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

**PRELIMINARY OFFICIAL STATEMENT**
**August 7, 2025**

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

# $53,535,000*
# CITY OF NEW BRAUNFELS, TEXAS
## (Comal and Guadalupe Counties)
## GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2025

**Dated Date: September 1, 2025** **Due: February 1, as shown on page 2 herein**

The City of New Braunfels, Texas (the "City" or the "Issuer") $53,535,000* General Obligation and Refunding Bonds, Series 2025 (the "Bonds") are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Chapters 1207, 1331 and 1371, Texas Government Code, each as amended, an election held on May 6, 2023, an ordinance (the "Bond Ordinance") adopted on July 14, 2025 by the City Council of the City, a pricing certificate (the "Pricing Certificate" and together with the Bond Ordinance, the "Ordinance") to be executed by the City's duly appointed Pricing Officer on the date of sale of the Bonds, and the City's Home Rule Charter. (See "THE BONDS - Authority for Issuance" herein.)

The Bonds constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "THE BONDS - Security for Payment" herein.)

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

Proceeds from the sale of the Bonds will be used for the purpose of (i) providing street improvements, (ii) constructing, acquiring, improving, renovating, developing and equipping, land and buildings for park and recreational purposes, parkland, and other costs to include Mission Hill Park, (iii) constructing, renovating, improving, and equipping existing and/or additional City library facilities including acquisition of any necessary sites and related water, wastewater, drainage, streets, sidewalks, parking infrastructure and other related costs to include a Southeast Library Branch, (iv) refunding certain maturities of the City's currently outstanding obligations, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (v) paying costs associated with the issuance of the Bonds. (See "THE BONDS – Purpose of Bonds" 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 BONDS

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The Bonds are offered for delivery, when, as and if issued and received by the initial purchasers named below (the "Underwriters") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel (See Appendix C – Form of Legal Opinion of Bond Counsel attached hereto.) Certain matters will be passed upon for the Underwriters by their counsel, Kassahn & Ortiz, P.C., San Antonio, Texas. (See "OTHER PERTINENT INFORMATION – Legal Opinions and No-Litigation Certificate" herein). It is expected that the Bonds will be available for delivery through DTC on or about September 10, 2025.

**UMB**

**RAYMOND JAMES** **HILLTOPSECURITIES**

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**Preliminary, subject to change.*

**$53,535,000***
**CITY OF NEW BRAUNFELS, TEXAS**
**GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2025**

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

**Base CUSIP – 642526 [(1)]**

| Due (2/1) | Principal Amount | Interest Rate | Initial Reoffering Yield | CUSIP No. Suffix [(1)] | Due (2/1) | Principal Amount | Interest Rate | Initial Reoffering Yield | CUSIP No. Suffix [(1)] |
|---|---|---|---|---|---|---|---|---|---|
| 2026 | $ 1,545,000 | | | | 2036 | 1,890,000 | | | |
| 2027 | 1,205,000 | | | | 2037 | 1,990,000 | | | |
| 2028 | 2,430,000 | | | | 2038 | 2,090,000 | | | |
| 2029 | 2,550,000 | | | | 2039 | 2,200,000 | | | |
| 2030 | 2,680,000 | | | | 2040 | 2,310,000 | | | |
| 2031 | 4,030,000 | | | | 2041 | 2,430,000 | | | |
| 2032 | 4,235,000 | | | | 2042 | 2,555,000 | | | |
| 2033 | 4,445,000 | | | | 2043 | 2,685,000 | | | |
| 2034 | 4,675,000 | | | | 2044 | 2,825,000 | | | |
| 2035 | 1,800,000 | | | | 2045 | 2,965,000 | | | |

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Bonds maturing on and after February 1, 2035, on February 1, 2034, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. Additionally, the Underwriters may select certain maturities of the Bonds to be grouped together as a term bond and such term bonds would be subject to mandatory sinking fund redemption. (See "THE BONDS - Redemption Provisions" herein.)

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* *Preliminary, subject to change.*

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

**CITY OF NEW BRAUNFELS, TEXAS**

**ELECTED OFFICIALS**

| Name | Years Served | Term Expires May |
|---|---|---|
| Neal Linnartz<br>Mayor | 3 | 2026 |
| Lawrence Spradley<br>Mayor Pro Tem, District 4 | 6 | 2027 |
| Toni Carter<br>District 1 | Newly Elected | 2028 |
| Michael Capizzi<br>District 2 | Newly Elected | 2028 |
| D. Lee Edwards<br>District 3 | 1 | 2027 |
| Mary Ann Labowski<br>District 5 | 3 | 2026 |
| April Ryan<br>District 6 | 3 | 2026 |

**ADMINISTRATION**

| Name | Position | Years with the City |
|---|---|---|
| Robert Camareno | City Manager | 17 |
| Jordan Matney | Assistant City Manager | 7 |
| Jared Werner | Assistant City Manager | 18 |
| Sandy Paulos | Director of Finance | 7 |
| Gayle Wilkinson | City Secretary | 4 |
| Valerie Acevedo | City Attorney | 13 |

**CONSULTANTS AND ADVISORS**

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

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

Auditor ........................................ Crowe LLP
Houston, Texas

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

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Director of Finance
**City of New Braunfels**
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New Braunfels, Texas 78130
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spaulos@nbtexas.org

Mr. Mark McLiney
Senior Managing Director
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San Antonio, Texas 78209
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afriedman@samcocapital.com

## USE OF INFORMATION IN THE OFFICIAL STATEMENT

*For purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission (the "Rule"), this document constitutes a preliminary official statement of the Issuer with respect to the Bonds that has been deemed "final" by the Issuer as of its date except for the omission of no more than the information permitted by the Rule.*

No dealer, broker, salesman, or other person has been authorized to give any information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Any information or expression of opinion herein contained is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Issuer or other matters described herein since the date hereof.

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

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

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

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

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

## TABLE OF CONTENTS



*The cover page, subsequent pages hereof, the schedule and appendices attached hereto, and any addenda, supplement or amendment 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 Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.*

| | |
|---|---|
| **The Issuer** | The City of New Braunfels, Texas (the "City" or "Issuer") is a municipal corporation, a home rule municipality and a political subdivision of the State of Texas located on Interstate Highway 35, 33 miles northeast of San Antonio. The City operates as a home rule city under the laws of the State of Texas. The 2025 estimated population is 123,800. The City serves as the county seat of Comal County. The economy is primarily based on tourism and manufacturing. (See APPENDIX B - "General Information Regarding the City of New Braunfels, Texas and Comal and Guadalupe Counties, Texas" herein.) |
| **The Bonds** | The Bonds are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Chapters 1207, 1331 and 1371, Texas Government Code, each as amended, an election held on May 6, 2023, an ordinance (the "Bond Ordinance") adopted on July 14, 2025 by the City Council, a pricing certificate (the "Pricing Certificate" and together with the Bond Ordinance, the "Ordinance") to be executed by the City's duly appointed Pricing Officer on the date of sale of the Bonds, and the City's Home Rule Charter. (See "THE BONDS - Authority for Issuance" herein.) |
| **Paying Agent/Registrar** | The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas. |
| **Security** | The Bonds constitute direct and general obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "THE BONDS - Security for Payment" herein.) |
| **Redemption Provision** | The Issuer reserves the right, at its sole option, to redeem Bonds stated to mature on and after February 1, 2035, on February 1, 2034 or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. Additionally, the Underwriters may select certain maturities of the Bonds to be grouped together as a term bond and such term bonds would be subject to mandatory sinking fund redemption. (See "THE BONDS - Redemption Provisions" herein.) |
| **Tax Matters** | In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.) |
| **Use of Bond Proceeds** | Proceeds from the sale of the Bonds will be used for the purpose of (i) providing street improvements, (ii) constructing, acquiring, improving, renovating, developing and equipping, land and buildings for park and recreational purposes, parkland, and other costs to include Mission Hill Park, (iii) constructing, renovating, improving, and equipping existing and/or additional City library facilities including acquisition of any necessary sites and related water, wastewater, drainage, streets, sidewalks, parking infrastructure and other related costs to include a Southeast Library Branch, (iv) refunding certain maturities of the City's currently outstanding obligations, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (v) paying costs associated with the issuance of the Bonds/ (See "THE BONDS – Purpose of Bonds" herein.) |
| **Book-Entry-Only System** | The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Such Book-Entry-Only System may affect the method and timing of payments on the Bonds and the manner the Bonds may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.) |
| **Ratings** | A municipal bond rating application has been made to S&P Global Ratings ("S&P"). An explanation of the significance of such rating may be obtained from S&P. (See "OTHER PERTINENT INFORMATION - Ratings" herein.) |
| **Future Debt Issues** | The Issuer does not anticipate the issuance of any additional ad valorem tax debt in 2025. |
| **Payment Record** | The City has never defaulted on the payment of its ad valorem tax backed indebtedness. |
| **Delivery** | When issued, anticipated on or about September 10, 2025. |
| **Legality** | Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas. |

**PRELIMINARY OFFICIAL STATEMENT**
**RELATING TO**

**$53,535,000***

**CITY OF NEW BRAUNFELS, TEXAS**
**(A political subdivision of the State of Texas located in Comal and Guadalupe Counties)**
**GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2025**

## INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of New Braunfels, Texas (the "City" or the "Issuer") of its $53,535,000* General Obligation and Refunding Bonds Series 2025 (the "Bonds") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas (the "State" or "Texas") and operates as a home-rule municipality under the statutes and the Constitution of the State. The Bonds are being issued pursuant to the Constitution and general laws of the State, election held on May 6, 2023, an ordinance (the "Bond Ordinance") adopted on July 14, 2025, by the City Council, a pricing certificate (the "Pricing Certificate" and together with the Bond Ordinance, the "Ordinance") to be executed by the City's duly appointed Pricing Officer on the date of sale of the Bonds, and the City's Home Rule Charter. (See "THE BONDS - Authority for Issuance" herein.)

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

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

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

## THE BONDS

### Refunded Obligations

The Refunded Obligations, and interest due thereon, are to be paid on their scheduled redemption date from cash and investments to be deposited with BOKF, NA, Dallas, Texas, a national banking association (the "Escrow Agent") pursuant to an Escrow Deposit Letter dated as of __________ (the "Escrow Agreement") between the City and the Escrow Agent.

The Ordinance provides that the City will deposit certain proceeds of the sale of the Bonds, along with other lawfully available funds of the City (if any), with the Escrow Agent in the amount necessary and sufficient to accomplish the discharge and final payment of the Refunded Obligations at their scheduled date of early redemption (the "Redemption Date"). Such funds shall be held by the Escrow Agent in an escrow fund (the "Escrow Fund") irrevocably pledged to the payment of principal of and interest on the Refunded Obligations. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor to the City, will certify as to the sufficiency of the amount initially deposited to the Escrow Fund, without regard to investment (if any), to pay the principal of and interest on the Refunded Obligations, when due, on the Redemption Date (the "Sufficiency Certificate"). Amounts on deposit in the Escrow Fund shall, until such time as needed for their intended purpose, be (i) held uninvested in cash and/or (ii) invested in certain direct, noncallable obligations of the United States of America (including obligations unconditionally guaranteed by the United States of America) that were, on the date the Ordinance was adopted, rated as to investment quality by a nationally recognized rating firm of not less than "AAA". Cash and investments, if any, held in the Escrow Fund shall not be available to pay debt service requirements on the Bonds.

Prior to, or simultaneously with, the issuance of the Bonds, the City will give irrevocable instructions to provide notice to the owners of the Refunded Obligations that the Refunded Obligations will be redeemed prior to stated maturity on which date money will be made available to redeem the Refunded Obligations from money held under the Escrow Agreement.

By the deposit of the cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel, in reliance upon the Sufficiency Certificate provided by SAMCO Capital Markets, Inc., that as a result of such defeasance the Refunded Obligations will be outstanding only for the purpose of

**Preliminary, subject to change.*

receiving payments from the Escrow Fund held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes nor for the purpose of applying any limitation on the issuance of debt. The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund be insufficient to make such payment.

**General Description of the Bonds**

The Bonds will be dated September 1, 2025 (the "Dated Date"). The Bonds are stated to mature on February 1, 2026 in the years and in the principal amounts set forth on page 2 hereof. The Bonds shall bear interest from the Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds will be payable on February 1, 2026, and on each August 1 and February 1 thereafter until maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Bonds, initially BOKF, NA, Dallas, Texas. Interest on the Bonds shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, 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.

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

**Authority for Issuance**

The Bonds are being issued pursuant to the Constitution and laws of the State of Texas, including Chapters 1207, 1331 and 1371, each as amended, an election held on May 6, 2023, the Ordinance, and the City's Home Rule Charter.

**Security for Payment**

The Bonds constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law. (See "AD VALOREM TAX PROCEDURES – City Application of the Property Tax Code" herein.)

**Redemption Provisions**

*Optional Redemption*: The Issuer reserves the right, at its option, to redeem the Bonds maturing on and after February 1, 2035 on February 1, 2034, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Not less than thirty (30) days prior to a redemption date for the Bonds, the City shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar at the close of business on the 45th day prior to the redemption date. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE. 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 Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and any other condition to redemption satisfied, all as provided above, the Bonds or portion thereof which are to be 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.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Paying Agent/Registrar and the Issuer, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bonds or other notices with respect to the Bonds 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 Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC direct participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds the Issuer has called for redemption 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 Bonds or the providing of notice to DTC direct participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

*Mandatory Redemption*: The Underwriters may select certain maturities of the Bonds to be grouped together as a term bond and such term bonds would be subject to mandatory sinking fund redemption.

**Payment Record**

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

**Legality**

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

**Defeasance**

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

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

**Default and Remedies**

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

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

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

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

As noted above, the Ordinance provides that Bondholders 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 Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

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

**Purpose of Bonds**

Proceeds from the sale of the Bonds will be used for the purpose of(i) providing street improvements, (ii) constructing, acquiring, improving, renovating, developing and equipping, land and buildings for park and recreational purposes, parkland, and other costs to include Mission Hill Park, (iii) constructing, renovating, improving, and equipping existing and/or additional City library facilities including acquisition of any necessary sites and related water, wastewater, drainage, streets, sidewalks, parking infrastructure and other related costs to include a Southeast Library Branch, (iv) refunding certain maturities of the City's currently outstanding obligations, as identified in Schedule I attached hereto (the "Refunded Obligations"), for debt service savings, and (v) paying costs of issuance and expenses relating to the Bonds.

**SOURCES AND USES**

| | | |
|---|---|---|
| **Sources of Funds** | | |
| Par Amount | | $ |
| Accrued Interest | | |
| Net Original Issue Reoffering Premium | | |
| | **Total Sources of Funds** | **$** |
| **Uses of Funds** | | |
| Deposit to Escrow Fund | | $ |
| Costs of Issuance | | |
| Underwriters' Discount | | |
| Deposit to Bond Fund | | |
| | **Total Uses of Funds** | **$** |

**REGISTRATION, TRANSFER AND EXCHANGE**

**Paying Agent/Registrar**

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

The Bonds 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 Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

**Record Date**

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

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

**Future Registration**

The Bonds are initially to be issued utilizing the Book-Entry-Only System of DTC. In the event such Book-Entry-Only System should be discontinued, printed certificates will be issued to the owners of the Bonds and thereafter, the Bonds may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar.

A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Bonds issued in an exchange or transfer of Bonds 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 Bonds 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 Bonds 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 Bond or Bonds surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Bonds.)

**Limitation on Transfer or Exchange of Bonds**

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

**Replacement Bonds**

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

## BOOK-ENTRY-ONLY SYSTEM

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

*The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, 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 Bonds), 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 (the "SEC"), 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 Bonds. The Bonds will be issued as fully-registered Bonds 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 will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds 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 the 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 Bonds 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, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment on the Bonds 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 the Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Underwriters.

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

In reading this Official Statement it should be understood that while the Bonds 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 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

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

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

## INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

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

**Legal Investments**

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

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

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

**Investment Policies**

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

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

**Additional Provisions**

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

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

As of April 30, 2025, the City held investments as follows:

| Investment Type | Amount | Percentage |
|---|---|---|
| CD's | $ 4,500,000 | 1.84% |
| Agencies | 12,714,095 | 5.20% |
| Treasuries | 2,503,525 | 1.02% |
| LGIP | 207,569,023 | 84.81% |
| Frost Bank | 17,459,161 | 7.13% |
| Total | $ 244,745,804 | 100.00% |

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

_______
(1) Unaudited.

**AD VALOREM TAX PROCEDURES**

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

**Valuation Of Taxable Property**

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ( "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the Issuer is the responsibility of the Comal Appraisal District and the Guadalupe Appraisal

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

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

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

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

**State Mandated Homestead Exemptions**

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

**Local Option Homestead Exemptions**

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than $5,000) and (2) an additional exemption of the market value of the homesteads of persons 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.

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

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

**Personal Property**

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

**Freeport Exemptions**

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

**Other Exempt Property**

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

**Tax Increment Financing Zones**

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

**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**

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

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

**Public Hearing and Maintenance and Operation Tax Rate Limitations**

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

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

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

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

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

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

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

The Issuer'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 Issuer must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the Issuer to the City Council by August 1 or as soon as practicable thereafter.

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

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

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

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

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

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

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

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

**Issuer and Taxpayer Remedies**

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

Owners of certain property with a taxable value of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

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

**Levy and Collection of Taxes**

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

**Debt Tax Rate Limitations**

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

**Issuer's Rights In The Event Of Tax Delinquencies**

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

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

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

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

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

**Future and Proposed State Legislation**

The 88th Texas Legislature began on January 10, 2023, and ended on May 29, 2023 (the "88th Regular Legislative Session"). The regular session of the 89th Texas Legislature convened on January 14, 2025 and concluded on June 2, 2025. The Texas 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. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the City. The first special session of the 89th Texas Legislature began on July 21, 2025. Immediately after the conclusion of the 88th Regular Legislative Session on May 29, 2023, the Governor called the First Special Session on May 29, 2023 to request the Texas Legislature to consider legislation regarding property tax relief and border security; shortly after the conclusion of the First Special Session, the Governor called the Second Special Session on June 27, 2023 to consider additional legislation regarding property tax relief. The Second Special Session adjourned on July 13, 2023.

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

## CITY APPLICATION OF TAX CODE

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

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

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

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

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

On May 29, 2007, the City Council authorized an ordinance creating a TIRZ that totaled 680.2 acres with a taxable "base" value of $5,546,250 and a current taxable value of $753,821,145 (Tax Year 2024), for a period of 25 years, ending December 31, 2032.

On December 9, 2019, the City Council authorized an ordinance creating the City's second TIRZ (TIRZ #2) – that totaled 74.4 acres with a taxable base value of $15,522,122 and a current taxable $31,104,787 (Tax Year 2024), for a period of 26 years, ending December 31, 2045.

On September 27, 2021, the City Council authorized an ordinance creating the City's third TIRZ (TIRZ #3), that totaled 183.6 acres with a taxable base value of $141,765,876 and a current taxable $169,128,797 (Tax Year 2024) for a period of 25 years, ending December 31, 2046.

The City currently has 3 tax abatement agreements in place:

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

The TaskUs Agreement allows for a rebate of 70% of the proceeds of the City's ad valorem tax levied on improvements on the development (the "TaskUs Ad Valorem Taxes") for rebate years 1 through 3, 55% of the TaskUs Ad Valorem Taxes for rebate years 4 through 6, and 30% of the TaskUs Ad Valorem Taxes for grant years 7 through 8. As of the date of this official statement, two payments have been made under this agreement.

The Continental automotive agreement allows for a rebate of 15% of the proceeds of the City's ad valorem tax levied on improvement of the development for a period of ten years. In order to be eligible for the rebate payment, the company must meet minimum taxable value thresholds. As of the date of this official statement, no payments have been made under this agreement.

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

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

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

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

## TAX RATE LIMITATIONS

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

No direct funded debt limitation is imposed on the City under current Texas law. Article XI, Section 5 of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 assessed valuation for all City purposes. As stated above, the City operates under a Home Rule Charter which adopts a limit of $2.50 per $100 of assessed valuation. The Texas Attorney General has adopted an administrative policy that generally prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from $1.50 of the foregoing $2.50 maximum tax rate calculated at 90% collection. The issuance of the Bonds does not violate this Constitutional provision or the Texas Attorney General's administrative policy.

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

## TAX MATTERS

### Opinion

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

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

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

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

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

**Federal Income Tax Accounting Treatment of Original Issue Discount**

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

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

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

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

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

**Collateral Federal Income Tax Consequences**

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

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

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

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

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

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

**State, Local and Foreign Taxes**

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

**Information Reporting and Backup Withholding**

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

**Future and Proposed Legislation**

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

## LEGAL MATTERS

The Issuer will furnish the Underwriters a transcript of certain proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of the State of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the Issuer. The Issuer will also furnish the approving legal opinion of Bond Counsel to the effect that (i), based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the Issuer under the Constitution and the laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the registered owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Issuer and (ii) the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. See "APPENDIX C - Form of Bond Counsel's Opinion." Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions "THE BONDS," (except for the subcaptions "Purpose of Bonds", "Payment Record" and "Default and Remedies"), "TAX MATTERS," "LEGAL MATTERS," (except for the next to last sentence of the first paragraph thereof), and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Agreements") to determine that the information relating to the Bonds and the Ordinance contained therein fairly and accurately describes the provisions thereof and is correct as to matters of law. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The applicable legal opinion will accompany the Bonds deposited with DTC or will be printed on or attached to the Bonds in the event of discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Kassahn & Ortiz, P.C., San Antonio, Texas. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the Issuer.

The various legal opinions to be delivered concurrently with the delivery of the Bonds 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.

## CYBERSECURITY RISKS

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

## CONTINUING DISCLOSURE OF INFORMATION

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

### Annual Reports

The Issuer will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the Issuer of the general type included in this Official Statement including table 1 of the Official Statement and under the Tables numbered 1 through 10 of APPENDIX A and the financial statements in APPENDIX D. The Issuer will update and provide this information within 6 months after the end of each fiscal year ending in or after 2025. If audited financial statements are not available when the other information is provided, the Issuer will provide audited financial statements when and if they become available and will provide unaudited financial statements within 12 months after fiscal year end, unless audited financial statements are sooner provided. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation. The Issuer may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC").

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

### Event Notices

The Issuer will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The Issuer will provide notice of any of the following events with respect to the Bonds: (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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Issuer; (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of the trustee, if material; (15) incurrence of a financial obligation of the Issuer (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the Issuer, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the Issuer, any of which reflect financial difficulties. (The Ordinance does not make any provision for debt service reserves, credit enhancement or a trustee.)

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

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

**Limitations and Amendments**

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

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

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

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

**Compliance with Prior Agreements**

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

## OTHER PERTINENT INFORMATION

**Registration and Qualification of Bonds for Sale**

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

**Litigation**

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

**Future Debt Issuance**

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

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

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

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

**Ratings**

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

**Financial Advisor**

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

**Underwriting**

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Issuer at a price of $___________ (representing the par amount of the Bonds of $__________, plus a net reoffering premium of $_____________, and less an Underwriters' discount of $______________), and accrued interest on the Bonds in the amount of $_____________.

