<b>1,000 Gallons</b>				
2,000 - 3,000	\$ 1.77	\$ 3.02	\$ 1.92	\$ 3.27
3,001 - 4,000	2.36	4.02	2.56	4.37
4,001 - 5,000	2.36	4.02	2.56	4.37
5,001 - 6,000	2.43	4.09	2.63	4.44
6,001 - 7,000	2.43	4.09	2.63	4.44
7,001 - 10,000	2.43	4.09	2.63	4.44
10,001 - 13,000	2.62	4.28	2.84	4.64
13,001 - 15,000	2.62	4.28	2.84	4.64
15,001 - 20,000	2.62	4.28	2.84	4.64
20,001 - 21,000	2.81	4.47	3.05	4.85
21,001 - 25,000	2.81	4.47	3.05	4.85
25,001 - 30,000	2.81	4.47	3.05	4.85
30,001 - 50,000	3.00	4.66	3.26	5.06
50,001 - 100,000	3.26	4.98	3.53	5.41
100,001 or Greater	3.51	5.30	3.81	5.75

Information regarding the City's Pension Plan can be found within the City's 2024 Annual Financial Report.

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**APPENDIX B**

**GENERAL INFORMATION REGARDING THE CITY OF JOURDANTON  
AND ATASCOSA COUNTY, TEXAS**

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## **GENERAL INFORMATION REGARDING THE CITY OF JOURDANTON AND ATASCOSA COUNTY, TEXAS**

### **Location and Government**

The City of Jourdanton (the "City"), the Atascosa County seat, is located at the intersection of State Highways 97 and 16, approximately 30 miles south of the City of San Antonio. The City is an important marketing center for farmers and ranchers. Jourdanton was founded in 1909 and was named after founder Jourdan Campbell. The county seat was moved from Pleasanton to Jourdanton in 1910. The City has a total area of 3.5 Square miles.

The Jourdanton Police Department serves the citizens of Jourdanton and is comprised of 9 full-time officers. In recent years the department has set the standard that others have followed, by acquiring some of the most state-of-the-art equipment in the region, as well as having some of the best trained officers the area has to offer.

### **Recreational Facilities**

Some of the recreational facilities in and around Jourdanton include a golf course/country club, tennis courts, city park with pool, playground, jogging trail. There are 3 major lakes with 40 miles that offer great hunting and fishing. The City of San Antonio, with a myriad of recreational opportunities, is 30 minutes north of the City.

### **Education**

Jourdanton Independent School District (the "District") serves the City of Jourdanton. In addition to the District, the County is home to Karnes City ISD, Lytle ISD, Somerset ISD, Poteet ISD, Pleasanton ISD, and Charlotte ISD. Higher education facilities available to the City are nearby and are within 30 miles some of the facilities include the Texas A&M University-San Antonio and Alamo Community Colleges, Our Lady of the Lake University, Trinity University, University of the Incarnate Word, St. Mary's University, University of Texas health Science Center, University of Texas at San Antonio.

### **Economy**

Jourdanton's economy is based upon the Agribusiness and the oilfield industry. Historically, Jourdanton business serviced the needs of the farmers and ranchers in and around the City. During the last few years, the economy has diversified and is now largely driven by the oilfield industry servicing the Eagle Ford Shale formation.

## ATASCOSA COUNTY, TEXAS

Atascosa County (the "County") and was formed in 1856 from Bexar County. Its county seat is the City of Jourdanton. The largest towns in the county are Charlotte, Pleasanton, Jourdanton, and Poteet. Atascosa County is south of San Antonio on Interstate Highway 37 in the Rio Grande Plain region of south central Texas. The county covers 1,218 square miles of level to rolling land. Elevation ranges from 350 to 700 feet, and the soils are generally deep with loamy surface layers and clayey subsoils. Along the southern borders the light-colored soils have limestone near the surface. In some areas the soils are gray to black, cracking and clayey, and expand and shrink considerably. In the South Texas Plains vegetation area, the subtropical dry-land vegetation consists primarily of cactus, weeds, grasses, thorny shrubs and trees such as mesquite, live oak and post oak. Many of the open grasslands have been seeded with buffalo grass. Between 41 and 50 percent of the county is considered prime farmland. Wildlife in Atascosa County includes white-tailed deer, javelina, turkey, fox squirrel, jackrabbits, foxes, ring-tailed cats, skunks, and opossum. The main predators are bobcats and coyotes. Ducks, cranes, and geese migrate across the county. Tanks are stocked with catfish, bass, and sunfish. Mineral resources include clay, uranium, sand and gravel, and oil and gas. Other minerals and products include caliche and clay, lignite coal, construction and industrial sand, sulfur, and uranium.

The area was sparsely settled by the mid-1850s, and in 1856 the county was marked off from Bexar County. The first county seat, Navatasco, was established in 1857 on land donated by Navarro. Among the county's early settlers were Peter Tumlinson, who organized one of the first Ranger companies in the state in 1836, Indian fighter Thomas Rodriguez, George F. Hinds, Marshall Burney, and Eli Johnson. In 1858 Pleasanton, a newly founded community, became county seat, and a new courthouse was constructed. Settlers continued to trickle in, but the threat of Indian attack, poor roads, and the area's general isolation kept the population low.

Hunters are attracted to the county, particularly during the fall and winter deer seasons. Other leading attractions include the Poteet Strawberry Festival, Jourdanton Days Celebration, and the Cowboy Homecoming and Rodeo in Pleasanton.

### Economy

Atascosa County is located in south Texas and sits atop the Eagle Ford Shale play. Atascosa county is almost entirely in the liquids-rich oil window of the Eagle Ford Shale. Primarily, drilling in Atascosa County targets the Eagle Ford Shale in the southern and eastern portions of the county where operators refer to both the crude oil and volatile oil windows.

#### Labor Force Statistics <sup>(1)</sup>

	<u>2025</u> <sup>(2)</sup>	<u>2024</u> <sup>(3)</sup>	<u>2023</u> <sup>(3)</sup>	<u>2022</u> <sup>(3)</sup>
Civilian Labor Force	23,320	22,860	22,225	21,581
Total Employed	22,358	21,919	21,356	20,684
Total Unemployed	962	941	869	897
% Unemployment	4.1%	4.1%	3.9%	4.2%
Texas Unemployment	4.0%	4.1%	4.0%	3.9%

(1) Source: Texas Workforce Commission.

(2) As of May 2025.

(3) Average Annual Statistics.

**APPENDIX C**

**FORM OF LEGAL OPINION OF BOND COUNSEL**

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August 13, 2025

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**FINAL**

IN REGARD to the authorization and issuance of the “City of Jourdanton, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025” (the *Certificates*), dated July 1, 2025 in the aggregate principal amount of \$8,940,000 we have reviewed the legality and validity of the issuance thereof by the City Council of the City of Jourdanton, Texas (the *Issuer*). The Certificates are issuable in fully registered form only in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity). The Certificates have Stated Maturities of February 1 in each of the years 2026 through 2045, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Certificates. Interest on the Certificates accrues from the dates, at the rates, in the manner, and is payable on the dates as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Certificates. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Ordinance.

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

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

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

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**Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of “CITY OF JOURDANTON, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025”**

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

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

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

**Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of “CITY OF JOURDANTON, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025”**

to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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

Norton Rose Fulbright US LLP

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**APPENDIX D**

**FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

(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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# Garza/Gonzalez & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council  
City of Jourdanton  
Jourdanton, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate fund information of the City of Jourdanton, Texas (the City), as of and for the year ended September 30, 2024, 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, each major fund, and the aggregate fund information as of September 30, 2024, and the respective changes in financial position, and, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 and *Government 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 for the general fund, schedule of changes in TMRS net pension liability and related ratios, schedule of changes in the Total OPEB liability and ratios and the schedule of TMRS contributions as listed in 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.

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***Supplementary Information***

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



*Gary Gonzalez*  
*# Minutes LLC.*

April 15, 2025

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## CITY OF JOURDANTON, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jourdanton, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal-year by \$17,651,588(*net position*).
- The City's total net position increased by \$931,372 for the year ended September 30, 2024. Net position of governmental activities increased by \$215,453; and net position of the business-type activities increased by \$715,919.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6.03 million, an increase of \$252 thousand in comparison with the prior year.
- The general fund balance at year end was \$3,122,265. The change from the prior year is a decrease of \$103,279.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements:** The Government-Wide Financial Statements are designed to provide readers-with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets plus deferred outflows and liabilities plus deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave). Both the Statement of Net Position and Statement of Activities are prepared utilizing the accrual basis of accounting.

## CITY OF JOURDANTON, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

*Governmental Activities* – Most of the City's basic services are reported here, including the general government, public safety, public works, sanitation, and culture and recreation. Property taxes, sales taxes and franchise fees finance most of these activities.

*Business Type Activities* – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.

#### **Reporting the City's Most Significant Funds**

##### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's governmental and proprietary funds utilize different accounting approaches:

*Governmental Funds* – The majority of the City's basic services are reported in governmental funds, which focus on money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Statements, readers may better understand the long-term effect of the government's near-term financing decisions. The relationship of differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements:

*Enterprise Funds* – The City of Jourdanton maintains two individual enterprise funds. The City uses enterprise funds to account for its water and sewer activity. The funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer activity.

##### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes can be found following the basic financial statement section.

##### **Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain other supplementary information concerning budgetary comparative information for the Debt Service Fund, combining statements for non-major funds and a statement of revenues, expenses and changes in fund net position for the Water and Sewer Fund.

CITY OF JOURDANTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

**THE CITY AS A WHOLE - Government-Wide Financial Analysis**

The City's combined net position was \$17.6 million for the year ended September 30, 2024. Analyzing the net position and net expenses of governmental and business-type activities separately, the business type activities net position was \$5.7 million and the governmental activities were \$11.9 million.

This analysis focuses on the net position (Table I) and changes in general revenues (Table II) and significant expenses of the City's governmental and business-type activities. Prior-year information for both governmental and business-type activities is presented for the purposes of providing a comparative analysis.