The Underwriters' obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Bonds, if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

**Forward-Looking Statements Disclaimer**

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

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

**Concluding Statement**

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

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

CITY OF NEW BRAUNFELS, TEXAS

ATTEST:

____________________________________
Mayor
City of New Braunfels, Texas

____________________________________
City Secretary
City of New Braunfels, Texas

## SCHEDULE I

### Schedule of Refunded Obligations*

***City of New Braunfels, Texas General Obligation Bonds, Series 2014***

| Maturity Date (2/1) | Principal | Interest Rate | Redemption Date |
|---|---|---|---|
| 2026 | $ 720,000 | 3.000% | 9/30/2025 |
| | $ 720,000 | | |

***City of New Braunfels, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015***

| Maturity Date (2/1) | Principal | Interest Rate | Redemption Date |
|---|---|---|---|
| 2031 | $ 320,000 | 4.000% | 9/30/2025 |
| 2032 | 335,000 | 4.000% | 9/30/2025 |
| 2033 | 345,000 | 4.000% | 9/30/2025 |
| 2034 | 360,000 | 4.000% | 9/30/2025 |
| | $ 1,360,000 | | |

***City of New Braunfels, Texas General Obligation and Refunding Bonds, Series 2015***

| Maturity Date (2/1) | Principal | Interest Rate | Redemption Date |
|---|---|---|---|
| 2031 | $ 885,000 | 4.000% | 9/30/2025 |
| 2032 | 920,000 | 4.000% | 9/30/2025 |
| 2033 | 955,000 | 4.000% | 9/30/2025 |
| 2034 | 995,000 | 4.000% | 9/30/2025 |
| | $ 3,755,000 | | |

***City of New Braunfels, Texas General Obligation and Refunding Bonds, Series 2016***

| Maturity Date (2/1) | Principal | Interest Rate | Redemption Date |
|---|---|---|---|
| 2028 | $ 1,350,000 | 5.000% | 9/30/2025 |
| 2029 | 1,410,000 | 4.000% | 9/30/2025 |
| 2030 | 1,470,000 | 4.000% | 9/30/2025 |
| 2031 | 1,530,000 | 4.000% | 9/30/2025 |
| 2032 | 1,590,000 | 4.000% | 9/30/2025 |
| 2033 | 1,655,000 | 4.000% | 9/30/2025 |
| 2034 | 1,725,000 | 4.000% | 9/30/2025 |
| | $ 10,730,000 | | |

**Preliminary subject to change.*

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**APPENDIX A**

**FINANCIAL INFORMATION RELATING TO THE CITY OF NEW BRAUNFELS, TEXAS**

## FINANCIAL INFORMATION OF THE ISSUER

**ASSESSED VALUATION** — **TABLE 1**

| | | |
|---|---|---|
| 2024 Market Value of Taxable Property (100% of Market Value) | $ | 18,731,458,188 |
| Less Exemptions: | | |
| Local Optional Over-65 or Disabled Exemption | $ | 28,155,012 |
| Veteran's Exemption | | 532,593,013 |
| Freeport Exemption | | 72,199,859 |
| Productivity Value Loss | | 332,145,989 |
| Homestead | | 1,576,636,297 |
| Solar Exemption | | 12,655,848 |
| 10% Per Year Cap on Residential Homestead | | 810,828,368 |
| **TOTAL EXEMPTIONS** | | 3,365,214,386 |
| 2024 Certified Assessed Value of Taxable Property | $ | 15,366,243,802 * |
| 2025 Assessed Value of Taxable Property | $ | 13,112,915,022 |

*Source: Comal and Guadalupe County Appraisal Districts.*
** Includes Freeze Taxable Value of $1,841,546,149 and Transfer Adjustment of $225,884.*

**GENERAL OBLIGATION BONDED DEBT**
*(as of August 1, 2025)*

| | | |
|---|---|---|
| **General Obligation Debt Principal Outstanding** | | |
| General Obligation Bonds, Series 2014 | $ | 3,835,000 |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014A | | 2,725,000 |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT) | | 1,915,000 |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015 | | 3,185,000 |
| General Obligation and Refunding Bonds, Series 2015 | | 13,640,000 |
| General Obligation and Refunding Bonds, Series 2016 | | 16,900,000 |
| General Obligation Refunding Bonds, Series 2017 | | 2,180,000 |
| General Obligation Bonds, Series 2018 | | 18,280,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2018 | | 5,995,000 |
| Tax Notes, Series 2018A | | 360,000 |
| General Obligation Bonds, Series 2019 | | 15,245,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2019 | | 3,625,000 |
| General Obligation Bonds, Series 2020 | | 42,055,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2020 | | 10,130,000 |
| Tax Notes, Series 2020 | | 510,000 |
| General Obligation Refunding Bonds, Series 2020 | | 6,750,000 |
| Tax Notes, Series 2021 | | 1,280,000 |
| General Obligation Bonds, Series 2021 | | 22,225,000 |
| General Obligation Refunding Bonds, Series 2021 | | 15,175,000 |
| General Obligation Bonds, Series 2022 | | 14,305,000 |
| Tax Notes, Series 2022 | | 5,730,000 |
| General Obligation and Refunding Bonds, Series 2023 | | 34,545,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2023 | | 9,000,000 |
| Tax Notes, Series 2023 | | 1,460,000 |
| Tax Notes, Series 2024 | | 780,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2024 | | 7,580,000 |
| General Obligation and Refunding Bonds, Series 2025 (the "Bonds") | | 53,535,000 * |
| Total Gross General Obligation Debt | $ | 312,945,000 * |
| Less: Self Supporting Debt** | | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT) (100% Airport) | $ | 1,915,000 |
| General Obligation and Refunding Bonds, Series 2015 (18.37% Hotel Occupancy Tax and 1.54% Solid Waste) | | 795,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2018 (100% Sales Tax) | | 5,995,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2019 (100% Sales Tax) | | 3,625,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2020 (35.49% Solid Waste & 64.51% TIRZ) | | 10,130,000 |
| General Obligation Refunding Bonds, Series 2021 (24.48% Sales Tax) | | 3,715,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2023 (100% Sales Tax) | | 9,000,000 |
| Combination Tax and Revenue Certificates of Obligation, Series 2024 (100% Sales Tax) | | 7,580,000 |
| Total Self-Supporting Debt | $ | 42,755,000 |
| Total Net General Obligation Debt Outstanding | $ | 270,190,000 * |

| | | |
|---|---|---|
| 2024 Certified Net Assessed Valuation | $ | 15,366,243,802 |
| Ratio of Total Gross General Obligation Debt Principal to 2024 Certified Net Assessed Valuation | | 2.04% * |
| Ratio of Net General Obligation Debt to 2024 Certified Net Assessed Valuation | | 1.76% * |

Population: 1990 - 27,334; 2000 - 36,494; 2010 - 57,740; est. 2025 - 123,800
Per Capita Certified Net Taxable Assessed Valuation - $124,122
Per Capita Gross General Obligation Debt Principal - $2,528
Per Capita Net General Obligation Debt Principal - $2,182

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

**GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

| FYE (9/30) | Outstanding Debt Service | Less: The Refunded Obligations [b] | The Bonds* Principal | The Bonds* Interest | The Bonds* Total | Combined Debt Service | Less: Self-Supporting Debt | Total Debt Service |
|---|---|---|---|---|---|---|---|---|
| 2026 | $ 30,147,398 | $ 1,378,100 | $ 1,545,000 | $ 2,415,063 | $ 3,960,063 | $ 32,729,360 | $ 5,182,600 | $ 27,546,760 |
| 2027 | 29,097,277 | 647,300 | 1,205,000 | 2,569,375 | 3,774,375 | 32,224,352 | 5,128,269 | 27,096,083 |
| 2028 | 28,384,017 | 1,963,550 | 2,430,000 | 2,478,500 | 4,908,500 | 31,328,967 | 4,530,928 | 26,798,039 |
| 2029 | 26,933,104 | 1,961,600 | 2,550,000 | 2,354,000 | 4,904,000 | 29,875,504 | 4,535,441 | 25,340,064 |
| 2030 | 24,877,000 | 1,964,000 | 2,680,000 | 2,223,250 | 4,903,250 | 27,816,250 | 4,458,431 | 23,357,819 |
| 2031 | 24,451,500 | 3,144,900 | 4,030,000 | 2,055,500 | 6,085,500 | 27,392,100 | 4,464,181 | 22,927,919 |
| 2032 | 23,002,056 | 3,143,300 | 4,235,000 | 1,848,875 | 6,083,875 | 25,942,631 | 4,451,028 | 21,491,603 |
| 2033 | 20,495,519 | 3,137,300 | 4,445,000 | 1,631,875 | 6,076,875 | 23,435,094 | 4,455,350 | 18,979,744 |
| 2034 | 19,599,819 | 3,141,600 | 4,675,000 | 1,403,875 | 6,078,875 | 22,537,094 | 2,539,381 | 19,997,712 |
| 2035 | 17,937,644 | - | 1,800,000 | 1,242,000 | 3,042,000 | 20,979,644 | 2,777,113 | 18,202,531 |
| 2036 | 16,492,409 | - | 1,890,000 | 1,149,750 | 3,039,750 | 19,532,159 | 2,522,000 | 17,010,159 |
| 2037 | 14,597,438 | - | 1,990,000 | 1,052,750 | 3,042,750 | 17,640,188 | 2,512,350 | 15,127,838 |
| 2038 | 14,587,853 | - | 2,090,000 | 950,750 | 3,040,750 | 17,628,603 | 2,519,359 | 15,109,244 |
| 2039 | 12,223,825 | - | 2,200,000 | 843,500 | 3,043,500 | 15,267,325 | 2,517,753 | 12,749,572 |
| 2040 | 10,604,775 | - | 2,310,000 | 730,750 | 3,040,750 | 13,645,525 | 1,938,525 | 11,707,000 |
| 2041 | 6,722,822 | - | 2,430,000 | 612,250 | 3,042,250 | 9,765,072 | 1,625,800 | 8,139,272 |
| 2042 | 5,010,772 | - | 2,555,000 | 487,625 | 3,042,625 | 8,053,397 | 1,318,950 | 6,734,447 |
| 2043 | 3,822,100 | - | 2,685,000 | 356,625 | 3,041,625 | 6,863,725 | 1,317,800 | 5,545,925 |
| 2044 | 576,300 | - | 2,825,000 | 218,875 | 3,043,875 | 3,620,175 | 1,318,000 | 2,302,175 |
| 2045 | - | - | 2,965,000 | 74,125 | 3,039,125 | 3,039,125 | 576,300 | 2,462,825 |
| Total | $ 329,563,627 | $ 19,103,550 | $ 53,535,000 | $ 26,699,313 | $ 80,234,313 | $ 389,316,290 | $ 60,689,560 | $ 328,626,730 |

[a] *Includes self-supporting debt.*

[b] *See SCHEDULE I - The Schedule of Refunded Obligations.*

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

**Preliminary, subject to change.*

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

| | | |
|---|---|---|
| 2024 Certified Assessed Value of Taxable Property | $ | 15,366,243,802 |
| Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2027) | $ | 32,729,360 |
| Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements | $ | 0.2173 |

*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 Assessed Value of Taxable Property | $ | 15,366,243,802 |
| Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2027) | $ | 27,546,760 |
| Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements | $ | 0.1829 |

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

**INTEREST AND SINKING FUND MANAGEMENT INDEX**

| | | |
|---|---|---|
| Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2024 | $ | 3,413,254 |
| 2024 Interest and Sinking Fund Tax Levy at 98% Collections Produce* | | 30,709,352 |
| Total Available for General Fund Debt | $ | 34,122,606 |
| Less: General Obligation Debt Service Requirements, Fiscal Year Ended September 30, 2025** | | 28,612,403 |
| Estimated Interest and Sinking Fund Balance at Fiscal Year Ending September 30, 2025 | $ | 5,510,203 |

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

**GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE**
*(as of August 1, 2025)*

| Fiscal Year Ending Ending (9/30) | Principal Repayment Schedule: Currently Currently Outstanding [(a)] | Less: The The Refunded Obligations | The Bonds* | Total* | Principal Unpaid at End of the Year | Percent of Principal Retired (%) |
|---|---|---|---|---|---|---|
| 2026 | $ 20,310,000 | $ 720,000 | $ 1,545,000 | $ 21,855,000 | $ 306,755,000 | 7% |
| 2027 | 20,165,000 | - | 1,205,000 | 21,370,000 | 285,385,000 | 13% |
| 2028 | 20,345,000 | 1,350,000 | 2,430,000 | 24,125,000 | 261,260,000 | 20% |
| 2029 | 19,790,000 | 1,410,000 | 2,550,000 | 23,750,000 | 237,510,000 | 28% |
| 2030 | 18,565,000 | 1,470,000 | 2,680,000 | 22,715,000 | 214,795,000 | 35% |
| 2031 | 18,890,000 | 2,555,000 | 4,030,000 | 25,475,000 | 189,320,000 | 42% |
| 2032 | 18,150,000 | 2,845,000 | 4,235,000 | 25,230,000 | 164,090,000 | 50% |
| 2033 | 16,310,000 | 2,955,000 | 4,445,000 | 23,710,000 | 140,380,000 | 57% |
| 2034 | 16,055,000 | 3,080,000 | 4,675,000 | 23,810,000 | 116,570,000 | 65% |
| 2035 | 14,980,000 | - | 1,800,000 | 16,780,000 | 99,790,000 | 70% |
| 2036 | 14,040,000 | - | 1,890,000 | 15,930,000 | 83,860,000 | 74% |
| 2037 | 12,600,000 | - | 1,990,000 | 14,590,000 | 69,270,000 | 79% |
| 2038 | 13,030,000 | - | 2,090,000 | 15,120,000 | 54,150,000 | 84% |
| 2039 | 11,080,000 | - | 2,200,000 | 13,280,000 | 40,870,000 | 88% |
| 2040 | 9,825,000 | - | 2,310,000 | 12,135,000 | 28,735,000 | 91% |
| 2041 | 6,240,000 | - | 2,430,000 | 8,670,000 | 20,065,000 | 94% |
| 2042 | 4,745,000 | - | 2,555,000 | 7,300,000 | 12,765,000 | 96% |
| 2043 | 3,725,000 | - | 2,685,000 | 6,410,000 | 6,355,000 | 98% |
| 2044 | 565,000 | - | 2,825,000 | 3,390,000 | 2,965,000 | 99% |
| 2045 | - | - | 2,965,000 | 2,965,000 | - | 100% |
| Total | $ 259,410,000 | $ 15,665,000 | $ 53,535,000 | $ 328,610,000 | | |

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

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

| Year | Net Taxable Assessed Valuation | Change From Preceding Year Amount ($) | Percent |
|---|---|---|---|
| 2015 | $ 5,655,196,350 | $ 651,361,976 | 13.02% |
| 2016 | 6,174,720,505 | 519,524,155 | 9.19% |
| 2017 | 6,898,322,770 | 723,602,265 | 11.72% |
| 2018 | 7,621,384,608 | 723,061,838 | 10.48% |
| 2019 | 8,548,224,205 | 926,839,597 | 12.16% |
| 2020 | 9,762,146,290 | 1,213,922,085 | 14.20% |
| 2021 | 10,560,465,185 | 798,318,895 | 8.18% |
| 2022 | 12,988,440,474 | 2,427,975,289 | 22.99% |
| 2023 | 14,535,431,926 | 1,546,991,452 | 11.91% |
| 2024 | 15,366,243,802 | 830,811,876 | |

*Source: Comal and Guadalupe Central Appraisal Districts.*

**PRINCIPAL TAXPAYERS 2024** **TABLE 4**

| Name | Type of Business/Property | 2024 Net Taxable Assessed Valuation | % of Total 2024 Assessed Valuation |
|---|---|---|---|
| A L 95 Creekside Town Center LP | Shopping Center/Mall | $ 146,633,494 | 0.95% |
| Central Texas Corridor Hospital Co LLC | Healthcare | 143,616,270 | 0.93% |
| Walmart Inc #6016 | Retail | 140,135,870 | 0.91% |
| CNC-Swagat Four LP | Residential Apartments | 83,730,750 | 0.54% |
| Kahlig Enterprises Inc | Car Dealership | 75,929,969 | 0.49% |
| Rush Enterprises | Truck Leasing | 71,215,250 | 0.46% |
| HEB Grocery Co LP | Grocery Store | 70,307,923 | 0.46% |
| Grey Forest Development LLC | Residential Apartments | 65,083,019 | 0.42% |
| Continental Autonomous Mobility | Industrial Manufacturing | 117,336,040 | 0.76% |
| LHNH Riverhaus LLC | Residential Apartments | 913,988,585 | 5.95% |
| | | $ 1,827,977,170 | 11.90% |

*Source: Comal and Guadalupe Central Appraisal Districts.*

**MUNICIPAL SALES TAX COLLECTIONS** **TABLE 5**

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

| Calendar Year | Total Collected | % of Ad Valorem Tax Levy | Equivalent of Ad Valorem Tax Rate |
|---|---|---|---|
| 2015 | $ 27,087,906 | 98.11% | 0.479 |
| 2016 | 28,850,406 | 93.78% | 0.467 |
| 2017 | 30,144,638 | 89.51% | 0.437 |
| 2018 | 31,814,187 | 85.50% | 0.417 |
| 2019 | 33,485,702 | 80.24% | 0.392 |
| 2020 | 35,099,655 | 74.41% | 0.360 |
| 2021 | 42,677,242 | 85.01% | 0.404 |
| 2022 | 44,624,144 | 83.00% | 0.344 |
| 2023 | 44,900,091 | 82.06% | 0.309 |
| 2024 | 45,412,668 | 72.27% | 0.296 |
| 2025 | 22,624,146 | (As of June 2025) | |

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

**CLASSIFICATION OF ASSESSED VALUATION** **TABLE 6**

| | 2024 | % of Total | 2023 | % of Total | 2022 | % of Total |
|---|---|---|---|---|---|---|
| Real, Residential, Single-Family | $ 11,613,991,429 | 62.00% | $ 11,603,341,694 | 63.71% | $ 10,287,991,591 | 62.54% |
| Real, Residential, Multi-Family | 1,607,733,232 | 8.58% | 1,403,749,486 | 7.71% | 1,209,817,915 | 7.35% |
| Real, Vacant Lots/Tracts | 413,505,553 | 2.21% | 363,201,487 | 1.99% | 354,243,289 | 2.15% |
| Real, Acreage (Land Only) | 333,624,958 | 1.78% | 344,533,170 | 1.89% | 380,409,847 | 2.31% |
| Real, Farm and Ranch Improvements | 100,863,047 | 0.54% | 158,841,426 | 0.87% | 138,945,694 | 0.84% |
| Real, Commercial | 3,233,386,814 | 17.26% | 2,982,747,496 | 16.38% | 2,890,560,236 | 17.57% |
| Real, Industrial | 184,701,402 | 0.99% | 179,444,839 | 0.99% | 151,178,567 | 0.92% |
| Real & Tangible, Personal Utilities | 61,749,569 | 0.33% | 51,521,500 | 0.28% | 45,718,086 | 0.28% |
| Tangible Personal, Commercial | 584,866,783 | 3.12% | 587,924,999 | 3.23% | 528,684,518 | 3.21% |
| Tangible Personal, Industrial | 396,476,264 | 2.12% | 321,054,884 | 1.76% | 248,251,368 | 1.51% |
| Tangible Personal, Mobile Homes | 34,435,005 | 0.18% | 29,651,346 | 0.16% | 31,127,270 | 0.19% |
| Residential Inventory | 93,203,290 | 0.50% | 112,903,743 | 0.62% | 111,610,576 | 0.68% |
| Special Inventory | 72,920,842 | 0.39% | 73,915,150 | 0.41% | 73,026,453 | 0.44% |
| **Total Appraised Value** | $ 18,731,458,188 | 100.00% | $ 18,212,831,220 | 100.00% | $ 16,451,565,410 | 100.00% |
| **Less:** | | | | | | |
| Local Optional Over-65 or Disabled Exemption | $ 28,155,012 | | $ 26,976,039 | | $ 26,071,681 | |
| Veterans' Exemption | 532,593,013 | | 435,652,432 | | 352,798,464 | |
| Freeport Exemption | 72,199,859 | | 12,340,624 | | 13,877,947 | |
| Productivity Value Loss | 332,145,989 | | 343,146,552 | | 378,865,158 | |
| Abatement Value Loss | - | | - | | - | |
| Low Income Housing | - | | 3,221,020 | | - | |
| Homestead | 1,576,636,297 | | 1,556,665,952 | | 1,390,403,645 | |
| Historical/Non Req. Exemption Loss | - | | 571,800 | | 10,663,463 | |
| Solar Exemption | 12,655,848 | | 805,277 | | 574,084 | |
| 10% Per Year Cap on Res. Homesteads | 810,828,368 | | 1,298,019,598 | | 1,289,870,494 | |
| **Net Taxable Assessed Valuation** | $ 15,366,243,802 | | $ 14,535,431,926 | | $ 12,988,440,474 | |

*Source: Comal and Guadalupe County Appraisal Districts.*

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

| Tax Year | Net Taxable Assessed Valuation | Tax Rate | Tax Levy | % of Collections Current | % of Collections Total | Year Ended |
|---|---|---|---|---|---|---|
| 2015 | $ 5,655,196,350 | 0.488220 | 27,609,800 | 99.13 | 100.10 | 9/30/2016 |
| 2016 | 6,174,720,505 | 0.498230 | 30,764,310 | 98.87 | 101.14 | 9/30/2017 |
| 2017 | 6,898,322,770 | 0.488220 | 33,678,991 | 99.12 | 100.88 | 9/30/2018 |
| 2018 | 7,621,384,608 | 0.488220 | 37,209,124 | 99.77 | 100.22 | 9/30/2019 |
| 2019 | 8,548,224,205 | 0.488220 | 41,734,140 | 99.62 | 100.38 | 9/30/2020 |
| 2020 | 9,762,146,290 | 0.483189 | 47,169,617 | 99.49 | 100.52 | 9/30/2021 |
| 2021 | 10,560,465,185 | 0.475376 | 50,201,917 | 97.21 | 97.49 | 9/30/2022 |
| 2022 | 12,988,440,474 | 0.413935 | 53,763,701 | 93.41 | 93.77 | 9/30/2023 |
| 2023 | 14,535,431,926 | 0.408900 | 59,435,381 | 95.96 | 99.69 | 9/30/2024 |
| 2024 | 15,366,243,802 | 0.408928 | 62,836,873 | 92.41 | 92.37 | 9/30/2025* |

*Collections as of May 31, 2025.