A fairly large portion of the City's net position (66%) reflect its investments in capital assets, (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table I  
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Current and Other Assets	\$ 6,786,336	\$ 7,483,983	\$ 11,496,242	\$ 9,631,874	\$ 18,282,578	\$ 17,115,857
Capital Assets	16,382,500	16,834,705	10,673,337	11,018,944	27,055,837	27,853,649
Total Assets	23,168,836	24,318,688	22,169,579	20,650,818	45,338,415	44,969,506
Deferred Outflows of Resources	356,111	273,153	123,559	90,960	479,670	364,113
Total Deferred Outflows of Resources	356,111	273,153	123,559	90,960	479,670	364,113
Current Liabilities	1,212,801	2,181,752	1,953,774	764,450	3,166,575	2,946,202
Long-Term Liabilities	10,095,958	10,663,882	14,561,420	14,967,892	24,657,378	25,631,774
Total Liabilities	11,308,759	12,845,634	16,515,194	15,732,342	27,823,953	28,577,976
Deferred Inflows of Resources	244,335	34,267	98,209	15,661	342,544	49,928
Total Deferred Outflows of Resources	244,335	34,267	98,209	15,661	342,544	49,928
Net Position:						
Net Investment in Capital Assets	7,485,750	7,169,401	4,248,161	3,892,830	11,733,911	11,062,231
Restricted	1,662,978	1,539,520	8,374,088	8,249,308	10,037,066	9,788,828
Unrestricted	2,823,125	3,003,019	(6,942,514)	(7,148,363)	(4,119,389)	(4,145,344)
Total Net Position	\$ 11,971,853	\$ 11,711,940	\$ 5,679,735	\$ 4,993,775	\$ 17,651,588	\$ 16,705,715

CITY OF JOURDANTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table II  
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Revenues:						
Program Revenues:						
Charges for Services	\$ 949,332	\$ 864,420	\$ 2,341,869	\$ 2,003,640	\$ 3,291,201	\$ 2,868,060
Intergovernmental Revenue and Grants	-	-	110,244	40,415	110,244	40,415
General Revenues:						
Property Taxes	2,126,400	1,820,398	-	-	2,126,400	1,820,398
Sales Taxes	1,108,298	1,056,032	-	-	1,108,298	1,056,032
Franchise Taxes	180,194	176,085	-	-	180,194	176,085
Occupancy Taxes	505,308	540,022	-	-	505,308	540,022
Penalties and Interest on Taxes	43,799	40,462	-	-	43,799	40,462
Investment Earnings	222,439	177,999	445,734	361,927	668,173	539,926
Miscellaneous	271,070	281,749	6,513	15,261	277,583	297,010
Gain in Sale of Property	8,656	23,000	-	-	8,656	23,000
Total Revenues	5,415,496	4,980,167	2,904,360	2,421,243	8,319,856	7,401,410
Expenses						
General Government	\$ 886,017	\$ 840,058	\$ -	\$ -	\$ 886,017	\$ 840,058
Public Safety and Health & Welfare	1,532,996	1,317,595	-	-	1,532,996	1,317,595
Streets/Public Works/Sanitation	1,318,295	1,087,431	-	-	1,318,295	1,087,431
Culture and Recreation	909,518	702,000	-	-	909,518	702,000
Water	-	-	1,586,409	1,245,683	1,586,409	1,245,683
Sewer	-	-	911,395	811,595	911,395	811,595
Interest and Other Debt-Related Fees	243,854	262,205	-	-	243,854	262,205
Total Expenses	4,890,680	4,209,289	2,497,804	2,057,278	7,388,484	6,266,567
Transfers In (Out)	(309,363)	(227,749)	309,363	227,749	-	-
CHANGE IN NET POSITION	\$ 215,453	\$ 543,129	\$ 715,919	\$ 591,714	\$ 931,372	\$ 1,134,843

CITY OF JOURDANTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental Activities**

**Table III  
Expense and Program Revenue – Governmental Activities**

	Expenses		Charges for Services	
	Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Expenses				
General Government	\$ 886,017	\$ 840,058	\$ -	\$ -
Public Safety and Health & Welfare	1,532,996	1,317,595	-	-
Street/Public Works/Sanitation	1,318,295	1,087,431	939,838	855,776
Culture and Recreation	909,518	702,000	9,494	8,644
Interest on Debt & Other Debt-related Fees	243,854	262,205	-	-
Total Governmental Activities	\$ 4,890,680	\$ 4,209,289	\$ 949,332	\$ 864,420

	9/30/2024	9/30/2024	9/30/2023	9/30/2023
	Revenues	%	Revenues	%
General Revenue by Source				
Property Taxes	\$ 2,126,400	51%	\$ 1,820,398	47%
Sales Taxes	1,108,298	27%	1,056,032	27%
Franchise Taxes	180,194	4%	176,085	5%
Occupancy Taxes	505,308	12%	540,022	14%
Penalties and Interest on Taxes	43,799	1%	40,462	1%
Investment Earnings	222,439	5%	177,999	5%
Miscellaneous	271,070	7%	281,749	7%
Transfers	(309,363)	-7%	(227,749)	-6%
Gain in Sale of Property	8,656	0%	23,000	1%
Total Governmental Activities	\$ 4,156,801	100%	\$ 3,887,998	100%

The most significant governmental expenses for the City were in the categories of Public Safety and Health & Welfare, Street/Public Works/Sanitation, and Culture and Recreation which total \$3,760,809 or 77% of total expenditures.

**Business-Type Activities**

Revenues of the City's business-type activities were \$2.3 million for the year ended September 30, 2024. Expenses for the City's business-type activities were \$2.5 million for the year.

CITY OF JOURDANTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table IV**  
**Expense and Program Revenue – Business-Type Activities**

	Expenses		Operating Revenues	
	Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Water	\$ 1,586,409	\$ 1,245,683	\$ 1,427,661	\$ 1,179,319
Sewer	911,395	811,595	914,208	824,321
Total Business-Type Activities	<u>\$ 2,497,804</u>	<u>\$ 2,057,278</u>	<u>\$ 2,341,869</u>	<u>\$ 2,003,640</u>

In addition to operating revenues, included above are interest earned on restricted cash and the ARPA funds expended to date.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the year ended September 30, 2024, the City had approximately \$27.06 million invested in a broad range of capital assets, including police and fire equipment, buildings, roads, bridges, and water and sewer lines. (See Table V below.)

**Table V**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
Land	\$ 342,593	\$ 342,593	\$ 66,424	\$ 66,424	\$ 409,017	\$ 409,017
Buildings & Improvements	13,671,938	13,634,957	-	-	13,671,938	13,634,957
Water/Wastewater System - Plant	-	-	18,860,616	18,555,118	18,860,616	18,555,118
Machinery, Equipment, and Vehicles	1,663,984	1,663,984	1,507,658	1,507,658	3,171,642	3,171,642
Infrastructure	1,323,023	1,323,023	-	-	1,323,023	1,323,023
Construction in Progress	4,763,474	4,763,474	276,173	237,613	5,039,647	5,001,087
Less: Accumulated Depreciation	(5,382,512)	(4,893,326)	(10,037,534)	(9,347,869)	(15,420,046)	(14,241,195)
Total	<u>\$ 16,382,500</u>	<u>\$ 16,834,705</u>	<u>\$ 10,673,337</u>	<u>\$ 11,018,944</u>	<u>\$ 27,055,837</u>	<u>\$ 27,853,649</u>

CITY OF JOURDANTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Debt**

At year-end, the City had \$24.7 million in General Obligation Bonds, Certificate of Obligations, and Revenue Bonds outstanding. See Note 8 of the Notes to Financial Statements for additional information.

**Table VI  
Outstanding Debt  
Certificate of Obligations and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
	Year Ended		Year Ended		Year Ended	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
General Obligation Bonds	\$ 3,521,000	\$ 3,761,000	\$ -	\$ -	\$ 3,521,000	\$ 3,761,000
Certificate of Obligation	6,355,000	6,760,000	12,021,000	12,425,000	18,376,000	19,185,000
Revenue Bonds	-	-	2,843,000	2,904,000	2,843,000	2,904,000
Total	\$ 9,876,000	\$ 10,521,000	\$ 14,864,000	\$ 15,329,000	\$ 24,740,000	\$ 25,850,000

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual expenditures for the fiscal year of \$3,750,646 (excluding operating transfers) were less than final appropriations by \$251,424.

Actual revenues for the fiscal year were \$3,838,711, which was \$307,229 more than budgeted.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City's elected and appointed officials considered many factors when setting the 2024-2025 budget. The rate for 2025 is .740000 cents per \$100.00 assessed valuation, of this rate .39 is from the maintenance and support of general government and .35 is for to service the debt of the City. The new tax rate represents an increase of 6.13 percent.

**FINANCIAL CONTACT**

The City's financial statements are designed to present users with a general overview of the city's finances and to demonstrate the city's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City Hall at 1604 Hwy. 97 East, Suite A, Jourdanton, Texas 78026.