**TAX RATE DISTRIBUTION** **TABLE 8**

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| General Fund | $ 0.205000 | $ 0.200000 | $ 0.205000 | $ 0.247393 | $ 0.255233 |
| I & S Fund | 0.203928 | 0.208900 | 0.208935 | 0.227983 | 0.227956 |
| Total Tax Rate | $ 0.408928 | $ 0.408900 | $ 0.413935 | $ 0.475376 | $ 0.483189 |

*Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Comal and Guadalupe County Appraisal Districts, the Issuer's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2024, and information supplied by the Issuer.*

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

| Governmental Subdivision | | 2024 Assessed Valuation | % of Actual | | 2024 Tax Rate |
|---|---|---|---|---|---|
| Comal County | $ | 38,116,051,964 | 100% | $ | 0.227000 |
| Comal Independent School District | | 32,746,480,543 | 100% | | 1.087000 |
| Guadalupe County | | 24,184,125,000 | 100% | | 0.263000 |
| Lake Dunlap WC&ID | | 454,144,489 | 100% | | 0.200000 |
| Marion ISD | | 1,661,447,130 | 100% | | 1.134000 |
| Navarro Independent School District | | 1,909,196,483 | 100% | | 1.183000 |
| New Braunfels Independent School District | | 8,657,427,279 | 100% | | 1.038000 |

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

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

| Issuer | Date of Authorization | Purpose | Authorization | Issued to Date | Unissued |
|---|---|---|---|---|---|
| City of New Braunfels | 5/6/2023 | Transportation | $ 99,330,000 | $ 29,500,000 | $ 69,830,000 |
| | | Parks and Recreation | 12,155,000 | 2,500,000 | $ 9,655,000 |
| | | Library | 28,560,000 | 3,000,000 | $ 25,560,000 |
| | | | $ 140,045,000 | $ 35,000,000 * | $ 105,045,000 |
| Comal County | None | | | | |
| Comal Independent School District | 5/6/2023 | School Building and Buses | 560,564,863 | 347,000,000 | 213,564,863 |
| | | Technology | 28,000,000 | 28,000,000 | - |
| | | | 588,564,863 | 375,000,000 | 213,564,863 |
| Guadalupe County | None | | | | |
| Lake Dunlap WC&ID | None | | | | |
| Marion ISD | None | | | | |
| Navarro Independent School District | 5/4/2024 | School Building | $ 73,700,000 | $ 10,000,000 | $ 63,700,000 |
| | | Stadium | $ 35,500,000 | $ 5,000,000 | $ 30,500,000 |
| | | Athletic Improvements | $ 10,800,000 | $ 5,000,000 | $ 5,800,000 |
| | | | $ 120,000,000 | $ 20,000,000 | $ 100,000,000 |
| New Braunfels Independent School District | 5/4/2024 | School Building and Seciurity | $ 267,500,000 | $ 125,000,000 | $ 142,500,000 |
| | | Stadium | $ 42,500,000 | $ - | $ 42,500,000 |
| | | Technology | $ 3,000,000 | $ - | $ 3,000,000 |
| | | | $ 313,000,000 | $ 125,000,000 | $ 188,000,000 |

* The Bonds comprise $40,000,000 of the $99,330,000 authorized by voters on May 6, 2023.

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

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

| | Fiscal Year Ended 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 |
|---|---|---|---|---|---|
| Fund Balance - Beginning of Year | $ 41,401,714 | $ 44,973,563 | $ 41,057,124 | $ 27,386,112 | $ 26,075,791 |
| Revenues | $ 101,367,614 | $ 96,400,857 | $ 91,152,012 | $ 86,288,867 | $ 72,320,595 |
| Expenditures | 105,202,136 | 98,512,818 | 86,135,955 | 72,758,903 | 71,357,644 |
| Excess (Deficit) of Revenues Over Expenditures | $ (3,834,522) | $ (2,111,961) | $ 5,016,057 | $ 13,529,964 | $ 962,951 |
| Other Financing Sources (Uses): | | | | | |
| Operating Transfers In | $ 1,288,676 | $ 1,135,252 | $ 897,760 | $ 808,917 | $ 974,381 |
| Operating Transfers Out | (1,776,149) | (3,803,228) | (2,094,219) | (885,226) | (645,659) |
| Proceeds from the Sale of Capital Assets | 198,950 | 458,088 | 96,841 | 217,357 | 18,648 |
| Proceeds from issuance of debt | 438,077 | | | | |
| Proceeds from Loan Payable | - | 750,000 | - | - | - |
| Total Other Financing Sources (Uses): | $ 149,554 | $ (1,459,888) | $ (1,099,618) | $ 141,048 | $ 347,370 |
| Fund Balance - End of Year | $ 37,716,746 | $ 41,401,714 | $ 44,973,563 | $ 41,057,124 | $ 27,386,112 |

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

*The City anticipates fiscal year ending September 30, 2025 will have $35,364,778 in general fund balance.*

The decrease in the general fund is due to an adopted deficit budget for one-time expenditures. Revenues are expected to exceed budgeted amounts by $7,200,000 due to increased sales tax collections.

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

Information regarding the City's Pension Plan can be found in the 2024 Audit under Notes.

## APPENDIX B

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

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

### General Information

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

### Transportation

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

### Education

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

### Economy

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

### Recreation

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

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

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

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

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

## COMAL COUNTY

### General Information

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

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

### Commercial

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

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

### Major Employers

| Employer | Number of Employees |
|---|---|
| Comal ISD | 3,699 |
| Schlitterbahn Water Park | 2,140 |
| TaskUs | 1,397 |
| New Braunfels ISD | 1,351 |
| Wal-Mart Distribution Center | 1,050 |
| City of New Braunfels | 900 |
| Comal County | 838 |
| Christus Santa Rosa New Braunfels | 600 |
| Rush Enterprises | 600 |
| Resolute Baptist Hospital | 513 |

### Labor Force Statistics (1)

| | 2025 (2) | 2024 (3) | 2023 (3) | 2022 (3) |
|---|---|---|---|---|
| Civilian Labor Force | 99,719 | 97410 | 94679 | 88,953 |
| Total Employed | 96,148 | 93893 | 91316 | 85,881 |
| Total Unemployed | 3,571 | 3517 | 3363 | 3,072 |
| %Unemployed | 3.6% | 3.6% | 3.6% | 3.5% |
| | | | | |
| % Unemployed (Texas) | 4.1% | 4.1% | 4.0% | 3.9% |

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(1) Source: Texas Workforce Commission.
(2) As of June 2025.
(3) Average Annual Statistics.

## GUADALUPE COUNTY

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

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

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

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

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

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

**Labor Force Statistics (1)**

| | **2025 (2)** | **2024 (3)** | **2023 (3)** | **2022 (3)** |
|---|---|---|---|---|
| Civilian Labor Force | 97,269 | 94,925 | 92,237 | 88,273 |
| Total Employed | 93,701 | 91,496 | 89,055 | 85,233 |
| Total Unemployed | 3,568 | 3,429 | 3,182 | 3,040 |
| %Unemployed | 3.7% | 3.6% | 3.4% | 3.4% |
| | | | | |
| % Unemployed (Texas) | 4.1% | 4.1% | 4.0% | 3.9% |

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(1) Source: Texas Workforce Commission.
(2) As of June 2025.
(3) Average Annual Statistics.

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## APPENDIX C

## FORM OF LEGAL OPINION OF BOND COUNSEL

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

**CITY OF NEW BRAUNFELS, TEXAS
GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 2025
IN THE AGGREGATE PRINCIPAL AMOUNT OF $________**

**AS BOND COUNSEL FOR** the City of New Braunfels, Texas (the "City") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the date specified in the text of the Bonds, until maturity or redemption, at the rate and payable on the dates specified in the text of the Bonds and in the ordinance of the City adopted on July 14, 2025 authorizing the issuance of the Bonds (the "Bond Ordinance") and the Pricing Certificate as defined in, and authorized by the Bond Ordinance (collectively, the Pricing Certificate and Bond Ordinance are referred to herein as the "Ordinance").

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

**BASED ON SAID EXAMINATION,** it is our opinion that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the City, payable from ad valorem taxes, within the limit prescribed by law, on taxable property within the City.

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

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

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

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

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

**OUR SOLE ENGAGEMENT** in connection with the issuance of the Bond is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bond under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bond for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment and based on our review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bond, and have not assumed any responsibility with respect thereto.

We express no opinion and make no comment with respect to the marketability of the Bond and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

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

Respectfully,

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**APPENDIX D**

**FINANCIAL SATEMENTS 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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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITORS' REPORT

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

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

***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels (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, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30. 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the New Braunfels Utilities, a discrete component unit of the city ("NBU"), which represent 98 percent and 96 percent, respectively, of the assets and net position of the aggregate discretely presented component units as of July 31, 2024, and 97 percent of the revenues of the aggregate discretely presented component units for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for NBU, is based solely on the report of the other auditors.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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.

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### *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.

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

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

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

- Exercise professional 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, and schedules of changes and contributions related to the City and NBU's participation in various pension and OPEB plans as identified on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance

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with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the <the combining statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

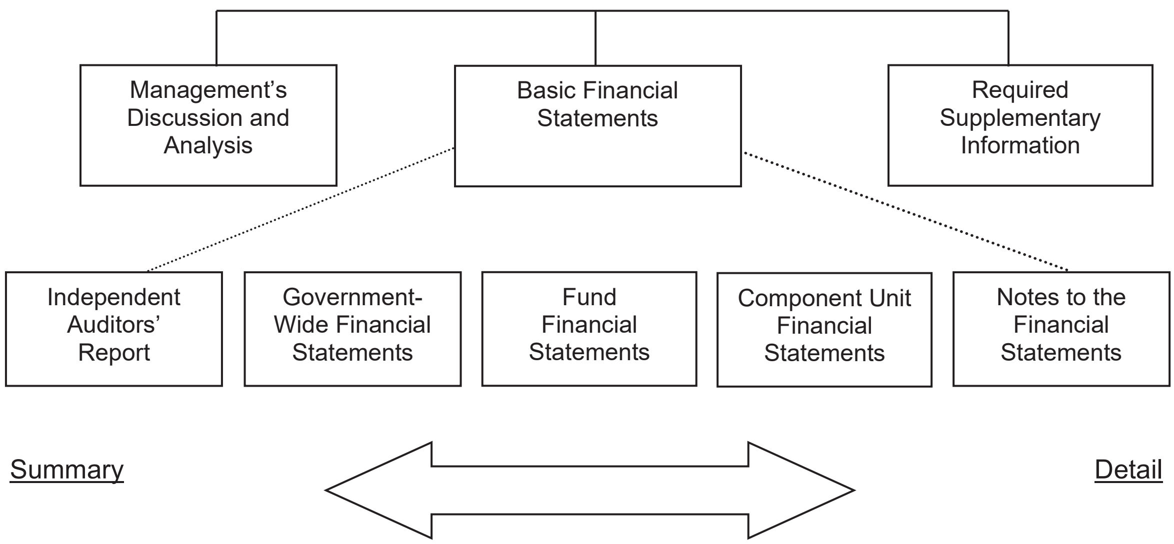
Houston, Texas
March 21, 2025

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of New Braunfels, Texas (the "City") for the year ending September 30, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

**Components of the Financial Section**




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

**Government-Wide Statements**

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

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

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

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

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

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

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

**FUND FINANCIAL STATEMENTS**

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

**<u>Governmental Funds</u>**

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

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

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The City maintains 43 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service, 2019 capital improvement, 2023 capital improvement, parks improvement, and grant funds, which are considered to be major funds for reporting purposes. The general obligations, hotel/motel tax, and roadway impact fees funds are not major funds, but the City has elected to present them as major due to their significance.

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

**Proprietary Fund**

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

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

**Fiduciary Funds**

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

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

**Notes to Financial Statements**

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

**Other Information**

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

(Continued)

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $139,901,405 as of September 30, 2024 for the primary government. This compares with $123,760,370 from the prior fiscal year. A portion of the City's net position, $81,415,003, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

### Statement of Net Position

The following table reflects the condensed Statement of Net Position:

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **ASSETS** | | | | | | |
| Current and other assets | $ 226,301,675 | $ 208,664,758 | $ 16,075,277 | $ 11,057,752 | $ 242,376,952 | $ 219,722,510 |
| Capital assets, net | 293,904,351 | 260,252,340 | 24,159,782 | 26,124,633 | 318,064,133 | 286,376,973 |
| Total assets | 520,206,026 | 468,917,098 | 40,235,059 | 37,182,385 | 560,441,085 | 506,099,483 |
| **DEFERRED OUTFLOWS ON RESOURCES** | | | | | | |
| Deferred charge on refunding | 745,678 | 959,505 | - | - | 745,678 | 959,505 |
| Deferred outflows - pensions | 17,979,322 | 23,545,470 | 1,859,510 | 2,346,901 | 19,838,832 | 25,892,371 |
| Deferred outflows - OPEB | 902,336 | 1,028,996 | 73,065 | 84,155 | 975,401 | 1,113,151 |
| Total deferred outflows of resources | 19,627,336 | 25,533,971 | 1,932,575 | 2,431,056 | 21,559,911 | 27,965,027 |
| **LIABILITIES** | | | | | | |
| Long-term liabilities | 396,631,953 | 365,577,904 | 6,027,332 | 6,415,619 | 402,659,285 | 371,993,523 |
| Other liabilities | 31,569,013 | 29,106,467 | 1,981,268 | 1,986,501 | 33,550,281 | 31,092,968 |
| Total liabilities | 428,200,966 | 394,684,371 | 8,008,600 | 8,402,120 | 436,209,566 | 403,086,491 |
| **DEFERRED INFLOWS ON RESOURCES** | | | | | | |
| Deferred inflows - leases | 566,681 | 574,102 | 1,694,969 | 1,387,091 | 2,261,650 | 1,961,193 |
| Deferred inflows - grants | 280,260 | - | - | - | 280,260 | - |
| Deferred inflows - pensions | 518,019 | - | 45,360 | - | 563,379 | - |
| Deferred inflows - OPEB | 2,522,151 | 4,794,863 | 262,585 | 461,593 | 2,784,736 | 5,256,456 |
| Total deferred inflows of resources | 3,887,111 | 5,368,965 | 2,002,914 | 1,848,684 | 5,890,025 | 7,217,649 |
| **NET POSITION** | | | | | | |
| Net investment in capital assets | 57,282,700 | 38,706,190 | 24,132,303 | 26,069,805 | 81,415,003 | 64,775,995 |
| Restricted | 113,579,896 | 54,789,238 | - | - | 113,579,896 | 54,789,238 |
| Unrestricted | (63,117,311) | 902,305 | 8,023,817 | 3,292,832 | (55,093,494) | 4,195,137 |
| Total net position | $ 107,745,285 | $ 94,397,733 | $ 32,156,120 | $ 29,362,637 | $ 139,901,405 | $ 123,760,370 |

A portion of the primary government's net position, $113,579,896, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is a deficit balance of $55,903,494.

(Continued)

The City's total net position increased by $16,141,035 during the current fiscal year. Capital assets, net of accumulated depreciation, increased due to capital additions in excess of depreciation expense, as the City continued to add infrastructure to sustain growth. Long-term liabilities increased during the year primarily due to the issuance of new long-term debt and other liabilities during the year.

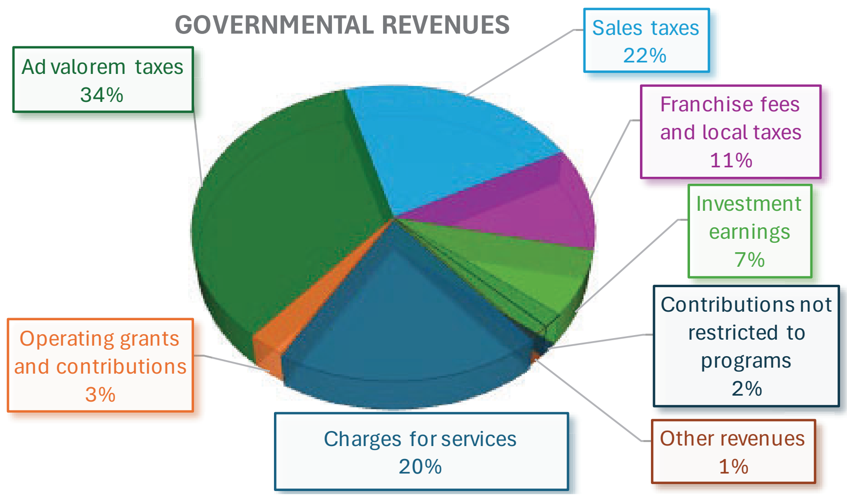
**Statement of Activities**

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

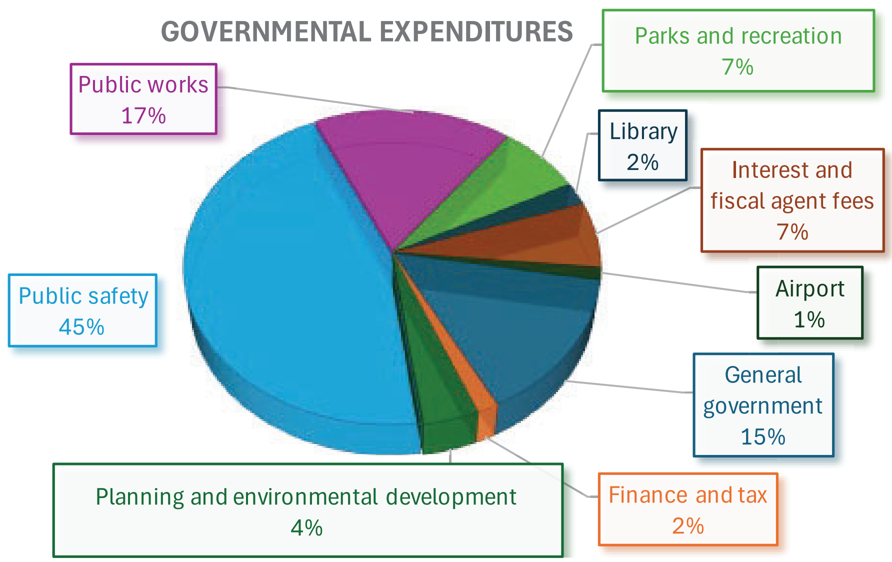
| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 32,839,052 | $ 32,453,912 | $ 18,743,016 | $ 18,350,775 | $ 51,582,068 | $ 50,804,687 |
| Operating grants and contributions | 4,497,718 | 3,044,408 | 374,000 | - | 4,871,718 | 3,044,408 |
| Capital grants and contributions | - | - | 1,009,962 | 3,081,470 | 1,009,962 | 3,081,470 |
| General revenues: | | | | | | |
| Property taxes | 57,533,753 | 52,102,388 | - | - | 57,533,753 | 52,102,388 |
| Sales taxes | 35,837,335 | 34,516,607 | - | - | 35,837,335 | 34,516,607 |
| Franchise fees and local taxe | 19,022,205 | 18,546,923 | - | - | 19,022,205 | 18,546,923 |
| Investment earnings | 12,188,593 | 8,706,006 | 246,677 | 182,195 | 12,435,270 | 8,888,201 |
| Contributions not restricted to programs | 2,630,647 | 8,025,412 | - | - | 2,630,647 | 8,025,412 |
| Other revenues | 2,437,995 | 6,660,591 | 352,724 | 270,872 | 2,790,719 | 6,931,463 |
| Gain on disposal of capital assets | - | 2,817,167 | 2,250 | 14,363 | 2,250 | 2,831,530 |
| Total revenues | 166,987,298 | 166,873,414 | 20,728,629 | 21,899,675 | 187,715,927 | 188,773,089 |
| Expenses | | | | | | |
| General government | 22,222,702 | 18,361,048 | - | - | 22,222,702 | 18,361,048 |
| Finance and tax | 2,237,077 | 1,732,848 | - | - | 2,237,077 | 1,732,848 |
| Planning and environmental development | 6,090,934 | 5,667,729 | - | - | 6,090,934 | 5,667,729 |
| Public safety | 69,162,016 | 62,482,323 | - | - | 69,162,016 | 62,482,323 |
| Public works | 25,917,148 | 31,166,168 | - | - | 25,917,148 | 31,166,168 |
| Parks and recreation | 10,963,013 | 10,345,668 | - | - | 10,963,013 | 10,345,668 |
| Civic/convention center | - | - | 1,309,114 | 1,246,041 | 1,309,114 | 1,246,041 |
| Library | 3,502,449 | 2,793,210 | - | - | 3,502,449 | 2,793,210 |
| Interest and fiscal agent fees | 10,268,375 | 14,842,161 | - | - | 10,268,375 | 14,842,161 |
| Airport | 390,572 | 72,443 | 5,402,713 | 5,152,896 | 5,793,285 | 5,225,339 |
| Solid waste | - | - | 11,560,331 | 11,040,163 | 11,560,331 | 11,040,163 |
| Golf course | - | - | 2,548,448 | 2,419,968 | 2,548,448 | 2,419,968 |
| Total expenses | 150,754,286 | 147,463,598 | 20,820,606 | 19,859,068 | 171,574,892 | 167,322,666 |
| Increase in net position before transfers | 16,233,012 | 19,409,816 | (91,977) | 2,040,607 | 16,141,035 | 21,450,423 |
| Transfers in (out) | (2,885,460) | 2,278,281 | 2,885,460 | (2,278,281) | - | - |
| **Change in net position** | 13,347,552 | 21,688,097 | 2,793,483 | (237,674) | 16,141,035 | 21,450,423 |
| Beginning net position | 94,397,733 | 72,709,636 | 29,362,637 | 29,600,311 | 123,760,370 | 102,309,947 |
| **Ending net position** | $107,745,285 | $ 94,397,733 | $ 32,156,120 | $ 29,362,637 | $139,901,405 | $123,760,370 |

(Continued)

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

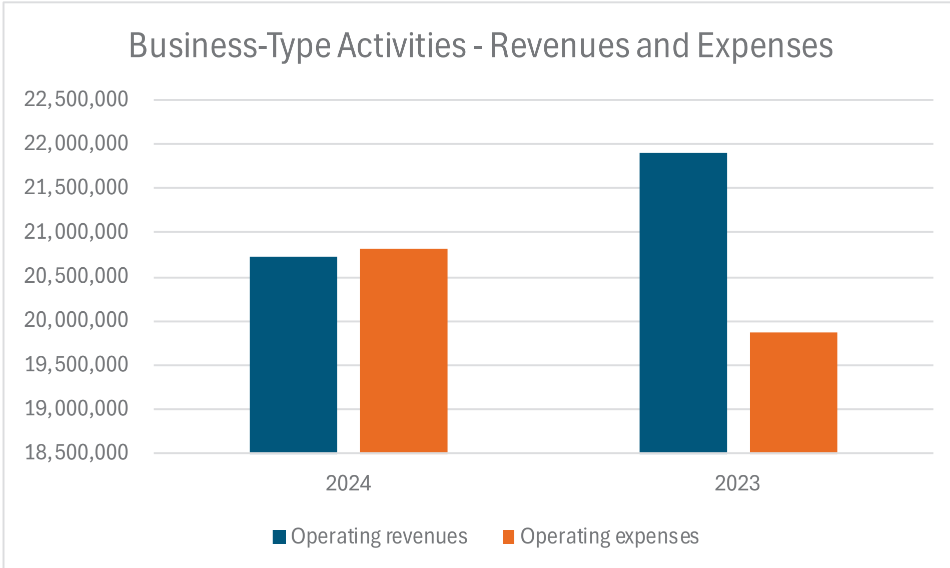



For the year ended September 30, 2024, revenues from governmental activities totaled $166,987,298. Overall governmental revenues increased by $113,884 primarily due to an increase in ad valorem taxes, sales taxes, and investment earnings. Ad valorem property taxes increased due to an increase in property values, sales taxes increased due to higher consumer spending than the previous year, and investment earnings increased due to an increase in interest rates on investments.