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## **Basic Financial Statements**

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## **Government-Wide Financial Statements**

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CITY OF JOURDANTON  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,584,428	\$ 1,374,905	\$ 6,959,333
Taxes Receivable, Net	262,343	-	262,343
Accounts Receivable, Net	372,600	355,607	728,207
Due from Other Funds	(974,290)	974,290	-
Inventories	-	28,765	28,765
Prepaid Items	2,269	-	2,269
Deferred Charges	-	534	534
Restricted Cash and Cash Equivalents	-	277,809	277,809
Restricted Investments	1,538,986	8,484,332	10,023,318
Capital Assets:			
Land Purchase and Improvements	342,593	66,424	409,017
Infrastructure	1,323,023	-	1,323,023
Buildings	13,671,938	-	13,671,938
Improvements other than Buildings	-	18,860,616	18,860,616
Furniture and Equipment	1,663,984	1,507,658	3,171,642
Accumulated Depreciation	(5,382,512)	(10,037,534)	(15,420,046)
Construction in Progress	4,763,474	276,173	5,039,647
Total Assets	<u>23,168,836</u>	<u>22,169,579</u>	<u>45,338,415</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	336,020	114,156	450,176
Deferred Outflow Related to OPEB	20,091	9,403	29,494
Total Deferred Outflows of Resources	<u>356,111</u>	<u>123,559</u>	<u>479,670</u>
<b>LIABILITIES</b>			
Accounts Payable	308,486	233,343	541,829
Wages and Salaries Payable	72,584	19,339	91,923
Compensated Absences Payable	8,328	2,758	11,086
Intergovernmental Payable	-	(4,167)	(4,167)
Due to Others	15,242	201,582	216,824
Accrued Interest Payable	42,398	45,508	87,906
Noncurrent Liabilities:			
Due Within One Year	765,763	1,455,411	2,221,174
Due in More Than One Year:			
Bonds Payable - Noncurrent	9,627,575	14,392,000	24,019,575
Net Pension Liability	376,626	123,667	500,293
Net OPEB Liability	91,757	45,753	137,510
Total Liabilities	<u>11,308,759</u>	<u>16,515,194</u>	<u>27,823,953</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	225,775	88,640	314,415
Deferred Inflow Related to OPEB	18,560	9,569	28,129
Total Deferred Inflows of Resources	<u>244,335</u>	<u>98,209</u>	<u>342,544</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets and Lease Assets	7,485,750	4,248,161	11,733,911
Restricted:			
Restricted for Capital Acquisition	1,538,986	8,374,088	9,913,074
Restricted for Debt Service	123,992	-	123,992
Unrestricted	2,823,125	(6,942,514)	(4,119,389)
Total Net Position	<u>\$ 11,971,853</u>	<u>\$ 5,679,735</u>	<u>\$ 17,651,588</u>

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

CITY OF JOURDANTON  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Expenses	Program Revenues <u>Charges for Services</u>
<b>Primary Government:</b>		
<b>GOVERNMENTAL ACTIVITIES:</b>		
General Government	\$ 886,017	\$ -
Public Safety	1,361,190	-
Public Works	163,791	939,838
Highways and Streets	320,928	-
Sanitation	833,576	-
Health and Welfare	171,806	-
Culture and Recreation	909,518	9,494
Interest on Debt	239,953	-
Other Debt Service	3,901	-
Total Governmental Activities	4,890,680	949,332
<b>BUSINESS-TYPE ACTIVITIES:</b>		
Water Fund	1,586,409	1,427,661
Sewer Fund	911,395	914,208
Total Business-Type Activities	2,497,804	2,341,869
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 7,388,484</b>	<b>\$ 3,291,201</b>

General Revenues:

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Debt Service
- General Sales and Use Taxes
- Franchise Tax
- Other Taxes
- Penalty and Interest on Taxes

- Grants and Contributions
- Miscellaneous Revenue
- Investment Earnings
- Gain on Sale of Property
- Transfers In (Out)

Total General Revenues, Special Items, and Transfers

Change in Net Position

Net Position - Beginning, Restated

Net Position - Ending

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (886,017)	\$ -	\$ (886,017)
(1,361,190)	-	(1,361,190)
776,047	-	776,047
(320,928)	-	(320,928)
(833,576)	-	(833,576)
(171,806)	-	(171,806)
(900,024)	-	(900,024)
(239,953)	-	(239,953)
(3,901)	-	(3,901)
(3,941,348)	-	(3,941,348)
-	(158,748)	(158,748)
-	2,813	2,813
-	(155,935)	(155,935)
(3,941,348)	(155,935)	(4,097,283)
943,246	-	943,246
1,183,154	-	1,183,154
1,108,298	-	1,108,298
180,194	-	180,194
505,308	-	505,308
43,799	-	43,799
-	110,244	110,244
271,070	6,513	277,583
222,439	445,734	668,173
8,656	-	8,656
(309,363)	309,363	-
4,156,801	871,854	5,028,655
215,453	715,919	931,372
11,756,400	4,963,816	16,720,216
\$ 11,971,853	\$ 5,679,735	\$ 17,651,588

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## **Governmental Funds Financial Statements**

CITY OF JOURDANTON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	General Fund	Debt Service Fund	Capital Projects
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,215,234	\$ 283,383	\$ 716,823
Taxes Receivable	156,721	125,368	-
Allowance for Uncollectible Taxes (credit)	(10,970)	(8,776)	-
Accounts Receivable, Net	358,773	-	-
Prepaid Items	2,269	-	-
Restricted Investments	-	-	1,538,986
Total Assets	<u>\$ 4,722,027</u>	<u>\$ 399,975</u>	<u>\$ 2,255,809</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 297,668	\$ 401	\$ -
Wages and Salaries Payable	72,584	-	-
Due to Other Funds	974,290	-	-
Due to Others	15,242	-	-
Total Liabilities	<u>1,359,784</u>	<u>401</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	145,750	116,592	-
Unavailable Revenue - Court Fines	94,228	-	-
Total Deferred Inflows of Resources	<u>239,978</u>	<u>116,592</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
Capital Acquisition and Contractual Obligation	-	-	2,255,809
Retirement of Long-Term Debt	-	282,982	-
Committed Fund Balance:			
Construction	-	-	-
Assigned Fund Balance:			
Other Assigned Fund Balance	-	-	-
Unassigned Fund Balance	3,122,265	-	-
Total Fund Balances	<u>3,122,265</u>	<u>282,982</u>	<u>2,255,809</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,722,027</u>	<u>\$ 399,975</u>	<u>\$ 2,255,809</u>

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

Other Funds	Total Governmental Funds
\$ 368,988	\$ 5,584,428
-	282,089
-	(19,746)
13,827	372,600
-	2,269
-	1,538,986
<u>\$ 382,815</u>	<u>\$ 7,760,626</u>
\$ 10,417	\$ 308,486
-	72,584
-	974,290
-	15,242
<u>10,417</u>	<u>1,370,602</u>
-	262,342
-	94,228
<u>-</u>	<u>356,570</u>
-	2,255,809
-	282,982
212,246	212,246
160,152	160,152
-	3,122,265
<u>372,398</u>	<u>6,033,454</u>
<u>\$ 382,815</u>	<u>\$ 7,760,626</u>

CITY OF JOURDANTON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024

<b>Total Fund Balances - Governmental Funds</b>	\$	6,033,454
Capital assets used in governmental activities are not financial resources and are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$21,728,031 and the accumulated depreciation was (\$4,893,326). In addition, long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. At the beginning of the year, bonds and notes payable, and other long-term liabilities were (\$11,080,660), interest payable was (\$45,385), compensated absences was (\$18,454), net pension liability was (\$219,326), deferred pension inflow was (\$5,173) deferred pension outflow was \$254,674, deferred OPEB outflow was \$18,479, deferred OPEB inflow was (\$29,094), and net OPEB liability was (\$82,297). The effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position. The net effect is to increase net position.		5,627,469
Transactions related to current year capital outlays and long-term debt principal payments, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows: acquisition of capital assets of \$22,481; recognition of capital assets from prior year of \$14,500; change in compensated absences of \$10,126; change in accrued interest payable of \$2,987; and principal payments on bonds and notes payable of \$687,322. The net effect is to increase net position.		737,416
Included in the items related to debt is the recognition of the City's proportionate share of net pension liability required by GASB Statement number 68. At the beginning of the year, the net position related to TMRS was a Deferred Resource Outflow of \$254,674, a Deferred Resource Inflow of (\$5,173), and a net pension liability of (\$219,326). The impact of this to net position is an increase of \$30,175. Changes in the current year resulted in a decrease in net position of (\$296,556).		(296,556)
Included in the items related to debt is the recognition of the City's proportionate share of the net OPEB liability required by GASB Statement number 75. At the beginning of the year, the net position related to TMRS was a Deferred Resource Outflow of \$18,479, a Deferred Resource Inflow of (\$29,094), and a net OPEB liability of (\$82,297). The impact of this to net position is a decrease of (\$92,912). Changes in the current year resulted in an increase in net position of \$2,686.		2,686
The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(489,186)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue related to the tax levy. The net effect of these reclassifications and recognitions is to increase net position.		356,570
<b>Net Position of Governmental Activities</b>	\$	11,971,853

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

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CITY OF JOURDANTON  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Debt Service Fund	Capital Projects
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 1,172,421	\$ 930,128	\$ -
General Sales and Use Taxes	1,108,298	-	-
Franchise Tax	180,194	-	-
Other Taxes	-	-	-
Penalty and Interest on Taxes	26,639	17,160	-
Licenses and Permits	128,438	-	-
Charges for Services	798,877	-	-
Fines	150,455	-	-
Investment Earnings	132,517	-	89,922
Rents and Royalties	71,712	-	-
Other Revenue	69,160	-	-
Total Revenues	3,838,711	947,288	89,922
<b>EXPENDITURES:</b>			
Current:			
General Government	733,477	-	-
Public Safety	1,125,736	-	-
Public Works	-	-	-
Highways and Streets	277,381	-	-
Sanitation	833,576	-	-
Health and Welfare:			
Other (Define)	152,438	-	-
Culture and Recreation	589,196	-	-
Debt Service:			
Principal on Debt	13,439	410,000	-
Interest on Debt	2,922	168,689	-
Other Debt Service	-	3,901	-
Capital Outlay:			
Capital Outlay	22,481	-	-
Total Expenditures	3,750,646	582,590	-
Excess of Revenues Over Expenditures	88,065	364,698	89,922
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Real and Personal Property	8,656	-	-
Transfers In	-	-	-
Transfers Out	(200,000)	(309,363)	-
Total Other Financing Sources (Uses)	(191,344)	(309,363)	-
Net Change in Fund Balances	(103,279)	55,335	89,922
Fund Balance - October 1 (Beginning)	3,225,544	227,647	2,165,887
Fund Balance - September 30 (Ending)	\$ 3,122,265	\$ 282,982	\$ 2,255,809

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

Other Funds	Total Governmental Funds
\$ -	\$ 2,102,549
-	1,108,298
-	180,194
505,308	505,308
-	43,799
-	128,438
-	798,877
-	150,455
-	222,439
-	71,712
1,760	70,920
<u>507,068</u>	<u>5,382,989</u>
401	733,878
-	1,125,736
137,754	137,754
-	277,381
-	833,576
-	152,438
23,937	613,133
235,000	658,439
100,212	271,823
-	3,901
-	<u>22,481</u>
<u>497,304</u>	<u>4,830,540</u>
9,764	552,449
-	8,656
200,000	200,000
-	<u>(509,363)</u>
<u>200,000</u>	<u>(300,707)</u>
209,764	251,742
<u>162,634</u>	<u>5,781,712</u>
<u>\$ 372,398</u>	<u>\$ 6,033,454</u>

CITY OF JOURDANTON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	251,742
Transactions related to current year capital outlays and long-term debt principal payments, changes in compensated absences, and interest payable are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting as follows:		722,916
• Acquisition of capital assets of \$22,481		
• Change in compensated absences of \$10,126		
• Change in accrued interest payable of \$2,987		
• Principal payments on bonds and notes payable of \$687,322		
The net effect is to increase the change in net position.		
Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded actuarially determined pension expense.		(296,556)
Governmental funds report required contributions to OPEB as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined OPEB expense exceeded contributions.		2,686
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(489,186)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue related to the tax levy. The net effect of these reclassifications and recognitions is to increase the change in net position.		23,851
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>215,453</b>

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

## **Proprietary Funds Financial Statements**

CITY OF JOURDANTON  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2024

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 74,153	\$ 1,300,752	\$ 1,374,905
Restricted Assets - Current:			
Restricted Cash and Cash Equivalents	277,809	-	277,809
Restricted Investments	6,054,817	2,429,515	8,484,332
Accounts Receivable, Net	194,572	161,035	355,607
Due from Other Funds	974,290	-	974,290
Inventories	28,765	-	28,765
Deferred Charges	534	-	534
Total Current Assets	<u>7,604,940</u>	<u>3,891,302</u>	<u>11,496,242</u>
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	45,442	20,982	66,424
Improvements other than Buildings	8,134,263	10,726,353	18,860,616
Furniture and Equipment	1,215,969	291,689	1,507,658
Accumulated Depreciation	(4,524,633)	(5,512,901)	(10,037,534)
Construction in Progress	110,244	165,929	276,173
Total Noncurrent Assets	<u>4,981,285</u>	<u>5,692,052</u>	<u>10,673,337</u>
Total Assets	<u>12,586,225</u>	<u>9,583,354</u>	<u>22,169,579</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	81,120	33,036	114,156
Deferred Outflow Related to OPEB	6,562	2,841	9,403
Total Deferred Outflows of Resources	<u>87,682</u>	<u>35,877</u>	<u>123,559</u>

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

CITY OF JOURDANTON  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2024

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total Enterprise Funds
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	171,613	61,730	233,343
Wages and Salaries Payable	18,985	354	19,339
Compensated Absences Payable	204	2,554	2,758
Intergovernmental Payable	(4,167)	-	(4,167)
Utility Deposits	201,582	-	201,582
Accrued Interest Payable	23,722	21,786	45,508
Unearned Revenues	983,411	-	983,411
Bonds Payable - Current	299,000	173,000	472,000
Total Current Liabilities	1,694,350	259,424	1,953,774
Noncurrent Liabilities:			
Bonds Payable - Noncurrent	8,405,000	5,987,000	14,392,000
Net Pension Liability	90,571	33,096	123,667
Net OPEB Liability	32,065	13,688	45,753
Total Noncurrent Liabilities	8,527,636	6,033,784	14,561,420
Total Liabilities	10,221,986	6,293,208	16,515,194
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	69,863	18,777	88,640
Deferred Inflow Related to OPEB	6,226	3,343	9,569
Total Deferred Inflows of Resources	76,089	22,120	98,209
<b>NET POSITION</b>			
Net Investment in Capital Assets and Lease Assets	2,308,380	1,939,781	4,248,161
Restricted for Capital Acquisition	5,944,573	2,429,515	8,374,088
Unrestricted	(5,877,121)	(1,065,393)	(6,942,514)
Total Net Position	\$ 2,375,832	\$ 3,303,903	\$ 5,679,735

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

CITY OF JOURDANTON  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total Enterprise Funds
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 1,427,661	\$ 914,208	\$ 2,341,869
Other Revenue	5,676	837	6,513
Total Operating Revenues	<u>1,433,337</u>	<u>915,045</u>	<u>2,348,382</u>
<b>OPERATING EXPENSES:</b>			
Personnel Services - Salaries and Wages	340,331	87,968	428,299
Personnel Services - Employee Benefits	220,055	53,655	273,710
Professional & Technical Services	61,168	72,146	133,314
Purchased Property Services	345,851	130,097	475,948
Other Operating Expenses	103,259	91,996	195,255
Supplies	57,480	8,794	66,274
Depreciation	354,220	335,446	689,666
Total Operating Expenses	<u>1,482,364</u>	<u>780,102</u>	<u>2,262,466</u>
Operating Income (Loss)	<u>(49,027)</u>	<u>134,943</u>	<u>85,916</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Intergovernmental Revenue - ARPA	110,244	-	110,244
Investment Earnings	320,277	125,457	445,734
Interest Expense - Nonoperating	(104,045)	(131,293)	(235,338)
Total Nonoperating Revenue (Expenses)	<u>326,476</u>	<u>(5,836)</u>	<u>320,640</u>
Income Before Transfers	277,449	129,107	406,556
Nonoperating Transfers In	<u>254,863</u>	<u>54,500</u>	<u>309,363</u>
Change in Net Position	532,312	183,607	715,919
Total Net Position - October 1 (Beginning)	<u>1,843,520</u>	<u>3,120,296</u>	<u>4,963,816</u>
Total Net Position - September 30 (Ending)	<u>\$ 2,375,832</u>	<u>\$ 3,303,903</u>	<u>\$ 5,679,735</u>

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

CITY OF JOURDANTON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities		
	Water Fund	Sewer Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$ 1,337,635	\$ 858,800	\$ 2,196,435
Cash Payments to Employees for Services	(462,021)	(120,249)	(582,270)
Cash Payments for Suppliers	(624,734)	(161,650)	(786,384)
Net Cash Provided by Operating Activities	<u>250,880</u>	<u>576,901</u>	<u>827,781</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfers from Other Funds	254,863	54,500	309,363
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(286,266)	(87,751)	(374,017)
Principal paid on Capital Debt	(296,000)	(169,000)	(465,000)
Interest Expense on Bonds	(104,045)	(131,293)	(235,338)
Intergovernmental Revenue	110,244	-	110,244
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(576,067)</u>	<u>(388,044)</u>	<u>(964,111)</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	(168,566)	(66,458)	(235,024)
Interest and Dividends on Investments	320,277	125,457	445,734
Net Cash Provided by Investing Activities	<u>151,711</u>	<u>58,999</u>	<u>210,710</u>
Net Increase in Cash and Cash Equivalents	81,387	302,356	383,743
Cash and Cash Equivalents at Beginning of Year	<u>270,575</u>	<u>998,396</u>	<u>1,268,971</u>
Cash and Cash Equivalents at End of Year	<u>\$ 351,962</u>	<u>\$ 1,300,752</u>	<u>\$ 1,652,714</u>

CITY OF JOURDANTON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities		
	Water Fund	Sewer Fund	Total Enterprise Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	\$ (49,027)	\$ 134,943	\$ 85,916
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	354,220	335,446	689,666
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Receivables	(95,781)	(56,245)	(152,026)
Decrease (Increase) in Due from Other Funds	(974,290)	95,310	(878,980)
Decrease (Increase) in Deferred Charges	79	-	79
Decrease (Increase) in Deferred Pension Outflow	(25,268)	(6,697)	(31,965)
Decrease (Increase) in Deferred OPEB Outflow	(501)	(133)	(634)
Increase (Decrease) in Accounts Payable	132,738	46,539	179,277
Increase (Decrease) in Other Current Liabilities	983,411	-	983,411
Increase (Decrease) in Accrued Interest Payable	(448)	(466)	(914)
Increase (Decrease) in Wages and Salaries Payables	7,082	(2,820)	4,262
Increase (Decrease) in Dut to Others	20,454	-	20,454
Increase (Decrease) in Intergovernmental Payables	(4,167)	-	(4,167)
Increase (Decrease) in Due to Other Funds	(214,674)	-	(214,674)
Increase (Decrease) in Net Pension Liability	48,861	12,950	61,811
Increase (Decrease) in Net OPEB Liability	2,938	779	3,717
Increase (Decrease) in Deferred Pension Inflow	68,525	18,161	86,686
Increase (Decrease) in Deferred OPEB Inflow	(3,272)	(866)	(4,138)
Net Cash Provided by Operating Activities	<u>\$ 250,880</u>	<u>\$ 576,901</u>	<u>\$ 827,781</u>

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Jourdanton, Texas, was incorporated in 1911. The City operates under a Type A general law municipality under the city manager form of government and provides the following services as authorized: police and fire protection, maintenance of streets, planning and zoning, parks and recreation, general administrative services, water, and sewer services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the government, for financial purposes, management has considered all potential component units and associated component units. The decision to include a potential component unit or associated component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, *The Financial Reporting Entity* and GASB Statement 39 *Determining Whether Certain Organizations are Component Units*. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based upon the application of these criteria, the City has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. Government-wide statements report information on all nonfiduciary of the activities of the City. The effect of inter-fund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. The values of inter-fund services provided and used are not eliminated in the government-wide financial statements, as elimination of those charges would distort the direct costs reported for the various functions. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed whole or in part by fees charged to external parties for goods and services. The City has no fiduciary funds.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-Wide and Fund Financial Statements (Continued)**

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

Separate fund financial statements are provided for governmental funds and proprietary funds. The general fund, capital projects, and debt service funds meet the criteria as major governmental funds. The combined amounts for all nonmajor funds are reflected in a single column in the fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Detailed statements for nonmajor funds are presented within combining and individual fund statements and schedules.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

Governmental fund level financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred inflow of resources. Property taxes which are levied prior to September 30, 2023, and became due October 1, 2023 have been assessed to finance the budget of the fiscal year beginning October 1, 2023 and, accordingly, have been reflected as deferred inflow of resources and taxes receivable in the fund financial statement at September 30, 2024.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Sales taxes, franchise taxes, hotel occupancy taxes, and fees associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items received by the government are considered to be measurable and available only when the cash is received by the City.

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

The government reports the following major governmental funds:

General Fund is the general operating fund of the City and always classified as a major fund. The general fund is used to account for financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition.

Debt Service Fund accounts for financial resources to use for the payment of long-term debt.

Capital Projects Fund accounts for street repairs to be paid with proceeds from issuance of debt.