For the year ended September 30, 2024, expenses from governmental activities totaled $150,754,286. Governmental expenses increased by a net $3,290,688. This net increase is primarily related to increases in general government and public safety. Overall, the increase in expenses can primarily be attributed to increases to overall personnel costs in the fiscal year for salaries and benefits.

(Continued)




Overall business-type activities revenues decreased by a net $1,171,046 from the prior period primarily related to less capital contributions received in the current year.

Business-type activities expenses increased by a net $961,538 mostly due to increases in overall costs of service across all business-type functions.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

The City's governmental funds reflect a combined fund balance of $190,688,133. Of this, $245,840 is nonspendable, $152,644,769 is restricted for various purposes, $84,208 is committed, $3,719,791 is assigned, and $33,993,525 is unassigned.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was $33,993,525, while total fund balance reached $37,716,746. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32% of total general fund expenditures, while total fund balance represents 35% of that same amount. The general fund balance decreased by $3,684,968 this year, primarily related to transfers to other funds, as well as increases in the general government and public safety expenditures primarily attributable to increases in personnel costs.

It is important to note that this fund balance includes all of the fund balance in the general fund and equipment replacement subfund. The equipment replacement subfund contributes $3,719,791 to this stated fund balance. This fund allows the City to account for equipment replacement and improvements in a separate subfund and not include these activities in the primary general operating fund.

(Continued)

The fund balance of the hotel/motel tax fund experienced a decrease of $601,199, mostly due to transfers out to the Civic Center fund due to the cost to replace capital equipment.

The fund balance in the debt service fund experienced a slight increase of $390,447. The debt service fund property tax revenue increased during the year mostly due to increases in property valuations. This increase was partially offset by increases in principal and interest payments on the City's debt.

The fund balance in the general obligations capital projects fund had a decrease of $222,387, which was primarily a result of transfers out to other funds.

The fund balance in the roadway impact fees fund had an increase of $1,719,204, which was primarily a result of increases in impact fee collections in fiscal year 2024.

The fund balance in the 2019 capital improvement fund had a decrease of $10,699,258, which was primarily a result of bond proceeds being used for capital projects. This decrease was partially offset by the issuance of additional debt to fund the sports complex.

The fund balance in the 2023 capital improvement fund had an increase of $31,813,827 which was primarily related to the issuance of new debt in the fiscal year.

The fund balance in the park improvement fund had an increase of $2,161,136, which was primarily a result of increases in collections of park development impact fees in fiscal year 2024.

The grants fund is used to track various special project expenditures and reimbursements for grant programs in the City. The fund experienced an increase of $616,573 due primarily to transfers in from other funds. The City expended for certain costs in this fund for which grant money was ultimately not awarded and required a supplement from another fund.

**Proprietary Funds** – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The Airport fund experienced a decrease in net position of $55,580 primarily related to the increase in supplies costs. The Solid Waste fund experienced an increase in net position of $2,330,666 primarily related to capital contributions and transfers in from other funds. The Golf Course fund experienced a decrease in net position of $205,891 primarily related to overall increases in costs of service. The Civic/Convention Center fund experienced an increase in net position of $724,288 due to transfers in from other funds.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The amended budget included a planned decrease in fund balance in the amount of $10,529,593. The actual fund balance for the year decreased by $3,684,968. Actual revenues exceeded the amended budget by $4,632,460 spread across various revenue lines. The largest positive variances were in investment earnings and licenses and permits. The City's conservative revenue projections, as well as the diverse economy within the City, are both attributable to the positive variances. Actual expenditures were under the amended budget by $1,511,667. The largest positive variance was in the general government function.

(Continued)

## CAPITAL ASSETS

At the end of fiscal year 2024, the City's governmental activities had invested $293,904,351 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $33,652,011.

More detailed information about the City's capital assets is presented in note 3 to the financial statements.

## LONG-TERM DEBT

At the end of the current year, the City had total general obligation bonds and certificates of obligation outstanding of $282,380,000. Of this amount, $235,385,000 was general obligation debt and $46,995,000 was certificates of obligation.

More detailed information about the City's long-term liabilities and issuances of debt presented in note 3 to the financial statements.

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

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

(Continued)

# BASIC FINANCIAL STATEMENTS

# CITY OF NEW BRAUNFELS, TEXAS
## STATEMENT OF NET POSITION
### September 30, 2024

| | Primary Government | | | Component Units | |
|---|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Economic Development Corporation | New Braunfels Utilities |
| **ASSETS** | | | | | |
| Cash and equity in pooled cash and investments | $ 201,168,813 | $ 13,450,045 | $ 214,618,858 | $ 27,918,867 | $ 90,701,469 |
| Investments | 4,906,876 | - | 4,906,876 | - | 20,938,583 |
| Receivables, net | 13,361,142 | 889,880 | 14,251,022 | 4,184,198 | 49,130,913 |
| Leases receivable | 583,505 | 1,735,352 | 2,318,857 | - | - |
| Inventory | 116,350 | - | 116,350 | - | 8,365,563 |
| Prepaid items | - | - | - | - | 1,609,303 |
| Other current assets | - | - | - | - | 18,451,065 |
| Restricted current assets | | | | | |
| Cash and cash equivalents | 6,164,989 | - | 6,164,989 | - | 56,090,897 |
| Investments | - | - | - | - | 20,622,130 |
| Capital assets: | | | | | |
| Nondepreciable/amortizable | 89,371,228 | 2,967,053 | 92,338,281 | - | 213,497,729 |
| Depreciable/amortizable capital assets, net | 204,533,123 | 21,192,729 | 225,725,852 | - | 847,703,226 |
| Investments | | | | | |
| Restricted | - | - | - | - | 5,998,273 |
| Unrestricted | - | - | - | - | 4,472,656 |
| Other noncurrent assets | - | - | - | - | 12,860,700 |
| Total assets | 520,206,026 | 40,235,059 | 560,441,085 | 32,103,065 | 1,350,442,507 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | | |
| Deferred charge on refunding | 745,678 | - | 745,678 | - | - |
| Deferred outflows - pensions | 17,979,322 | 1,859,510 | 19,838,832 | - | 14,157,920 |
| Deferred outflows - OPEB | 902,336 | 73,065 | 975,401 | - | - |
| Total deferred inflows of resources | 19,627,336 | 1,932,575 | 21,559,911 | - | 14,157,920 |
| **LIABILITIES** | | | | | |
| Accounts payable | 19,049,570 | 1,504,863 | 20,554,433 | 204,669 | 51,356,559 |
| Deposit payable | - | 123,986 | 123,986 | - | 13,851,204 |
| Leases payable | 227,612 | 27,479 | 255,091 | - | - |
| Accrued expenses payable | 3,413,433 | 324,940 | 3,738,373 | - | - |
| Accrued interest | 1,973,579 | - | 1,973,579 | - | 1,617,368 |
| Unearned revenue | 6,904,819 | - | 6,904,819 | - | - |
| Generation and transmission cost recovery | - | - | - | - | 14,160,796 |
| Long-term liabilities | | | | | |
| Due within one year | | | | | |
| Bonds payable | 24,575,000 | - | 24,575,000 | - | 8,700,000 |
| Loan payable | 797,498 | - | 797,498 | - | - |
| Commercial paper | - | - | - | - | 15,000,000 |
| Accrued compensated absences | 9,666,168 | 320,910 | 9,987,078 | - | 2,296,800 |
| Due in more than one year | | | | | |
| Bonds payable and premiums | 298,569,235 | - | 298,569,235 | - | 492,250,517 |
| Loan payable | 6,563,987 | - | 6,563,987 | - | - |
| Net pension liability | 46,961,755 | 4,826,322 | 51,788,077 | - | 26,716,411 |
| Total OPEB liability - TMRS | 1,643,100 | 162,220 | 1,805,320 | - | - |
| Total OPEB liability - retiree benefits | 6,781,191 | 682,223 | 7,463,414 | - | - |
| Accrued compensated absences | 1,074,019 | 35,657 | 1,109,676 | - | 1,121,488 |
| Other long-term liabilities | - | - | - | - | 18,470,308 |
| Total liabilities | 428,200,966 | 8,008,600 | 436,209,566 | 204,669 | 645,541,451 |

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF NET POSITION
September 30, 2024

| | Primary Government | | | Component Units | |
|---|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Economic Development Corporation | New Braunfels Utilities |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Deferred inflows - pensions | 518,019 | 45,360 | 563,379 | - | 437,161 |
| Deferred inflows - OPEB | 2,522,151 | 262,585 | 2,784,736 | - | - |
| Deferred inflows - grants | 280,260 | - | 280,260 | - | - |
| Deferred inflows - leases | 566,681 | 1,694,969 | 2,261,650 | - | - |
| Total deferred inflows of resources | 3,887,111 | 2,002,914 | 5,890,025 | - | 437,161 |
| **NET POSITION** | | | | | |
| Net investment in capital assets | 57,282,700 | 24,132,303 | 81,415,003 | - | 571,540,910 |
| Restricted for: | | | | | |
| Debt service | 1,439,675 | - | 1,439,675 | - | 40,004,811 |
| Capital projects | 93,366,003 | - | 93,366,003 | - | - |
| Cemetery perpetual care (nonexpendable) | 242,410 | - | 242,410 | - | - |
| Grants | 891,846 | - | 891,846 | - | - |
| Impact fees | - | - | - | - | 9,457,029 |
| Municipal court | 112,905 | - | 112,905 | - | - |
| Public safety | 659,010 | - | 659,010 | - | - |
| Governmental programming | 834,200 | - | 834,200 | - | - |
| Tourism | 6,779,078 | - | 6,779,078 | - | - |
| Economic development | 7,551,639 | - | 7,551,639 | - | - |
| Special donation | 1,703,130 | - | 1,703,130 | - | - |
| Unrestricted | (63,117,311) | 8,023,817 | (55,093,494) | 31,898,396 | 97,619,065 |
| Total net position | $ 107,745,285 | $ 32,156,120 | $ 139,901,405 | $ 31,898,396 | $ 718,621,815 |

See notes to financial statements.

# CITY OF NEW BRAUNFELS, TEXAS
## STATEMENT OF ACTIVITIES
For the year ended September 30, 2024

| | | Program Revenues | | | Net Revenue (Expense) and Changes in Net Position | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Primary Government | | | Component Units | |
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Government Activities | Business-Type Activities | Total | Economic Development Corporation | New Braunfels Utilities |
| Primary Government | | | | | | | | | |
| Governmental activities | | | | | | | | | |
| General government | $ 22,222,702 | $ 741,622 | $ 2,812,102 | $ - | $ (18,668,978) | $ - | $ (18,668,978) | $ - | $ - |
| Finance and tax | 2,237,077 | - | - | - | (2,237,077) | - | (2,237,077) | - | - |
| Planning and environmental development | 6,090,934 | - | 604 | - | (6,090,330) | - | (6,090,330) | - | - |
| Public safety | 69,162,016 | 8,341,423 | 1,294,396 | - | (59,526,197) | - | (59,526,197) | - | - |
| Public works | 25,917,148 | 8,612,908 | - | - | (17,304,240) | - | (17,304,240) | - | - |
| Parks and recreation | 10,963,013 | 15,130,071 | - | - | 4,167,058 | - | 4,167,058 | - | - |
| Library | 3,502,449 | 13,028 | 44 | - | (3,489,377) | - | (3,489,377) | - | - |
| Airport | 390,572 | - | 390,572 | - | - | - | - | - | - |
| Interest | 10,268,375 | - | - | - | (10,268,375) | - | (10,268,375) | - | - |
| Total governmental activities | 150,754,286 | 32,839,052 | 4,497,718 | - | (113,417,516) | - | (113,417,516) | - | - |
| Business-type activities | | | | | | | | | |
| Airport | 5,402,713 | 4,346,727 | 374,000 | 48,048 | - | (633,938) | (633,938) | - | - |
| Solid waste | 11,560,331 | 11,478,149 | - | 961,914 | - | 879,732 | 879,732 | - | - |
| Golf course | 2,548,448 | 2,324,068 | - | - | - | (224,380) | (224,380) | - | - |
| Civic center | 1,309,114 | 594,072 | - | - | - | (715,042) | (715,042) | - | - |
| Total business-type activities | 20,820,606 | 18,743,016 | 374,000 | 1,009,962 | - | (693,628) | (693,628) | - | - |
| Total primary government | $ 171,574,892 | $ 51,582,068 | $ 4,871,718 | $ 1,009,962 | (113,417,516) | (693,628) | (114,111,144) | - | - |
| Component Units | | | | | | | | | |
| Economic Development Corporation | 8,438,322 | - | - | - | - | - | - | (8,438,322) | - |
| New Braunfels Utilities | 271,575,104 | 284,242,431 | - | 56,030,439 | - | - | - | - | 68,697,766 |
| Total component units | $ 280,013,426 | $ 284,242,431 | $ - | $ 56,030,439 | - | - | - | (8,438,322) | 68,697,766 |

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2024

| | Net Revenue (Expense) and Changes in Net Position | | | | |
|---|---|---|---|---|---|
| | Primary Government | | | Component Units | |
| | Government Activities | Business-Type Activities | Total | Economic Development Corporation | New Braunfels Utilities |
| General revenues | | | | | |
| Taxes and fees | | | | | |
| Property | 57,533,753 | - | 57,533,753 | - | - |
| Sales | 35,837,335 | - | 35,837,335 | - | - |
| Hotel/motel occupancy | 4,864,003 | - | 4,864,003 | - | - |
| Franchise | 13,198,177 | - | 13,198,177 | 9,796,748 | - |
| Mixed beverages | 960,025 | - | 960,025 | - | - |
| Investment earnings | 12,188,593 | 246,677 | 12,435,270 | 1,009,863 | 9,962,840 |
| Contributions not restricted to programs | 2,630,647 | - | 2,630,647 | - | - |
| Miscellaneous | 2,437,995 | 352,724 | 2,790,719 | 173,754 | 3,398,253 |
| Gain on sale of capital assets | - | 2,250 | 2,250 | - | 4,327,957 |
| Transfers | (2,885,460) | 2,885,460 | - | - | - |
| Total general revenues and transfers | 126,765,068 | 3,487,111 | 130,252,179 | 10,980,365 | 17,689,050 |
| Change in net position | 13,347,552 | 2,793,483 | 16,141,035 | 2,542,043 | 86,386,816 |
| Beginning net position | 94,397,733 | 29,362,637 | 123,760,370 | 29,356,353 | 632,234,999 |
| Ending net position | $ 107,745,285 | $ 32,156,120 | $ 139,901,405 | $ 31,898,396 | $ 718,621,815 |

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

| | General | Hotel/Motel Tax | Debt Service | General Obligations | Roadway Impact Fees | 2019 Capital Improvements |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and cash equivalents | $ 34,183,728 | $ 3,650,231 | $ 3,456,426 | $ 5,113,445 | $ 14,192,764 | $ 52,244,110 |
| Investments | 4,906,876 | - | - | - | - | - |
| Receivables, net | 8,088,963 | 305,953 | 689,582 | - | - | - |
| Leases receivable | 583,505 | - | - | - | - | - |
| Due from other funds | 922,250 | - | - | - | - | - |
| Inventory | 3,430 | - | - | - | - | - |
| Restricted cash | - | - | - | - | - | - |
| Total assets | $ 48,688,752 | $ 3,956,184 | $ 4,146,008 | $ 5,113,445 | $ 14,192,764 | $ 52,244,110 |
| **LIABILITIES** | | | | | | |
| Accounts payable | $ 6,382,351 | $ 91,126 | $ 74,400 | $ - | $ 88,849 | $ 6,732,027 |
| Due to other funds | - | - | - | - | - | - |
| Accrued wages payable | 3,368,328 | - | - | - | - | 1,404 |
| Unearned revenue | - | - | - | - | - | - |
| Total liabilities | 9,750,679 | 91,126 | 74,400 | - | 88,849 | 6,733,431 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Unavailable revenue - leases receivable | 566,681 | - | - | - | - | - |
| Unavailable revenue - grants | - | - | - | - | - | - |
| Unavailable revenue - property taxes | 654,646 | - | 658,354 | - | - | - |
| Total deferred inflows of resources | 1,221,327 | - | 658,354 | - | - | - |
| **FUND BALANCES** | | | | | | |
| Nonspendable | 3,430 | - | - | - | - | - |
| Restricted | - | 3,865,058 | 3,413,254 | 5,113,445 | 14,103,915 | 45,510,679 |
| Committed | - | - | - | - | - | - |
| Assigned | 3,719,791 | - | - | - | - | - |
| Unassigned | 33,993,525 | - | - | - | - | - |
| Total fund balances | 37,716,746 | 3,865,058 | 3,413,254 | 5,113,445 | 14,103,915 | 45,510,679 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 48,688,752 | $ 3,956,184 | $ 4,146,008 | $ 5,113,445 | $ 14,192,764 | $ 52,244,110 |

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

| | 2023 Capital Improvement | Park Improvement | Grants | Nonmajor Governmental | Total Governmental Funds |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 33,099,880 | $ 23,607,404 | $ 29 | $ 26,225,412 | $ 195,773,429 |
| Investments | - | - | - | - | 4,906,876 |
| Receivables, net | - | - | 1,888,104 | 2,388,421 | 13,361,023 |
| Leases receivable | - | - | - | - | 583,505 |
| Due from other funds | - | - | - | - | 922,250 |
| Inventory | - | - | - | - | 3,430 |
| Restricted cash | - | - | 4,941,904 | 1,223,085 | 6,164,989 |
| Total assets | $ 33,099,880 | $ 23,607,404 | $ 6,830,037 | $ 29,836,918 | $ 221,715,502 |
| **LIABILITIES** | | | | | |
| Accounts payable | $ 729,439 | $ 199,177 | $ 351,342 | $ 3,053,166 | $ 17,701,877 |
| Due to other funds | - | - | 891,000 | - | 891,000 |
| Accrued wages payable | - | - | - | - | 3,369,732 |
| Unearned revenue | - | - | 4,492,694 | 2,412,125 | 6,904,819 |
| Total liabilities | 729,439 | 199,177 | 5,735,036 | 5,465,291 | 28,867,428 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Unavailable revenue - leases receivable | - | - | - | - | 566,681 |
| Unavailable revenue - grants | - | - | 280,260 | - | 280,260 |
| Unavailable revenue - property taxes | - | - | - | - | 1,313,000 |
| Total deferred inflows of resources | - | - | 280,260 | - | 2,159,941 |
| **FUND BALANCES** | | | | | |
| Nonspendable | - | - | - | 242,410 | 245,840 |
| Restricted | 32,370,441 | 23,408,227 | 814,741 | 24,045,009 | 152,644,769 |
| Committed | - | - | - | 84,208 | 84,208 |
| Assigned | - | - | - | - | 3,719,791 |
| Unassigned | - | - | - | - | 33,993,525 |
| Total fund balances | 32,370,441 | 23,408,227 | 814,741 | 24,371,627 | 190,688,133 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 33,099,880 | $ 23,607,404 | $ 6,830,037 | $ 29,836,918 | $ 221,715,502 |

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2024

| | |
|---|---|
| Total fund balances for governmental funds | $ 190,688,133 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds. | |
| Capital assets - nondepreciable/nonamortizable | 89,371,228 |
| Capital assets - depreciable/amortizable | 204,533,123 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds. | 1,313,000 |
| Some liabilities, including bonds and leases payable, are not reported as liabilities in the governmental funds. | |
| Accrued interest | (1,973,579) |
| Leases payable | (227,612) |
| Bonds, notes, and other payables due in one year | (24,575,000) |
| Bonds, notes, and other payables due in more than one year | (272,280,000) |
| Premiums on bond issuance and deferred loss on bond refunding are recorded as other financing sources and uses in the fund financial statements when first issued, but are capitalized and amortized in the government-wide financial statements over the life of the bond. | |
| Premiums | (26,289,235) |
| Deferred charge on refunding | 745,678 |
| Loans payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | (7,361,485) |
| Net pension liability and other postemployment benefits (OPEB) obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet. | |
| Net pension liability | (46,961,755) |
| Total OPEB liability - TMRS | (1,643,100) |
| Total OPEB liability - retiree benefits | (6,781,191) |
| Deferred outflows and inflows of resources related to the net pension and total OPEB liability are not reported in the funds. | |
| Deferred outflows - pensions | 17,979,322 |
| Deferred inflows - pensions | (518,019) |
| Deferred outflows - OPEB | 902,336 |
| Deferred inflows - OPEB | (2,522,151) |
| Accrued liabilities for compensated absences are not due and payable in the current period and, therefore, have not been included in the fund financial statements. | (10,740,187) |
| The City uses an internal service fund to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service fund are included in governmental activities. | 4,085,779 |
| Net position of governmental activities | $ 107,745,285 |

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended September 30, 2024

| | General | Hotel/Motel Tax | Debt Service | General Obligations | Roadway Impact Fees | 2019 Capital Improvements |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Taxes and fees | $ 74,238,735 | $ 4,864,003 | $ 27,087,185 | $ - | $ - | $ - |
| Licenses and permits | 6,974,152 | - | - | - | - | - |
| Intergovernmental | 1,175,032 | - | - | - | - | - |
| Fines and forfeitures | 1,362,124 | - | - | - | 603,225 | - |
| Investment earnings | 3,844,127 | 61,900 | 325,897 | 225,409 | 372,952 | 3,628,222 |
| Parks and recreation | 5,204,656 | - | - | - | - | - |
| Miscellaneous | 4,008,050 | - | 2,270,948 | - | - | - |
| Other contributions | - | - | - | - | 2,368,645 | - |
| Charges for services | 4,560,738 | - | - | - | - | - |
| Total revenues | 101,367,614 | 4,925,903 | 29,684,030 | 225,409 | 3,344,822 | 3,628,222 |
| **Expenditures** | | | | | | |
| Current | | | | | | |
| General government | 14,193,701 | 3,687,855 | - | - | - | - |
| Finance and tax | 1,843,486 | - | - | - | - | - |
| Planning and environmental | | | | | | - |
| development | 4,695,944 | - | - | - | 1,323,097 | - |
| Public safety | 59,237,655 | - | - | - | - | - |
| Public works | 11,232,021 | - | - | - | 302,521 | 28,865,554 |
| Parks and recreation | 10,603,747 | - | - | - | - | - |
| Library | 2,954,281 | - | - | - | - | - |
| Airport | - | - | - | - | - | - |
| Debt service | | | | | | - |
| Principal | 434,095 | - | 20,105,000 | - | - | - |
| Interest | 7,206 | - | 10,554,178 | - | - | - |
| Issuance cost and fiscal charges | - | - | 67,494 | - | - | 164,657 |
| Total expenditures | 105,202,136 | 3,687,855 | 30,726,672 | - | 1,625,618 | 29,030,211 |
| Excess (deficiency) of revenues over (under) expenditures | (3,834,522) | 1,238,048 | (1,042,642) | 225,409 | 1,719,204 | (25,401,989) |
| **Other Financing Sources (Uses)** | | | | | | |
| Transfers in | 1,288,676 | - | 1,379,040 | - | - | 4,534,811 |
| Transfers (out) | (1,776,149) | (1,839,247) | - | (447,796) | - | - |
| Sale of capital assets | 198,950 | - | - | - | - | - |
| Notes issued | - | - | - | - | - | - |
| Payment to escrow | - | - | (4,684,467) | - | - | - |
| Premium from issuance of debt | - | - | 438,516 | - | - | 507,920 |
| Proceeds from issuance of debt | 438,077 | - | 4,300,000 | - | - | 9,660,000 |
| Total other financing sources (uses) | 149,554 | (1,839,247) | 1,433,089 | (447,796) | - | 14,702,731 |
| Net change in fund balances | (3,684,968) | (601,199) | 390,447 | (222,387) | 1,719,204 | (10,699,258) |
| Beginning fund balances | 41,401,714 | 4,466,257 | 3,022,807 | 5,335,832 | 12,384,711 | 56,209,937 |
| Change within financial reporting entity | - | - | - | - | - | - |
| Beginning fund balances, as adjusted | 41,401,714 | 4,466,257 | 3,022,807 | 5,335,832 | 12,384,711 | 56,209,937 |
| Ending fund balances | $ 37,716,746 | $ 3,865,058 | $ 3,413,254 | $ 5,113,445 | $ 14,103,915 | $ 45,510,679 |

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended September 30, 2024

| | 2023 Capital Improvement | Park Improvement | Grants | Nonmajor Governmental | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Taxes and fees | $ - | $ - | $ - | $ 5,828,275 | $ 112,018,198 |
| Licenses and permits | - | - | - | 7,464 | 6,981,616 |
| Intergovernmental | - | - | 4,132,359 | 1,628,323 | 6,935,714 |
| Fines and forfeitures | - | - | - | 397,567 | 2,362,916 |
| Investment earnings | 1,915,303 | 260,344 | 507,407 | 891,218 | 12,032,779 |
| Parks and recreation | - | 2,550,064 | - | - | 7,754,720 |
| Miscellaneous | - | - | - | 1,915,651 | 8,194,649 |
| Other contributions | - | - | 258,695 | 3,307 | 2,630,647 |
| Charges for services | - | - | - | 2,984,412 | 7,545,150 |
| Total revenues | 1,915,303 | 2,810,408 | 4,898,461 | 13,656,217 | 166,456,389 |
| **Expenditures** | | | | | |
| Current | | | | | |
| General government | - | - | 2,812,102 | 17,949,218 | 38,642,876 |
| Finances and tax | - | - | - | - | 1,843,486 |
| Planning and environmental development | - | - | 604 | 5,000 | 6,024,645 |
| Public safety | - | - | 1,294,396 | 3,380,286 | 63,912,337 |
| Public works | 5,104,530 | - | - | 7,967,400 | 53,472,026 |
| Parks and recreation | - | 149,272 | - | 224,327 | 10,977,346 |
| Library | - | - | 44 | 96,015 | 3,050,340 |
| Airport | - | - | 390,572 | - | 390,572 |
| Debt service | | | | | |
| Principal | - | - | - | 2,338,680 | 22,877,775 |
| Interest | - | - | - | 896,745 | 11,458,129 |
| Issuance cost and fiscal charges | 427,364 | - | - | 324,980 | 984,495 |
| Total expenditures | 5,531,894 | 149,272 | 4,497,718 | 33,182,651 | 213,634,027 |
| Excess (deficiency) of revenues over (under) expenditures | (3,616,591) | 2,661,136 | 400,743 | (19,526,434) | (47,177,638) |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers in | - | - | 215,830 | 4,258,849 | 11,677,206 |
| Transfers (out) | - | (500,000) | - | (9,999,474) | (14,562,666) |
| Sale of capital assets | - | - | - | - | 198,950 |
| Notes issued | - | - | - | 4,549,999 | 4,549,999 |
| Payment to escrow | - | - | - | - | (4,684,467) |
| Premium from issuance of debt | 1,715,418 | - | - | 526,590 | 3,188,444 |
| Proceeds from issuance of debt | 33,715,000 | - | - | 12,850,000 | 60,963,077 |
| Total other financing sources (uses) | 35,430,418 | (500,000) | 215,830 | 12,185,964 | 61,330,543 |
| Net change in fund balances | 31,813,827 | 2,161,136 | 616,573 | (7,340,470) | 14,152,905 |
| Beginning fund balances | - | 21,247,091 | 198,168 | 32,268,711 | 176,535,228 |
| Change within financial reporting entity | 556,614 | - | - | (556,614) | - |
| Beginning fund balances, as adjusted | 556,614 | 21,247,091 | 198,168 | 31,712,097 | 176,535,228 |
| Ending fund balances | $ 32,370,441 | $ 23,408,227 | $ 814,741 | $ 24,371,627 | $ 190,688,133 |

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

| | |
|---|---|
| Net changes in fund balances - total governmental funds | $ 14,152,905 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. | |
| Depreciation/amortization expense | (21,637,312) |
| Capital outlay | 55,289,323 |
| The City uses an internal service fund to charge the costs of certain activities to individual funds. Net change in net position of the internal service fund is reported with governmental activities. | 885,419 |
| Revenues in the Statement of Activities that to do not provide current financial resources are not reported as revenues in the funds. | 375,095 |
| The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. | |
| Payment to escrow | 4,684,467 |
| Issuance of bonds | (60,525,000) |
| Premium on issuance of bonds | (3,188,444) |
| Lease payments | 210,465 |
| Principal payments | 22,385,000 |
| Note proceeds | (4,549,999) |
| Loan proceeds | (438,077) |
| Note principal payment | 866,139 |
| Amortization of deferred charge on refunding | (258,294) |
| Amortization of premiums on bonds | 2,132,989 |
| Accrued interest on long-term debt | (284,275) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Compensated absences | 3,478,509 |
| Change in net pension liability | 4,782,531 |
| Change in total OPEB liability - TMRS | (156,761) |
| Change in total OPEB liability - retiree benefits | (919,013) |
| Change in deferred outflows - pensions | (5,566,148) |
| Change in deferred inflows - pensions | (518,019) |
| Change in deferred outflows - OPEB | (126,660) |
| Change in deferred inflows - OPEB | 2,272,712 |
| Change in net position of governmental activities | $ 13,347,552 |

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Airport | Solid Waste | Golf Course | Civic/Con. Center | Total Funds | Internal Service |
| **ASSETS** | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | $ 2,762,879 | $ 7,653,902 | $ 2,202,351 | $ 830,913 | $ 13,450,045 | $ 5,395,384 |
| Receivables, net of allowances | 22 | 861,241 | 27,768 | 849 | 889,880 | 119 |
| Lease receivable | 1,735,352 | - | - | - | 1,735,352 | - |
| Inventory | - | - | - | - | - | 112,920 |
| Noncurrent assets | | | | | | |
| Capital assets: | | | | | | |
| Nondepreciable/amortizable | 2,701,693 | - | 265,360 | - | 2,967,053 | - |
| Net depreciable capital assets | 6,306,433 | 7,048,417 | 3,059,533 | 4,778,346 | 21,192,729 | - |
| Total assets | 13,506,379 | 15,563,560 | 5,555,012 | 5,610,108 | 40,235,059 | 5,508,423 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | | | |
| Deferred outflows - pensions | 197,843 | 1,291,528 | 238,251 | 131,888 | 1,859,510 | - |
| Deferred outflows - OPEB | 5,921 | 47,638 | 12,611 | 6,895 | 73,065 | - |
| Total deferred inflows of resources | 203,764 | 1,339,166 | 250,862 | 138,783 | 1,932,575 | - |
| **LIABILITIES** | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | 773,056 | 543,587 | 158,110 | 30,110 | 1,504,863 | 1,347,693 |
| Due to other funds | - | - | - | - | - | 31,250 |
| Deposits payable | 45,581 | - | - | 78,405 | 123,986 | - |
| Leases payable | - | - | 27,479 | - | 27,479 | - |
| Accrued expenses payable | 47,230 | 191,168 | 57,459 | 29,083 | 324,940 | 43,701 |
| Current portion of long-term liabilities | | | | | | |
| Accrued compensated absences | 34,096 | 165,264 | 93,739 | 27,811 | 320,910 | - |
| Noncurrent liabilities | | | | | | |
| Compensated absences | 3,788 | 18,363 | 10,416 | 3,090 | 35,657 | - |
| Net pension liability | 490,909 | 3,254,592 | 745,802 | 335,019 | 4,826,322 | - |
| Total OPEB liability - TMRS | 16,821 | 110,046 | 22,710 | 12,643 | 162,220 | - |
| Total OPEB liability - retiree benefits | 56,217 | 470,572 | 105,861 | 49,573 | 682,223 | - |
| Total liabilities | 1,467,698 | 4,753,592 | 1,221,576 | 565,734 | 8,008,600 | 1,422,644 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | |
| Deferred inflows - leases | 1,694,969 | - | - | - | 1,694,969 | - |
| Deferred inflows - pensions | 5,847 | 29,758 | 6,740 | 3,015 | 45,360 | - |
| Deferred inflows - OPEB | 26,347 | 184,497 | 29,716 | 22,025 | 262,585 | - |
| Total deferred inflows of resources | 1,727,163 | 214,255 | 36,456 | 25,040 | 2,002,914 | - |
| **NET POSITION** | | | | | | |
| Net investment in capital assets | 9,008,126 | 7,048,417 | 3,297,414 | 4,778,346 | 24,132,303 | - |
| Unrestricted | 1,507,156 | 4,886,462 | 1,250,428 | 379,771 | 8,023,817 | 4,085,779 |
| Total net position | $ 10,515,282 | $ 11,934,879 | $ 4,547,842 | $ 5,158,117 | $ 32,156,120 | $ 4,085,779 |

See notes to financial statements.

# CITY OF NEW BRAUNFELS, TEXAS
## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
## PROPRIETARY FUNDS
For the Year Ended September 30, 2024

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Airport | Solid Waste | Golf Course | Civic/Con. Center | Total Funds | Internal Service |
| Operating revenues | | | | | | |
| Charges for services | 4,346,727 | 11,478,149 | 2,324,068 | 594,072 | 18,743,016 | 9,156,444 |
| Miscellaneous | 15,870 | 252,822 | 83,720 | 312 | 352,724 | 211,612 |
| Total operating revenues | 4,362,597 | 11,730,971 | 2,407,788 | 594,384 | 19,095,740 | 9,368,056 |
| Operating expenses | | | | | | |
| Personnel services | 1,000,731 | 4,251,677 | 1,132,331 | 529,081 | 6,913,820 | 7,500,938 |
| Purchased services | 673,926 | 2,852,180 | 194,449 | 332,859 | 4,053,414 | 1,137,513 |
| Professional services | 24,875 | 61,764 | - | - | 86,639 | - |
| Supplies | 2,349,905 | 2,377,525 | 475,311 | 46,452 | 5,249,193 | - |
| Depreciation/Amortization | 1,353,276 | 2,017,185 | 746,357 | 400,722 | 4,517,540 | - |
| Total operating expenses | 5,402,713 | 11,560,331 | 2,548,448 | 1,309,114 | 20,820,606 | 8,638,451 |
| Operating income (loss) | (1,040,116) | 170,640 | (140,660) | (714,730) | (1,724,866) | 729,605 |
| Nonoperating revenues | | | | | | |
| Investment earnings | 34,709 | 182,866 | 27,154 | 1,948 | 246,677 | 155,814 |
| Intergovernmental revenue | 374,000 | - | - | - | 374,000 | - |
| Gain on sale of capital assets | - | - | 2,250 | - | 2,250 | - |
| Total nonoperating revenues | 408,709 | 182,866 | 29,404 | 1,948 | 622,927 | 155,814 |
| Income (loss) before transfers | (631,407) | 353,506 | (111,256) | (712,782) | (1,101,939) | 885,419 |
| Transfers | | | | | | |
| Capital contributions | 48,048 | 961,914 | - | - | 1,009,962 | - |
| Transfers in | 933,636 | 2,359,811 | 124,579 | 1,515,314 | 4,933,340 | - |
| Transfers (out) | (405,857) | (1,344,565) | (219,214) | (78,244) | (2,047,880) | - |
| Total transfers | 575,827 | 1,977,160 | (94,635) | 1,437,070 | 3,895,422 | - |
| Change in net position | (55,580) | 2,330,666 | (205,891) | 724,288 | 2,793,483 | 885,419 |
| Beginning net position | 10,570,862 | 9,604,213 | 4,753,733 | 4,433,829 | 29,362,637 | 3,200,360 |
| Ending Net Position | $ 10,515,282 | $ 11,934,879 | $ 4,547,842 | $ 5,158,117 | $ 32,156,120 | $ 4,085,779 |

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2024

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Airport | Solid Waste | Golf Course | Civic/Con. Center | Total Funds | Internal Service |
| **Cash flows from operating activities** | | | | | | |
| Receipts from customers | $ 4,089,513 | $ 11,751,511 | $ 2,408,262 | $ 593,534 | $ 18,842,820 | $ - |
| Receipts for interfund services provided and used | - | - | - | - | - | 9,368,056 |
| Payments to suppliers | (3,335,259) | (5,070,995) | (627,302) | (360,848) | (9,394,404) | (7,010,094) |
| Payments for personnel services | (683,402) | (4,328,436) | (1,115,793) | (521,837) | (6,649,468) | (949,396) |
| Net cash provided by operating activities | 70,852 | 2,352,080 | 665,167 | (289,151) | 2,798,948 | 1,408,566 |
| ` | | | | | | |
| **Cash flows from noncapital financing activities** | | | | | | |
| Transfers from other funds | 933,636 | 2,359,811 | 124,579 | 1,515,314 | 4,933,340 | - |
| Operating grants | 374,000 | - | - | - | 374,000 | |
| Transfer to other funds | (405,857) | (1,344,565) | (219,214) | (78,244) | (2,047,880) | - |
| Net cash provided by noncapital | | | | | | - |
| financing activities | 901,779 | 1,015,246 | (94,635) | 1,437,070 | 3,259,460 | - |
| **Cash flows from capital and related financing activities** | | | | | | |
| Acquisition and construction of capital assets | (284,683) | (549,918) | (182,958) | (525,170) | (1,542,729) | - |
| Gain on sale of capital assets | - | - | 2,250 | - | 2,250 | - |
| Net cash provided (used) by capital and related financing activities | (284,683) | (549,918) | (180,708) | (525,170) | (1,540,479) | - |
| **Cash flows from investing activities** | | | | | | - |
| Interest on investments | 34,709 | 182,866 | 27,154 | 1,948 | 246,677 | 155,814 |
| Net cash provided by investing activities | 34,709 | 182,866 | 27,154 | 1,948 | 246,677 | 155,814 |
| Net Increase in cash and cash equivalents | 722,657 | 3,000,274 | 416,978 | 624,697 | 4,764,606 | 1,564,380 |
| | | | | | | - |
| Beginning cash and cash equivalents | 2,040,222 | 4,653,628 | 1,785,373 | 206,216 | 8,685,439 | 3,831,004 |
| Ending cash and cash equivalents | $ 2,762,879 | $ 7,653,902 | $ 2,202,351 | $ 830,913 | $ 13,450,045 | $ 5,395,384 |

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2024

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Airport | Solid Waste | Golf Course | Civic/Con. Center | Total Funds | Internal Service |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | | | |
| Operating income (loss) | $ (1,040,116) | $ 170,640 | $ (140,660) | $ (714,730) | $ (1,724,866) | $ 729,605 |
| Adjustments to reconcile operating income to net cash provided (used in) by operating activities: | | | | | | |
| Depreciation and amortization | 1,353,276 | 2,017,185 | 746,357 | 400,722 | 4,517,540 | - |
| Changes in operating assets and liabilities | | | | | | |
| (Increase) decrease in assets | | | | | | |
| Accounts receivable | 56,631 | 20,540 | 474 | (850) | 76,795 | (119) |
| Lease receivable | (329,715) | - | - | - | (329,715) | - |
| Inventories | - | - | - | - | - | (10,141) |
| Due from other funds | - | - | - | - | - | - |
| Deferred outflows - pensions | 62,828 | 319,749 | 72,416 | 32,398 | 487,391 | - |
| Deferred outflows - OPEB | 1,429 | 7,276 | 1,648 | 737 | 11,090 | - |
| Increase (decrease) in: | | | | | | |
| Accounts payable | (296,365) | 205,713 | 52,914 | (3,839) | (41,577) | 691,682 |
| Leases payable | - | - | (27,349) | - | (27,349) | - |
| Accrued expenses | 13,216 | 14,761 | 16,893 | 10,697 | 55,567 | - |
| Due to other funds | - | - | - | - | - | (2,461) |
| Net pension liability | (53,983) | (274,734) | (62,221) | (27,837) | (418,775) | - |
| Total OPEB liability - TMRS | 1,769 | 9,005 | 2,039 | 912 | 13,725 | - |
| Total OPEB liability - retiree benefits | 10,373 | 52,793 | 11,956 | 5,349 | 80,471 | - |
| Accrued compensated absences | 6,841 | (90,049) | 13,529 | 5,899 | (63,780) | - |
| Customer deposits | (3,404) | - | - | 11,605 | 8,201 | - |
| Deferred inflows - leases | 307,878 | - | - | - | 307,878 | - |
| Deferred inflows - pensions | 5,847 | 29,758 | 6,740 | 3,015 | 45,360 | - |
| Deferred inflows - OPEB | (25,653) | (130,557) | (29,569) | (13,229) | (199,008) | - |
| Net cash provided by (used in) operating activities | $ 70,852 | $ 2,352,080 | $ 665,167 | $ (289,151) | $ 2,798,948 | $ 1,408,566 |
| Noncash capital activities | | | | | | |
| Capital assets contributed during the year | $ 48,048 | $ 961,914 | $ - | $ - | $ 1,009,962 | $ - |

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2024

| | Custodial | Private-Purpose Trust |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash | $ - | $ 1,498,941 |
| Total assets | - | 1,498,941 |
| **NET POSITION** | | |
| Restricted for debt service | - | 1,498,941 |
| Total net position | $ - | $ 1,498,941 |

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2024

| | Custodial | Private-Purpose Trust |
|---|---|---|
| Additions | | |
| Special assessment collections | $ 732,753 | $ - |
| Contributions | - | 732,753 |
| Investment earnings | - | 81,969 |
| Total additions | 732,753 | 814,722 |
| Deductions | | |
| Contribution to trust | 732,753 | - |
| Payment to developer | - | 583,997 |
| Payment to bond holders | - | 557,261 |
| Payment to fiscal agents | - | 18,565 |
| Total deductions | 732,753 | 1,159,823 |
| Net decrease in Fiduciary net position | - | (345,101) |
| Beginning net position | - | 1,844,042 |
| Ending Net Position | $ - | $ 1,498,941 |

See notes to financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

*Discretely Presented Component Units*

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

(Continued)

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

New Braunfels Utilities - New Braunfels Utilities (NBU) is a legally separate entity which provides waterworks, sanitary sewer, and electric services in the New Braunfels area. City Council appoints the NBU Board of Trustees, and approves utility rates and the issuance of debt. The NBU is presented as an enterprise component unit. Complete financial statements for the NBU may be obtained at the NBU's administrative offices at 1488 S Seguin Ave., New Braunfels, Texas 78130. The NBU's financial statements are presented on a July 31 fiscal year end.

*Blended Component Units*

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

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

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

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

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

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

The City also has the following related organization:

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

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

(Continued)

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

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

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

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

The City reports the following governmental funds:

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

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

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

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

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

(Continued)

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

Capital Projects Funds: The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects funds are considered nonmajor funds for reporting purposes, except for the 2019 capital improvement fund, 2023 capital improvement fund, and the park improvement fund. The general obligations fund and roadway impact fees fund were not major funds, but the City elected to present them as major due to their significance.

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

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

*2023 Capital Improvement fund:* This fund was called the 2021 Tax Notes fund in prior years. The proceeds from the 2021 Tax Notes have been expended, and the City used this fund to reflect the issuance of new debt for capital projects in fiscal year 2024.

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

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

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

The City reports the following proprietary funds:

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

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

The City reports the following fiduciary funds:

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

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

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

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

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

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

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

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

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

(Continued)

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

days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

| Assets Depreciation | Estimated Useful Life |
|---|---|
| Streets/Drainage Infrastructure | 20 years |
| Buildings | 30 years |
| Building Improvements | 20 years |
| Equipment | 5-7 years |
| Fleet | 5-7 years |

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.

- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.

(Continued)

- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

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

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

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

(Continued)

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

Leases

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

Subscription-Based Information Technology Arrangements: The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the financial statements. The City’s SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

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

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

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

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

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

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

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

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

| | General | Hotel/Motel Tax | Debt Service | General Obligations | Roadway Impact Fees | 2019 Capital Improvement | 2023 Capital Improvement | Park Improvement | Grants | Nonmajor Governmental |
|---|---|---|---|---|---|---|---|---|---|---|
| Nonspendable | | | | | | | | | | |
| Cemetery perpetual care | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 242,410 |
| Inventory | 3,430 | - | - | - | - | - | - | - | - | - |
| **Total nonspendable** | 3,430 | - | - | - | - | - | - | - | - | 242,410 |
| Restricted | | | | | | | | | | |
| Tourism | - | 3,865,058 | - | - | - | - | - | - | - | - |
| Debt service | - | - | 3,413,254 | - | - | - | - | - | 814,741 | - |
| Grants | - | - | - | - | - | - | - | - | - | 77,105 |
| Special donation | - | - | - | - | - | - | - | - | | 1,703,130 |
| Stormwater development | - | - | - | - | - | - | - | - | - | 936,777 |
| Edwards Aquifer | - | - | - | - | - | - | - | - | - | 92,560 |
| Capital projects | - | - | - | 5,113,445 | 14,103,915 | 45,510,679 | 32,370,441 | 23,408,227 | - | 10,371,438 |
| Public safety | - | - | - | - | - | - | - | - | - | 459,360 |
| Municipal court | - | - | - | - | - | - | - | - | - | 199,650 |
| Governmental programming | - | - | - | - | - | - | - | - | - | 834,200 |
| Economic development | - | - | - | - | - | - | - | - | - | 9,370,789 |
| **Total restricted** | - | 3,865,058 | 3,413,254 | 5,113,445 | 14,103,915 | 45,510,679 | 32,370,441 | 23,408,227 | 814,741 | 24,045,009 |
| Committed | | | | | | | | | | |
| Facilities Maintenance | - | - | - | - | - | - | - | - | - | 56,435 |
| Enterprise equipment | - | - | - | - | - | - | - | - | - | 27,773 |
| Assigned | | | | | | | | | | |
| Equipment replacement | 3,719,791 | - | - | - | - | - | - | - | - | - |
| Unassigned | 33,993,525 | - | - | - | - | - | - | - | - | - |
| **Total fund balances** | $ 37,716,746 | $ 3,865,058 | $ 3,413,254 | $ 5,113,445 | $ 14,103,915 | $ 45,510,679 | $ 32,370,441 | $ 23,408,227 | $ 814,741 | $ 24,371,627 |

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

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

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

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

(Continued)

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

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

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

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

Revenues and Expenditures/Expenses:

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

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

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

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

(Continued)

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

> Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
>
> Two meetings of the City Council are then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.
>
> Prior to the start of the fiscal year, the budget is legally enacted through passage of an ordinance by the City Council.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt project length budgets. The general obligations fund, roadway impact fees fund, 2019 capital improvements fund, 2023 capital improvements fund, and park improvement funds are major funds for reporting purposes and are considered capital projects funds that do not present an annual operating budget. The Transit District fund was a new fund created during the year, and therefore did not have an annual adopted budget. Budgetary legal level of control is set at the fund, department, or project level. Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact and are reflected in the official minutes of the City Council. During the year, the budget was amended as necessary. Appropriations lapse at the end of the year, excluding capital project budgets.

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

(Continued)

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

Deposits and Investments: As of September 30, 2024, the City had the following investments:

| Investment Type | Value | Weighted Average Maturity (Years) | Credit Rating |
|---|---|---|---|
| Primary Governmental and Component Unit - EDC | | | |
| U.S. agency treasury notes | $ 5,024,764 | 1.21 | AAA |
| Certificates of Deposit | 4,500,000 | 0.40 | Aaa |
| External investment pools | | | |
| TexPool | 76,956,918 | 0.08 | AAAm |
| Texas CLASS | 24,552,141 | 0.23 | AAAm |
| Texas FIT | 32,712,808 | 0.00 | AAAmmf |
| Total | $ 143,746,631 | | |
| Portfolio weighted average maturity | | 0.18 | |
| Component Unit - NBU | | | |
| U.S. agency securities | $ 30,923,975 | 0.81 | AA+ |
| U.S. agency treasury notes | 21,107,668 | 1.47 | AA+ |
| Escrow funds | 39,061,676 | 0.00 | N/A |
| Demand deposit and money market | 40,295,127 | 0.00 | N/A |
| Investment pools | 67,435,562 | 0.00 | AAAm |
| Total | $ 198,824,008 | | |
| Portfolio weighted average maturity | | 0.46 | |

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

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

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

(Continued)

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

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

As of September 30, 2024, the City had the following recurring fair value measurements:

| Investments by Fair Value Level | September 30, 2024 | Active Markets Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
|---|---|---|---|
| Primary Government | | | |
| U.S. agency treasury notes | $ 5,024,764 | $ - | $ 5,024,764 |
| Total - Primary Government | $ 5,024,764 | $ - | $ 5,024,764 |
| Component Unit - NBU | | | |
| U.S. agency securities | $ 30,923,976 | $ - | $ 30,923,976 |
| U.S. agency treasury notes | 21,107,668 | 21,107,668 | - |
| Total - NBU | $ 52,031,644 | $ 21,107,668 | $ 30,923,976 |

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

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

*Credit risk* - The City's policy requires that investment pools must be rated no lower than 'AAA' or 'AAAm.' As of September 30, 2024, the City's investments in investment pools were rated 'AAAm' by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. These investments were rated not less than 'AA+' by both Moody's and Standard & Poor's.

*Custodial credit risk - deposits*. In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2024, fair values of pledged securities and FDIC coverage exceeded bank balances.

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

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

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

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

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

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

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

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

| | Governmental Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | General | Hotel/Motel Tax | Debt Service | Roadway Impact Fees | Grants | Nonmajor Funds | Total |
| Ad valorem taxes | $ 854,905 | $ - | $ 840,542 | $ - | $ - | $ - | $ 1,695,447 |
| Franchise fees and local taxes | - | - | - | - | - | - | - |
| Accounts | 7,226,083 | 305,953 | - | - | - | 2,388,421 | 9,920,457 |
| Intergovernmental | - | - | - | - | 1,888,104 | - | 1,888,104 |
| Other | 7,975 | - | - | - | - | - | 7,975 |
| Less allowances | - | - | (150,960) | - | - | - | (150,960) |
| Total | $ 8,088,963 | $ 305,953 | $ 689,582 | $ - | $ 1,888,104 | $ 2,388,421 | $ 13,361,023 |

| | Proprietary Funds | | | | |
|---|---|---|---|---|---|
| | Airport | Solid Waste | Golf Course | Civic/Con. Center | Total |
| Accounts | $ 22 | $ 861,241 | $ 27,768 | $ 849 | $ 889,880 |
| Other | - | - | - | - | - |
| Total | $ 22 | $ 861,241 | $ 27,768 | $ 849 | $ 889,880 |

| | Component Unit |
|---|---|
| | NBU |
| Customer accounts | $ 38,192,165 |
| Interest | 318,507 |
| Other | 10,620,241 |
| Total | $ 49,130,913 |

Lease Receivable: The City is a lessor for two agreements related to the lease of space. These leases combined are for 86 years. The City receives annual payments of $14,500 for these two leases. The City recognized $2,985 in lease revenue and $6,291 in interest revenue related to these leases in the current year. As of September 30, 2024, the City's receivable for these lease payments was $583,505. The City also has a deferred inflow of resources associated with these leases that will be recognized over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources was $566,681.

The Airport is a lessor of land space for a variety of different parties. The combined lease term for these leases is 59 years. The Airport receives variable amounts for annual payments related to these leases. The Airport recognized $29,873 in lease revenue and $260 in interest revenue during the current fiscal year related to these leases. As of September 30, 2024, the Airport's receivable for lease payments was $1,735,352. The Airport fund also has a deferred inflow of resources related to these leases that will be recognized as revenue over the lease term. As of year end, this balance of the deferred inflow of resources was $1,694,969.

(Continued)

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

Capital Assets: A summary of changes in capital assets at year end is as follows:

| | Beginning Balance | Increases | (Decreases)/ Reclassifications | Ending Balance |
|---|---|---|---|---|
| Governmental activities | | | | |
| Capital assets not being depreciated/ amortized | | | | |
| Land | $ 43,683,947 | $ 7,643,531 | $ - | $ 51,327,478 |
| Construction in progress | 22,285,461 | 33,149,109 | (17,390,820) | 38,043,750 |
| Total capital assets not being depreciated/amortized | 65,969,408 | 40,792,640 | (17,390,820) | 89,371,228 |
| Other capital assets | | | | |
| Road network | 158,814,973 | 3,852,047 | - | 162,667,020 |
| Infrastructure | 25,040,967 | - | - | 25,040,967 |
| Buildings | 132,801,289 | 12,247,447 | - | 145,048,736 |
| Improvements other than buildings | 59,523,276 | 4,753,071 | - | 64,276,347 |
| Machinery and equipment | 24,354,045 | 6,074,503 | - | 30,428,548 |
| Fleet | 29,882,752 | 4,960,435 | (1,048,763) | 33,794,424 |
| Total other capital assets | 430,417,302 | 31,887,503 | (1,048,763) | 461,256,042 |
| Less accumulated depreciation/ amortization for | | | | |
| Road network | (102,740,513) | (8,063,520) | - | (110,804,033) |
| Infrastructure | (12,933,929) | (834,699) | - | (13,768,628) |
| Buildings | (47,489,020) | (3,609,032) | - | (51,098,052) |
| Improvements other than buildings | (38,307,131) | (4,124,309) | - | (42,431,440) |
| Machinery and equipment | (13,999,928) | (2,271,924) | - | (16,271,852) |
| Fleet | (20,663,849) | (2,733,828) | 1,048,763 | (22,348,914) |
| Total accumulated depreciation | (236,134,370) | (21,637,312) | 1,048,763 | (256,722,919) |
| Other capital assets, net | 194,282,932 | 10,250,191 | - | 204,533,123 |
| Governmental activities capital assets, net | $ 260,252,340 | $ 51,042,831 | $ (17,390,820) | $ 293,904,351 |
| | | Less associated debt | | (330,733,332) |
| | | Plus deferred charge on refunding | | 745,678 |
| | | Plus unspent bond proceeds | | 93,366,003 |
| | | Net investment in capital assets | | $ 57,282,700 |

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

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

Depreciation was charged to governmental functions as follows:

| | |
|---|---|
| General government | $ 1,564,378 |
| Finance and tax | 460,875 |
| Planning and environmental development | 1,276,601 |
| Public safety | 14,585,712 |
| Public works | 1,897,592 |
| Parks and recreation | 1,304,730 |
| Library | 547,424 |
| Total governmental activities depreciation expense | $ 21,637,312 |

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

| | Beginning Balance | Increases | (Decreases)/ Reclassifications | Ending Balance |
|---|---|---|---|---|
| Business-type activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | $ 2,540,961 | $ 295,732 | $ - | $ 2,836,693 |
| Construction in progress | 58,318 | 130,360 | (58,318) | 130,360 |
| Total capital assets not being depreciated | 2,599,279 | 426,092 | (58,318) | 2,967,053 |
| Other capital assets | | | | |
| Building | 21,444,046 | - | - | 21,444,046 |
| Improvements other than building | 22,128,151 | 78,159 | - | 22,206,310 |
| Furniture and fixtures | 20,190 | - | - | 20,190 |
| Machinery and equipment | 3,259,946 | 813,062 | - | 4,073,008 |
| Fleet | 15,702,013 | 1,293,694 | (15,240) | 16,980,467 |
| Airspace easement | 37,515 | - | - | 37,515 |
| Right-to-use assets | 109,148 | - | - | 109,148 |
| Total other capital assets | 62,701,009 | 2,184,915 | (15,240) | 64,870,684 |
| Less accumulated depreciation for | | | | |
| Building | (12,833,505) | (612,605) | - | (13,446,110) |
| Improvements other than building | (15,806,298) | (1,441,153) | - | (17,247,451) |
| Furniture and fixtures | (20,189) | - | - | (20,189) |
| Machinery and equipment | (1,538,648) | (426,603) | - | (1,965,251) |
| Fleet | (8,892,385) | (2,014,273) | 15,240 | (10,891,418) |
| Airspace easement | (27,625) | (938) | - | (28,563) |
| Right-to-use assets | (57,005) | (21,968) | - | (78,973) |
| Total accumulated depreciation | (39,175,655) | (4,517,540) | 15,240 | (43,677,955) |
| Other capital assets, net | 23,525,354 | (2,332,625) | - | 21,192,729 |
| Business-type activities capital assets, net | $ 26,124,633 | $ (1,906,533) | $ (58,318) | 24,159,782 |
| | | Less associated debt | | (27,479) |
| | | Net investment in capital assets | | $ 24,132,303 |

(Continued)

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

Depreciation was charged to business-type functions as follows:

| | |
|---|---|
| Airport | $ 1,353,276 |
| Solid waste | 2,017,185 |
| Golf course | 746,357 |
| Civic center | 400,722 |
| Total business-type activities depreciation expense | $ 4,517,540 |

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

| | Beginning Balance | Increases | (Decreases)/ Reclassifications | Ending Balance |
|---|---|---|---|---|
| Component Unit: | | | | |
| Capital assets not being depreciated | | | | |
| Land and improvements | $ 43,701,520 | $ 13,387,981 | $ (213,486) | $ 56,876,015 |
| Construction in progress | 77,618,949 | 191,528,062 | (112,525,297) | 156,621,714 |
| Total capital assets not being depreciated | 121,320,469 | 204,916,043 | (112,738,783) | 213,497,729 |
| Other capital assets | | | | |
| Buildings | 141,780,548 | 4,253,081 | (1,276,106) | 144,757,523 |
| Infrastructure | 847,280,511 | 85,119,663 | (3,535,274) | 928,864,900 |
| Equipment | 138,149,467 | 9,764,572 | (1,842,912) | 146,071,127 |
| Wells and springs | 3,954,872 | - | - | 3,954,872 |
| Total other capital assets | 1,131,165,398 | 99,137,316 | (6,654,292) | 1,223,648,422 |
| Less accumulated depreciation for | | | | |
| Buildings | (40,176,450) | (3,776,946) | 791,439 | (43,161,957) |
| Infrastructure | (238,825,892) | (27,418,360) | 1,999,680 | (264,244,572) |
| Equipment | (61,926,293) | (7,537,424) | 1,702,525 | (67,761,192) |
| Wells and springs | (687,911) | (89,564) | - | (777,475) |
| Total accumulated depreciation | (341,616,546) | (38,822,294) | 4,493,644 | (375,945,196) |
| Other capital assets, net | 789,548,852 | 60,315,022 | (2,160,648) | 847,703,226 |
| Component Unit capital assets, net | $ 910,869,321 | $ 265,231,065 | $ (114,899,431) | $1,061,200,955 |

Depreciation was charged to the NBU as follows:

| | |
|---|---|
| Electric | $ 13,502,092 |
| Water | 11,309,069 |
| Wastewater | 14,011,133 |
| Total component units depreciation expense | $ 38,822,294 |

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

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

| | Beginning Balances | Additions | (Reductions) | Ending Balances | | Amounts Due Within One Year |
|---|---|---|---|---|---|---|
| Governmental activities | | | | | | |
| Bonds, notes, and other payables | | | | | | |
| General obligation bonds/notes | $ 214,425,000 | $ 42,990,000 | $ (22,030,000) | $ 235,385,000 | | $ 20,130,000 |
| Certificates of obligation | 32,905,000 | 17,535,000 | (3,445,000) | 46,995,000 | | 2,840,000 |
| Contract revenue obligations | 16,025,000 | - | (1,550,000) | 14,475,000 | | 1,605,000 |
| Bond premium | 25,233,780 | 3,188,445 | (2,132,990) | 26,289,235 | | - |
| | 288,588,780 | 63,713,445 | (29,157,990) | 323,144,235 | * | 24,575,000 |
| Other liabilities | | | | | | |
| Notes payable | 3,677,625 | 4,549,999 | (866,139) | 7,361,485 | * | 797,498 |
| Leases payable | - | 438,077 | (210,465) | 227,612 | * | 119,544 |
| Net pension liability | 51,744,286 | - | (4,782,531) | 46,961,755 | | - |
| Total OPEB liability - TMRS | 1,486,339 | 156,761 | - | 1,643,100 | | - |
| Total OPEB liability - retiree benefits | 5,862,178 | 919,013 | - | 6,781,191 | | - |
| Compensated absences | 14,218,696 | 4,211,537 | (7,690,046) | 10,740,187 | | 9,666,168 |
| Total governmental activities | $ 365,577,904 | $ 73,988,832 | $ (42,707,171) | $ 396,859,565 | | $ 35,158,210 |
| | Long-term debt due in more than one year | | | $ 361,701,355 | | |
| | *Debt associated with governmental capital assets | | | $ 330,733,332 | | |

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Business-type activities | | | | | |
| Leases payable | $ 54,828 | $ - | $ (27,349) | $ 27,479 | $ 27,479 |
| Net pension liability | 5,245,025 | - | (418,703) | 4,826,322 | - |
| Total OPEB liability - TMRS | 148,495 | 13,725 | - | 162,220 | - |
| Total OPEB liability - retiree benefits | 601,752 | 80,471 | - | 682,223 | - |
| Compensated absences | 420,347 | 7,626,266 | (7,690,046) | 356,567 | 320,910 |
| Total business-type activities | $ 6,470,447 | $ 7,720,462 | $ (8,136,098) | $ 6,054,811 | $ 320,910 |

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Component Unit: | | | | | |
| Bonds payable | $ 380,224,016 | $ 118,844,046 | $ (24,140,001) | $ 474,928,061 | $ 8,700,000 |
| Bond premium | 25,296,613 | 725,842 | - | 26,022,455 | - |
| Net pension liability | 29,067,501 | - | (2,351,090) | 26,716,411 | - |
| Compensated absences | 3,154,914 | 1,806,097 | (1,542,723) | 3,418,288 | 2,296,800 |
| Total component units | $ 437,743,044 | $ 121,375,985 | $ (28,033,814) | $ 531,085,215 | $ 10,996,800 |

(Continued)

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

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

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

Governmental Activities:

| Series | Final Maturity | Original Issue | Interest Rate | Balance |
|---|---|---|---|---|
| **General Obligation Bond/Notes** | | | | |
| 2014 General Obligation Bonds | 2034 | $ 13,970,000 | 2.00-5.00% | $ 4,530,000 |
| 2015 General Obligation and Refunding Bonds | 2035 | 29,260,000 | 2.00-5.00% | 16,535,000 |
| 2016 General Obligation Refunding Bonds | 2036 | 37,360,000 | 2.00-5.00% | 19,745,000 |
| 2017 General Obligation Refunding Bonds | 2029 | 5,255,000 | 1.91% | 2,695,000 |
| 2018 General Obligation Bonds | 2038 | 21,620,000 | 3.00-5.00% | 19,140,000 |
| 2018 Tax Note | 2025 | 3,000,000 | 2.78% | 460,000 |
| 2018A Tax Note | 2026 | 2,300,000 | 2.35-2.87% | 710,000 |
| 2019 General Obligation Bonds | 2039 | 19,985,000 | 2.00-5.00% | 16,080,000 |
| 2020 General Obligation Bonds | 2040 | 47,770,000 | 3.00-5.00% | 43,415,000 |
| 2020 Tax Note | 2027 | 1,675,000 | 2.00-4.00% | 755,000 |
| 2020 General Obligation Refunding Bonds | 2031 | 10,100,000 | 3.00-4.00% | 7,630,000 |
| 2021 Tax Note | 2028 | 2,835,000 | 2.00-3.00% | 1,685,000 |
| 2021 General Obligation Bonds | 2031 | 27,140,000 | 2.00-5.00% | 23,185,000 |
| 2021 General Obligation Refunding Bonds | 2033 | 21,785,000 | 2.00-5.00% | 16,855,000 |
| 2022 Tax Note | 2029 | 9,415,000 | 4.00-5.00% | 7,000,000 |
| 2022 General Obligation Bonds | 2042 | 15,695,000 | 3.50-5.00% | 14,680,000 |
| 2023 Tax Increment Contract Revenue Notes | 2030 | 1,960,000 | 5.00% | 1,710,000 |
| 2024 Tax Increment Contract Revenue Notes | 2031 | 3,015,000 | 5.00-6.00% | 3,015,000 |
| 2023 General Obligation Bonds | 2043 | 38,015,000 | 4.00-5.00% | 35,560,000 |
| Total General Obligation Bank/Notes | | | | $235,385,000 |
| **Certificates of Obligation** | | | | |
| 2014A Certificates of Obligation | 2034 | $6,845,000 | 2.00-5.00% | $ 3,065,000 |
| 2014B Certificates of Obligation | 2034 | 3,280,000 | 2.00-5.00% | 2,090,000 |
| 2015 Certificates of Obligation | 2035 | 5,395,000 | 2.00-5.00% | 3,445,000 |
| 2018 Certificates of Obligation | 2038 | 8,120,000 | 2.00-5.00% | 6,335,000 |
| 2019 Certificates of Obligation | 2039 | 4,755,000 | 2.00-5.00% | 3,825,000 |
| 2020 Certificates of Obligation | 2040 | 14,470,000 | 3.00-5.00% | 11,060,000 |
| 2023 Certificates of Obligation | 2043 | 9,660,000 | 4.00-5.00% | 9,300,000 |
| 2024 Certificates of Obligation | 2044 | 7,875,000 | 4.00-5.00% | 7,875,000 |
| Total Certificates of Obligation | | | | $ 46,995,000 |
| **Tax Increment Contract Revenue Obligations** | | | | |
| 2012 Tax Increment Contract Revenue Improvement and Refunding Obligations | 2032 | $ 11,670,000 | 2.93% | $ 5,580,000 |
| 2014 Tax Increment Contract Revenue Notes | 2032 | 17,000,000 | 3.68% | 8,895,000 |
| Total Tax Increment Contract Revenue Obligations | | | | $ 14,475,000 |
| Total Governmental Activities Long-Term Debt | | | | $296,855,000 |

(Continued)

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

Component Unit – NBU:

**Component Unit - NBU:**

| Series | Original Issue | Interest Rate | Balance |
|---|---|---|---|
| **Revenue Bonds** | | | |
| 2004 Utility System Revenue - Capital Appreciation | $ 2,572,596 | 3.10-5.16% | $ 530,029 |
| 2015 Utility System Revenue | 26,870,000 | 2.00-4.00% | 8,650,000 |
| 2016 Utility System Revenue and Refunding | 62,235,000 | 2.00-5.00% | 55,585,000 |
| 2018 Utility System Revenue | 45,200,000 | 2.00-5.00% | 35,815,000 |
| 2020 Utility System Revenue Refunding | 88,100,000 | 3.00-5.00% | 79,415,000 |
| 2021 Utility System Revenue Refunding | 68,250,000 | 3.00-5.00% | 65,115,000 |
| 2022 Utility System Revenue Refunding | 73,855,000 | 5.00% | 71,670,000 |
| 2022A Utility System Revenue Bonds | 40,000,000 | 0.6%-2.9% | 39,250,000 |
| 2024 Utility System Revenue and Refunding | 118,745,000 | 5.00% | 117,930,000 |
| Total Revenue Bonds | | | 473,960,029 |
| Total Accreted Interest on Capital Appreciation Bonds | | | 968,032 |
| Total Component Unit - NBU | | | $474,928,061 |

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

| Fiscal Year Ended September 30, | Governmental Activities: General Obligation Bonds Principal | Governmental Activities: General Obligation Bonds Interest | Governmental Activities: Certificates of Obligation Principal | Governmental Activities: Certificates of Obligation Interest | Tax Increment Contract Review Obligations Principal | Tax Increment Contract Review Obligations Interest | Total |
|---|---|---|---|---|---|---|---|
| 2025 | $ 20,130,000 | $ 8,928,058 | $ 2,840,000 | $ 1,896,314 | $ 1,605,000 | $ 490,830 | $ 35,890,202 |
| 2026 | 17,395,000 | 8,068,085 | 2,915,000 | 1,768,683 | 1,660,000 | 436,491 | 32,243,258 |
| 2027 | 17,115,000 | 7,296,533 | 3,050,000 | 1,635,744 | 1,715,000 | 380,241 | 31,192,517 |
| 2028 | 17,155,000 | 6,542,442 | 3,190,000 | 1,496,575 | 1,775,000 | 322,116 | 30,481,133 |
| 2029 | 16,450,000 | 5,793,816 | 3,340,000 | 1,349,288 | 1,835,000 | 261,934 | 29,030,037 |
| 2030-2034 | 72,225,000 | 19,827,741 | 15,745,000 | 4,628,150 | 5,885,000 | 404,054 | 118,714,945 |
| 2035-2039 | 55,460,000 | 7,986,679 | 10,270,000 | 2,122,488 | - | - | 75,839,166 |
| 2040-2044 | 19,455,000 | 1,124,918 | 5,645,000 | 511,850 | - | - | 26,736,768 |
| 2045-2049 | - | - | - | - | - | - | - |
| | $ 235,385,000 | $ 65,568,272 | $ 46,995,000 | $ 15,409,090 | $ 14,475,000 | $ 2,295,665 | $ 380,128,027 |

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

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

(Continued)

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

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

| Fiscal Year Ended September 30, | Governmental Activities Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 797,498 | $ 11,204 | $ 808,702 |
| 2026 | 799,204 | 9,498 | 808,702 |
| 2027 | 550,972 | 7,730 | 558,702 |
| 2028 | 552,803 | 5,898 | 558,701 |
| 2029 | 3,104,700 | 4,001 | 3,108,701 |
| 2030-2034 | 1,556,308 | 2,036 | 1,558,344 |
| | $ 7,361,485 | $ 40,367 | $ 7,401,852 |

The City's golf course fund recognizes a lease related to equipment used in operation of the golf course. An initial lease liability was recorded in the amount of $109,148. As of September 30, 2024, the value of the lease liability was $27,479. The City is required to make annual principal and interest payments of $27,610. The lease has an interest rate of 2%. The equipment has a 4-year estimated useful life. The value of the right-to-use lease assets at the end of the current fiscal year was $109,148 and had accumulated amortization of $57,005.

The future principal and interest payments as of September 30, 2024 are as follows:

| Fiscal Year | Business-Type Activities Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 27,479 | $ 131 | $ 27,610 |
| | $ 27,479 | $ 131 | $ 27,610 |

New Debt:

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

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

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

The Bonds will mature in 2043 and carry an interest rate ranging from 3.48%to 5.00%. The carrying valued of the old debt defeased by this issuance exceeded the payment made to escrow by $149,082.

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

On September 27, 2024, the City issued $9,660,000 of combination tax and revenue certificates of obligation, Series 2024 (the "Notes"). i) park and recreational facilities to include the Sport Field Complex and (ii) the payment of professional services in connection therewith including legal, fiscal and engineering, and the costs of issuing the Certificate. The Certificates will mature in 2033 and carry an interest rate ranging from 4.00% to 5.00%.

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

| Year Ended | Bonds Payable | | |
|---|---|---|---|
| September 30, | Principal | Interest | Total |
| 2025 | $ 8,700,000 | $ 19,408,414 | $ 28,108,414 |
| 2026 | 9,104,975 | 19,036,664 | 28,141,639 |
| 2027 | 9,423,086 | 18,647,454 | 28,070,540 |
| 2028 | 9,915,000 | 18,240,004 | 28,155,004 |
| 2029 | 10,315,000 | 17,787,629 | 28,102,629 |
| 2030-2034 | 58,065,000 | 82,135,190 | 140,200,190 |
| 2035-2039 | 69,480,000 | 69,822,394 | 139,302,394 |
| 2040-2044 | 86,820,000 | 54,475,036 | 141,295,036 |
| 2045-2049 | 95,480,000 | 37,040,234 | 132,520,234 |
| 2050-2054 | 117,625,000 | 17,036,960 | 134,661,960 |
| | $ 474,928,061 | $ 353,629,979 | $ 828,558,040 |

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

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

Interfund Receivables and Payables: Interfund balances at September 30, 2024 consisted of the following:

| Receivable Fund | Payable Fund | Total |
|---|---|---|
| General | Grants | $ 891,000 |
| General | Internal service | 31,250 |
| | **Total** | $ 922,250 |

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

(Continued)

**NOTE 3 - DETAILED NOTES ON ALL FUNDS** (Continued)

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

| | Transfer In | Transfer Out | Explanation |
|---|---|---|---|
| General | $ 141,713 | $ 141,713 | Airport Fund - Admin Svcs |
| | 78,244 | 78,244 | Civic/Convention Center - Admin Svcs |
| | 815,269 | 815,269 | Solid Waste - Admin Svcs & Street Impact |
| | 119,214 | 119,214 | Golf Course - Admin Svcs |
| | 70,000 | 70,000 | Fire Apparatus Fund - Pumper Replacement Reimbursement |
| | 64,236 | 64,236 | Special Revenue Fund - Project Close Out |
| Total General Fund | 1,288,676 | 1,288,676 | |
| Debt Service | 264,144 | 264,144 | Airport - Debt Service |
| | 100,000 | 100,000 | Golf Course - Debt Service |
| | 379,296 | 379,296 | Solid Waste - Debt Service |
| | 590,000 | 590,000 | Hotel/Motel Tax Fund - Civic/Convention Center Fund |
| | 45,600 | 45,600 | Fire Apparatus Replacement Fund |
| Total Debt Service Fund | 1,379,040 | 1,379,040 | |
| 2019 Bond Program | 1,500,000 | 1,500,000 | General Fund - Sports Complex Transfer |
| | 500,000 | 500,000 | Park Development Fees-Sports Complex |
| | 349,444 | 349,444 | Reallocation of Capital Funds-Sports Complex |
| | 1,500,000 | 1,500,000 | Facility Maintenance Fund - Sports Complex |
| | 685,367 | 685,367 | 2013 Bond Fund/2013 CO Close Out |
| Total 2019 Bond Program Fund | 4,534,811 | 4,534,811 | |
| Grant | 110,000 | 110,000 | General Fund - Drainage Area Master Plan |
| | 55,830 | 55,830 | Special Revenue Donation |
| | 50,000 | 50,000 | General Fund - Cash Match for Grants |
| Total Grant Fund | 215,830 | 215,830 | |
| Special Revenue | 23,948 | 23,948 | Equipment Replacement Fund - Project Close Out |
| Total Special Revenue Fund | 23,948 | 23,948 | |
| NB Development Authority | 3,992,699 | 3,992,699 | TIRZ #1 - Transfer to NBDA |
| Total NB Development Authority Fund | 3,992,699 | 3,992,699 | |
| River Activities | 150,000 | 150,000 | Solid Waste Fund - River Litter Pick-up |
| Total River Activities Fund | 150,000 | 150,000 | |
| Edwards Aquifer HCP | 92,201 | 92,201 | General Fund - Admin Support for EAHCP program |
| Total Edwards Aquifer HCP Fund | 92,201 | 92,201 | |
| Airport | 99,910 | 99,910 | Facility Maintenance Fund - Airport Ground Lease |
| | 833,726 | 833,726 | Close Out of Enterprise Equipment Replacement Fund |
| Total Airport Fund | 933,636 | 933,636 | |
| Solid Waste | 2,359,811 | 2,359,811 | Close Out of Enterprise Equipment Replacement Fund |
| Total Solid Waste Fund | 2,359,811 | 2,359,811 | |
| Golf Course | 124,578 | 124,578 | Close Out of Enterprise Equipment Replacement Fund |
| Total Golf Course Fund | 124,578 | 124,578 | |
| Civic/Convention Center | 1,249,247 | 1,249,247 | Hotel/Motel Tax Fund |
| | 266,067 | 266,067 | Close Out of Enterprise Equipment Replacement Fund |
| Total Civic/Convention Center Fund | 1,515,314 | 1,515,314 | |
| **Total** | 16,610,544 | 16,610,544 | |

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

(Continued)

**NOTE 4 - OTHER INFORMATION**

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

The City's health insurance program is a self-insured minimum premium cash flow plan (the "Plan"). The City makes pre-determined monthly contributions to the Plan to fully cover the cost of employee-only coverage. The City and each covered employee make a pre-determined monthly contribution to the Plan if they cover one or more dependents. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the Plan, and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for each claim processed. Funding covers both the cost of claims and administrative expenses. The City paid $6,821,858 in health claims and paid $912,436 for administrative costs for the year ended September 30, 2024. The City contributed $6,431,782 and City employees contributed $1,552,673 to the Plan for the year ended September 30, 2024.

The transactions of the Plan are reported in the City's internal service fund. The City pays a specified monthly amount for each employee and a portion of an employee's dependent coverage which averages to approximately $793. The largest portion of this amount is dedicated to the direct payment of claims. The remaining part of the monthly amount is dedicated to the payments of administrative fees and commercial insurance for excess claims. The commercial insurance coverage becomes effective when the claims exceed the maximum amount per employee. The City changed insurance carriers from United Healthcare to Blue Cross Blue Shield beginning on October 1, 2023.

Estimated health claims that have been incurred but not reported are accrued at year end. The estimated liability for health claims is $1,309,724 at September 30, 2024. The estimated liability for health claims is based upon historical claims experience.

The changes in the claim liability for the years ended September 30, 2024 and 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| Claims payable, beginning of year | $ 630,644 | $ 691,641 |
| Plus: incurred claims | 7,500,938 | 6,585,258 |
| Less: claims paid | (6,821,858) | (6,646,255) |
| Claims payable, end of year | $ 1,309,724 | $ 630,644 |

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

At September 30, 2024, the City is involved in various lawsuits. These lawsuits generally involve claims relating to general liability, automobile liability, civil rights actions, and various contractual matters. In the opinion of management, any liability resulting from such litigation would not have a material adverse effect on the City's financial statements.

(Continued)

**NOTE 4 - OTHER INFORMATION**

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

Pension Plan:

**Texas Municipal Retirement System**

Plan Description: TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at tmrs.com.

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

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

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

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

| | 2024 | 2023 |
|---|---|---|
| Employee deposit rate | 7.00% | 7.00% |
| Matching ratio (City to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service requirement eligibility (expressed as age/yrs of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated service credit | 100% Repeating, Transfers | 100% Repeating, Transfers |
| Annuity increase (to retirees) | 70% of CPI | 70% of CPI |

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

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 346 |
| Inactive employees entitled to, but not yet receiving, benefits | 483 |
| Active employees | 744 |
| Total | 1,573 |

**NOTE 4 - OTHER INFORMATION**

Contributions: Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.17% and 17.72% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2024 were $10,940,689, which were equal to the required contributions.

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 NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The postretirement mortality assumption for the annuity purchase rates is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

(Continued)

**NOTE 4 - OTHER INFORMATION**

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

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

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

Changes in the NPL

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
| Changes for the year: | | | |
| Service cost | $ 10,284,246 | $ - | $ 10,284,246 |
| Interest | 16,350,722 | - | 16,350,722 |
| Changes in current period benefits | - | - | - |
| Difference between expected and actual experience | 3,791,121 | - | 3,791,121 |
| Changes in assumption | (713,613) | - | (713,613) |
| Contributions - employer | - | 9,745,456 | (9,745,456) |
| Contributions - employee | - | 3,973,033 | (3,973,033) |
| Net investment income | - | 21,331,522 | (21,331,522) |
| Benefit payments, including refunds of employee contributions | (7,459,564) | (7,459,564) | - |
| Administrative expense | - | (135,355) | 135,355 |
| Other changes | - | (967) | 967 |
| Net Changes | 22,252,912 | 27,454,125 | (5,201,213) |
| Balance at December 31, 2022 | 240,820,576 | 183,831,286 | 56,989,290 |
| Balance at December 31, 2023 | $ 263,073,488 | $ 211,285,411 | $ 51,788,077 |

(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

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

| | 1% Decrease in Discount Rate (5.75%) | Current Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|---|---|---|---|
| City's Net Pension Liability | $ 92,408,023 | $ 51,788,077 | $ 18,664,312 |

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

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: For the fiscal year ended September 30, 2024, the City recognized pension expense of $12,197,322.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Primary Government | |
|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual economic experience | $ 7,041,579 | $ - |
| Changes in actuarial assumptions | 44,546 | 563,379 |
| Difference between projected and actual investment earnings | 4,692,930 | - |
| Contributions subsequent to the measurement date | 8,059,777 | - |
| Total | $ 19,838,832 | $ 563,379 |

$8,059,777 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year ended September 30, | Pension Expense |
|---|---|
| 2025 | $ 3,777,345 |
| 2026 | 3,631,659 |
| 2027 | 5,105,328 |
| 2028 | (1,298,655) |
| Total | $ 11,215,677 |

(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

Other Postemployment Benefits:

**TMRS Supplemental Death Benefit**

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

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

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

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

Participation in the SDBF as of December 31, 2023 is summarized below:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 279 |
| Inactive employees entitled to, but not yet receiving benefits | 114 |
| Active employees | 744 |
| Total | 1,137 |

Total OPEB Liability: The City's total OPEB liability of $1,805,320 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

**NOTE 4 - OTHER INFORMATION** (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases | 3.60% to 11.85% including inflation |
| Discount rate* | 3.77% |
| Retirees' share of benefit-related costs | Zero |
| Administrative expenses | All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68. |
| Mortality rates-service retirees | 2019 Municipal Retirees of Texas Mortality Tables. 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 is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2024 and 2025 rates as determined in the December 31, 2022 and December 31, 2023 actuarial valuations, respectively.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Changes for the year: | |
| Service cost | $ 79,459 |
| Interest | 66,785 |
| Difference between expected and actual experience | (15,920) |
| Changes of assumptions | 91,243 |
| Benefit payments * | (51,081) |
| Net changes | 170,486 |
| Beginning balance | 1,634,834 |
| Ending balance | $ 1,805,320 |

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

(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

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

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

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

| | 1% Decrease in Discount Rate (2.77%) | Discount Rate (3.77%) | 1% Increase in Discount Rate (4.77%) |
|---|---|---|---|
| City's total OPEB liability | $ 2,173,218 | $ 1,805,320 | $ 1,519,074 |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the fiscal year ended September 30, 2024, the City recognized TMRS OPEB expense of $99,120.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 323,554 | $ 618,550 |
| Changes in assumptions | - | 79,097 |
| Contributions subsequent to the measurement date | 36,740 | - |
| Total | $ 360,294 | $ 697,647 |

$36,740 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2025.

**NOTE 4 - OTHER INFORMATION** (Continued)

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

| Fiscal Year ended September 30, | OPEB Expense Amount |
|---|---|
| 2025 | $ (60,190) |
| 2026 | (48,412) |
| 2027 | (92,387) |
| 2028 | (122,385) |
| 2029 | (55,095) |
| Thereafter | 4,376 |
| Total | $ (374,093) |

**Retiree Health Plan**:

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

Benefits - The City maintains self-funded medical and prescription drug coverage administered by Blue Cross Blue Shield for eligible employees and retired employees and their dependents. Employees and retirees are also eligible for the City's fully-insured dental and vision plan options. The dental and vision, plans are 100% funded through retiree contributions. Since the retiree has to pay the full premium and there is not a material implicit subsidy for these benefits, there is no liability for the City. Therefore, the dental and vision plans were excluded from this valuation.

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 5 |
| Inactive employees entitled to, but not yet receiving, benefits | - |
| Active employees | 619 |
| Total | 624 |

Total OPEB Liability - The City's total OPEB liability of $7,463,414 was measured as of September 30, 2024 and was determined by an actuarial valuation as of that date.

(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

Actuarial Assumptions and Other Inputs - The total OPEB liability in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases | 5.00% |
| Discount rate | 3.97% |
| Prior year discount rate | 4.75% |

The discount rate was based on an average of the September 30, 2024 S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity General Obligation AA 20-Year Yield.

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

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

The actuarial assumptions used in the September 30, 2024 valuation were derived from a combination of plan experience and actuarial judgement.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Changes for the year: | |
| Service cost | $ 254,168 |
| Interest | 319,321 |
| Changes of assumptions | 232,888 |
| Differences between expected and actual experience | 184,208 |
| Benefit payments | 8,899 |
| Net changes | 999,484 |
| Beginning balance | 6,463,930 |
| Ending balance | $ 7,463,414 |

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

| | 1% Decrease in Discount Rate (2.97%) | Discount Rate (3.97%) | 1% Increase in Discount Rate (4.97%) |
|---|---|---|---|
| City's total OPEB liability | $ 8,516,185 | $ 7,463,414 | $ 6,555,943 |

| | 1% Decrease | Current Healthcare Cost Trend Rate Assumption | 1% Increase |
|---|---|---|---|
| City's total OPEB liability | $ 6,469,605 | $ 7,463,414 | $ 8,638,883 |

(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the fiscal year ended September 30, 2024, the City recognized retiree OPEB expense of $1,221,017.

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 actual and expected experience | $ 356,590 | $ 14,910 |
| Changes in actuarial assumptions | 258,517 | 2,072,179 |
| Total | $ 615,107 | $ 2,087,089 |

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

| Year ended September 30 | OPEB Expense |
|---|---|
| 2025 | $ (1,680,530) |
| 2026 | 104,274 |
| 2027 | 104,274 |
| 2028 | - |
| 2029 | - |
| Thereafter | - |
| Total | $ (1,471,982) |

Aggregate OPEB Expense and Liability - The total OPEB expense for both the TMRS SBDF and Retiree Health plans for fiscal year 2024 was $1,320,137 and the total OPEB liability for the two plans was a combined $9,268,734.

New Braunfels Utilities Defined Benefit Pension Plan:

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

**NOTE 4 - OTHER INFORMATION** (Continued)

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

Employees Covered by Benefit Terms - At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 156 |
| Inactive employees entitled to, but not yet receiving, benefits | 122 |
| Active employees | 388 |
| Total | 666 |

Contributions - Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the NBU-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the NBU were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the NBU were 18.4% and 17.05% in calendar years 2024 and 2023, respectively. The NBU's contributions to TMRS for the fiscal year ended September 30, 2024 were $6,612,073, which were equal to the required contributions.

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 NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

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

**NOTE 4 - OTHER INFORMATION** (Continued)

Actuarial assumptions used in the December 31, 2023 and 2022 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2018 through December 31, 2022. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Global public equity | 35% | 6.7% |
| Core fixed income | 6% | 4.7% |
| Non-core fixed income | 20% | 8.0% |
| Other public and private markets | 12% | 8.0% |
| Real estate | 12% | 7.6% |
| Hedge funds | 5% | 6.4% |
| Private Equity | 10% | 11.6% |
| Total | 100.00% | |

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

**NOTE 4 - OTHER INFORMATION** (Continued)

Changes in the NPL

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
| Changes for the year: | | | |
| Service cost | $ 5,663,924 | $ - | $ 5,663,924 |
| Interest | 8,757,241 | - | 8,757,241 |
| Changes in current period benefits | - | - | - |
| Difference between expected and actual experience | 3,364,943 | - | 3,364,943 |
| Changes in assumption | (563,012) | - | (563,012) |
| Contributions - employer | - | 5,769,106 | (5,769,106) |
| Contributions - employee | - | 2,231,146 | (2,231,146) |
| Net investment income | - | 11,648,442 | (11,648,442) |
| Benefit payments, including refunds of employee contributions | (5,305,139) | (5,305,139) | - |
| Administrative expense | - | - | - |
| Other changes | - | (74,508) | 74,508 |
| Net Changes | 11,917,957 | 14,269,047 | (2,351,090) |
| Balance at December 31, 2022 | 129,557,513 | 100,490,012 | 29,067,501 |
| Balance at December 31, 2023 | $ 141,475,470 | $ 114,759,059 | $ 26,716,411 |

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

| | 1% Decrease in Discount Rate (5.75%) | Current Discount Rate Rate (6.75%) | 1% Increase in Discount Rate (7.5%) |
|---|---|---|---|
| NBU's net pension liability | $ 47,424,945 | $ 26,716,411 | $ 9,756,026 |

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

(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions - For the fiscal year ended July 31, 2023, NBU recognized pension expense of $7,204,960.

At July 31, 2024, NBU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 7,632,119 | $ - |
| Changes in actuarial assumptions | - | 437,161 |
| Difference between projected and actual investment earnings | 2,544,602 | - |
| Contributions subsequent to the measurement date | 3,981,199 | - |
| Total | $ 14,157,920 | $ 437,161 |

NBU contributions of $3,981,199 made subsequent to the measurement date of December 31, 2023, as shown in the table above, are included as part of pension deferred outflows in the Statement of Net Position. These contributions will be recognized as a reduction of the net pension liability for the year ending July 31, 2025. The remaining amount of $10,176,721 is comprised the deferred outflows of resources of $7,632,119 consisting of the difference between expected and actual economic experience and the difference between projected and actual investment earnings, and the deferred inflows of $437,161 resulting from changes in actuarial assumptions. This amount will be recognized in pension expense as follows:

| Fiscal Year ended July 31, | Pension Expense |
|---|---|
| 2024 | $ 2,839,140 |
| 2025 | 2,758,334 |
| 2026 | 3,659,536 |
| 2027 | 25,546 |
| 2028 | 457,004 |
| Thereafter | - |
| Total | $ 9,739,560 |

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

**NOTE 4 - OTHER INFORMATION** (Continued)

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

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

NBU's contributions for 2024, 2023, and 2022 were $87,731, 63,962, and $42,737, respectively, and equaled the required contributions for those years. GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions was deemed not material and has no impact on NBU's financial reporting.

Tax Abatements:

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

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

| | Sales Tax Reconciliation | | |
|---|---|---|---|
| | General | Economic Dev.Corporation | Total |
| Payments from comptroller | $ 25,669,172 | $ 8,556,391 | $ 34,225,563 |
| TIRZ - abatement payments | (15,749) | (1,611,773) | (1,627,522) |
| Net sales tax collected | $ 25,653,423 | $ 6,944,618 | $ 32,598,041 |

(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

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

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

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

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

- The Developer agrees to construct a manufacturing facility of approximately 240,000 square-feet for the purpose of promoting economic development in the City and stimulating business and commercial activity. The City has granted the Developer a tax limitation for a period of 15 years. In order to be eligible to receive the limitation, the Developer agrees to make an investment of $80 million that increases total taxable assessed value of at least $35 million by January 2017 and $50 million by January 2018. In addition, the Developer must meet certain employment conditions. The City will make annual payments to the Developer from property tax revenues at an amount equal to 80 percent, 60 percent, and 50 percent of total taxable assessed value for years one through five, six through eight, and nine through fifteen, respectively. For the years ending September 30, 2024 and 2023, the total amount of taxes abated were $164,616 and $212,620, respectively.

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

| | Property Tax Reconciliation | | |
|---|---|---|---|
| | Maintenance and Operations | Interest and Sinking | Total |
| Property taxes collected* | | | |
| Current | $ 27,071,060 | $ 28,277,662 | $ 55,348,722 |
| Delinquent/Penalties | 172,656 | 180,351 | 353,007 |
| Protest adjustments | (53,330) | (55,707) | (109,037) |
| Property taxes collected | 27,190,386 | 28,402,306 | 55,592,692 |
| Less: adjustments** | (1,224,997) | (1,279,521) | (2,504,518) |
| Net property taxes collected | $ 25,965,389 | $ 27,122,785 | $ 53,088,174 |

*Per Comal County tax office records
**Includes adjustments to TIRZ & 380 payments

**NOTE 4 - OTHER INFORMATION** (Continued)

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

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

**NOTE 5 – CHANGES WITHIN THE FINANCIAL REPORTING ENTITY**

In fiscal year 2024, the 2023 Capital Improvement Fund (previously the 2021 Tax Notes fund) quantitatively qualified to be presented as a major fund compared to its presentation as a nonmajor capital projects fund in the prior year. Beginning nonmajor governmental funds fund balance before the change was $32,268,711. The 2023 Capital Improvement fund represented $556,614 of this beginning fund balance and was removed from nonmajor governmental funds as a result of this change.

# REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended September 30, 2024

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes and fees | $ 74,642,661 | $ 74,642,661 | $ 74,238,735 | $ (403,926) |
| Licenses and permits | 4,903,000 | 4,903,000 | 6,974,152 | 2,071,152 |
| Intergovernmental | 50,000 | 1,260,918 | 1,175,032 | (85,886) |
| Fines and forfeitures | 947,200 | 947,200 | 1,362,124 | 414,924 |
| Investment earnings | 1,362,000 | 1,362,000 | 3,844,127 | 2,482,127 |
| Parks and recreation | 4,743,900 | 4,743,900 | 5,204,656 | 460,756 |
| Miscellaneous | 4,028,918 | 2,818,000 | 4,008,050 | 1,190,050 |
| Charges for services | 6,057,475 | 6,057,475 | 4,560,738 | (1,496,737) |
| Total revenues | 96,735,154 | 96,735,154 | 101,367,614 | 4,632,460 |
| **Expenditures** | | | | |
| General Government | 14,878,333 | 14,679,318 | 14,193,701 | 485,617 |
| Finance and tax | 1,870,880 | 1,846,977 | 1,843,486 | 3,491 |
| Planning and development services | 5,066,746 | 5,424,012 | 4,695,944 | 728,068 |
| Public Safety | | | | |
| Police | 29,313,418 | 29,957,150 | 29,702,163 | 254,987 |
| Fire | 27,735,091 | 28,518,257 | 28,517,528 | 729 |
| Municipal Court | 1,047,591 | 1,018,692 | 1,017,964 | 728 |
| Public Works | 11,649,459 | 11,232,060 | 11,232,021 | 39 |
| Parks and Recreation | 11,034,078 | 10,604,277 | 10,603,747 | 530 |
| Library | 3,118,857 | 2,990,957 | 2,954,281 | 36,676 |
| Debt Service: | | | | |
| Principal | - | 428,000 | 434,095 | (6,095) |
| Interest | - | 14,103 | 7,206 | 6,897 |
| Total expenditures | 105,714,453 | 106,713,803 | 105,202,136 | 1,511,667 |
| Excess of revenues over expenditures | (8,979,299) | (9,978,649) | (3,834,522) | 3,120,793 |
| Other financing sources (uses) | | | | |
| Transfers in | 2,774,440 | 2,774,440 | 1,288,676 | (1,485,764) |
| Transfers (out) | (3,302,733) | (3,325,384) | (1,776,149) | 1,549,235 |
| Lease proceeds | - | - | 438,077 | 438,077 |
| Sale of capital assets | - | - | 198,950 | 198,950 |
| Total other financing (uses) | (528,293) | (550,944) | 149,554 | 700,498 |
| Net change in fund balance | $ (9,507,592) | $ (10,529,593) | (3,684,968) | $ 3,821,291 |
| Beginning fund balance | | | 41,401,714 | |
| Ending fund balance | | | $ 37,716,746 | |

Notes to Required Supplementary Information:

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

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND
For the year ended September 30, 2024

| | Hotel Tax Fund | | | |
|---|---|---|---|---|
| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| **Revenues** | | | | |
| Taxes and fees | $ 5,256,976 | $ 5,256,976 | $ 4,864,003 | $ (392,973) |
| Investment earnings | 15,000 | 15,000 | 61,900 | 46,900 |
| Total revenues | 5,271,976 | 5,271,976 | 4,925,903 | (346,073) |
| **Expenditures** | | | | |
| General Government | 4,247,130 | 4,247,130 | 3,687,855 | 559,275 |
| Total expenditures | 4,247,130 | 4,247,130 | 3,687,855 | 559,275 |
| Excess of revenues over expenditures | 1,024,846 | 1,024,846 | 1,238,048 | (905,348) |
| Other financing (uses) | | | | |
| Transfers (out) | (1,708,116) | (1,708,116) | (1,839,247) | (131,131) |
| Total other financing (uses) | (1,708,116) | (1,708,116) | (1,839,247) | (131,131) |
| Net change in fund balance | $ (683,270) | $ (683,270) | (601,199) | $ (1,036,479) |
| Beginning fund balance | | | 4,466,257 | |
| Ending fund balance | | | $ 3,865,058 | |

Notes to Required Supplementary Information:
1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the year ended September 30, 2024

| | Debt Service Fund | | | |
|---|---|---|---|---|
| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| Revenues | | | | |
| Ad valorem taxes | $ 27,413,156 | $ 27,413,156 | $ 27,087,185 | $ (325,971) |
| Investment earnings | 50,000 | 50,000 | 325,897 | 275,897 |
| Other contributions | 2,225,306 | 2,225,306 | 2,270,948 | 45,642 |
| Total revenues | 29,688,462 | 29,688,462 | 29,684,030 | (4,432) |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | 20,105,000 | 20,050,000 | 20,105,000 | (55,000) |
| Interest | 10,712,500 | 10,700,006 | 10,554,178 | 145,828 |
| Bond issuance costs and fees | - | 67,494 | 67,494 | - |
| Total expenditures | 30,817,500 | 30,817,500 | 30,726,672 | 90,828 |
| Excess of revenues over expenditures | (1,129,038) | (1,129,038) | (1,042,642) | 86,396 |
| Other financing sources (uses) | | | | |
| Transfers in | 1,379,038 | 1,339,919 | 1,379,040 | 39,121 |
| Premium from issuance of debt | - | - | 438,516 | 438,516 |
| Proceeds from issuance of debt | - | - | 4,300,000 | 4,300,000 |
| Payment to escrow | - | - | (4,684,467) | (4,684,467) |
| Total other financing sources (uses) | 1,379,038 | 1,339,919 | 1,433,089 | 93,170 |
| Net change in fund balance | $ 250,000 | $ 210,881 | 390,447 | $ 179,566 |
| Beginning fund balance | | | 3,022,807 | |
| Ending fund balance | | | $ 3,413,254 | |

Notes to Required Supplementary Information:
1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GRANTS FUND
For the year ended September 30, 2024

| | Grants Fund | | | |
|---|---|---|---|---|
| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
| **Revenues** | | | | |
| Intergovernmental | $ 20,940,606 | $ 20,940,606 | $ 4,132,359 | $ (16,808,247) |
| Investment earnings | 150,000 | 150,000 | 507,407 | 357,407 |
| Other contributions | - | - | 258,695 | 258,695 |
| Total revenues | 21,090,606 | 21,090,606 | 4,898,461 | (16,192,145) |
| **Expenditures** | | | | |
| General Government | 9,820,018 | 9,820,018 | 2,812,102 | 7,007,916 |
| Planning and development services | 705,043 | 705,043 | 604 | 704,439 |
| Public safety | 2,350,500 | 2,350,500 | 1,294,396 | 1,056,104 |
| Library | 45 | 45 | 44 | 1 |
| Airport | 8,225,000 | 8,225,000 | 390,572 | 7,834,428 |
| Total expenditures | 21,100,606 | 21,100,606 | 4,497,718 | 16,602,888 |
| Excess (deficiency) of revenues over (under) expenditures | (10,000) | (10,000) | 400,743 | (32,795,033) |
| Other financing sources | | | | |
| Transfers in | 160,000 | 160,000 | 215,830 | 55,830 |
| Total other financing sources | 160,000 | 160,000 | 215,830 | 55,830 |
| Net change in fund balance | $ 150,000 | $ 150,000 | 616,573 | $ (32,739,203) |
| Beginning fund balance | | | 198,168 | |
| Ending fund balance | | | $ 814,741 | |

Notes to Required Supplementary Information:
1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2024

| | Measurement Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Total pension liability** | | | | | | | | | | |
| Service cost | $ 10,284,246 | $ 9,191,722 | $ 8,444,367 | $ 8,207,720 | $ 7,548,546 | $ 7,075,714 | $ 6,602,665 | $ 6,283,281 | $ 5,732,589 | $ 5,143,064 |
| Interest (on the total pension liability) | 16,350,722 | 14,948,539 | 13,696,706 | 12,604,862 | 11,540,144 | 10,661,364 | 9,783,894 | 8,990,600 | 8,602,512 | 8,027,752 |
| Difference between expected and actual experience | 3,791,121 | 3,623,841 | 3,350,245 | 1,661,149 | 1,420,919 | 227,139 | 1,216,121 | 887,337 | 420,652 | (1,028,253) |
| Change of assumptions | (713,613) | - | - | - | 615,649 | - | - | - | (437,911) | - |
| Benefit payments, including refunds of employee contributions | (7,459,564) | (7,615,018) | (7,023,616) | (5,809,554) | (5,552,933) | (4,810,400) | (4,868,903) | (4,267,920) | (4,316,359) | (4,136,590) |
| Net change in total pension liability | 22,252,912 | 20,149,084 | 18,467,702 | 16,664,177 | 15,572,325 | 13,153,817 | 12,733,777 | 11,893,298 | 10,001,483 | 8,005,973 |
| Beginning total pension liability | 240,820,576 | 220,671,492 | 202,203,790 | 185,539,613 | 169,967,288 | 156,813,471 | 144,079,694 | 132,186,396 | 122,184,913 | 114,178,940 |
| Ending total pension liability | $ 263,073,488 | $ 240,820,576 | $ 220,671,492 | $ 202,203,790 | $ 185,539,613 | $ 169,967,288 | $ 156,813,471 | $ 144,079,694 | $ 132,186,396 | $ 122,184,913 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | $ 9,745,456 | $ 8,665,664 | $ 7,857,115 | $ 7,636,802 | $ 7,026,523 | $ 6,539,492 | $ 6,162,903 | $ 5,961,496 | $ 5,365,044 | $ 4,725,941 |
| Contributions - employee | 3,973,033 | 3,555,531 | 3,252,382 | 3,172,560 | 2,901,000 | 2,719,934 | 2,546,656 | 2,424,270 | 2,213,355 | 2,011,041 |
| Net investment income | 21,331,522 | (14,140,250) | 21,870,293 | 11,484,015 | 19,681,894 | (3,794,347) | 14,955,206 | 6,574,073 | 138,605 | 4,945,274 |
| Benefit payments, including refunds of employee contributions | (7,459,564) | (7,615,018) | (7,023,616) | (5,809,554) | (5,552,933) | (4,810,400) | (4,868,903) | (4,267,920) | (4,316,359) | (4,136,590) |
| Administrative expense | (135,355) | (122,128) | (101,026) | (74,206) | (111,060) | (73,269) | (77,461) | (74,212) | (84,411) | (51,621) |
| Other | (946) | 145,735 | 692 | (2,895) | (3,337) | (3,829) | (3,926) | (3,998) | (4,169) | (4,244) |
| Net change in plan fiduciary net position | 27,454,146 | (9,510,466) | 25,855,840 | 16,406,722 | 23,942,087 | 577,581 | 18,714,475 | 10,613,709 | 3,312,065 | 7,489,801 |
| Beginning plan fiduciary net position | 183,831,286 | 193,341,752 | 167,485,912 | 151,079,190 | 127,137,103 | 126,559,522 | 107,845,047 | 97,231,338 | 93,919,273 | 86,429,472 |
| Ending Plan Fiduciary Net Position | $ 211,285,432 | $ 183,831,286 | $ 193,341,752 | $ 167,485,912 | $ 151,079,190 | $ 127,137,103 | $ 126,559,522 | $ 107,845,047 | $ 97,231,338 | $ 93,919,273 |
| Net Pension Liability | $ 51,788,056 | $ 56,989,290 | $ 27,329,740 | $ 34,717,878 | $ 34,460,423 | $ 42,830,185 | $ 30,253,949 | $ 36,234,647 | $ 34,955,058 | $ 28,265,640 |
| Plan fiduciary net position as a percentage of total pension liability | 80.31% | 76.34% | 87.62% | 82.83% | 81.43% | 74.80% | 80.71% | 74.85% | 73.56% | 76.87% |
| Covered Payroll | $ 56,765,325 | $ 50,811,068 | $ 46,423,126 | $ 45,321,482 | $ 41,430,000 | $ 38,856,198 | $ 36,318,289 | $ 34,599,565 | $ 31,619,357 | $ 28,695,633 |
| Net pension liability as a percentage of covered payroll | 91.23% | 112.16% | 58.87% | 76.60% | 83.18% | 110.23% | 83.30% | 104.73% | 110.55% | 98.50% |

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS MUNICIPAL RETIREMENT SYSTEM
NEW BRAUNFELS UTILITIES
For the year ended September 30, 2024

| | Measurement Year* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| **Total pension liability** | | | | | | | | | |
| Service cost | $ 5,663,924 | $ 4,870,192 | $ 4,465,895 | $ 4,031,193 | $ 3,421,657 | $ 3,034,811 | $ 2,328,445 | $ 2,063,217 | $ 1,852,821 |
| Interest (on the total pension liability) | 8,757,241 | 7,974,728 | 7,191,514 | 6,625,838 | 6,104,485 | 5,697,720 | 5,349,632 | 4,623,082 | 4,534,158 |
| Changes in current period benefits | - | - | - | - | - | - | 6,881,135 | - | - |
| Difference between expected and actual experience | 3,364,943 | 3,043,437 | 4,166,579 | 1,586,860 | 1,260,367 | 638,332 | 424,537 | (33,315) | (452,450) |
| Change of assumptions | (563,012) | - | - | - | 205,839 | - | - | - | 288,151 |
| Benefit payments, including refunds of employee contributions | (5,305,139) | (4,079,746) | (4,766,188) | (3,395,517) | (3,751,212) | (3,325,058) | (3,272,818) | (2,533,258) | (2,689,654) |
| Net change in total pension liability | 11,917,957 | 11,808,611 | 11,057,800 | 8,848,374 | 7,241,136 | 6,045,805 | 11,710,931 | 4,119,726 | 3,533,026 |
| Beginning total pension liability | 129,557,513 | 117,748,902 | 106,691,102 | 97,842,728 | 90,601,592 | 84,555,787 | 72,844,856 | 68,725,130 | 65,192,104 |
| Ending total pension liability | $ 141,475,470 | $ 129,557,513 | $ 117,748,902 | $ 106,691,102 | $ 97,842,728 | $ 90,601,592 | $ 84,555,787 | $ 72,844,856 | $ 68,725,130 |
| Plan fiduciary net position | | | | | | | | | |
| Contributions - employer | $ 5,769,106 | $ 4,886,836 | $ 4,578,667 | $ 3,946,380 | $ 3,502,065 | $ 3,194,908 | $ 2,046,699 | $ 1,811,489 | $ 1,827,177 |
| Contributions - employee | 2,231,146 | 1,942,527 | 1,794,562 | 1,604,227 | 1,407,263 | 1,259,258 | 1,151,967 | 1,018,513 | 944,629 |
| Net investment income | 11,648,442 | (7,702,247) | 11,986,679 | 6,336,072 | 11,028,572 | (2,169,446) | 8,830,361 | 4,017,620 | 87,534 |
| Benefit payments, including refunds of employee contributions | (5,305,139) | (4,079,746) | (4,766,188) | (3,395,518) | (3,751,212) | (3,325,058) | (3,272,818) | (2,533,258) | (2,689,654) |
| Administrative expense | - | (66,597) | (55,428) | (40,984) | (62,302) | (41,917) | (45,751) | (45,360) | (53,311) |
| Other | (74,508) | 79,470 | 380 | (1,599) | (1,871) | (2,190) | (2,319) | (2,444) | (2,634) |
| Net change in plan fiduciary net position | 14,269,047 | (4,939,757) | 13,538,672 | 8,448,578 | 12,122,515 | (1,084,445) | 8,708,139 | 4,266,560 | 113,741 |
| Beginning plan fiduciary net position | 100,490,012 | 105,429,769 | 91,891,097 | 83,442,519 | 71,320,004 | 72,404,449 | 63,696,310 | 59,429,750 | 59,316,009 |
| Ending Plan Fiduciary Net Position | $ 114,759,059 | $ 100,490,012 | $ 105,429,769 | $ 91,891,097 | $ 83,442,519 | $ 71,320,004 | $ 72,404,449 | $ 63,696,310 | $ 59,429,750 |
| Net Pension Liability | $ 26,716,411 | $ 29,067,501 | $ 12,319,133 | $ 14,800,005 | $ 14,400,209 | $ 19,281,588 | $ 12,151,338 | $ 9,148,546 | $ 9,295,380 |
| Plan fiduciary net position as a percentage of total pension liability | 81.12% | 77.56% | 89.54% | 86.13% | 85.28% | 78.72% | 85.63% | 87.44% | 86.47% |
| Covered Payroll | $ 31,873,518 | $ 27,750,383 | $ 25,636,594 | $ 22,917,524 | $ 20,103,751 | $ 17,989,394 | $ 16,443,818 | $ 14,550,190 | $ 13,494,694 |
| Net pension liability as a percentage of covered payroll | 83.82% | 104.75% | 48.05% | 64.58% | 71.63% | 107.18% | 73.90% | 62.88% | 68.88% |

*Only nine years of information is currently available. NBU will build this schedule over the next one-year period.

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CONTRIBUTIONS –
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2024

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | $ 10,940,689 | $ 8,665,644 | $ 8,326,013 | $ 7,753,182 | $ 7,429,745 | $ 6,937,744 | $ 6,439,837 | $ 6,102,303 | $ 6,066,843 | $ 5,365,044 |
| Contributions in relation to the actuarially determined contribution | 10,940,689 | 8,665,644 | 8,326,013 | 7,753,182 | 7,429,745 | 6,937,744 | 6,439,837 | 6,102,303 | 6,066,843 | 5,400,580 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ (35,536) |
| Covered payroll | $ 61,794,420 | $ 50,811,068 | $ 48,929,783 | $ 45,447,930 | $ 43,646,238 | $ 40,641,797 | $ 38,208,179 | $ 35,884,508 | $ 35,348,062 | $ 31,619,357 |
| Contributions as a percentage of covered payroll | 17.70% | 17.05% | 17.02% | 17.06% | 17.02% | 17.07% | 16.85% | 17.01% | 17.16% | 17.08% |

**Notes to Required Supplementary Information:**

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

2. Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 22 years (longest amortization ladder) |
| Asset valuation method | 10 year smoothed market; 12% soft corridor |
| Inflation | 2.50% |
| Salary increases | 3.60% to 11.85% including inflation |
| Investment rate of return | 6.75% |
| Retirement age | Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. |
| Mortality | Post retirement: 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).<br>Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |

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

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CONTRIBUTUIONS –
TEXAS MUNICIPAL RETIREMENT SYSTEM
NEW BRAUNFELS UTILITIES
For the year ended September 30, 2024

| | Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Actuarially determined contribution | $ 6,524,342 | $ 5,360,354 | $ 4,731,381 | $ 4,333,080 | $ 3,776,143 | $ 3,343,248 | $ 2,700,430 | $ 1,941,283 | $ 1,842,516 |
| Contributions in relation to the actuarially determined contribution | 6,612,073 | 5,424,316 | 4,774,121 | 4,371,468 | 3,811,074 | 3,374,501 | 2,730,439 | 1,969,363 | 1,838,178 |
| Contribution deficiency (excess) | $ (87,731) | $ (63,962) | $ (42,740) | $ (38,388) | $ (34,931) | $ (31,253) | $ (30,009) | $ (28,080) | $ 4,338 |
| Covered payroll | $ 35,092,788 | $ 29,942,959 | $ 26,710,661 | $ 24,621,104 | $ 21,832,301 | $ 19,038,042 | $ 17,387,972 | $ 15,539,867 | $ 14,029,305 |
| Contributions as a percentage of covered payroll | 18.84% | 18.12% | 17.87% | 17.75% | 17.46% | 17.73% | 15.70% | 12.67% | 13.10% |

**Notes to Required Supplementary Information:**
This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of July 31, the fiscal year end of the Utilities.

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS –
RETIREE BENEFITS PROGRAM
For the year ended September 30, 2024

| | Measurement Year* | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| **Total OPEB liability** | | | | | | | |
| Service cost | $ 254,168 | $ 239,370 | $ 590,331 | $ 610,062 | $ 516,533 | $ 444,312 | $ 431,371 |
| Interest (on the total OPEB liability) | 319,321 | 274,816 | 298,003 | 295,949 | 365,899 | 312,824 | 363,757 |
| Difference between expected and actual experience | 184,208 | (44,728) | 873,734 | 12,307 | 446,312 | 61,055 | 237,182 |
| Change of assumptions | 232,888 | 251,551 | (8,288,715) | (880,937) | 69,594 | 846,197 | - |
| Benefit payments | 8,899 | (9,965) | (61,412) | (133,148) | 24,719 | (149,364) | (392,489) |
| Net change in total OPEB liability | 999,484 | 711,044 | (6,588,059) | (95,767) | 1,423,057 | 1,515,024 | 639,821 |
| Beginning total OPEB liability | 6,463,930 | 5,752,886 | 12,340,945 | 12,436,712 | 11,013,655 | 9,498,631 | 8,858,810 |
| Ending total OPEB liability | $ 7,463,414 | $ 6,463,930 | $ 5,752,886 | $ 12,340,945 | $ 12,436,712 | $ 11,013,655 | $ 9,498,631 |
| Covered-employee payroll | $ 45,838,356 | $ 42,578,634 | $ 40,551,080 | $ 34,251,577 | $ 33,253,958 | $ 31,691,195 | $ 30,768,150 |
| Total OPEB liability as a percentage of covered-employee payroll | 16.28% | 15.18% | 14.19% | 36.03% | 37.40% | 34.75% | 30.87% |

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

**Notes to Required Supplementary Information:**

1. Changes in assumptions
The following actuarial assumptions were updated from the prior valuations: claim costs, future retiree plan elections, retiree contribution, turnover and retirement rates, expenses, stop loss premiums and discount rate.

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

| | | | | | |
|---|---|---|---|---|---|
| 2018 | 3.73% | 2021 | 2.31% | 2024 | 3.97% |
| 2019 | 3.17% | 2022 | 4.59% | | |
| 2020 | 2.28% | 2023 | 4.75% | | |

2. Changes in benefit terms
None
3. Other information:
No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits for the pension/OPEB plan.

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS –
TEXAS MUNICIPAL RETIREMENT SYSTEM –
SUPPLEMENTAL DEATH BENEFITS FUND
For the year ended September 30, 2024

| | Measurement Year* | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| **Total OPEB liability** | | | | | | | |
| Service cost | $ 79,459 | $ 137,190 | $ 120,700 | $ 95,175 | $ 66,288 | $ 73,827 | $ 58,109 |
| Interest (on the total pension liability) | 66,785 | 44,998 | 45,051 | 50,500 | 55,022 | 50,176 | 48,695 |
| Difference between expected and actual experience | (15,920) | (29,190) | (20,677) | (30,249) | (69,364) | (29,490) | - |
| Changes of assumptions | 91,243 | (874,271) | 78,072 | 313,359 | 299,899 | (111,517) | 124,268 |
| Benefit payments ** | (51,081) | (40,649) | (37,139) | (13,596) | (12,429) | (11,657) | (10,895) |
| Net change in total OPEB liability | 170,486 | (761,922) | 186,007 | 415,189 | 339,416 | (28,661) | 220,177 |
| Beginning total OPEB liability | 1,634,834 | 2,396,756 | 2,210,749 | 1,795,560 | 1,456,144 | 1,484,805 | 1,264,628 |
| Ending total OPEB liability | $ 1,805,320 | $ 1,634,834 | $ 2,396,756 | $ 2,210,749 | $ 1,795,560 | $ 1,456,144 | $ 1,484,805 |
| Covered-employee payroll | $ 56,756,325 | $ 50,811,068 | $ 46,423,126 | $ 45,321,482 | $ 41,430,000 | $ 38,856,198 | $ 36,318,289 |
| Total OPEB liability as a percentage of covered-employee payroll | 3.18% | 3.22% | 5.16% | 4.88% | 4.33% | 3.75% | 4.09% |

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

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

(Continued)

**Notes to Required Supplementary Information:**

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

2. Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Inflation | 2.50% |
| Salary increases | 3.60% 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 of GASB Statement No. 6 |
| Mortality rates - service retirees | 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. |
| Mortality rates - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the floor. |

3. Other information:
   No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits.
   * The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.
   The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial study for the period ending December 31, 2022.

Financial Advisory Services
Provided By:

SAMCO Capital