Non-major funds include special revenue funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary fund is the water and wastewater funds (used to account for the provisions of water and wastewater services to residents).

The proprietary fund is accounted for using the accrual basis of accounting as follows:

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

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

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

The City considers cash in banks, cash on hand, and savings accounts to be cash equivalents. For purposes of the statement of cash flows, the enterprise fund (water and wastewater fund) considers all short-term investments with an original maturity of three (3) months or less to be cash equivalents.

E. Investments

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments, investment pools, and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost. Investment pools are reported at a share price of \$1 which approximates their fair value.

Fair Value Measurement is measured by the City using the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments carried at fair value are valued using quoted markets prices (Level 1 inputs).

F. Receivables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2023 and past due after January 31, 2024. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

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

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables (Continued)

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

G. Inventories and Prepaid Items

The City accounts for inventories using the consumption method. Inventories consist primarily of supplies and are valued at cost determined by the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid Items of governmental funds are recorded as expenditures when consumed rather than when purchased.

H. Budget

An operating budget is adopted each fiscal year for all City governmental funds. The budget is adopted on the GAAP basis of accounting.

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

The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted to obtain taxpayer comments.

Prior to October the budget is legally enacted through passage of an ordinance.

Any revisions that alter the total expenditures of the enterprise funds or any department for governmental type funds must be approved by the City Council.

The appropriated budget is prepared by fund, function, and department level.

The legal level of budgetary control (i.e., level at which expenditures may not legally exceed appropriations) is the department level. Appropriations in all budgeted funds lapse at year-end even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Restricted Assets

Certain proceeds of Certificates of Obligation, enterprise fund revenues collected for a specific purpose by state law and city ordinances, as well as certain resources set aside for their repayment, are classified as restricted on the on the statement of net position and balance sheet because their use is limited by law.

Deposits of water and wastewater customers and performance bond deposits pending refund to the customer are considered restricted assets.

J. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include city-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets, donated works of art and capital assets received in a service concession arrangement are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

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

<u>Asset</u>	<u>Useful Lives (Years)</u>
Buildings & Improvements	15 – 40
Water/Wastewater System – Plant	20 – 33
Machinery, Equipment & Vehicles	5 – 10
Infrastructure	30

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

Vested or accumulated vacation leave time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. The City is responsible for payment of vested or accumulated vacation leave. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave of the proprietary funds are recorded as an expenditure and liability of that fund as the benefits accrue to employees. Accumulated vacation pay at September 30, 2024 of \$2,758 and \$8,328 has been recorded in accrued liabilities of the proprietary funds and government-wide statements, respectively. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The general fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

L. Unearned Revenues

Unearned Revenues arise when assets are recognized before the revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of Expenses/expenditures are reflected as unearned revenues. The American Recovery Plan Act Grant is recorded as unearned revenue on the Statement of Financial Position, as well as the Balance Sheet.

M. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has pension and OPEB related deferred outflows.

*Deferred inflows of resources* represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax and court fines are deferred and recognized as an inflow of resources in the period the amounts become available. The City also has pension and OPEB related deferred inflows.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pensions

For 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/deduction from TMRS's 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.

O. OPEB Liability

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deduction from TMRS's Total OPEB Liability 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.

P. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premium and discounts are deferred and amortized over the life of the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Q. Net Position

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

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Fund Balance Classification Policies

The City has adopted Governmental Accounting Standards Board Statement Number 54 (GASB 54) *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement provides guidance for fund balance categories and classifications and governmental fund type definitions. GASB 54 changed the way we look at fund balances, specifically reporting what fund balances, by major governmental fund type, are or are not available for public purposes. Five categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- Non-spendable – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- Restricted – These funds are governed by externally enforceable restrictions. At September 30, 2024, restricted fund balance for capital acquisition and retirement of long-term debt was \$2,255,809 and \$282,982, respectively.
- Committed – Fund balances in this category are limited by the government's highest level of decision making (in this case the City Council). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- Assigned – For funds to be assigned, there must be an intended use which can be established by the City Council or an official delegated by the council, such as a City Manager or Finance Director. Assigned fund balance is delegated by the City Council to the City Manager.
- Unassigned – This classification is the default for all funds that do not fit into the other categories. The general fund is the only fund that reports a positive fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for a specific purpose, it may be necessary to report a negative unassigned fund balance in that particular fund.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

S. Inter-fund Transactions

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both governmental and proprietary funds.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for water and wastewater services. Operating expenses are necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as non-operating.

U. Use of Estimates

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

V. Excess of Expenditures Over Appropriations

Expenditures exceeded the budget approved by City Council in the following funds and functions:

<u>Fund/Function</u>	<u>Excess</u>
General Fund	
Sanitation	\$ 126,103
Culture & Recreation	111,506
Community Development and Code	13,454
Debt Service	16,361
Capital Outlay	22,481
Transfers Out	200,000
Debt Service Fund	
Other Debt Service	1,901
Transfers Out	309,363

All above line items were caused by errors in the budget preparation.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Restricted Cash

The City’s cash and cash equivalents balance at year end was \$7,237,142. Cash and cash equivalents consists of the following:

Cash on Hand	\$	350
Deposits with Depository Bank		4,175,987
Restricted Deposits		156,394
Investment Pools		2,904,411
Total	\$	<u>7,237,142</u>

The City’s funds are required to be deposited and invested under the terms of a depository contract. Under Texas State law, a bank serving as the depository must have a bond or in lieu thereof, deposited or pledged securities with the City or independent third-party agent, an amount equal to the highest daily balance of all deposits the City may have during the term of the depository contract, less applicable federal depository insurance (FDIC). At September 30, 2024, all of the City’s deposits were fully collateralized.

At September 30, 2024, the bank balance of the City’s deposits comprised of the following:

Bank Deposits	\$	<u>4,354,595</u>
Total	\$	<u>4,354,595</u>

Restricted cash in the amount of \$121,415 is held for water well reserves and restricted cash for \$156,394 is held for in savings account for revenue reserve bonds.

B. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

B. Investments (Continued)

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investments pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act.

Investments in the water and sewer funds for the TWDB funds in the amount of \$8,484,332 are restricted for future projects. Investments in the Capital Projects Fund for \$1,538,986 are restricted for capital projects.

The City's investments at September 30, 2024 are shown below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Days</u>	<u>Ratings</u>	
			<u>MOODY'S</u>	<u>S&amp;P</u>
Goldman Sachs Financial Square Government Fund - FGTXX	\$ 10,023,318	47.54	Aaa	AAAm
Total Investments	<u>\$ 10,023,318</u>			

C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

*Custodial Credit Risk.* Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. The depository bank pledges securities in amounts sufficient to protect the City's deposits, above the FDIC insurance coverage.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Analysis of Specific Deposit and Investment Risks (Continued)

*Concentration of Credit Risk.* This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investments are invested in external investment pools and money market funds. The investment pool invests in hundreds of authorized securities that minimize concentrations of credit risk. At year end, the City was not exposed to concentration of credit risk.

*Interest Rate Risk.* This is the risk that changes in interest rates will adversely affect the fair market value of an investment. At year end, the City was not exposed to interest rate risk.

*Foreign Currency Risk.* This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

D. Public Funds Investment Pools

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

TexPool is a local government investment pool created on behalf of Texas entities whose investment objectives are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act. Pursuant to subchapter G of chapter 404, the Comptroller of Public Accounts administers the Texas Local Government Investment Pools (the "TexPool Portfolios") as public funds investment pools through the Texas Treasury Safekeeping Trust Company. As of September 30, 2024, Texpool were rated AAAM by Standard and Poor's (S&P). TexPool investment balances at year end were \$2,904,411.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 3 – ACCOUNTS RECEIVABLES

Accounts receivables consist of the following as of September 30, 2024:

	Governmental Funds		Proprietary Funds	
	General	Hotel Occupancy Tax	Water Fund	Wastewater Fund
		-		
<i>Receivables:</i>				
Municipal Fines	\$ 235,570	\$ -	\$ -	\$ -
Garbage	137,925	-	-	-
Sales Taxes	160,989	-	-	-
Franchise Taxes	13,689	-	-	-
Occupancy Taxes	-	13,827	-	-
Customers	-	-	306,919	228,330
Gross Receivables	548,173	13,827	306,919	228,330
Less: Allowance for Uncollectibles	(189,400)	-	(112,347)	(67,295)
Net Total Accounts Receivables	\$ 358,773	\$ 13,827	\$ 194,572	\$ 161,035

NOTE 4 – PROPERTY TAX CALENDAR

The City’s property tax is levied and becomes collectible each October 1 based on the assessed values listed as of prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Atascosa County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2023, upon which the Fiscal 2024 levy was based, was \$288,095,912 (market value less exemptions).

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2024 was \$0.7400 per \$100 of assessed value. The tax rate for maintenance and support of the general government is \$0.411124 on each \$100 valuation of property, while the tax rate for the interest and sinking fund is \$0.328876 on each \$100 valuation of property. The City may not, however, adopt a tax rate that exceeds the rollback rate or the effective rate, whichever is lower, without first having two public hearings. If the City adopts a tax rate that exceeds the rollback tax rate, registered voters may petition the City for an election on the tax increase. A successful election limits the City's current tax rate to the rollback rate.

CITY OF JOURDANTON  
 Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 4 – PROPERTY TAX CALENDAR (Continued)

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

NOTE 5 – INTERFUND TRANSACTIONS

Transfers consist of the following:

Transfer From	Transfer To	Amount	Purpose
General Fund	Street Project Fund	\$ 200,000	Move Designated Street Funds
Debt Service Fund	Water Fund	\$ 254,863	Supplemental Debt Payments
Debt Service Fund	Sewer Fund	\$ 54,500	Supplemental Debt Payments

Inter-fund Payables and Receivables consist of the following:

Due From	Due To	Amount	Purpose
General Fund	Water Fund	\$ 974,290	Reimbursement for Operations

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 6 – CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated				
Land	\$ 342,593	\$ -	\$ -	\$ 342,593
Construction in Progress	4,763,474	-	-	4,763,474
Total Capital Assets Not Being Depreciated	<u>5,106,067</u>	<u>-</u>	<u>-</u>	<u>5,106,067</u>
Capital Asset Being Depreciated				
Buildings & Improvements*	13,649,457	22,481	-	13,671,938
Machinery, Equipment & Vehicles	1,663,984	-	-	1,663,984
Infrastructure	1,323,023	-	-	1,323,023
Total Capital Assets Being Depreciated	<u>16,636,464</u>	<u>22,481</u>	<u>-</u>	<u>16,658,945</u>
Accumulated Depreciation				
Buildings & Improvements	(2,728,157)	(351,520)	-	(3,079,677)
Machinery, Equipment & Vehicles	(1,119,988)	(99,604)	-	(1,219,592)
Infrastructure	(1,045,181)	(38,062)	-	(1,083,243)
Total Accumulated Depreciation	<u>(4,893,326)</u>	<u>(489,186)</u>	<u>-</u>	<u>(5,382,512)</u>
Total Capital Assets Being Depreciated, Net	<u>11,743,138</u>	<u>(466,705)</u>	<u>-</u>	<u>11,276,433</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,849,205</u>	<u>\$ (466,705)</u>	<u>\$ -</u>	<u>\$ 16,382,500</u>
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated				
Land	\$ 66,424	\$ -	\$ -	\$ 66,424
Construction in Progress	237,613	168,036	(129,476)	276,173
Total Capital Assets Not Being Depreciated	<u>304,037</u>	<u>168,036</u>	<u>(129,476)</u>	<u>342,597</u>
Capital Assets Being Depreciated				
Water/Wastewater System – Plant	18,555,118	305,498	-	18,860,616
Machinery, Equipment & Vehicles	1,507,658	-	-	1,507,658
Total Capital Assets Being Depreciated	<u>20,062,776</u>	<u>305,498</u>	<u>-</u>	<u>20,368,274</u>
Accumulated Depreciation				
Water/Wastewater System – Plant	(8,438,602)	(354,220)	-	(8,792,822)
Machinery, Equipment & Vehicles	(909,267)	(335,445)	-	(1,244,712)
Total Accumulated Depreciation	<u>(9,347,869)</u>	<u>(689,665)</u>	<u>-</u>	<u>(10,037,534)</u>
Total Capital Assets Being Depreciated, Net	<u>10,714,907</u>	<u>(384,167)</u>	<u>-</u>	<u>10,330,740</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,018,944</u>	<u>\$ (216,131)</u>	<u>\$ (129,476)</u>	<u>\$ 10,673,337</u>

\*Beginning balance has been restated.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities	
General Government	\$ 105,665
Public Safety	89,372
Streets	43,547
Culture & Recreation	246,133
Other	4,469
Total Depreciation Expense – Governmental Activities	<u>\$ 489,186</u>
Business-Type Activities	
Water System	\$ 354,220
Sewer System	335,445
Total Depreciation Expense – Business-Type Activities	<u>\$ 689,665</u>

NOTE 7 – NOTES PAYABLE

The City entered into a note payable for the acquisition of a 2022 Pierce Freightliner M2-106 Pumper Truck in the amount of \$342,364 payable with a down payment of \$200,000 and ten annual payments of \$16,361 with an interest rate of 2.49%. The equipment is included in the capital assets at a cost of \$345,441 as of September 30, 2024. The debt, capital assets and accumulated depreciation are in the governmental fund.

The City entered into a note payable for the acquisition of vehicles in the amount of \$154,000 payable in annual payments of \$33,003 with an interest rate of 3.048%. The equipment is included in the capital assets at a cost of \$154,000 as of September 30, 2024. The debt, capital assets and accumulated depreciation are split between the governmental and water funds.

Future minimum payments under the notes payables are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>
2025	\$ 82,367
2026	16,361
2027	16,361
2028	16,361
2029	16,361
2030 - 2031	<u>32,722</u>
Total Payments	180,533
Less: Amounts Representing Interest	<u>(13,504)</u>
Present Value of Minimum Lease Payments	<u>\$ 167,029</u>

CITY OF JOURDANTON  
 Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 8 – LONG-TERM DEBT

	<u>Issue Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>Balance</u>	<u>Security</u>
<u>Primary Government</u>					
Governmental Activities:					
General Obligation Funds					
2012 Series	\$ 2,975,000	2033	2.00% - 3.50%	\$ 1,540,000	Ad Valorem
2021 Series – TWDB	1,203,000	2041	0.00%	1,021,000	Ad Valorem
Certificates of Obligation					
Series 2014	500,000	2035	2.00% - 3.50%	3,075,000	Occupancy Tax
Series 2019	3,980,000	2039	2.00% - 4.00%	3,280,000	Ad Valorem
Series 2021	1,040,000	2036	2.00% - 3.00%	960,000	Ad Valorem
Total Governmental Long-Term Obligations				<u>\$ 9,876,000</u>	
Business-Type:					
Revenue Bonds					
Series 2008	\$ 401,000	2048	4.50%	\$ 317,000	Utility Revenue
Series 2012	3,037,000	2052	2.75%	2,526,000	Utility Revenue
Certificates of Obligation					
2011 Series	4,645,000	2051	3.375%	3,796,000	Ad Valorem/Utility
2020A Series	6,845,000	2049	10% - 60%	6,030,000	TWDB – Drinking Water
2020B Series	2,495,000	2049	10% - 51%	2,195,000	TWDB – Drinking Water
Total Business-Type Long-Term Obligations				<u>\$ 14,864,000</u>	

The 2011 & 2012 Series Certificates of Obligation require a sinking fund of at least 2%. Additionally, they are both Direct Borrowings from the USDA. The City has complied with this requirement.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 8 – LONG-TERM DEBT (Continued)

The annual requirements to amortize all long-term bonded debt and obligations outstanding, excluding compensated absences, as of September 30, 2024, including interest payments, are as follows:

Governmental Activities – Direct Borrowings and Placements				Governmental Activities – Public Offering			
September 30,	Principal	Interest	Total	September 30,	Principal	Interest	Total
2025	\$ 60,000	-	\$ 60,000	2025	600,000	250,939	850,939
2026	60,000	-	60,000	2026	620,000	231,789	851,789
2027	60,000	-	60,000	2027	640,000	211,364	851,364
2028	60,000	-	60,000	2028	660,000	190,089	850,089
2029	60,000	-	60,000	2029	680,000	170,014	850,014
2030-2034	300,000	-	300,000	2030-2034	3,665,000	543,295	4,208,295
2035-2039	300,000	-	300,000	2035-2039	1,990,000	92,072	2,082,072
2040-2041	121,000	-	121,000	Total	<u>\$ 8,855,000</u>	<u>\$ 1,689,562</u>	<u>\$ 10,544,562</u>
Total	<u>\$ 1,021,000</u>	<u>\$ -</u>	<u>\$ 1,021,000</u>				

Business-Type Activities – Direct Borrowings and Placements				Business-Type Activities – Public Offering			
September 30,	Principal	Interest	Total	September 30,	Principal	Interest	Total
2025	\$ 464,000	\$ 217,433	681,433	2025	\$ 8,000	\$ 14,085	\$ 22,085
2026	469,000	212,846	681,846	2026	8,000	13,725	21,725
2027	474,000	208,103	682,103	2027	8,000	13,365	21,365
2028	479,000	203,692	682,692	2028	9,000	12,983	21,983
2029	484,000	198,146	682,146	2029	9,000	12,578	21,578
2030-2034	2,513,000	908,617	3,421,617	2030-2034	51,000	56,364	107,364
2035-2039	2,718,000	742,579	3,460,579	2035-2039	65,000	43,358	108,358
2040-2044	2,936,000	530,161	3,466,161	2040-2044	81,000	27,024	108,024
2045-2049	3,202,000	269,545	3,471,545	2045-2049	78,000	7,246	85,246
2050-2052	808,000	30,659	838,659	Total	<u>\$ 317,000</u>	<u>\$ 200,728</u>	<u>\$ 517,728</u>
Total	<u>\$ 14,547,000</u>	<u>\$ 3,521,781</u>	<u>\$ 18,068,781</u>				

Total – Governmental Type Debt				Total Business – Type Debt			
September 30,	Principal	Interest	Total	September 30,	Principal	Interest	Total
2025	\$ 660,000	\$ 250,939	\$ 910,939	2025	\$ 472,000	\$ 231,518	\$ 703,518
2026	680,000	231,789	911,789	2026	477,000	226,571	703,571
2027	700,000	211,364	911,364	2027	482,000	221,468	703,468
2028	720,000	190,089	910,089	2028	488,000	216,675	704,675
2029	740,000	170,014	910,014	2029	493,000	210,724	703,724
2030-2034	3,965,000	543,295	4,508,295	2030-2034	2,564,000	964,981	3,528,981
2035-2039	2,290,000	92,072	2,382,072	2035-2039	2,783,000	785,937	3,568,937
2040-2041	121,000	-	121,000	2040-2044	3,017,000	557,185	3,574,185
Total	<u>\$ 9,876,000</u>	<u>\$ 1,689,562</u>	<u>\$ 11,565,562</u>	2045-2049	3,280,000	276,791	3,556,791
				2050-2052	808,000	30,659	838,659
				Total	<u>\$ 14,864,000</u>	<u>\$ 3,722,509</u>	<u>\$ 18,586,509</u>

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 8 – LONG-TERM DEBT (Continued)

	Balance 9/30/23	Additions	Reductions	Balance 9/30/24	Due Within One Year
<i>Governmental Activities:</i>					
Direct Borrowings and Placements:					
TWDB Drainage Project Bond	\$ 1,081,000	\$ -	\$ (60,000)	\$ 1,021,000	\$ 60,000
Non-Direct Borrowings and Placements:					
General Obligation Bonds, 2012	1,685,000	-	(145,000)	1,540,000	150,000
Certificates of Obligation, 2014	3,310,000	-	(235,000)	3,075,000	240,000
Premium	113,417	-	(10,583)	102,834	10,583
Certificates of Obligation, 2019	3,450,000	-	(170,000)	3,280,000	175,000
Premium	148,656	-	(9,291)	139,365	9,291
General Obligation Bonds, 2021	995,000	-	(35,000)	960,000	35,000
Premium	117,120	-	(9,009)	108,111	9,009
Notes Payables	180,467	-	(13,438)	167,029	76,880
<i>Total Governmental Activities</i>	<u>\$ 11,080,660</u>	<u>\$ -</u>	<u>\$ (687,321)</u>	<u>\$ 10,393,339</u>	<u>\$ 765,763</u>
<i>Business-Type Activities:</i>					
Revenue Bonds, Series 2008	\$ 324,000	\$ -	\$ (7,000)	\$ 317,000	\$ 8,000
Subtotal	<u>324,000</u>	<u>-</u>	<u>(7,000)</u>	<u>317,000</u>	<u>8,000</u>
Direct Borrowings and Placements:					
Certificates of Obligation, 2011	3,880,000	-	(84,000)	3,796,000	88,000
Revenue Bonds, 2012	2,580,000	-	(54,000)	2,526,000	56,000
TWDB Certificates of Obligation, 2020A	6,265,000	-	(235,000)	6,030,000	235,000
TWDB Certificates of Obligation, 2020B	2,280,000	-	(85,000)	2,195,000	85,000
Subtotal	<u>15,005,000</u>	<u>-</u>	<u>(458,000)</u>	<u>14,547,000</u>	<u>464,000</u>
<i>Total Business-Type Activities</i>	<u>\$ 15,329,000</u>	<u>\$ -</u>	<u>\$ (465,000)</u>	<u>\$ 14,864,000</u>	<u>\$ 472,000</u>

NOTE 9 – PENSION PLAN

Texas Municipal Retirement System

A. Plan Description

The City participates in one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.lnirs.com](http://www.lnirs.com).

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

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 9 – PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

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

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

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees of Beneficiaries Currently Receiving Benefits	27
Inactive Employees Entitled to but Not Yet Receiving Benefits	81
Active Employees	31
	<hr/>
	139

- C. Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.40% and 5.72% for calendar years 2023 and 2024 respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$142,248, and were equal to the required contributions.

- D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 9 – PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

E. Actuarial Assumptions

The Total Pension Liability in the December 31, 2023 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 are based on 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 were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement morality assumption for Annuity Purchase Rates (APRs) is based on the Morality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 9 – PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public and Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

F. Discount Rate

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

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 9 – PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

G. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a)-(b)
Balance at 12/31/2022	\$ 3,788,362	\$ 3,507,180	\$ 281,182
Changes for the year:			
Service Cost	199,574	-	199,574
Interest	286,122	-	286,122
Change in Benefit Terms	457,280	-	457,280
Difference Between Expected and Actual Experience	(135,999)	-	(135,999)
Changes of Assumptions	(41,691)	-	(41,691)
Contributions – Employer	-	74,221	(74,221)
Contributions – Employee	-	68,724	(68,724)
Net Investment Income	-	405,832	(405,832)
Benefit Payments, Including Refunds of Employee Contributions	(213,180)	(213,180)	-
Administrative Expense	-	(2,582)	2,582
Other Changes	-	(18)	18
Net Changes	552,106	332,995	219,111
Balance at 12/31/2023	<u>\$ 4,340,468</u>	<u>\$ 3,840,175</u>	<u>\$ 500,293</u>

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

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

	Discount Rate (5.75%)	Discount Rate (6.75%)	Discount Rate (7.75%)
City’s Net Pension Liability/(Asset) \$	\$ 1,044,135	\$ 500,293	\$ 52,801

CITY OF JOURDANTON  
 Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 9 – PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

H. 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.tmr.com](http://www.tmr.com).

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of \$142,248.

At September 30, 2024, 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	\$ 7,857	\$ 67,999
Changes in Actuarial Assumptions	-	20,845
Difference between Projected and Actual Investment Earnings	321,767	225,571
Contributions Subsequent to the Measurement Date	120,552	-
Total	\$ 450,176	\$ 314,415

The City reported \$120,552 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year fiscal 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:

Year Ended December 31,	
2024	\$ (55,321)
2025	30,912
2026	73,435
2027	(33,817)
2028	-
Thereafter	-
Total	\$ 15,209

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 – OTHER POST EMPLOYMENT BENEFIT (OPEB)

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB. Membership in the plan at December 31, 2023, the valuation and measurement date, consisted of:

Inactive Employees of Beneficiaries Currently Receiving Benefits	23
Inactive Employees Entitled to but Not Yet Receiving Benefits	9
Active Employees	31
	63

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

For the Calendar Year Ended December 31.	Total SDBF Contribution Rate	Retiree Portion to SDBF Contribution Rate
2023	0.81%	0.45%
2024	0.61%	0.41%

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuations. The postretirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method. These assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.60% to 11.85% (including inflation)
Discount Rate *	3.77%
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates – Service Retirees	2019 Municipal Retirees of Texas Mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates – Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

\*The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

CITY OF JOURDANTON  
Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 – OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2023 was calculated as follows:

	Total OPEB Liability
Balance at 12/31/2022	\$ 124,333
Changes for the year:	
Service Cost	3,024
Interest	4,971
Change of Benefit Terms	-
Differences Between Expected and Actual Experience	4,396
Changes in Assumptions or Other Inputs	6,971
Benefit Payments**	<u>(6,185)</u>
Net Changes	<u>13,177</u>
 Balance at December 31, 2023	 <u>\$ 137,510</u>

\*\*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.

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

The following presents the TOL of the City, calculated using the discount rate of 3.77% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.77%) and 1-percentage point higher (4.77%) than the current rate:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City's Total OPEB Liability	\$ 160,373	\$ 137,510	\$ 119,569

For the year ended September 30, 2024, the City recognized OPEB expense of \$16,110. Also as of September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF JOURDANTON  
 Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 – OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

	Deferred Outflows	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 6,431	\$ 1,025
Changes in Actuarial Assumptions	10,207	27,104
Contributions Subsequent to the Measurement Date	12,856	-
Total	\$ 29,494	\$ 28,129

The City reported \$12,856 as deferred outflows of resources related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2024	\$ (4,286)
2025	(7,827)
2026	623
2027	(1,996)
2028	-
Thereafter	-
Total	\$ (11,490)

NOTE 11 – UNEARNED REVENUE

The City has unearned revenue in the amount of \$983,411 as of September 30, 2024. This balance is comprised of grant funds from the Coronavirus State and Local Fiscal Recovery Funds program, which is authorized by the American Rescue Plan.

NOTE 12 – CONTINGENCIES

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

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the city’s liability in these cases, if decided adversely to the City will not have a material effect on the City’s financial position. As of September 30, 2024, the City was named as a defendant in a lawsuit involving a motor vehicle accident which occurred in 2022. The plaintiff’s current demand is \$240,000. No trial date has been set at this time and the parties are currently engaged in settlement discussions; however, no agreement has been reached. The City tendered the claim to Texas Municipal League Intergovernmental Risk Pool, who accepted the claim.

CITY OF JOURDANTON  
 Jourdanton, Texas

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2024 were \$132,861.

NOTE 14- PRIOR PERIOD ADJUSTMENTS

Beginning fund balance for the City was restated as follows:

	General Fund	Sports Complex	Capital Projects	Street Project	Sewer Fund
Fund Balance, September 30, 2023	\$ 3,375,000	\$ 5,604	\$ 2,130,324	\$ -	\$ 3,150,255
Adjustments to Combine Funds	-	(5,604)	35,563	-	(29,959)
Adjustment to Create New Fund	(150,000)	-	-	150,000	-
Total	<u>\$ 3,225,544</u>	<u>\$ -</u>	<u>\$ 2,165,887</u>	<u>\$ 150,000</u>	<u>\$ 3,120,296</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF JOURDANTON  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,163,254	\$ 1,163,254	\$ 1,172,421	\$ 9,167
General Sales and Use Taxes	1,049,503	1,049,503	1,108,298	58,795
Franchise Tax	98,515	98,515	180,194	81,679
Penalty and Interest on Taxes	24,000	24,000	26,639	2,639
Licenses and Permits	94,680	94,680	128,438	33,758
Charges for Services	783,100	783,100	798,877	15,777
Fines	166,300	166,300	150,455	(15,845)
Investment Earnings	10,000	10,000	132,517	122,517
Rents and Royalties	80,920	80,920	71,712	(9,208)
Other Revenue	61,210	61,210	69,160	7,950
Total Revenues	3,531,482	3,531,482	3,838,711	307,229
<b>EXPENDITURES:</b>				
Current:				
General Government	783,584	783,584	733,477	50,107
Public Safety	1,398,224	1,398,224	1,125,736	272,488
Public Works:				
Highways and Streets	496,115	496,115	277,381	218,734
Sanitation	707,473	707,473	833,576	(126,103)
Health and Welfare:				
Other (Define)	138,984	138,984	152,438	(13,454)
Culture and Recreation	477,690	477,690	589,196	(111,506)
Debt Service:				
Principal on Debt	-	-	13,439	(13,439)
Interest on Debt	-	-	2,922	(2,922)
Capital Outlay:				
Capital Outlay	-	-	22,481	(22,481)
Total Expenditures	4,002,070	4,002,070	3,750,646	251,424
Excess (Deficiency) of Revenues Over (Under) Expenditures	(470,588)	(470,588)	88,065	558,653
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Real and Personal Property	-	-	8,656	8,656
Transfers In	469,873	469,873	-	(469,873)
Transfers Out	-	-	(200,000)	(200,000)
Total Other Financing Sources (Uses)	469,873	469,873	(191,344)	(661,217)
Net Change	(715)	(715)	(103,279)	(102,564)
Fund Balance - October 1 (Beginning)	3,225,544	3,225,544	3,225,544	-
Fund Balance - September 30 (Ending)	\$ 3,224,829	\$ 3,224,829	\$ 3,122,265	\$ (102,564)

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

CITY OF JOURDANTON  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
<b>A. Total Pension Liability</b>			
Service Cost	\$ 199,574	\$ 142,683	\$ 138,467
Interest (on the Total Pension Liability)	286,122	237,047	221,911
Changes of Benefit Terms	457,280	-	-
Difference between Expected and Actual Experience	(135,999)	56,967	23,676
Changes of Assumptions	(41,691)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(213,180)	(177,616)	(146,212)
Net Change in Total Pension Liability	\$ 552,106	\$ 259,081	\$ 237,842
Total Pension Liability - Beginning	3,788,362	3,529,281	3,291,439
Total Pension Liability - Ending	\$ 4,340,468	\$ 3,788,362	\$ 3,529,281
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 74,221	\$ 76,688	\$ 76,564
Contributions - Employee	68,724	68,996	66,379
Net Investment Income	405,832	(278,614)	440,894
Benefit Payments, Including Refunds of Employee Contributions	(213,180)	(177,616)	(146,212)
Administrative Expense	(2,582)	(2,411)	(2,040)
Other	(18)	2,878	14
Net Change in Plan Fiduciary Net Position	\$ 332,997	\$ (310,079)	\$ 435,599
Plan Fiduciary Net Position - Beginning	3,507,180	3,817,259	3,381,660
Plan Fiduciary Net Position - Ending	\$ 3,840,177	\$ 3,507,180	\$ 3,817,259
<b>C. Net Pension Liability (Asset)</b>	\$ 500,291	\$ 281,182	\$ (287,978)
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	88.47%	92.58%	108.16%
<b>E. Covered Payroll</b>	\$ 1,374,477	\$ 1,379,914	\$ 1,327,585
<b>F. Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	36.40%	20.38%	(21.69%)

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

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$	148,634	\$ 149,548	\$ 145,410	\$ 144,925	\$ 133,998	\$ 128,550	\$ 106,550
	211,836	201,376	193,670	183,153	171,823	164,384	143,611
	-	-	-	-	-	-	-
	(71,915)	(87,830)	(76,938)	(39,312)	(40,691)	(33,767)	110,173
	-	18,605	-	-	-	24,082	-
	(122,223)	(130,323)	(169,787)	(96,602)	(108,896)	(68,665)	(80,509)
\$	166,332	\$ 151,376	\$ 92,355	\$ 192,164	\$ 156,234	\$ 214,584	\$ 279,825
	3,125,107	2,973,731	2,881,376	2,689,212	2,532,978	2,318,394	2,038,569
\$	3,291,439	\$ 3,125,107	\$ 2,973,731	\$ 2,881,376	\$ 2,689,212	\$ 2,532,978	\$ 2,318,394
\$	87,230	\$ 86,747	\$ 88,790	\$ 91,242	\$ 82,132	\$ 79,853	\$ 81,746
	71,736	71,760	71,490	71,959	66,666	65,453	73,658
	236,170	413,163	(82,888)	328,823	147,735	3,110	110,103
	(122,223)	(130,323)	(169,787)	(96,602)	(108,896)	(68,665)	(80,509)
	(1,528)	(2,334)	(1,601)	(1,704)	(1,668)	(1,895)	(1,149)
	(60)	(70)	(83)	(86)	(90)	(94)	(94)
\$	271,325	\$ 438,943	\$ (94,079)	\$ 393,632	\$ 185,879	\$ 77,762	\$ 183,755
	3,110,335	2,671,392	2,765,471	2,371,839	2,185,960	2,108,198	1,924,443
\$	3,381,660	\$ 3,110,335	\$ 2,671,392	\$ 2,765,471	\$ 2,371,839	\$ 2,185,960	\$ 2,108,198
\$	(90,221)	\$ 14,772	\$ 302,339	\$ 115,905	\$ 317,373	\$ 347,018	\$ 210,196
	102.74%	99.53%	89.83%	95.98%	88.20%	86.30%	90.93%
\$	1,434,692	\$ 1,435,201	\$ 1,429,797	\$ 1,439,179	\$ 1,333,313	\$ 1,309,063	\$ 1,266,197
	(6.29%)	1.03%	21.15%	8.05%	23.80%	26.51%	16.60%

CITY OF JOURDANTON, TEXAS  
Jourdanton, Texas

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended September 30, 2024

*Economic Assumptions*

- A. General Inflation – General Inflation is assumed to be 2.50% per year.
- B. Discount/Crediting Rates
1. System-wide Investment Return Assumption: 6.75% per year, compounded annually, composed of an assumed 2.50% inflation rate and a 4.25% net real rate of return. This rate represents the assumed return, net of all investment and administrative expenses. This is the discount rate used to value the liabilities of the individual employers.
  2. Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of the measurement date.
  3. Assumed discount/crediting rate for Supplemental Disability Benefits Fund and individual employee accounts: an annual rate of 5.00% for (1) accumulating prior service credit and updated service credit after the valuation date, (2) accumulating the employee current service balances, (3) determining the amount of the monthly benefit at future dates of retirement or disability, and (4) calculating the actuarial liability of the system-wide Supplemental Disability Benefits Fund.
- C. Overall Payroll Growth – 2.75% per year, which is used to calculate the contribution rates for the retirement plan of each participating city as a level percentage of payroll. This represents the expected increase in total payroll. This increase rate is solely due to the effect of wage inflation on salaries, with no allowance for future membership growth. However, for cities with a decrease in the number of contributing members from 2008 to 2022, the payroll growth is decreased by half the annual percentage decrease in the count capped at a 1.5% decrease per year and rounded down to the nearest 0.1%.
- D. Individual Salary Increases – Salary increases are assumed to occur once a year, on January 1. Therefore, the pay used for the calendar year following the valuation date is equal to the reported pay for the prior year, increased by the salary increase assumption. Salaries are assumed to increase by the following graduated service-based scale.

<u>Years of Service</u>	<u>Rate (%)</u>
1	11.85%
2	7.60%
3	7.10%
4	6.60%
5	6.35%
6	6.10%
7	5.85%
8	5.60%

CITY OF JOURDANTON, TEXAS  
 Jourdanton, Texas

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended September 30, 2024

D. Individual Salary Increases (Continued)

<u>Years of Service</u>	<u>Rate (%)</u>
9	5.35%
10	5.10%
11-12	4.85%
13-15	4.60%
16-20	4.35%
21-24	4.10%
25 +	3.60%

- E. Annuity Increase – The Consumer Price Index (CPI) is assumed to be 2.50% per year prospectively. For the City of Jourdanton, annual annuity increases of 1.86% are assumed when calculating the TPL.
- F. Load and Updated Service Credit – To reflect the asymmetric nature of the credits due to the USC provision, there is a load on the final average earnings used in the calculation of 0.1% per year into the future that the calculation is performed.

*Demographic Assumptions*

A. Termination Rates

- 1. The base table rates vary by service and length until retirement eligibility. For City of Jourdanton the base table is then multiplied by a factor of 115.0% based on the experience of the City in comparison to the group as a whole. A further multiplier is applied depending on an employee’s classification: 1) Fire – 63%, 2) Police – 82%, or 3) Other – 116%.

- B. Forfeiture Rates (Withdrawal of Member Deposits from TMRS) for vested members vary by age and employer match, and they are expressed as a percentage of the termination rates shown in (A). The withdrawal rates for cities with a 2-to-1 match are shown below. 6% is added to the rates for 1½-to-1 cities, and 12% is added for 1-to-1 cities.

C. Service Retirees and Beneficiary Mortality Rates

For calculating the actuarial liability and the retirement contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements. Based on the size of the City, rates are multiplied by an additional factor of 100.0%.

CITY OF JOURDANTON, TEXAS  
Jourdanton, Texas

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended September 30, 2024

D. Disabled Annuitant Mortality Rates

For calculating the actuarial liability and the retirement contribution rates, the 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% 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the 3.5% and 3% floor.

E. Pre-Retirement Mortality

For calculating the actuarial liability and the retirement contribution rates, the PUB(10) mortality tables, with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements.

F. Methods and Assumptions

1. Valuation of Assets – For purposes of calculating the Total OPEB Liability, the plan is considered to be unfunded; and, therefore, no assets are accumulated for OPEB.
2. Actuarial Cost Method: The actuarial cost method being used is known as the Entry Age Normal Actuarial Cost Method.
3. Supplemental Death Benefit – The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members, and is calculated separately for actives and retirees. The 2025 SDB rate for retiree coverage is equal to 110% of the expected term cost. The SDB rate for active coverage is equal to 150% of the expected term cost.

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CITY OF JOURDANTON  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2024

	2024	2023	2022
Actuarially Determined Contribution	\$ 158,358	\$ 84,568	\$ 81,057
Contributions in Relation to the Actuarially Determined Contributions	158,358	84,568	81,057
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,504,316	\$ 1,374,092	\$ 1,335,317
Contributions as a Percentage of Covered Payroll	10.52%	6.15%	6.07%

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

	2021	2020	2019
\$	80,599	\$ 87,728	\$ 87,254
	80,599	87,728	87,254
\$	-	\$ -	\$ -
\$	1,374,155	\$ 1,444,554	\$ 1,433,372
	5.87%	6.07%	6.09%

CITY OF JOURDANTON  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
<b>Total OPEB Liability</b>			
Service Cost	\$ 3,024	\$ 9,107	\$ 9,160
Interest on the Total OPEB Liability	4,971	3,091	3,027
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	4,396	3,174	4,290
Changes of Assumptions	6,971	(52,086)	4,480
Benefit Payments*	(6,185)	(4,830)	(3,717)
Net Change in Total OPEB Liability	13,177	(41,544)	17,240
Total OPEB Liability - Beginning	124,333	165,877	148,637
Total OPEB Liability - Ending	\$ 137,510	\$ 124,333	\$ 165,877
<b>Covered Payroll</b>	\$ 1,374,477	\$ 1,379,914	\$ 1,327,585
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	10.00%	9.01%	12.49%

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

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

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

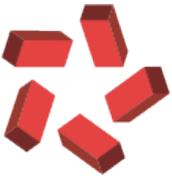
	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
\$	9,756	\$ 9,472	\$ 6,577	\$ 5,901
	3,562	3,387	3,566	3,480
	-	-	-	-
	(5,000)	8,538	(23,669)	-
	16,318	17,841	(3,444)	6,838
	(1,291)	(1,005)	(858)	(864)
	23,345	38,233	(17,828)	15,355
	125,292	87,059	104,887	89,532
	<u>148,637</u>	<u>125,292</u>	<u>87,059</u>	<u>104,887</u>
\$	1,434,692	\$ 1,435,201	\$ 1,429,797	\$ 1,439,179
	10.36%	8.73%	6.09%	7.29%

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**APPENDIX E**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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**BAM**

**MUNICIPAL BOND  
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIMEN

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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Financial Advisory Services  
Provided By:

