# OFFICIAL NOTICE OF SALE,

# OFFICIAL BID FORM,

# AND

# PRELIMINARY OFFICIAL STATEMENT

## $2,000,000*

## CITY OF PLEASANTON, TEXAS

## (ATASCOSA COUNTY, TEXAS)

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

**The City WILL designate the Certificates as "QUALIFIED TAX-EXEMPT OBLIGATIONS"**

## BIDS DUE:
## THURSDAY, SEPTEMBER 11, 2025
## AT
## 11:00 A.M. CENTRAL TIME

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

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

# OFFICIAL NOTICE OF SALE

## $2,000,000*
## CITY OF PLEASANTON, TEXAS
## (a political subdivision of the State of Texas located in Atascosa County, Texas)
## COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025

**CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BID**: The City Council (the "City Council") of the City of Pleasanton, Texas (the "City" or the "Issuer") is offering for sale at competitive bid it's $2,000,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates").

**BIDS BY INTERNET:** Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 11:00 A.M. Central Time, on September 11, 2025. Bidders submitting a bid by internet shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by 9:00 A.M., Central Time, on September 11, 2025 indicating their intent to submit a bid by internet.

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

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, Official Bid Form and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact PARITY, c/o Ipreo Holdings LLC, 1359 Broadway, New York, New York 10018, 212-849-5021.

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

**OPENING OF BIDS**: Bids will be opened and publicly read at 11:00 A.M., Central Time, on Thursday, September 11, 2025, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the "Financial Advisor") and the City Council shall provide final approval of the award at a City Council meeting later that evening. The Mayor of the City or his representative shall award the Certificates as described in the section entitled "AWARD AND SALE OF THE CERTIFICATES" below

**AWARD AND SALE OF THE CERTIFICATES**: By 12:00 P.M. (noon) Central Time, on the date set for receipt of bids, the Mayor of the City or his representative shall award the Certificates to **the low qualified bidder (the "Winning Bidder" or the "Purchaser"), as described in the sections entitled "CONDITIONS OF SALE – Basis of Award" and "-Establishing the Issue Price of the Certificates" herein subject to final approval of the City Council which will take action to adopt an ordinance (the "Ordinance")** authorizing the issuance and awarding sale of the Certificates or will reject all bids promptly at a scheduled meeting to commence at 6:00 P.M. Central Time on Thursday, September 11, 2025. The City reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

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*Preliminary, subject to change based on bid structures. See "THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES" herein.

## THE CERTIFICATES

**DESCRIPTION OF CERTAIN TERMS OF THE CERTIFICATES**: The Certificates will be dated September 1, 2025 (the "Dated Date") with interest to accrue from the Dated Date and be payable initially on February 1, 2026, and semiannually on each August 1 and February 1 thereafter until the earlier of stated maturity or prior redemption. The Certificates will be issued as fully registered Certificates 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 Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of Certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.) The Certificates will be stated to mature on August 1 in each of the following years in the following amounts:

**MATURITY SCHEDULE**
(Due August 1)

| Stated Maturity | Principal Amount* | Stated Maturity | Principal Amount* |
|---|---|---|---|
| 2027 | $65,000 | 2037 | $105,000 |
| 2028 | 70,000 | 2038 | 110,000 |
| 2029 | 75,000 | 2039 | 115,000 |
| 2030 | 75,000 | 2040 | 125,000 |
| 2031 | 80,000 | 2041 | 130,000 |
| 2032 | 85,000 | 2042 | 135,000 |
| 2033 | 90,000 | 2043 | 140,000 |
| 2034 | 95,000 | 2044 | 150,000 |
| 2035 | 100,000 | 2045 | 155,000 |
| 2036 | 100,000 | | |

**ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES:** The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed $2,000,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriting spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

**SERIAL CERTIFICATES AND/OR TERM CERTIFICATES:** Bidders may provide that all of the Certificates be issued as serial maturities or may provide that any two or more consecutive annual principal amounts for maturities 2035 through 2045 be combined into one or more term certificates (the "Term Certificates") up to five.

**MANDATORY SINKING FUND REDEMPTION:** If the Winning Bidder designates principal amounts to be combined into one or more Term Certificates, each such Term Certificate will be subject to mandatory sinking fund redemption commencing on August 1 of the first year which has been combined to form such Term Certificate and continuing on August 1 in each year thereafter until the stated maturity date of that Term Certificate. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above under the caption "MATURITY SCHEDULE". Certificates to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Certificates then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement Term Certificates of the maturity then subject to redemption which have been purchased and canceled by the City or have been optionally redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

*Preliminary, subject to change.

**OPTIONAL REDEMPTION**: The City reserves the right, at its option, to redeem the Certificates maturing on or after August 1, 2035, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2034, or any date thereafter, at the redemption price of par plus accrued interest as further described in the Official Statement.

**SECURITY FOR PAYMENT**: The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, an ordinance (the "Ordinance") to be adopted by the City Council on September 11, 2025, and the City's Home Rule Charter and are payable from the proceeds of an ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues (as described and defined in the Ordinance) derived from the operation of the City's combined utility system (the "System"), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations (each term as described and defined in the Ordinance) hereafter issued by the City. The City has previously authorized the issuance of the currently outstanding Limited Pledge Obligations (as identified and defined in the Ordinance) that are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner and as described in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves, and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

**OTHER TERMS AND COVENANTS**: Other terms of the Ordinance and the various covenants of the City contained in the Ordinance are described in the Official Statement, to which reference is made for all purposes.

**SUCCESSOR PAYING AGENT/REGISTRAR**: The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Ordinance, the City covenants to provide a Paying Agent/Registrar at all times while the Certificates are outstanding, and any Paying Agent/Registrar selected by the City shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Certificates. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Certificates.

In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the City, shall be qualified as described in the Preliminary Official Statement. Upon a change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

## CONDITIONS OF SALE

**TYPES OF BIDS AND INTEREST RATES**: The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Certificates from the Dated Date of the Certificates to the date of Initial Delivery (defined herein) of the Certificates. **No bid producing a cash premium on the Certificates that results in a dollar price of not less than 105% of their par value will be considered; provided, however, that any bid is subject to adjustment as described under the caption "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS".** Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Certificates (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 200 basis points (or 2% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Certificates of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

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

**ESTABLISHMENT OF ISSUE PRICE:**

The Winning Bidder shall assist the City in establishing the issue price of the Certificates and shall execute and deliver to the City by the Delivery Date an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public, together with the supporting pricing wires or equivalent communications, such issue price certificate substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Winning Bidder, the City, and Cantu Harden Montoya LLP, the City's Bond Counsel (but not to the extent that would preclude the establishment of issue price of the Certificates under applicable federal regulations). All actions to be taken by the City under this Official Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the City by the City's Financial Advisor and any notice or report to be provided to the City may be provided to the City's Financial Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the "competitive sale requirements") because:

a) the City shall disseminate this Official Notice of Sale to potential underwriters (defined below) in a manner that is reasonably designed to reach potential underwriters;

b) all bidders shall have an equal opportunity to bid;

c) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

d) the City anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Certificates, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the Winning Bidder. In such event, the City intends to treat the initial offering price to the public (defined below) as of the sale date (defined below) of each maturity of the Certificates as the issue price of that maturity (the "hold-the-offering-price rule"). The City shall promptly advise the Winning Bidder, at or before the time of award of the Certificates, if the competitive sale requirements were not satisfied, in which case the hold-the-offering-price rule shall apply to the Certificates. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied and the hold-the-offering-price rule applies. In the event that the competitive sale requirements are not satisfied, resulting in the application of the hold-the-price rule, the issue price certificate shall be modified as necessary in the reasonable judgment of Bond Counsel and the City.

By submitting a bid, the Winning Bidder shall (i) confirm that the underwriters have offered or will offer the Certificates to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the Winning Bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Certificates, that the underwriters will neither offer nor sell unsold Certificates of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

a) the close of the fifth (5th) business day after the sale date; or

b) the date on which the underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Winning Bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that, in making the representations set forth above, the Winning Bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering price rule, if applicable to the Certificates, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Certificates.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder and as set forth in the related pricing wires, (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a retail or other third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder or the underwriter and as set forth in the related pricing wires. Sales of any Certificates to any person that is a related party (defined below) to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this section of the Official Notice of Sale entitled "ESTABLISHMENT OF ISSUE PRICE":

a) "public" means any person other than an underwriter or a related party,

b) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Certificates to the public),

c) a purchaser of any of the Certificates is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

d) "sale date" means the date that the Certificates are awarded by the City to the Winning Bidder.

**ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:**

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

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 - name of the governmental entity (City of Pleasanton, Texas) and (b) item 3 - the identification number assigned to this contract by the City (Pleasanton CO2025) and description of the goods or services (Purchase of the City of Pleasanton, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a non-publicly traded business entity contracting with the City to complete the Disclosure Form electronically at https://www.ethics.state.tx.us/main/file.htm, print, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC's "electronic portal" to the City. The executed Disclosure Form must be sent by email to the City at jhuizar@pleasantontx.gov, City's financial advisor at mmcliney@samcocapital.com and to the City's bond counsel at ctroell@chmllp.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the winning Privately Held Bidder must be declared by an authorized agent of the Privately Held Winning Bidder. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made "under penalty of perjury." Consequently, a winning Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Certificates until a completed Disclosure Form is received. If applicable, the City reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein. Neither the City nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to (1) the bidder's obligation to submit the Disclosure Form or (2) the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/filinginfo/1295.

**ADDITIONAL CONDITION OF AWARD - REQUIRED CERTIFICATIONS AND VERIFICATIONS BY WINNING BIDDER**:

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

No Boycott of Israel) Verifications. Each bidder, through submittal of an executed Official Bid Form must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended

Not a Sanctioned Company. Each bidder, through submittal of an executed Official Bid Form, must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

No Boycott Against Fossil-Fuel Companies. Each bidder, through submittal of an executed Official Bid Form, must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the agreement to purchase the Bonds. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

No Discrimination Against Firearm Entities or Firearm Trade Associations.
Each bidder, through submittal of an executed Official Bid Form, must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

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

The City will not accept a bid from a bidder that does not have such a standing letter on file as of the deadline for bids for the Certificates. If requested by the City, the bidder agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications (defined below), as of the Sale Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter. In connection with submission of its bid, the bidder shall provide the City a courtesy copy of its standing letter on file with the Texas Attorney General, unless otherwise publicly available on the Municipal Advisory Council of Texas' website.

THE CITY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER. BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE DISTRICT AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW. To the extent the bidder and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit.

THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH COVERED VERIFICATIONS SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE CITY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.

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

## OFFICIAL STATEMENT

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

**COMPLIANCE WITH RULE**: The City has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Certificates, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the City deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Purchaser shall be responsible for promptly informing the City of the initial offering yields of the Certificates.

The City agrees to provide, or cause to be provided, to the Purchaser, the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board ("MSRB"). The City consents to the distribution of such documents in a "designated electronic format." Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the applicable MSRB rules.

The City will complete and authorize distribution of the Official Statement identifying the Purchaser and containing information omitted from the Preliminary Official Statement. The City does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Purchaser on or after the sale date, the City intends the same to be final as of such date, within the meaning of Section 15c2-12(b)(3) of the Rule. Notwithstanding the foregoing, the City makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates.

**FINAL OFFICIAL STATEMENT**: In addition to delivering the Official Statement in a "designated electronic format", the City will furnish to the Purchaser, within seven (7) days after the sale date, an aggregate maximum of fifty (50) copies of the Official Statement, together with information regarding interest rates and other terms relating to the reoffering of the Certificates, in accordance with Section 15c2-12(b)(3) of the Rule. The Purchaser may arrange, at its own expense, to have the Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Certificates. The Purchaser will be responsible for providing information concerning the City and the Certificates to subsequent purchasers of the Certificates, and the City will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The City agrees to provide, or cause to be provided, to the Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official

Statement) as may be required for the Purchaser to comply with the Rule or the rules of the MSRB. The City consents to the distribution of such documents in a "designated electronic format". Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the MSRB Rule G-32.The City's obligation to supplement the Official Statement to correct key representations determined to be materially misleading, after the date of the Official Statement, shall terminate upon initial delivery of the Certificates to the Purchaser, unless the Purchaser notifies, in writing, the City that less than all of the Certificates have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not more than 90 days after the sale date) until all of the Certificates have been sold to ultimate customers.

**CHANGES TO OFFICIAL STATEMENT**: If, subsequent to the date of the Official Statement, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Purchaser of any adverse event which causes the Official Statement to be materially misleading, and unless the Purchaser elects to terminate its obligation to purchase the Certificates, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS - CONDITIONS TO DELIVERY", the City will promptly prepare and supply to the Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Purchaser and in a "designated electronic format"; provided, however, that the obligation of the City to do so will terminate when the City delivers the Certificates to the Purchaser, unless the Purchaser notifies the City on or before such date that less than all of the Certificates have been sold to ultimate customers, in which case the City's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the City delivers the Certificates) until all of the Certificates have been sold to ultimate customers.

**MUNICIPAL BOND INSURANCE**: In the event the Certificates are qualified for municipal bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor will be paid by the Purchaser. The City shall pay the rating agency fee for S&P (hereinafter deferred). Any other fees to be paid to rating agencies as a result of said insurance will be paid by the Purchaser. It will be the responsibility of the Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Certificates. Any downgrade by rating agencies of the bond insurance provider shall not relieve the Purchaser of its obligation under the heading. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" in the Preliminary Official Statement.

**CERTIFICATION OF THE OFFICIAL STATEMENT**: At the time of payment for and delivery of the hereinafter defined Initial Certificates (the "Delivery Date"), the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefore, and on the date of the initial delivery thereof, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last financial statements of the City appearing in the Official Statement. The Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Certificates will be authorized, ratified and approved by the City Council of the City on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the City.

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

**COMPLIANCE WITH PRIOR UNDERTAKINGS**: During the past five years, the City has complied in all material respects with all continuing disclosure agreements made in accordance with the Rule.

## DELIVERY AND ACCOMPANYING DOCUMENTS

**INITIAL DELIVERY OF INITIAL CERTIFICATES**: The initial delivery of the Certificates to the Purchaser on the Delivery Date, will be accomplished by the issuance of either (i) a single fully registered Certificate in the total principal amount of $2,000,000 (preliminary, subject to change) payable in stated installments to the Purchaser and numbered T-1, or (ii) as one (1) fully registered Certificate for each year of stated maturity in the applicable principal amount and denomination, to be numbered consecutively from R-1 and upward (in either case, the "Initial Certificate(s)"), signed by manual or facsimile signature of the Mayor and the City Secretary approved by the Attorney General of Texas, and registered and manually signed by an authorized representative of the Comptroller of Public Accounts of the State of Texas. Initial Delivery (defined below) of the Certificates will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Certificate(s), they shall be immediately canceled and one Certificate for each stated maturity will be registered in the name of Cede & Co. and deposited with DTC in connection with DTC's Book-Entry-Only System. Payment for the Initial Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six (6) business days' notice of the time fixed for delivery of the Certificates. It is anticipated that Initial Delivery of the Initial Certificates can be made on or about October 8, 2025, but if for any reason the City is unable to make delivery by October 8, 2025, then the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend for an additional thirty (30) days its obligation to take up and pay for the Certificates. If the Purchaser does not so elect within six (6) business days thereafter, then the Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

**EXCHANGE OF INITIAL CERTIFICATES FOR DEFINITIVE CERTIFICATES**: Upon payment for the Initial Certificate(s) at the time of such delivery, the Initial Certificate(s) are to be canceled by the Paying Agent/Registrar and registered definitive Certificates delivered in lieu thereof, in multiples of $5,000 for each stated maturity, in accordance with written instructions received from the Purchaser and/or members of the Purchaser's syndicate. Such Certificates shall be registered by the Paying Agent/Registrar. It shall be the duty of the Purchaser and/or members of the Purchaser's syndicate to furnish to the Paying Agent/Registrar, at least five days prior to the delivery of the Initial Certificate(s), final written instructions identifying the names and addresses of the registered owners, the stated maturities, interest rates, and denominations. The Paying Agent/Registrar will not be required to accept changes in such written instructions after the five day period, and if such written instructions are not received by the Paying Agent/Registrar five days prior to the delivery, the cancellation of the Initial Certificate(s) and delivery of registered definitive Certificates may be delayed until the fifth day next following the receipt of such written instructions by the Paying Agent/Registrar.

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

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

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

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

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

**QUALIFIED TAX-EXEMPT OBLIGATIONS**: The City will designate the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions (see discussion under "TAX MATTERS – Qualified Tax-Exempt Obligations" in the Preliminary Official Statement).

## GENERAL CONSIDERATIONS

**FUTURE REGISTRATION**: The Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate or Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk, and expense. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or its duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and interest rate as the Certificates surrendered for exchange or transfer.

**RECORD DATE**: The record date ("Record Date") for determining the party to whom the semiannual interest on the Certificates is payable on any interest payment date is the fifteenth day of the month next preceding such interest payment date.

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

**SALE OF ADDITIONAL CERTIFICATES**: The City currently has no plans to issue additional ad valorem tax supported debt in 2025, except potentially issuing refunding bonds for debt service savings.

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

**ADDITIONAL COPIES**: Subject to the limitations described herein, an electronic copy of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from www.samco.postos.com.

The City Council has approved the form and content of the Official Notice of Sale, the Official Bid Form, and the Official Statement and authorized the use thereof in its initial offering of the Certificates. On the date of the sale, the Certificates will, in the Ordinance authorizing the issuance of the Certificates, reconfirm its approval of the form and content of the Official Statement, and any addenda, supplement, or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

/s/ JR Gallegos
Mayor,
City of Pleasanton

ATTEST:

/s/ Andres Aguirre
City Secretary,
City of Pleasanton

September 4, 2025

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**OFFICIAL BID FORM**

Honorable Mayor and City Council
City of Pleasanton
108 Second Street
Pleasanton, Texas 78064

September 11, 2025

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated September 4, 2025, which terms are incorporated by reference to this proposal, we hereby submit the following bid for $2,000,000 (preliminary, subject to change) City of Pleasanton, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025, dated September 1, 2025 (the "Certificates").

For said legally issued Certificates, we will pay you $__________ (a dollar price not less than 105% of par value) plus accrued interest from their date to the date of delivery to us for Certificates maturing August 1 and bearing interest per annum as follows:

| Year of Stated Maturity | Principal Amount at Stated Maturity | Coupon % | Year of Stated Maturity | Principal Amount at Stated Maturity | Coupon % |
|---|---|---|---|---|---|
| 2027 | $65,000 | | 2037* | $105,000 | |
| 2028 | 70,000 | | 2038* | 110,000 | |
| 2029 | 75,000 | | 2039* | 115,000 | |
| 2030 | 75,000 | | 2040* | 125,000 | |
| 2031 | 80,000 | | 2041* | 130,000 | |
| 2032 | 85,000 | | 2042* | 135,000 | |
| 2033 | 90,000 | | 2043* | 140,000 | |
| 2034 | 95,000 | | 2044* | 150,000 | |
| 2035* | 100,000 | | 2045* | 155,000 | |
| 2036* | 100,000 | | | | |

** Maturities available for Term Certificates.*

Our calculation (which is not part of this bid) of the True Interest Cost from the above is: __________________%

We are (are not) having the Certificates of the following maturities ______________ insured by _________ at a premium of $_______________. The premium will be paid by the Winning Bidder. Any fees due to Rating Agencies, other than S&P Global Ratings ("S&P"), as a result of the purchase of this bond insurance will be paid by the Winning Bidder. The City will pay the fee due to S&P.

**ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS:** As a condition to our submittal of this bid for the Certificates, we acknowledge the following: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed $2,000,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriting spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

Of the principal maturities set forth in the table above, we have created term certificates (the "Term Certificates") as indicated in the following table (which may include no more than one Term Certificate). For those years which have been combined into a Term Certificate, the principal amount shown in the table shown on page ii of the Official Notice of Sale will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Certificate maturity date will mature in such year. The Term Certificates created are as follows on the next page:

| Term Certificate Maturity Date August 1 | Year of First Mandatory Redemption | Principal Amount of Term Certificate | Interest Rate |
|---|---|---|---|
| ____________ | ____________ | ____________ | ____________ |
| ____________ | ____________ | ____________ | ____________ |
| ____________ | ____________ | ____________ | ____________ |
| ____________ | ____________ | ____________ | ____________ |
| ____________ | ____________ | ____________ | ____________ |

The Initial Certificate(s) shall be registered in the name of _________________________________, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

Cashier's Check of the ___________ Bank, __________, Texas, in the amount of $40,000, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this Bid), and is submitted in accordance with the terms as set forth in the Official Notice of Sale, said check is to be returned to the Purchaser.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificates <u>in immediately available funds</u> at the Corporate Trust Division, BOKF, NA, Dallas, Texas, not later than 10:00 A.M., Central Time, on Wednesday, October 8, 2025, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale. It will be the obligation of the purchaser of the Certificates to complete and file the DTC Eligibility Questionnaire. The undersigned agrees to the provisions of the Official Notice of Sale under the heading "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" and, as evidenced thereof, agrees to complete, execute, and deliver to the City, by the Delivery Date, a certificate relating to the "issue price" of the Certificates in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the City. (See "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" in the Official Notice of Sale.)

Through submittal of this executed Official Bid Form, the undersigned verifies that, except to the extent otherwise required by applicable Texas or Federal law, it (1) does not and will not "boycott Israel", (2) is not a company on the Texas Comptroller's list concerning "foreign terrorist organizations" prepared and maintained thereby under applicable Texas law, (3) does not and will not "discriminate against a firearm entity or firearm trade association", and (4) does not and will not "boycott energy companies", all as more fully provided in the Official Notice of Sale under the heading "ADDITIONAL CONDITION OF AWARD – REQUIRED CERTIFICATIONS AND VERIFICATIONS BY WINNING BIDDER".

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

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS . . . By submission of a bid for the Bonds, each bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code (the "Government Code"), as heretofore amended. As used herein, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. §230.405, and exists to make a profit. If the bidder's bid is accepted, then liability for breach of any such verification during the term of the contract for purchase and sale of the Bonds created thereby (the "Agreement") shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the bid or this Notice of Sale, notwithstanding anything herein or therein to the contrary.

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

NO BOYCOTT OF ISRAEL . . . Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, if its bid is accepted, will not boycott Israel during the term of the Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

NO DISCRIMINATION AGAINST FIREARM ENTITIES . . . Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, if its bid is accepted, will not discriminate against a firearm entity or firearm trade association during the term of the Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

NO BOYCOTT OF ENERGY COMPANIES . . . Each bidder hereby verifies that it and its parent company, wholly- or majority owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, if its bid is accepted, will not boycott energy companies during the term of the Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

REPRESENTATION REGARDING TEXAS ATTORNEY GENERAL STANDING LETTER AND BRINGDOWN VERIFICATION . . . By submission of a bid for the Bonds, each bidder represents and verifies that it is aware of the Office of the Texas Attorney General's (the "Texas Attorney General") All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Texas Office of the Texas Attorney General using the following link: (https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf) and the Texas Attorney General's supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas Attorney General using the following link: (https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11- 06-2023.pdf). Each bidder represents and verifies that the bidder has (i) on file a standing letter ("Standing Letter") acceptable to the Texas Attorney General addressing the representations and verifications described under the heading "Verifications of Statutory Representations and Covenants," and (ii) will, upon request of the City or Bond Counsel on behalf of the City, provide the City and Bond Counsel with a copy of its Standing Letter. Each bidder further represents and verifies that its Standing Letter remains in effect as of the date of the Agreement and that the Texas Attorney General has not notified the bidder that a determination has been made that the bidder boycotts energy companies or has a policy that discriminates against firearm entities or firearm trade associations under the laws of the State of Texas. Upon request of the City or Bond Counsel on the City's behalf, each bidder shall provide additional written certifications to the City and Bond Counsel (which may be by email) to the effect that the Texas Attorney General may continue to rely on the Standing Letter and the statutory representations and covenants contained in the Agreement through the closing date (the "Bringdown Verification"). The City reserves the right, and each bidder hereby expressly authorizes the City, to provide such Bringdown Verification to the Texas Attorney General.

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

Upon notification of conditional verbal acceptance, the undersigned will, if required by applicable Texas law as described in the Official Notice of Sale under the heading "ADDITIONAL CONDITION OF AWARD – DISCLOSURE OF INTERESTED PARTY FORM", complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the City's financial advisor at mmcliney@samcocapital.com and Bond Counsel at carey.troell@cantuharden.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the City from providing final written award of the enclosed bid.

Bidder: ______________________________

By: ______________________________
Authorized Representative

______________________________
Telephone Number

______________________________
Email Address

**ACCEPTANCE CLAUSE**

The above and foregoing bid is hereby in all things accepted by the City of Pleasanton, Texas, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this 11th day of September 2025.

______________________________
Mayor,
City of Pleasanton, Texas

ATTEST:

______________________________
City Secretary,
City of Pleasanton, Texas

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**$2,000,000***

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

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of _____________, ____________, _____________ (the "Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Certificates") of the City of Pleasanton, Texas (the "Issuer").

***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Certificates to the Public by the Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Certificates used by the Purchaser in formulating its bid to purchase the Certificates. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Certificates.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

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

***Defined Terms***.

(a) *Maturity* means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is September 11, 2025.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the tax certificate with respect to the Certificates and with respect to compliance with the federal income tax rules affecting the Certificates, and by Cantu Harden Montoya LLP in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates.

___________________________________

By: _______________________________

Name: _____________________________

Title: _____________________________

Dated: September 11, 2025

*Preliminary, subject to change.

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**NEW ISSUE- BOOK-ENTRY-ONLY**

**Ratings: S&P "Applied For"**
**(See: "BOND INSURANCE", "BOND INSURANCE GENERAL RISKS", and "OTHER PERTINENT INFORMATION-Rating")**



**PRELIMINARY OFFICIAL STATEMENT**
**September 4, 2025**

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

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

**$2,000,000***
**CITY OF PLEASANTON, TEXAS**
**(A political subdivision of the State of Texas located in Atascosa County, Texas)**
**COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025**

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

The $2,000,000* City of Pleasanton, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates") are being issued pursuant to the Constitution and the general laws of the State of Texas, including Texas Local Government Code, Subchapter C, Chapter 271, as amended, and Chapter 1502, as amended, Texas Government Code, an ordinance (the "Ordinance") to be adopted by the City Council (the "City Council") of the City of Pleasanton, Texas (the "City" or "Issuer"), on September 11, 2025, and the City's Home Rule Charter. (See "THE OBLIGATIONS - Authority for Issuance" herein.)

The Certificates constitute direct and general obligations of the Issuer payable from proceeds of an ad valorem tax levied annually against all taxable property therein, within the limits prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (as described and defined in the Ordinance), being a limited amount of the Net Revenues (as described and defined in the Ordinance) derived from the operation of the City's combined utility system (the "System"), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Limited Pledge Obligations (as described and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner provided in the ordinance authorizing the issuance of the Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the Certificates are outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise. (See "THE OBLIGATIONS - Security for Payment" herein.)

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

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing street improvements (including utilities repair, replacement, relocation, and drainage), curbs, gutters, sidewalk improvements, and traffic safety signalization and signage incidental thereto; (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects and to pay the costs associated with the issuance of the Certificates. (See "THE OBLIGATIONS - Use of Certificate Proceeds" herein.)

SEE PAGE 2 FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE CERTIFICATES

The Certificates are offered for delivery, when, as and if issued and received by the initial purchaser thereof at a competitive sale (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Cantu Harden Montoya LLP, San Antonio, Texas, Bond Counsel. The legal opinion of Bond Counsel will be printed on, or attached to, the Certificates. (See "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" and "APPENDIX C – Form of Legal Opinion of Bond Counsel" herein). It is expected that the Certificates will be available for initial delivery through DTC on or about October 8, 2025.

**BIDS DUE THURSDAY, SEPTEMBER 11, 2025, BY 11:00 A.M., CENTRAL TIME**

*Preliminary, subject to change.

**$2,000,000***
**CITY OF PLEASANTON, TEXAS**
**(A political subdivision of the State of Texas located in Atascosa County, Texas)**
**COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025**

**MATURITY SCHEDULE***
**(Due August 1)**

**CUSIP Prefix No. 728857[1]**

| Stated Maturity 8/1 | Principal Amount* | Interest Rate | Initial Yield | CUSIP No. Suffix [1] | Stated Maturity 8/1 | Principal Amount* | Interest Rate | Initial Yield | CUSIP No. Suffix [1] |
|---|---|---|---|---|---|---|---|---|---|
| 2027 | $ 65,000 | | | | 2037 | $ 105,000 | | | |
| 2028 | 70,000 | | | | 2038 | 110,000 | | | |
| 2029 | 75,000 | | | | 2039 | 115,000 | | | |
| 2030 | 75,000 | | | | 2040 | 125,000 | | | |
| 2031 | 80,000 | | | | 2041 | 130,000 | | | |
| 2032 | 85,000 | | | | 2042 | 135,000 | | | |
| 2033 | 90,000 | | | | 2043 | 140,000 | | | |
| 2034 | 95,000 | | | | 2044 | 150,000 | | | |
| 2035 | 100,000 | | | | 2045 | 155,000 | | | |
| 2036 | 100,000 | | | | | | | | |

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

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

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* Preliminary, subject to change.

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*[The remainder of this page intentionally left blank]*

CITY OF PLEASANTON, TEXAS

## ELECTED OFFICIALS

| Elected Official | Years Served | Term Expires (May) |
|---|---|---|
| JR Gallegos<br>Mayor | 7 | 2027 |
| Joey Macon<br>Mayor Pro Tem | 3 | 2028 |
| Scot Ferguson<br>Councilmember, District 1 | 2 months | 2028 |
| Mark Pinkston,<br>Councilmember, District 3 | 2 months | 2028 |
| Zack Pawelek<br>Councilmember, District 4 | 1 | 2027 |
| Lillian Cashmer,<br>Councilmember, District 5 | 4 | 2027 |
| Brandon Hicks,<br>Councilmember, District 6 | 1 | 2027 |

## ADMINISTRATION

| Name | Position | Length of Service with the City (Years) |
|---|---|---|
| Johnny Huizar | City Manager | 34 |
| Raquel Navarro | Director of Finance | 18 |
| Cassie Garcia | Assistant Director of Finance | 8 |
| Andres Aguirre | City Secretary | 11 |

## CONSULTANTS AND ADVISORS

**Bond Counsel** ........................................................................ Cantu Harden Montoya LLP
San Antonio, Texas

**Certified Public Accountants** ........................................................................ Leal & Carter, P.C.
San Antonio, Texas

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

Mr. Johnny Huizar
City Manager
City of Pleasanton
108 Second Street
Pleasanton, Texas 78064
Telephone: (830) 569-3867
jhuizar@pleasantontx.gov

Ms. Raquel Navarro
Director of Finance
City of Pleasanton
108 Second Street
Pleasanton, Texas 78064
Telephone: (830) 569-3867
rnavarro@pleasantontx.gov

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

## USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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

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

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

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

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

## TABLE OF CONTENTS



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

**SELECTED DATA FROM THE OFFICIAL STATEMENT**

*The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Obligations 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 Pleasanton, Texas (the "City" or "Issuer") was originally incorporated on November 25, 1916. The Cities of Pleasanton and North Pleasanton were consolidated on January 2, 1962. The City operates under a Council/Manager form of government with a Mayor and six Councilmembers. The City is a home rule municipality operating under its own Home Rule Charter. The City of Pleasanton is the largest city and principal commercial center of Atascosa County, Texas. It is located on U.S. Highway 281, 25 miles south of the San Antonio metropolitan area. (See APPENDIX B - "General Information Regarding the City of Pleasanton and Atascosa County, Texas" herein.) |
| **The Obligations** | The Obligations are being issued pursuant to the Constitution and the general laws of the State of Texas, including the Certificate of Obligation Act of 1971 Subchapter C (Sections 271.041 through 271.064), Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, ordinance for the Certificates, to be adopted by the City Council of the City (the "Ordinance") on September 11, 2025, and the City's Home Rule Charter. (See "THE OBLIGATIONS - Authority for Issuance" herein.) |
| **Paying Agent/Registrar** | The initial Paying Agent/Registrar for the Obligations is BOKF, NA, Dallas, Texas. |
| **Security** | The Obligations constitute direct and general obligations of the Issuer payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the currently outstanding Limited Pledge Obligations (as identified and defined in the Ordinance) that are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner and as described in the ordinance authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Obligations are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise. (See "THE OBLIGATIONS - Security for Payment" herein.) |
| **Redemption Provision of the Obligations** | The Issuer reserves the right, at its sole option, to redeem Obligations stated to mature on or after August 1, 2035, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2034, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. Additionally, the Purchaser may select certain maturities of the Obligations to be grouped together as one or more term certificates and such term certificates would be subject to mandatory sinking fund redemption. (See "THE OBLIGATIONS - Redemption Provisions of the Obligations" herein.) |
| **Tax Matters** | In the opinion of Bond Counsel, under existing law, interest on the Obligations is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinions of Bond Counsel. |
| **Qualified Tax-Exempt Obligations** | The Issuer will designate the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS – Qualified Tax-Exempt Obligations" herein.) |

| | |
|---|---|
| **Use of Certificate Proceeds** | Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing street improvements (including utilities repair, replacement, relocation, and drainage), curbs, gutters, sidewalk improvements, and traffic safety signalization and signage incidental thereto; (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects and to pay the costs associated with the issuance of the Certificates. (See "THE OBLIGATIONS – Use of Certificate Proceeds" herein.) |
| **Bond Insurance** | The City has made application to municipal bond insurance companies to have the payment of the principal of and interest on the Obligations insured by a municipal bond insurance policy. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.) |
| **Ratings** | A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION - Rating" herein.) |
| **Payment Record** | The City as presently constituted, through the consolidation of Pleasanton and North Pleasanton, has never defaulted on the payment of its debt. Prior to the consolidation, the City of Pleasanton had never defaulted on revenue bonds and had not defaulted on general obligation bonds since 1941 when defaults were corrected without refunding. Prior to 1941, the City of Pleasanton repudiated approximately $8,400 of time warrants on the grounds of illegal issuance. The old City of North Pleasanton, dissolved in 1926, had approximately $17,000 of debt adjudicated by District Court at Jourdanton, Texas. Trustees were appointed to levy and collect a $0.75 tax within the old City limits to satisfy this judgment, which was retired in 1947. The former City of North Pleasanton, reincorporated in 1938, experienced a default on March 1, 1961, in connection with $3,000 principal and $871 interest on Waterworks Revenue Bonds, which default was corrected on May 21, 1961, without refunding. |
| **Future Bond Issues** | The Issuer currently has no plans to issue additional ad valorem tax supported debt in 2025. |
| **Delivery** | When issued, anticipated on or about October 8, 2025. |
| **Legality** | Delivery of the Obligations is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by Cantu Harden Montoya LLP, San Antonio, Texas, Bond Counsel. |

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

**CITY OF PLEASANTON, TEXAS**
**(A political subdivision of the State of Texas located in Atascosa County, Texas)**

**$2,000,000***
**COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025**

## INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Pleasanton, Texas (the "City" or the "Issuer") of its $2,000,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates") as identified on page 2 related to the Certificates.

The Issuer is a political subdivision of the State of Texas and a municipal corporation and home rule municipality organized and existing under the laws of the State of Texas and its Home Rule Charter. The Obligations are being issued pursuant to the Constitution and general laws of the State of Texas, ordinance for the Certificates (the "Ordinance"), to be adopted by the City Council (the "City Council") on September 11, 2025, and the City's Home Rule Charter. (See "THE OBLIGATIONS – 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 Obligations 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***. A copy of such documents may be obtained upon request from the Issuer or its Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

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

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

## THE CERTIFICATES

### General Description of the Certificates

The Obligations will be dated September 1, 2025 (the "Dated Date"), will mature on the dates and in the principal amounts, and will bear interest at the rates set forth on page 2 related to the Certificates of this Official Statement. The Obligations will be registered and will be in denominations of $5,000 or any integral multiple thereof. The Obligations will bear interest from the Dated Date, or from the most recent date to which interest has been paid or duly provided for, and will be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2026, until stated maturity or prior redemption.

The definitive Obligations 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 ("Securities Depository") for the Obligations. Book-entry interests in the Obligations will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Underwriters of the Obligations ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Obligations purchased. So long as DTC or its nominee is the registered owner of the Obligations, the principal of and interest on the Obligations are payable in the manner described herein under "BOOK-ENTRY-ONLY SYSTEM". In the event the Book-Entry-Only System is discontinued, the interest on the Obligations payable on an interest payment date will be payable to the registered owner as shown on the security register maintained by BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar, as of the Record Date (defined herein) by check, mailed first-class, postage prepaid, to the address of such person on the security register or by such other method acceptable to the Paying Agent/Registrar requested by and at the risk and expense of the registered owner. In the event the Book-Entry-Only System is discontinued, principal of the Obligations will be payable at stated maturity or prior redemption upon presentation and surrender thereof at the designated corporate trust office of the Paying Agent/Registrar.

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

The Obligations are being issued pursuant to the Certificate of Obligation Act of 1971, Subchapter C (Sections 271.041 through 271.064), Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, the Ordinance, and the City's Home Rule Charter.

**Authority for Issuance**

The Obligations are being issued pursuant to the Constitution and laws of the State of Texas, including the Certificate of Obligation Act of 1971 Subchapter C (Sections 271.041 through 271.064), Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, ordinance for the Certificates, to be adopted by the City Council of the City (the "Ordinance") on September 11, 2025, and the City's Home Rule Charter.

**Security for Payment**

*Limited Pledge of Ad Valorem Taxes.* The Obligations are general obligations of the City, payable from its collection of an ad valorem tax levied annually, within the legal limitations imposed by law, upon all taxable property located in the City. (See "AD VALOREM TAX PROCEDURES" and "TAX RATE LIMITATIONS" herein.)

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

Even though the City has pledged the Pledged Revenues of the System to further secure the Obligations, the City does not expect that any net revenues from such System will actually be utilized to pay the debt service requirements on the Obligations.

**Redemption Provisions of the Obligations**

The Issuer reserves the right, at its sole option, to redeem Obligations stated to mature on August 1, 2035, in whole or from time to time 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) on August 1, 2034, or any date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. The respective years of maturity of the Obligations called for redemption shall be selected by the City. If less than all of the Obligations within a stated maturity are to be redeemed, the particular Obligations to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

**Selection of Obligations Redeemed in Part**

If less than all of the Obligations are to be redeemed, the City may select the maturities of Obligations to be redeemed. If less than all the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

**Notice of Redemption**

The City is required to cause a notice of redemption to be given to the registered owners of Obligations to be redeemed not less than 30 days prior to the date of such redemption. The notice of redemption will be sent by United States mail, first class, postage prepaid, to the registered owners of Obligations to be redeemed, in whole or in part, at the address of such owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the mailing of such notice.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. SUBJECT TO THE CITY'S RIGHT TO GIVE A CONDITIONAL NOTICE OF REDEMPTION AS DESCRIBED IN THE FOLLOWING PARAGRAPH, NOTICE OF REDEMPTION HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND, NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE AND SUCH CERTIFICATE SHALL BE NO LONGER OUTSTANDING EXCEPT FOR THE PAYMENT OF THE REDEMPTION PRICE.

*Conditional Notices*. In the Ordinance the City has reserved the right to give a notice of redemption to redeem Obligations pursuant to an optional redemption that is conditioned upon the occurrence of events subsequent to the giving of such notice. The conditional notice of redemption may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the conditional notice of redemption and such notice and redemption shall be of no effect. The Paying Agent/Registrar is required to give prompt notice of any such rescission of a conditional notice of redemption to the affected registered owners. Any Obligations subject to redemption for which a conditional notice of redemption has been given and such redemption and conditional notice of redemption have been rescinded shall remain outstanding, the rescission of such redemption and conditional notice of redemption will not constitute an event of default and failure to make moneys and/or authorized securities available, in part or in whole, on or before the proposed redemption date shall not constitute an event of default.

**Use of Certificate Proceeds**

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing street improvements (including utilities repair, replacement, relocation, and drainage), curbs, gutters, sidewalk improvements, and traffic safety signalization and signage incidental thereto; (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects and to pay the costs associated with the issuance of the Certificates.

**Sources and Uses**

| | |
|---|---|
| **Sources of Funds** | |
| Par Amount of Certificates | $ |
| Accrued Interest | |
| [Net] Original Issue Reoffering Premium | |
| Total Sources of Funds | $ |
| **Uses of Funds** | |
| Construction Fund Deposit | $ |
| Interest & Sinking Fund Deposit | |
| Costs of Issuance (including bond insurance, if any) | |
| Certificate Fund Deposit | |
| Total Uses of Funds | $ |

**Payment Record**

The City as presently constituted, through the consolidation of the City of Pleasanton, Texas and the City of North Pleasanton, Texas, has never defaulted on the payment of its debt. Prior to the consolidation, the City of Pleasanton, Texas had never defaulted on revenue bonds and had not defaulted on general obligation bonds since 1941 when defaults were corrected without refunding. Prior to 1941, the City of Pleasanton, Texas repudiated approximately $8,400 of time warrants on the grounds of illegal issuance. The old City of North Pleasanton, Texas, which was dissolved in 1926, had approximately $17,000 of debt adjudicated by District Court at Jourdanton, Texas. Trustees were appointed to levy and collect a $0.75 tax within the old city limits of the City of North Pleasanton, Texas to satisfy this judgment, which was retired in 1947. The former City of North Pleasanton, Texas, was reincorporated in 1938, and experienced a default on March 1, 1961, in connection with $3,000 principal and $871 interest on Waterworks Revenue Bonds, which default was corrected on May 21, 1961, without refunding.

**Amendments**

The Issuer may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Issuer may, with the written consent of the holders of a majority in aggregate principal amount of the Obligations then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the

Obligations affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Obligation is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the redemption price or amounts, change the place or places at or the coin or currency in which any Obligation or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Obligations, (2) give any preference to any Obligation over any other Obligation, or (3) reduce the aggregate principal amount of Obligations required for consent to any amendment, change, modification, or waiver.

**Defeasance**

The Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Obligations to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either by (i) depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium if any, and all interest to accrue on the Obligations to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient to provide for the payment and/or redemption of the Obligations; provided that such deposits may be invested and reinvested only in (a) direct, non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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 are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (iii) any combination of (i) and (ii) above. Authorized City officials may limit the foregoing defeasance securities in connection with the sale of each series of Obligations. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Obligations, as the case may be. If any of the Obligations are to be redeemed prior to their respective dates of maturity, provision must have been made for the payment to the registered owners of such Obligations at the date of maturity or prior redemption of the full amount to which such owner would be entitled and for giving notice of redemption as provided in the Ordinance.

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 Obligations. Because the Ordinance does not contractually limit such investments, registered owners may 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 as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, such Obligations shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Ordinance or treated as debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose. After firm banking and financial arrangements for the discharge and final payment or redemption of the Obligations have been made as described above, all rights of the City to initiate proceedings to call the Obligations for redemption or take any other action amending the terms of the Obligations are extinguished; provided, however, that the right to call the Obligations for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations 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.

Upon defeasance, such defeased Obligations shall no longer be regarded to be outstanding or unpaid.

**Default and Remedies**

The Ordinance establishes specific events of default with respect to the Obligations. If the City defaults in the payment of principal, interest, or redemption price on the Obligations when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Obligations, if there is no other available remedy at law to compel performance of the Obligations or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations 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 holders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders may not be able to bring such a suit against the City for breach of the Obligations or 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. The Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville,* 59 Tex. Sup, Ct. J. 54 (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 *Wasson*, the court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contact in question. 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 Obligations. 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 holders 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 opinions of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

## REGISTRATION, TRANSFER AND EXCHANGE

### Paying Agent/Registrar

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

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

### Record Date

The record date ("Record Date") for determining the registered owner entitled to receive the interest payable on an Obligation on any interest payment date means the fifteenth ($15^{th}$) day of the month next preceding each interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar. (See "REGISTRATION, TRANSFER, AND EXCHANGE - Special Record Date for Interest Payment" herein.)

### Future Registration

In the event the Obligations are not in the Book-Entry-Only System, the Obligations may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. An Obligation may be assigned by the execution of an assignment form on the Obligation or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Obligation or Obligations will be delivered by the Paying Agent/Registrar in lieu of the Obligations being transferred or exchanged at the designated corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New Obligations issued in an exchange or transfer of Obligations 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 Obligations 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 Obligations 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 Obligation or Obligations surrendered for exchange or transfer. (See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized in regard to ownership and transferability of the Obligations.)

**Special Record Date for Interest Payment**

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

**Limitation on Transfer of Obligations**

Neither the Issuer nor the Paying Agent/Registrar shall be required (1) to issue, transfer, or exchange any Obligation called for redemption, in whole or in part during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Obligations hereunder and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange in whole or in part any Obligation so selected for redemption; provided, however, such limitation is not applicable to the transfer or exchange of the unredeemed balance of an Obligation called for redemption in part.

**Replacement Obligations**

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

## BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In reading this Official Statement it should be understood that while the Obligations 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 Obligations, 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 Obligation certificates will be issued to the respective holders and the Obligations 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.

## BOND INSURANCE

The City has applied for municipal bond insurance on the Obligations. No representation is hereby made that the City will use municipal bond insurance in connection with the issuance of the Obligations. If the City accepts a bid for the Obligations that incorporates the acquisition of one or more municipal bond guaranty policies (together the "Policy") from a qualified bond insurance company (the "Bond Insurer"), the premium for the Policy will be paid by the City. The final Official Statement shall disclose, to the extent necessary, any relevant information relating to the Bond Insurer and the Policy.

## BOND INSURANCE GENERAL RISKS

*The City has applied for a Policy to guarantee the scheduled payment of principal and interest on the Obligations. The City has yet to determine whether any insurance will be purchased with the Obligations, but the payment of the bond insurance premium will be the City's obligation. If a Policy is purchased, the following are risk factors relating to bond insurance.*

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

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

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

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

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

None of the City, the Financial Advisor, or the Purchaser have made independent investigation into the claims paying ability of any potential Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Obligations and the claims-paying ability of any potential Bond Insurer, particularly over the life of the Obligations.

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

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

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

## INVESTMENT POLICIES

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 Investment**

Under Texas law, the Issuer is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations 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 are unconditionally 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) (a) certificates of deposit and share certificates issued by a depository institution that has its main office or branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or are secured as to principal by obligations described in clauses (1) through (5) and clause (13) or in any other manner and amount provided by law for System deposits, and in addition (b) the System is authorized, subject to certain conditions, to invest in certificates of deposit with a depository institution that has its main office or branch office in the State of Texas and that participates in the Certificate of Deposit Account Registry Service® network (“CDARS®”) and as further provided by Texas law, (7) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) and require the security being purchased by the Issuer or cash held by the Issuer to be pledged to the Issuer, held in the Issuer’s name and deposited at the time the investment is made with the Issuer or with a third party selected and approved by the Issuer, and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (8) bankers’ acceptances with the remaining term of 270 days or less from the date of issuance, 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, (9) commercial paper with the remaining term of 270 days or less from the date of issuance that is rated at least “A-1” or “P-1” or the equivalent by at least (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, (10) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, (11) no-load mutual fund registered with the United States Securities and Exchange Commission that: have an average weighted maturity of less than two years; invest exclusively in obligations described in the preceding clauses and clause (13), and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than “AAA” or its equivalent, (12) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than “AAA” or “AAA-m” or its equivalent, and (13) bonds issued, assumed or guaranteed by the State of Israel. (14) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011, Texas Government Code, as amended. Texas law also permits the Issuer to invest bond proceeds in a guaranteed investment contract subject to the limitations set forth in Chapter 2256, as amended, Texas Government Code.

Entities such as the Issuer may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized including accrued income, 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 (5) and clause (13) above, (b) pledged 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 (5) and clause (13) above, clause (9) above and clauses (10) and (11) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to such investing entity or a third party designated by such investing entity; (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.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pool are rated no lower than “AAA” or “AAA-m” or an equivalent by at least one nationally recognized rating service. The Issuer 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.

Under Texas law, the City may 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 has not contracted with, and has no present intention of contracting with, any such investment management firm or the State Securities Board to provide such services.

**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 July 29, 2025, the City held investments as follows:

| Investment Type | Amount |
|---|---|
| Cash and Cash Equivalents | $13,033,396.48 |

Funds held at the City's Depository Bank. Funds are fully collateralized.

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

(1) Unaudited.

## AD VALOREM PROPERTY TAXATION

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

**Valuation of Taxable Property**

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

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

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

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

**State Mandated Homestead Exemptions**

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

**Local Option Homestead Exemptions**

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

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

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

**Personal Property**

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

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

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

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

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

**Other Exempt Property**

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

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

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

**Tax Increment Reinvestment Zones**

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

**Tax Abatement Agreements**

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

For a discussion of how the various exemptions described above are applied to the City, see "AD VALOREM PROPERTY TAXATION – The Property Tax Code as Applied to the City".

**Chapter 380 Agreements**

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

**City and Taxpayer Remedies**

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

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $61,349,201 for the 2025 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

**Levy and Collection of Taxes**

The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See "AD VALOREM PROPERTY TAXATION – Temporary Exemption for Qualified Property Damaged by a Disaster" for a discussion of the applicability of this section of the Property Tax Code.

**City's Rights in the Event of Tax Delinquencies**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

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

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

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

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

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

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

**Debt Tax Rate Limitations**

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

## THE PROPERTY TAX CODE AS APPLIED TO THE CITY

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

The City has elected to grant a Local Option Homestead Exemption of $16,000 of the appraised value of the residence homestead of persons 65 year of age or older and the disabled.

The City has not adopted a tax freeze for citizens who are disabled or are 65 years of age or older.

Ad valorem tax are levied by the City against the exempt value of the residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property.

The City does tax freeport property.

The City does not tax Goods-in-Transit.

The City does not offer discounts or allow split payments.

The City participates in two Chapter 380 Economic Development Agreements.

*PeopleFund for Economic Development Activities.* Pursuant to the terms of a Chapter 380 Economic Agreement with PeopleFund for Economic Development Activities ("PeopleFund"), effective as of April 16, 2020, PeopleFund has established, funded, maintained, and operated the Texas COVID19 Relief Fund with $3 million in loan capital to lend throughout the State of Texas. With the assistance of the program's financial assistance, businesses maintain or re-employ employment positions that promote local economic development and stimulate business and commercial activity in the City. PeopleFund is required to invest at least $600,000 in loan capital to originate at least 10 loans to eligible City businesses meeting the general loan criteria. The loans are made with zero interest and no payments for the first six months. The City has agreed to invest $20,000 in grants to assist businesses within the City that meet the general loan criteria. The City and PeopleFund agreed that 2020 served as the base year for any payments or obligations.

*Luniz, LLC*. Pursuant to the terms of a Chapter 380 Economic Development Agreement with Luniz, LLC ("Luniz"), effective as of October 28, 2020, Luniz is required to invest at least $1.2 million in capital improvements and to generate employment, an improved tax base, and economic development activity in the City. Luniz acquired and leased to Starbucks Corporation a certain 0.545-acre parcel, located at 1701 W. Oaklawn Road. The construction provides increased tax revenue to the City. This store creates 15-20 employment positions under the program. The City grants and pays a sales tax rebate to Luniz in an amount not to exceed $200,000 based on two percent (2.0%) of the sales tax collected on any taxable retail sale from or at the improvements on the land during the ten (10) years from the completion date.

Agreement with Atascosa County Municipal Utility District No. 1. Pursuant to the terms of a Consent Agreement with Atascosa County Municipal Utility District No. 1 (the "District"), in consideration for the conveyance of certain public improvements, the City agreed to collect and pay to the District a portion of the ad valorem taxes received by the City in future years on the land and improvements within the District, at an amount equal to $0.35 per $100 taxable assessed valuation for the payment of debt service on future bonds, other liabilities and obligations of the District, and the financing, construction, and acquisition of public improvements financed by the District.

Agreement with Pleasanton CFA Series LLC ("Pleasanton CFA"). Pursuant to the terms of a Chapter 380 Economic Development Agreement with the City of Pleasanton, Texas (the "City"), Pleasanton CFA will acquire approximately 1.54 acre parcel. Pleasanton CFA will lease to Chick-fil-A the land and will be making improvements and construction specifically the construction of a single tenant retail structure intended for a Chick-fil-A restaurant with a drive through and associated parking, walkways, drive aisles and other site improvements. Pleasanton CFA will make a minimum investment of $3,500,000 into the Project. This agreement shall be effective as of December 6, 2024 and will be in place for 10 years. The City will pay a sales tax rebate to Pleasanton CFA an amount not to exceed $200,000 based on 1.5% of the total sales tax collected on any taxable retail sale.

## TEXAS LEGISLATURE

The regular session of the 89th Texas Legislature (the "2025 Legislative Session") convened on January 14, 2025, and concluded on June 2, 2025. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, 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. The Governor has called a special session which commenced on July 21, 2025. The initial agenda for the special session includes the following items: (i) legislation to reduce the property tax burden on Texans and legislation to impose spending limits on entities authorized to impose property taxes, (ii) flood warning systems, (iii) flood emergency communications, (iv) relief funding for hill country floods, (v) natural disaster preparation and recovery, (vi) replacement of STAAR testing, (vii) protecting children from hemp-derived products, (viii) regulation of products derived from hemp, (ix) protecting unborn children, (x) banning taxpayer-funded lobbying, (xi) protecting victims of human trafficking, (xii) protecting police personnel records, (xiii) protecting women's privacy in sex-segregated spaces, (xiv) constitutional amendment allowing the Texas Attorney General to prosecute state election crimes, (xv) congressional redistricting, (xvi) title theft and deed fraud, (xvii) impact fees for builders who include water conservation and efficiency measures, (xviii) the operation and administration of the judicial branch of state government. The City can make no representations or predictions regarding the ultimate scope of legislation that may be considered in any special session or the potential impact of such legislation at this time. The Governor may add additional items to the call at any time.

During the 2025 Legislative Session, the Legislature adopted a general appropriations act and legislation affecting ad valorem taxation procedures and the procedures for issuing debt affecting cities among other legislation affecting cities. Adopted legislation affecting ad valorem taxation procedures includes legislation that (i) changes the procedure for the adoption of and imposes limits on the amount of an M&O tax increase that may be adopted in response to declared disasters, (ii) makes technical modifications to the tax rate setting process, and (iii) makes intangible personal property exempt from ad valorem taxation. The City is reviewing the impact of the legislation approved during the 2025 Legislative Session and cannot make any representations regarding the full impact of the legislation approved during the 2025 Legislative Session at this time. Further, the City can make no representations or predictions regarding the ultimate scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

## TAX MATTERS

### Tax Exemption

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

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

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

**Tax Changes**

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

**Ancillary Tax Consequences**

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

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

**Tax Accounting Treatment of Discount Obligations**

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

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

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

**Tax Accounting Treatment of Premium on Certain Obligations**

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

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

**Qualified Tax-Exempt Obligations**

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

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

## CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreements for the benefit of the holders and Beneficial Owners of the Obligations. The City is required to observe the agreements for so long as it remains obligated to advance funds to pay the Obligations. Under each agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access (EMMA) system, where it will be available to the general public, free of charge, at www.emma.msrb.org.

**Annual Reports**

Under State law, including, but not limited to Chapter 103, as amended, Texas Government Code, the City must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must maintain each audit report within 180 days after the close of the City's fiscal year. The City's fiscal records and audit reports are available for public inspection during the regular business hours, and the City is required to provide a copy of the City's audit reports to any certificate holder or other member of the public within a reasonable time of request to City Secretary, 108 Second Street, Pleasanton, Texas 78064, and upon payment of charges prescribed by the Texas General Services Commission.

The City will file certain updated financial information and operating data with the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement in Table 1 hereof, Tables 1 through 14 of APPENDIX A to this Official Statement, and in APPENDIX D. The City will update and provide this information within six months after the end of each fiscal year ending in and after 2025.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's EMMA Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available.

Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

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

**Notices of Certain Events**

The City will file with the MSRB notice of any of the following events with respect to the Obligations in a timely manner (and not more than 10 business days after occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of

a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. Neither the Obligations nor the Ordinance make any provision for debt service reserves, credit enhancement, (although applications have been made for municipal bond insurance) or liquidity enhancement. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The City will provide each notice described in this paragraph to the MSRB.

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

**Availability of Information**

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

**Limitations and Amendments**

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

The City 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 City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations 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 Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and Beneficial Owners of the Obligations. The City may also amend or repeal the provisions of this 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, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Obligations in the primary offering of the Obligations. If the City so amends the agreement, 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. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the rule or a court of final jurisdiction enters judgment that such provisions of the rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent a purchaser from lawfully purchasing or selling Obligations, respectively, in the primary offering of the Obligations.

**Compliance with Prior Undertakings**

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. For more information relating to the City's continuing disclosure filing history, see www.emma.msrb.org.

## LEGAL MATTERS

**Legal Opinions and No-Litigation Certificate**

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

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

**Litigation**

The City is exposed to various risks of losses related to torts, theft of, damage to and destruction of fixed assets; error and omissions; injuries to employees; and natural disasters. The City has obtained commercial insurance coverage for these risks and provided various employee education and prevention programs. Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

FORWARD LOOKING STATEMENTS

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

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

## OTHER PERTINENT INFORMATION

### Registration and Qualification of Obligations for Sale

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

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

### Rating

A municipal bond rating application for the Obligations has been made to S&P Global Ratings ("S&P"). The outcome of the result will be made available as soon as possible. An explanation of the significance of such a rating may be obtained from S&P. The rating of the Obligations by S&P reflects only the view of S&P at the time the rating is given, and the Issuer makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Obligations.

### Authenticity of Financial Information

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

### Financial Advisor

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

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

### Winning Bidder

After requesting competitive bids for the Certificates, the City accepted the bid of ____________ (the "Purchaser") to purchase the Certificates at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a net original reoffering premium of $___________, plus accrued interest on the Certificates from their Dated Date to their date of initial delivery. The City can give no assurance that any trading market will be developed for the City after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

**Authorization of the Official Statement**

This Official Statement will be approved as to form and content and the use thereof in the offering of the Obligations will be authorized, ratified and approved by the City Council of the City on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Obligations, a certified copy of such approval, duly executed by the proper officials of the Issuer.

The Ordinance will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto issued on behalf of the Issuer, and authorize its further use in the reoffering of the Obligations by the Purchaser.

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

The Ordinance authorizing the issuance of the Obligations will also approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorize its further use in the re-offering of the Obligations by the Purchaser.

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

**CITY OF PLEASANTON, TEXAS**

/s/

Mayor
City of Pleasanton, Texas

ATTEST:

/s/

City Secretary
City of Pleasanton, Texas

**APPENDIX A**

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

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## FINANCIAL INFORMATION OF THE ISSUER

**ASSESSED VALUATION** **TABLE 1**

| | | |
|---|---|---|
| 2025 Actual Certified Market Value of Taxable Property (100% of Market Value) | $ | 1,256,281,880 |
| Less Exemptions: | | |
| Optional Over-65 or Disabled Homestead | $ | 20,467,913 |
| Disabled/Deceased Veterans' | | 22,202,930 |
| Open-Space Land and Timberland | | 8,723,040 |
| First Responder Surviving Spouse | | 315,280 |
| Totally Exempt Property | | 107,525,178 |
| 10% Per Year Cap on Residential Homesteads | | 42,841,067 |
| Value lost to Prorations | | - |
| **TOTAL EXEMPTIONS** | $ | 202,075,408 |
| 2025 Certified Assessed Value of Taxable Property | $ | 1,054,206,472 |

*Source: Atascosa County Appraisal District.*

**GENERAL OBLIGATION BONDED DEBT**

*(as of September 1, 2025)*

| | | | |
|---|---|---|---|
| **General Obligation Debt Principal Outstanding** | | | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014 | $ | 3,260,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015 | | 1,945,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 | | 2,165,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017 | | 1,330,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019 | | 4,345,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 | | 9,200,000 | |
| General Obligation Refunding Bonds, Series 2021 | | 1,740,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023 | | 3,010,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023A | | 6,990,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023B | | 9,265,000 | |
| Combination Tax and Junior Lien Airport System Revenue Certificates of Obligation, Series 2025A | | 1,044,000 | |
| Combination Tax and Junior Lien Airport System Revenue Certificates of Obligation, Series 2025B | | 648,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (the "Certificates") | | 2,000,000 | * |
| Total Gross General Obligation Debt | $ | 46,942,000 | * |
| **Less: Self Supporting Debt** | | | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014 (100% Utility Fund) | $ | 3,260,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 (100% Hotel/Motel Fund) | | 2,165,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2017 (100% Utility Fund) | | 1,330,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (55% Utility Fund) | | 5,020,000 | |
| Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023A (100% Utility Fund) | | 6,990,000 | * |
| Total Self-Supporting Debt | $ | 18,765,000 | |
| Total Net General Obligation Debt Outstanding | $ | 28,177,000 | * |
| 2025 Net Assessed Valuation | $ | 1,054,206,472 | |
| Ratio of Gross General Obligation Debt Principal to Certified Net Taxable Assessed Valuation | | 4.45% | |
| Ratio of Net General Obligation Debt to Certified Net Taxable Assessed Valuation | | 2.67% | |

Population: 2000 - 8,266; 2010 - 8,934; est. 2025 - 12,219
Per Capita Certified Net Taxable Assessed Valuation - $86,276.00
Per Capita Gross General Obligation Debt Principal - $3,841.72
Per Capita Net General Obligation Debt Principal - $2,306.00

** Preliminary, subject to change.*

**DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE** **TABLE 2**

A lease is a contractual agreement that conveys control of the right to use another entity's nonfinancial asset for a minimum of one year in an exchange or exchange-like transaction. The City has entered into various leasing arrangements as lessee.

As lessee, the City leases buildings, equipment, vehicles, and computer equipment to support its operations. These leases have annual interest rates ranging from 0.218% to 3.63%. For the fiscal year ended September 30, 2024, the City's governmental and business-type activities reported interest expenses of $40,696 and $2,321, respectively. The terms end between October 2024 and September 2028, with varying extension options. The majority of the leases are for buildings, vehicles and computer equipment. The present value of lease payments expected be made during the lease term is recorded as a lease liability and the associated asset is recognized as an intangible right-to-use lease asset.

Lease payable activity for the year ended September 30, 2024, is as follows:

| Lease Payable | October 1, 2023 | Additions | Reductions | September 30, 2024 |
|---|---|---|---|---|
| Governmental Activities | $ 1,477,358 | $ 837,418 | $ 784,883 | $ 1,529,893 |
| Business-type Activities | 123,909 | 76,142 | 64,470 | 135,581 |
| | $ 1,601,267 | $ 913,560 | $ 849,353 | $ 1,665,474 |

As of Septemer 30, 2024,future annual lese commitments include the following:

| For the Year Ended September 30, | Governmental Activities Principal | Interest | Total | Business-Type Activities Principal | Interest | Total |
|---|---|---|---|---|---|---|
| 2025 | $ 721,634 | $ 28,583 | $ 750,217 | $ 42,851 | $ 2,655 | $ 45,506 |
| 2026 | 525,595 | 14,120 | 539,715 | 33,146 | 1,854 | 35,000 |
| 2027 | 264,594 | 3,221 | 267,815 | 32,147 | 1,056 | 33,203 |
| 2028 | 18,070 | 132 | 18,202 | 27,437 | 261 | 27,698 |
| Total | $ 1,529,893 | $ 46,056 | $ 1,575,949 | $ 135,581 | $ 5,826 | $ 141,407 |

**GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

| Fiscal Year Ending (9/30) | Current Total Outstanding Debt [1] | The Certificates* Principal | Interest | Total | Total Combined Debt Service* | Less: Self-Supporting Debt Debt Service* | Total Net Debt Service * |
|---|---|---|---|---|---|---|---|
| 2026 | $ 4,366,933 | - | $ 87,083 | $ 87,083 | $ 4,454,016 | $ 1,772,000 | $ 2,682,016 |
| 2027 | 4,203,620 | 65,000 | 95,000 | 160,000 | 4,363,620 | 1,764,275 | 2,599,345 |
| 2028 | 4,214,330 | 70,000 | 91,913 | 161,913 | 4,376,243 | 1,774,000 | 2,602,243 |
| 2029 | 4,217,800 | 75,000 | 88,588 | 163,588 | 4,381,388 | 1,781,863 | 2,599,525 |
| 2030 | 4,206,293 | 75,000 | 85,025 | 160,025 | 4,366,318 | 1,766,750 | 2,599,568 |
| 2031 | 4,202,356 | 80,000 | 81,463 | 161,463 | 4,363,819 | 1,765,500 | 2,598,319 |
| 2032 | 4,212,837 | 85,000 | 77,663 | 162,663 | 4,375,500 | 1,776,738 | 2,598,762 |
| 2033 | 4,212,095 | 90,000 | 73,625 | 163,625 | 4,375,720 | 1,774,950 | 2,600,770 |
| 2034 | 3,677,158 | 95,000 | 69,350 | 164,350 | 3,841,508 | 1,770,969 | 2,070,539 |
| 2035 | 3,257,129 | 100,000 | 64,838 | 164,838 | 3,421,966 | 1,347,800 | 2,074,166 |
| 2036 | 3,028,121 | 100,000 | 60,088 | 160,088 | 3,188,208 | 1,349,300 | 1,838,908 |
| 2037 | 2,658,908 | 105,000 | 55,338 | 160,338 | 2,819,245 | 1,109,250 | 1,709,995 |
| 2038 | 2,516,443 | 110,000 | 50,350 | 160,350 | 2,676,793 | 972,150 | 1,704,643 |
| 2039 | 2,522,078 | 115,000 | 45,125 | 160,125 | 2,682,203 | 977,800 | 1,704,403 |
| 2040 | 2,153,001 | 125,000 | 39,663 | 164,663 | 2,317,663 | 972,050 | 1,345,613 |
| 2041 | 2,143,233 | 130,000 | 33,725 | 163,725 | 2,306,958 | 970,200 | 1,336,758 |
| 2042 | 1,465,453 | 135,000 | 27,550 | 162,550 | 1,628,003 | 600,750 | 1,027,253 |
| 2043 | 1,462,173 | 140,000 | 21,138 | 161,138 | 1,623,310 | 598,500 | 1,024,810 |
| 2044 | 70,955 | 150,000 | 14,488 | 164,488 | 235,442 | - | 235,442 |
| 2045 | 70,783 | 155,000 | 7,363 | 162,363 | 233,145 | - | 233,145 |
| 2046 | 71,673 | - | - | - | 71,673 | - | 71,673 |
| 2047 | 71,505 | - | - | - | 71,505 | - | 71,505 |
| 2048 | 71,375 | - | - | - | 71,375 | - | 71,375 |
| 2049 | 71,078 | - | - | - | 71,078 | - | 71,078 |
| 2050 | 70,818 | - | - | - | 70,818 | - | 70,818 |
| 2051 | 71,535 | - | - | - | 71,535 | - | 71,535 |
| 2052 | 71,253 | - | - | - | 71,253 | - | 71,253 |
| 2053 | 70,820 | - | - | - | 70,820 | - | 70,820 |
| 2054 | 71,423 | - | - | - | 71,423 | - | 71,423 |
| 2055 | 70,968 | - | - | - | 70,968 | - | 70,968 |
| 2056 | 71,520 | - | - | - | 71,520 | - | 71,520 |
| 2057 | 70,930 | - | - | - | 70,930 | - | 70,930 |
| 2058 | 71,360 | - | - | - | 71,360 | - | 71,360 |
| 2059 | 70,733 | - | - | - | 70,733 | - | 70,733 |
| 2060 | 71,095 | - | - | - | 71,095 | - | 71,095 |
| 2061 | 71,350 | - | - | - | 71,350 | - | 71,350 |
| 2062 | 71,573 | - | - | - | 71,573 | - | 71,573 |
| 2063 | 71,738 | - | - | - | 71,738 | - | 71,738 |
| 2064 | 68,850 | - | - | - | 68,850 | - | 68,850 |
| Total | $ 60,213,286 | $ 2,000,000 | $ 1,169,371 | $ 3,169,371 | $ 63,382,657 | $ 24,844,844 | $ 38,537,813 |

[1] *Includes self-supporting debt.*

* *Preliminary, subject to change. Interest calculations based on an assumed rate.*

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

| | | |
|---|---|---|
| 2025 Certified Net Taxable Assessed Valuation | $ 1,054,206,472 | |
| Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2026) | 4,454,016 | * |
| Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requiremen | $ 0.43112 | * |

* *Preliminary, subject to change. Includes the Certificates.*

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

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

| | | |
|---|---|---|
| 2025 Certified Net Taxable Assessed Valuation | $ 1,054,206,472 | |
| Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2026) | 2,682,016 | * |
| Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requiremen | $ 0.25960 | * |

* *Preliminary, subject to change. Includes the Certificates.*

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

**INTEREST AND SINKING FUND MANAGEMENT INDEX**

| | | |
|---|---|---|
| Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2024 | $ | 163,320 |
| 2024 Interest and Sinking Fund Tax Levy at 100% Collections | | 2,412,885 |
| Total Available for General Obligation Debt | $ | 2,576,205 |
| Less: Net General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/25 | | 2,570,540 |
| Estimated Surplus at Fiscal Year Ending 9/30/2025 [(1)] | $ | 5,665 |

[(1)] *Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.*

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

| Fiscal Year Ending 9-30 | Principal Repayment Schedule: Currently Outstanding[(a)] | The Certificates* | Total* | Principal Unpaid at End of Year* | Percent of Principal Retired (%)* |
|---|---|---|---|---|---|
| 2026 | $ 2,635,000 | - | $ 2,635,000 | $ 44,307,000 | 5.6% |
| 2027 | 2,580,000 | $ 65,000 | 2,645,000 | 41,662,000 | 11.2% |
| 2028 | 2,702,000 | 70,000 | 2,772,000 | 38,890,000 | 17.2% |
| 2029 | 2,822,000 | 75,000 | 2,897,000 | 35,993,000 | 23.3% |
| 2030 | 2,933,000 | 75,000 | 3,008,000 | 32,985,000 | 29.7% |
| 2031 | 3,054,000 | 80,000 | 3,134,000 | 29,851,000 | 36.4% |
| 2032 | 3,184,000 | 85,000 | 3,269,000 | 26,582,000 | 43.4% |
| 2033 | 3,300,000 | 90,000 | 3,390,000 | 23,192,000 | 50.6% |
| 2034 | 2,876,000 | 95,000 | 2,971,000 | 20,221,000 | 56.9% |
| 2035 | 2,552,000 | 100,000 | 2,652,000 | 17,569,000 | 62.6% |
| 2036 | 2,412,000 | 100,000 | 2,512,000 | 15,057,000 | 67.9% |
| 2037 | 2,129,000 | 105,000 | 2,234,000 | 12,823,000 | 72.7% |
| 2038 | 2,064,000 | 110,000 | 2,174,000 | 10,649,000 | 77.3% |
| 2039 | 2,146,000 | 115,000 | 2,261,000 | 8,388,000 | 82.1% |
| 2040 | 1,851,000 | 125,000 | 1,976,000 | 6,412,000 | 86.3% |
| 2041 | 1,913,000 | 130,000 | 2,043,000 | 4,369,000 | 90.7% |
| 2042 | 1,303,000 | 135,000 | 1,438,000 | 2,931,000 | 93.8% |
| 2043 | 1,364,000 | 140,000 | 1,504,000 | 1,427,000 | 97.0% |
| 2044 | 40,000 | 150,000 | 190,000 | 1,237,000 | 97.4% |
| 2045 | 41,000 | 155,000 | 196,000 | 1,041,000 | 97.8% |
| 2046 | 43,000 | | 43,000 | 998,000 | 97.9% |
| 2047 | 44,000 | | 44,000 | 954,000 | 98.0% |
| 2048 | 45,000 | | 45,000 | 909,000 | 98.1% |
| 2049 | 46,000 | | 46,000 | 863,000 | 98.2% |
| 2050 | 47,000 | | 47,000 | 816,000 | 98.3% |
| 2051 | 49,000 | | 49,000 | 767,000 | 98.4% |
| 2052 | 50,000 | | 50,000 | 717,000 | 98.5% |
| 2053 | 51,000 | | 51,000 | 666,000 | 98.6% |
| 2054 | 53,000 | | 53,000 | 613,000 | 98.7% |
| 2055 | 54,000 | | 54,000 | 559,000 | 98.8% |
| 2056 | 56,000 | | 56,000 | 503,000 | 98.9% |
| 2057 | 57,000 | | 57,000 | 446,000 | 99.0% |
| 2058 | 59,000 | | 59,000 | 387,000 | 99.2% |
| 2059 | 60,000 | | 60,000 | 327,000 | 99.3% |
| 2060 | 62,000 | | 62,000 | 265,000 | 99.4% |
| 2061 | 64,000 | | 64,000 | 201,000 | 99.6% |
| 2062 | 66,000 | - | 66,000 | 135,000 | 99.7% |
| 2063 | 68,000 | | 68,000 | 67,000 | 99.9% |
| 2064 | 67,000 | - | 67,000 | - | 100.0% |
| Total | $ 44,942,000 | $ 2,000,000 | $ 46,942,000 | | |

[(a)] *Includes self-supporting debt.*
* *Preliminary, subject to change.*

**TAXABLE ASSESSED VALUATION FOR TAX YEARS 2016-2025** **TABLE 3**

| Year | Net Taxable Assessed Valuation | Change From Preceding Year: Amount ($) | Percent |
|---|---|---|---|
| 2016 | $ 597,955,692 | $ 7,099,458 | 1.20% |
| 2017 | 621,046,743 | 23,091,051 | 3.86% |
| 2018 | 687,993,652 | 66,946,909 | 10.78% |
| 2019 | 728,808,863 | 40,815,211 | 5.93% |
| 2020 | 706,433,386 | (22,375,477) | -3.07% |
| 2021 | 777,153,435 | 70,720,049 | 10.01% |
| 2022 | 854,552,052 | 77,398,617 | 9.96% |
| 2023 | 943,208,260 | 88,656,208 | 10.37% |
| 2024 | 996,652,225 | 53,443,965 | 5.67% |
| 2025 | 1,054,206,472 | 57,554,247 | 5.77% |

*Source: Atascosa County Appraisal District.*

**CLASSIFICATION OF ASSESSED VALUATION** **TABLE 4**

| | 2025 | % of Total | 2024 | % of Total | 2023 | % of Total |
|---|---|---|---|---|---|---|
| Real, Residential, Single-Family | $ 706,882,351 | 56.27% | $ 682,533,816 | 55.17% | $ 642,214,430 | 53.55% |
| Real, Residential, Multi-Family | 50,685,214 | 4.03% | 46,216,666 | 4.12% | 42,078,765 | 4.74% |
| Real, Vacant Lots/Tracts | 17,039,709 | 1.36% | 16,429,178 | 1.32% | 13,927,588 | 1.27% |
| Real, Acreage (Land Only) | 8,904,473 | 0.71% | 15,926,379 | 1.50% | 17,922,683 | 1.01% |
| Real, Farm and Ranch Improvements | 13,237,890 | 1.05% | 12,170,642 | 0.97% | 11,518,087 | 0.89% |
| Real, Commercial | 218,466,095 | 17.39% | 201,187,545 | 17.37% | 197,209,447 | 17.42% |
| Real, Industrial | 1,959,270 | 0.16% | 1,884,989 | 0.08% | 1,892,350 | 0.25% |
| Oil and Gas | 4,790 | 0.00% | 4,790 | 0.00% | 4,790 | 0.00% |
| Real & Tangible, Personal Utilities | 22,211,830 | 1.77% | 22,299,560 | 1.99% | 20,977,650 | 2.18% |
| Tangible Personal, Commercial | 46,166,780 | 3.67% | 48,435,560 | 4.76% | 50,236,230 | 5.33% |
| Tangible Personal, Industrial | 47,704,510 | 3.80% | 38,562,350 | 2.85% | 28,940,600 | 3.77% |
| Tangible Personal, Mobile Homes | 6,802,920 | 0.54% | 7,320,490 | 0.55% | 6,748,310 | 0.53% |
| Real Property, Inventory | 1,787,550 | 0.14% | 1,656,940 | 0.20% | 4,924,180 | 0.12% |
| Speical Inventory | 6,903,320 | 0.55% | 8,837,960 | 0.72% | 8,913,140 | 0.70% |
| Totally Exempt Property | 107,525,178 | 8.56% | 87,545,954 | 8.40% | 83,915,950 | 8.23% |
| **Total Appraised Value** | $ 1,256,281,880 | 100.00% | $ 1,191,012,819 | 100.00% | $ 1,131,424,200 | 100.00% |
| **Less:** | | | | | | |
| Optional Over-65 or Disabled Homestead | $ 20,467,913 | | $ 18,903,184 | | $ 18,513,933 | |
| Disabled/Deceased Veterans' | 22,202,930 | | 28,812,030 | | 23,055,704 | |
| Open-Space Land and Timberland | 8,723,040 | | 15,758,240 | | 17,754,320 | |
| First Responder Surviving Spouse | 315,280 | | 300,460 | | 273,145 | |
| House Bill 366 | - | | - | | - | |
| Totally Exempt Property | 107,525,178 | | 87,135,669 | | 83,915,950 | |
| 10% Per Year Cap on Res. Homesteads | 42,841,067 | | 43,451,011 | | 44,702,888 | |
| **Net Taxable Assessed Valuation** | $ 1,054,206,472 | | $ 996,652,225 | | $ 943,208,260 | |

*Source: Atascosa County Appraisal District.*

**PRINCIPAL TAXPAYERS 2025** **TABLE 5**

| Name | Type of Business/Property | 2025 Net Taxable Assessed Valuation | % of 2025 Assessed Valuation |
|---|---|---|---|
| United Steel Supply LLC | Steel Manufacturer | $ 15,206,290 | 1.44% |
| AEP Texas Inc | Utility | 9,313,170 | 0.88% |
| Cactus Wellhead LLC | Drilling Equipment Supplier | 7,653,610 | 0.73% |
| H E Butt Grocery Co | Grocery Chain | 6,363,940 | 0.60% |
| Wal-Mart Real Estate | Real Estate | 5,975,230 | 0.57% |
| Brooklyn Dicaro LLC Series 300 | Commercial Real Estate | 5,941,430 | 0.56% |
| Clyburn Properties LLC | Apartments | 5,731,932 | 0.54% |
| Dalton Trucking | Heavy Hauling/Crane Service | 5,385,480 | 0.51% |
| Mildred White Rentals LLC | Rental Properties | 4,919,220 | 0.47% |
| Millrose Propeties Texas LLC | Apartments | 4,391,270 | 0.42% |
| | | $ 70,881,572 | 6.72% |

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

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| General Fund | $ 0.273546 | $ 0.271859 | $ 0.278659 | $ 0.268904 | $ 0.283000 |
| I&S Fund | 0.242099 | 0.243787 | 0.236986 | 0.246741 | 0.216700 |
| Total Tax Rate | $ 0.515645 | $ 0.515646 | $ 0.515645 | $ 0.515645 | $ 0.499700 |

*Source: Atascosa County Appraisal District*

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

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

| Tax Year | Net Taxable Assessed Valuation | Tax Rate | Tax Levy | % of Collections Current | Total | Year Ended |
|---|---|---|---|---|---|---|
| 2015 | 590,856,234 | 0.489770 | 2,893,837 | 96.80 | 98.97 | 9/30/2016 |
| 2016 | 597,955,692 | 0.505800 | 3,024,460 | 95.97 | 100.59 | 9/30/2017 |
| 2017 | 621,046,743 | 0.505800 | 3,141,254 | 99.36 | 99.40 | 9/30/2018 |
| 2018 | 687,993,652 | 0.499763 | 3,438,338 | 99.90 | 100.09 | 9/30/2019 |
| 2019 | 728,808,863 | 0.499763 | 3,642,317 | 95.72 | 98.00 | 9/30/2020 |
| 2020 | 706,433,386 | 0.499700 | 3,530,048 | 99.48 | 98.16 | 9/30/2021 |
| 2021 | 777,153,435 | 0.515645 | 4,007,353 | 97.51 | 98.64 | 9/30/2022 |
| 2022 | 854,552,052 | 0.515645 | 4,406,455 | 96.35 | 97.24 | 9/30/2023 |
| 2023 | 943,208,260 | 0.515646 | 4,863,616 | 93.75 | 96.32 | 9/30/2024 |
| 2024 | 996,652,225 | 0.515645 | 5,139,187 | 93.59 | 96.43 | 9/30/2025* |

Source: Atascosa County Appraisal District

**Collections as of June 30, 2025.*

**MUNICIPAL SALES TAX COLLECTIONS** **TABLE 8**

The Issuer has adopted the provisions of Chapter 321, as amended, Texas Tax Code. In addition, some issuers are subject to a property tax relief and/or an economic and industrial development tax. The Issuer has authorized the addtioanl one-half cent sales tax net collections on calendar year basis are as follows:

| Calendar Year | Total Collected | % of Ad Valorem Tax Levy | Equivalent of Ad Valorem Tax Rate |
|---|---|---|---|
| 2016 | $ 4,223,046 | 139.63% | 0.706 |
| 2017 | 4,366,179 | 138.99% | 0.703 |
| 2018 | 5,980,233 | 173.93% | 0.869 |
| 2019 | 5,491,613 | 150.77% | 0.754 |
| 2020 | 4,408,258 | 124.88% | 0.624 |
| 2021 | 4,727,464 | 117.97% | 0.608 |
| 2022 | 6,085,858 | 138.11% | 0.712 |
| 2023 | 6,795,924 | 139.73% | 0.721 |
| 2024 | 6,446,483 | 125.44% | 0.647 |
| 2025 | 4,196,313 | (As of August, 2025) | |

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

**OVERLAPPING DEBT INFORMATION**

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

| Taxing Body | Gross Debt (As of 9/1/2025) | % Overlapping | Amount Overlapping | |
|---|---|---|---|---|
| Atascosa County | $ 16,160,000 | 14.84% | $ 2,398,144 | |
| Jourdanton ISD | 33,876,761 | 4.32% | 1,463,476 | |
| Pleasanton ISD | 39,055,000 | 31.77% | 12,407,774 | |
| Total Gross Overlapping Debt | | | $ 16,269,394 | |
| Pleasanton, City of | | | $ 46,942,000 | * |
| Total Gross Direct and Overlapping Debt | | | $ 63,211,394 | * |
| Ratio of Gross Direct Debt and Overlapping Debt to 2025 Net Assessed Valuation | | | 6.00% | * |
| Per Capita Gross Direct Debt and Overlapping Debt | | | $5,173.21 | * |
| Total Net Direct and Overlapping Debt | | | $ 44,446,394 | * |
| Ratio of Net Direct and Overlapping Debt to 2025 Net Assessed Valuation | | | 4.22% | * |
| Per Capita Net Direct and Overlapping Debt | | | $3,637.48 | * |

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

** Includes the Certificates. Preliminary, subject to change.*

**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 | $ 17,308,747 | $ 14,290,396 | $ 14,031,523[1] | $ 7,510,349 | $ 9,249,268 |
| Revenues | 12,709,877 | 12,543,661 | 12,356,638 | 11,208,842 | 10,633,060 |
| Expenditures | 25,693,405 | 13,549,126 | 12,060,868 | 10,326,538 | 11,847,234 |
| Excess (Deficit) of Revenues Over Expenditures | $ (12,983,528) | $ (1,005,465) | $ 295,770 | $ 882,304 | $ (1,214,174) |
| Other Financing Sources (Uses): | | | | | |
| Bond Proceeds | $ 9,580,000 | 3,865,000 | 561,765 | 4,533,750 | |
| Bond Premiums | 1,145,659 | 443,832 | | 467,808 | |
| Lease Proceeds | 340,983 | 535,682 | | | |
| Operating Transfers In | 3,311,710 | $ 225,000 | $ 225,000 | $ 275,175 | $ 75,000 |
| Operating Transfers Out | (8,188,767) | (894,539) | (823,662) | (814,177) | (599,745) |
| Total Other Financing Sources (Uses): | $ 6,189,585 | $ 4,174,975 | $ (36,897) | $ 4,462,556 | $ (524,745) |
| Restatement of beginning fund balance | $ (2,392,207) | $ (151,159) | | | |
| Fund Balance - End of Year | $ 8,122,597 | $ 17,308,747 | $ 14,290,396 | $ 12,855,209 | $ 7,510,349 |

(1) Restated.

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

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

| Governmental Subdivision | 2025 Assessed Valuation | % of Actual | 2024 Tax Rate |
|---|---|---|---|
| Atascosa County | $ 6,916,702,075 | 100% | $ 0.409000 |
| Jourdanton ISD | 1,084,010,412 | 100% | 1.020000 |
| Pleasanton ISD | 2,675,557,205 | 100% | 0.904000 |

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

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

| Issuer | Date of Authorization | Amount Authorized | Amount Issued to Date | Amount Unissued |
|---|---|---|---|---|
| Atascosa County | None | | | |
| Jourdanton ISD | None | | | |
| Pleasanton ISD | None | | | |

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

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

Information regarding the City's Pension Plans can be found in the City's Annual Financial Report under Section 8 - Employees' Retirement Systems

## UTILITY PLANT IN SERVICE **TABLE 11**

*(As of September 30, 2024)*

| | |
|---|---|
| Land Purchase and Improvements | $ 12,560,318 |
| Buildings | 20,547,985 |
| Machinery and Equipment | 9,879,269 |
| Right to Use | 3,413,148 |
| Distribution System | - |
| Construction in Progress | - |
| **Total** | $ 46,400,720 |
| Less: Accumulated Depreciation | (19,598,635) |
| **Net Property, Plant and Equipment** | $ 26,802,085 |

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

## UTILITY SYSTEM COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES **TABLE 12**

The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, bad debt, debt service payments and expenditures identified as capital. The Utility System consists of Water, Sewer and Natural Gas.

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9/30/2024 | 9/30/2023 | 9/30/2022 | 9/30/2021 | 9/30/2020 |
| Revenues | $ 7,226,646 | $ 6,562,051 | $ 6,554,118 | $ 5,596,562 | $ 4,913,627 |
| Expenditures | 5,906,101 | 5,978,384 | 4,361,605 | 4,332,606 | 3,810,326 |
| Net Revenues Available Available for Debt Service | $ 1,320,545 | $ 583,667 | $ 2,192,513 | $ 1,263,956 | $ 1,103,301 |
| Connections: | | | | | |
| Water | 4,936 | 4,902 | 4,855 | 4,771 | 5,143 |
| Sewer | 4,070 | 4,026 | 4,003 | 3,971 | 3,992 |

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

**WATER RATES** **TABLE 13**

The minimum charge for all customers for various size meters per month shall be:

| | 10/15/2023 Inside | 10/15/2024 Inside | 10/15/2023 Outside | 10/15/2024 Outside |
|---|---|---|---|---|
| 5/8 or 3/4" meter | $ 18.30 | $ 19.55 | $ 31.75 | $ 33.00 |
| 1" meter | 39.38 | 40.63 | 73.00 | 74.25 |
| 1 1/2 " meter | 74.50 | 75.75 | 141.75 | 143.00 |
| 2" meter | 116.65 | 117.90 | 224.25 | 225.50 |
| 3" meter | 229.05 | 230.30 | 444.25 | 445.50 |
| 4" meter | 355.50 | 356.75 | 691.75 | 693.00 |
| 6" meter | 706.75 | 708.00 | 1,379.25 | 1,380.50 |

A monthly volume charge shall also be charged to all customers in an amount per 1,000 gallons of water used, as more specifically set forth hereinafter:

| | 10/15/2023 Inside | 10/15/2024 Inside | 10/15/2023 Outside | 10/15/2024 Outside |
|---|---|---|---|---|
| 0-10,000 | $ 4.15 | $ 5.20 | $ 4.30 | $ 4.81 |
| 10,001-20,000 | 4.70 | 5.75 | 4.85 | 5.62 |
| 20,001-40,000 | 5.35 | 6.40 | 5.60 | 6.73 |
| 40,001-70,000 | 6.25 | 7.30 | 6.55 | 8.13 |
| 70,001-100,000 | 7.40 | 8.45 | 7.80 | 9.98 |
| + 100,000 | 8.90 | 9.95 | 9.40 | 12.35 |

(Old Rates Effective October 15, 2022)

The minimum charge for all customers for various size meters per month shall be:

| | Inside | Outside |
|---|---|---|
| 5/8 or 3/4" meter | $ 17.05 | $ 30.50 |
| 1" meter | 38.13 | 71.75 |
| 1 1/2 " meter | 73.25 | 140.50 |
| 2" meter | 115.40 | 223.00 |
| 3" meter | 227.80 | 443.00 |
| 4" meter | 354.25 | 690.50 |
| 6" meter | 705.50 | 1,378.00 |

A monthly volume charge shall also be charged to all customers in an amount per 1,000 gallons of water used, as more specifically set forth hereinafter:

| | Inside | Outside |
|---|---|---|
| 0-10,000 | $ 2.65 | $ 2.80 |
| 10,001-20,000 | 3.20 | 3.35 |
| 20,001-40,000 | 3.85 | 4.10 |
| 40,001-70,000 | 4.75 | 5.05 |
| 70,001-100,000 | 5.90 | 6.30 |
| + 100,000 | 7.40 | 7.90 |

( Old Rates Effective October 15, 2021)

The minimum charge for all customers for various size meters per month shall be:

| | Inside | Outside |
|---|---|---|
| 5/8 or 3/4" meter | $ 16.05 | $ 29.50 |
| 1" meter | 37.13 | 70.75 |
| 1 1/2 " meter | 72.25 | 139.50 |
| 2" meter | 114.40 | 222.00 |
| 3" meter | 226.80 | 442.00 |
| 4" meter | 353.25 | 689.50 |
| 6" meter | 704.50 | 1,377.00 |

A monthly volume charge shall also be charged to all customers in an amount per 1,000 gallons of water used, as more

| | Inside | Outside |
|---|---|---|
| 0-10,000 | $ 2.65 | $ 2.80 |
| 10,001-20,000 | 3.20 | 3.35 |
| 20,001-40,000 | 3.85 | 4.10 |
| 40,001-70,000 | 4.75 | 5.05 |
| 70,001-100,000 | 5.90 | 6.30 |
| + 100,000 | 7.40 | 7.90 |

(New Rates Effective October 15, 2023)

The monthly minimum wastewater charge for all customers, with the exception of separately metered irrigation customers, per month shall be:

| | Effective 10/15/2023 Inside | Effective 10/15/2023 Outside |
|---|---|---|
| All meter sizes | $ 23.00 | $ 26.82 |

A monthly volume charge at 100% usage shall also be charged to all customers in an amount per 1,000 gallons of water used or wastewater produced:

| | Effective 10/15/2023 Inside | Effective 10/15/2024 Inside | Effective 10/15/2023 Outside | Effective 10/15/2024 Outside |
|---|---|---|---|---|
| 0-10,000 | $ 4.56 | $ 5.41 | $ 4.71 | $ 5.56 |
| 10,001-20,000 | 4.96 | 5.81 | 5.16 | 6.01 |
| 20,001-40,000 | 5.46 | 6.31 | 5.71 | 6.56 |
| 40,001-70,000 | 6.06 | 6.91 | 6.41 | 7.26 |
| 70,001-100,000 | 6.86 | 7.71 | 7.31 | 8.16 |
| 100,001 + | 7.86 | 8.71 | 8.41 | 9.26 |

(Old Rates Effective October 15, 2022)

The monthly minimum wastewater charge for all customers, with the exception of separately metered irrigation customers, per month shall be:

| Inside | Outside |
|---|---|
| $ 23.00 | $ 26.82 |

A monthly volume charge at 100% usage shall also be charged to all customers in an amount per 1,000 gallons of water used or wastewater produced:

| | Inside | Outside |
|---|---|---|
| 0-10,000 | $ 2.61 | $ 2.76 |
| 10,001-20,000 | 3.01 | 3.21 |
| 20,001-40,000 | 3.51 | 3.76 |
| 40,001-70,000 | 4.11 | 4.46 |
| 70,001-100,000 | 4.91 | 5.36 |
| 100,001 + | 5.91 | 6.46 |

(Old Rates Effective October 15, 2021)

The monthly minimum wastewater charge for all customers, with the exception of separately metered irrigation

| Inside | Outside |
|---|---|
| $ 22.00 | $ 24.72 |

A monthly volume charge at 100% usage shall also be charged to all customers in an amount per 1,000 gallons of water

| | Inside | Outside |
|---|---|---|
| 0-10,000 | $ 2.29 | $ 2.44 |
| 10,001-20,000 | 2.69 | 2.89 |
| 20,001-40,000 | 3.19 | 3.44 |
| 40,001-70,000 | 3.79 | 4.14 |
| 70,001-100,000 | 4.59 | 5.04 |
| 100,001 + | 5.59 | 6.14 |

**APPENDIX B**

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

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

## CITY OF PLEASANTON, TEXAS

The City of Pleasanton, Texas (the "City") was originally incorporated by an election held on November 25, 1916. The cities of Pleasanton and North Pleasanton were consolidated on January 2, 1962. On August 14, 1982, an election was held for the purpose of operating under a Home Rule Charter. The election carried with 173 "for" and 132 "against". The City operates under a Home Rule Charter – City Manager type of government. The City is the largest city and principal commercial center of Atascosa County.

The City is conveniently located to nearby metropolitan cities: The City is located 25 miles southeast of San Antonio; Austin, the State Capital, is 120 miles north; Houston is to the east approximately 220 miles, and south about 120 miles is Corpus Christi and the Gulf Coast.

Pleasanton offers an excellent location for business growth since it is only 25 miles from San Antonio and has two major highways (U.S. Highway 281 and IH-37) nearby. Railroad transportation is available and the municipal airport is 2 ½ miles from the park, allowing greater mobility. United Parcel Service became the first occupant of the Pleasanton Industrial Park in 1989.

Pleasanton Industrial Park is located on Eurostar Drive, just off of Hwy 281, south of Hwy 97 within the Pleasanton City limits.

**Education**

Pleasanton Independent School District covers roughly 445 square miles. The District has 5 instructional facilities which are fully accredited by the Texas Education Agency.

**Higher Education**

Colleges and Universities in surrounding areas include Texas A&M (extension), Palo Alto (an Alamo Community College District extension) and Coastal Bend College.

**Health Facilities**

South Texas Regional Medical Center (STRMC) is a member of the Texas Hospital Association. It is certified by the Department of Health, and Human Services, licensed by the Texas State Department of Health, an and is approved by the Joint Commission of Accreditation of Healthcare Organizations.

## ATASCOSA COUNTY, TEXAS

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

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

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

**Economy**

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

**Labor Force Statistics (1)**

| | 2025 (2) | 2024 (3) | 2023 (3) | 2022 (3) |
|---|---|---|---|---|
| Civilian Labor Force | 23,440 | 22,860 | 22,225 | 21,581 |
| Total Employed | 22,434 | 21,919 | 21,356 | 20,684 |
| Total Unemployed | 1,006 | 941 | 869 | 897 |
| | | | | |
| % Unemployment | 4.3% | 4.1% | 3.9% | 4.2% |
| Texas Unemployment | 4.2% | 4.1% | 4.0% | 3.9% |

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

## APPENDIX C

## FORM OF LEGAL OPINION OF BOND COUNSEL

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CANTU | HARDEN | MONTOYA LLP
A PUBLIC FINANCE LAW FIRM

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San Antonio, Texas 78209
210-890-2860
www.cantuhardenmontoya.com

**October 8, 2025**

$__________
CITY OF PLEASANTON, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2025

We have represented the City of Pleasanton, Texas (the "Issuer"), as its bond counsel in connection with an issue of certificates of obligation (the "Certificates") described as follows:

> CITY OF PLEASANTON, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025, dated September 1, 2025.
>
> The Certificates mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the Ordinance adopted by the City Council of the Issuer authorizing their issuance (the "Ordinance").

We have represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data, or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Ordinance.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Certificates. We also have analyzed such laws, regulations, guidance, documents, and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined executed Certificate No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Certificates with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Certificates.

Based on such examination and in reliance on such representations, covenants, and assumptions, it is our opinion that:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and that therefore the Certificates constitute valid and legally binding obligations of the Issuer; and

(B) A continuing ad valorem tax upon all taxable property within the City of Pleasanton, Texas, necessary to pay the interest on and principal of the Certificates, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law. In addition, the Certificates are further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City, as provided in the Ordinance.

(C) Interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Certificates is not a specific preference item for purposes of the alternative minimum tax.

The City has reserved the right to issue, for any lawful purpose at any time, Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations, while the Certificates are outstanding, without limitation thereto under law or otherwise.

The rights of the owners of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Certificates or any federal, state, or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Certificates. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Certificates could become includable in gross income for federal income tax purposes from the date of the original delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

CANTU HARDEN MONTOYA LLP

**APPENDIX D**

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

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**LEAL & CARTER, P.C.**
CERTIFIED PUBLIC ACCOUNTANTS

FRANK J. LEAL, C.P.A.
ROBERTO CARTER, C.P.A.

16011 UNIVERSITY OAK
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# Independent Auditor's Report

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

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pleasanton, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate 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.

**Basis for Opinions**

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

**Emphasis of Matter – Prior Period Adjustments**

As further discussed in Note 12 Prior Period Adjustments, prior period adjustments were necessary to correct balances from prior years. Our opinion is not modified with respect to this matter.

**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 generally accepted 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.

**Auditor's Responsibilities for the Audit of the Financial Statements (cont.)**

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

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

**Other Information (Cont.)**

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 February 4, 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 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.

Seal & Carter, P.C.

San Antonio, Texas
February 4, 2025

## Management's Discussion and Analysis

As management of the City of Pleasanton, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this discussion.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## Government-Wide Financial Statements

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

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

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities)*. The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City include a water and sewer operations.

The government-wide financial statements include only the City itself (known as the *primary government*.) The government-wide financial statements immediately follow this discussion and analysis.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds**
*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government'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 fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains various 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, Street Improvement Construction Fund, and Debt Service Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and other governmental funds. A budgetary comparison statement has been provided for the General Fund and each major governmental fund with a legally adopted budget to demonstrate compliance with the annual budget as adopted (original) and amended (final). The basic governmental fund financial statements immediately follow the government-wide financial statements.

**Proprietary Funds**
*Proprietary funds* are generally used to account for services for which the City charges customers. *Proprietary funds* provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains one type of proprietary fund: an *Enterprise fund*, which is used to report the same functions presented as business-type activities in the government-wide financial statements. The City's major Enterprise fund includes the combined Utility Fund, which accounts for the City's water and sewer operations.

The basic proprietary fund financial statements immediately follow the basic governmental fund financial statements.

**Fiduciary Funds**
*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. *Fiduciary funds* are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is like that used for proprietary funds. The City has one fiduciary fund, the Asset Forfeiture Fund. The basic fiduciary fund financial statements immediately follow the basic proprietary fund financial statements.

**Notes to the 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 to the basic financial statements immediately follow the basic fiduciary fund financial statements.

**Other Information**

In addition to the basic financial statements and the accompanying notes, this report also presents *required supplementary information* which includes information concerning the City's annual required contribution to the defined benefit pension plan and other post-employment benefit plans. Required supplementary information immediately follows the notes to the financial statements. The combining statements and schedules referred to earlier in connection with other governmental funds for non-major Special Revenue Funds and Capital Project Funds immediately follow the required supplementary information.

**Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $26.47 million (*net position*). Of this amount, $7.84 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position decreased by $5.04 million during the fiscal year. Governmental activities net position decreased $3.86 million compared to prior fiscal year's decrease of $1.42 million. Business-type activities net position decreased $1.18 million compared to prior fiscal year's decrease of $0.33 million.

- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $19.43 million.

- At the end of the current fiscal year, the total unassigned fund balance for the General Fund was $8.12 million, or approximately 32 percent of General Fund expenditures.

- The City's total bonded debt increased by $14.01 million during the current fiscal year. The increase is due to primarily to the issuance of the 2023A Combination Tax and Limited Pledge Revenue Certificates of Obligation and 2023B Combination Tax and Limited Pledge Revenue Certificates of Obligation (approximately $16.90 million) offset by the City's scheduled principal retirements.

## Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. The following table presents a summarization of the City's assets, deferred outflows, liabilities, deferred inflows, and net position for its governmental and business-type activities, with comparative data from the previous year:

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Assets** | | | | | | |
| Current and other assets | $ 20,624,292 | $ 23,539,264 | $ 14,665,520 | $ 11,408,528 | $ 35,289,812 | $ 34,947,792 |
| Capital assets, net | 42,337,452 | 32,124,584 | 17,658,773 | 15,355,267 | 59,996,225 | 47,479,851 |
| **Total assets** | 62,961,744 | 55,663,848 | 32,324,293 | 26,763,795 | 95,286,037 | 82,427,643 |
| **Deferred outflows of resources** | 2,804,635 | 2,944,213 | 1,213,711 | 1,233,623 | 4,018,346 | 4,177,836 |
| **Liabilities** | | | | | | |
| Other liabilities | 5,104,887 | 3,308,083 | 2,268,946 | 1,907,999 | 7,373,833 | 5,216,082 |
| Long-term liabilities | 38,735,993 | 29,952,296 | 22,594,908 | 15,666,865 | 61,330,901 | 45,619,161 |
| **Total liabilities** | 43,840,880 | 33,260,379 | 24,863,854 | 17,574,864 | 68,704,734 | 50,835,243 |
| **Deferred inflows of resources** | 2,977,038 | 3,197,294 | 1,149,350 | 1,295,909 | 4,126,388 | 4,493,203 |
| **Net Position** | | | | | | |
| Net investment in capital assets | 10,022,136 | 13,500,693 | 1,621,534 | 3,739,631 | 11,643,670 | 17,240,324 |
| Restricted | 6,991,096 | 1,285,695 | - | - | 6,991,096 | 1,285,695 |
| Unrestricted | 1,935,229 | 7,364,000 | 5,903,266 | 5,387,014 | 7,838,495 | 12,751,014 |
| **Total net position** | $ 18,948,461 | $ 22,150,388 | $ 7,524,800 | $ 9,126,645 | $ 26,473,261 | $ 31,277,033 |

## Net Position

Net position may serve over time as a useful indicator of a government's financial condition. In the case of the City, as of September 30, 2024, assets and deferred outflows exceeded liabilities and deferred inflows by $26.47 million. Approximately $11.64 million of the City's net position reflects its net investment in capital assets (e.g., land, buildings and improvements, infrastructure, machinery and equipment, and construction in progress; less any related outstanding debt used to acquire those assets). The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, $6.99 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $7.84 million is unrestricted net position and may be used to meet the City's ongoing obligations to citizens or creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The major components of the changes in net position are explained in more detail on the following pages.

During the fiscal year ended September 30, 2024, the net position of the City decreased by $5.04 million to $26.47 million, as summarized in the following condensed statement of activities:

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Revenues** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | $ 3,160,400 | $ 2,778,001 | $ 6,926,142 | $ 7,042,928 | $ 10,086,542 | $ 9,820,929 |
| Operating grants and contributions | 382,971 | 582,497 | - | - | 382,971 | 582,497 |
| General Revenues: | | | | | | |
| Property taxes | 4,919,928 | 4,309,137 | - | - | 4,919,928 | 4,309,137 |
| Sales taxes | 6,267,306 | 6,869,576 | - | - | 6,267,306 | 6,869,576 |
| Franchise taxes | 478,137 | 472,207 | - | - | 478,137 | 472,207 |
| Other taxes | 594,231 | 735,607 | - | - | 594,231 | 735,607 |
| Investment earnings | 457,658 | 43,045 | 298,454 | 28,854 | 756,112 | 71,899 |
| Other revenues | 248,083 | 48,988 | 2,050 | - | 250,133 | 48,988 |
| **Total revenues** | 16,508,714 | 15,839,058 | 7,226,646 | 7,071,782 | 23,735,360 | 22,910,840 |
| **Expenses** | | | | | | |
| General administration | 4,257,907 | 3,318,107 | - | - | 4,257,907 | 3,318,107 |
| Public safety | 7,156,665 | 6,141,082 | - | - | 7,156,665 | 6,141,082 |
| Public works | 4,777,204 | 3,994,639 | - | - | 4,777,204 | 3,994,639 |
| Culture and recreation | 2,904,332 | 2,340,484 | - | - | 2,904,332 | 2,340,484 |
| Economic development | 445,223 | 372,750 | - | - | 445,223 | 372,750 |
| Interest and fiscal charges | 819,799 | 704,844 | - | - | 819,799 | 704,844 |
| Water and Sewer | - | - | 8,409,968 | 7,788,651 | 8,409,968 | 7,788,651 |
| **Total expenses** | 20,361,130 | 16,871,906 | 8,409,968 | 7,788,651 | 28,771,098 | 24,660,557 |
| Increase (decrease) in net position before transfers | (3,852,416) | (1,032,848) | (1,183,322) | (716,869) | (5,035,738) | (1,749,717) |
| Transfers | (7,253) | (390,249) | 7,253 | 390,249 | - | - |
| Special item - restatement of Net Position | 657,743 | 130,421 | (425,776) | (523,579) | 231,967 | (393,158) |
| Change in net position | (3,859,669) | (1,423,097) | (1,176,069) | (326,620) | (5,035,738) | (1,749,717) |
| Net Position - beginning, as restated | 22,808,131 | 23,573,485 | 8,700,869 | 9,453,265 | 31,509,000 | 33,026,750 |
| Net Position - ending | $ 18,948,462 | $ 22,150,388 | $ 7,524,800 | $ 9,126,645 | $ 26,473,262 | $ 31,277,033 |

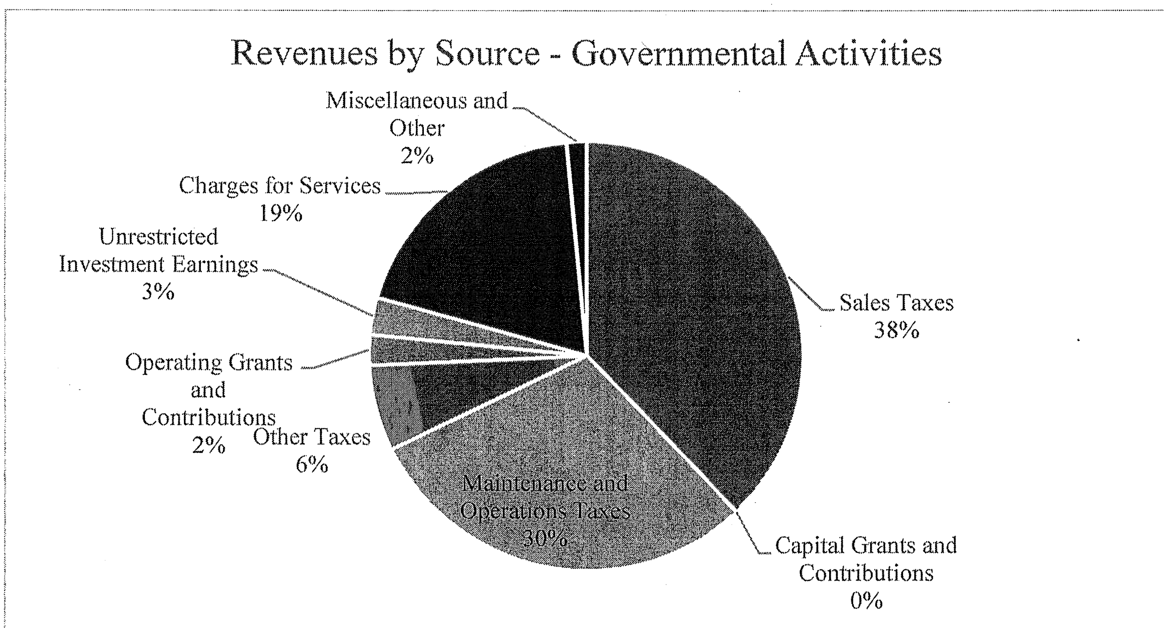
**Changes in Net Position – Governmental Activities**
Revenues related to the City's Governmental activities totaled $16.51 million for the fiscal year ended September 30, 2024, an increase of $0.67 million, or 4 percent, from the prior year. The primary causes for the overall increase were:

- Ad valorem Taxes increased by $0.61 million from the prior year as the market values of homes and commercial properties continued to increase consistent with statewide and national trends.

- Investment earnings increased by $0.41 million from the prior year percent due to more favorable market conditions and increased interest rates during the year.

- Sales tax revenues decreased by $0.60 million from the prior year as inflationary factors led to a decrease in consumer spending.

The chart below illustrates the City's governmental activities revenues by source for fiscal year 2024:



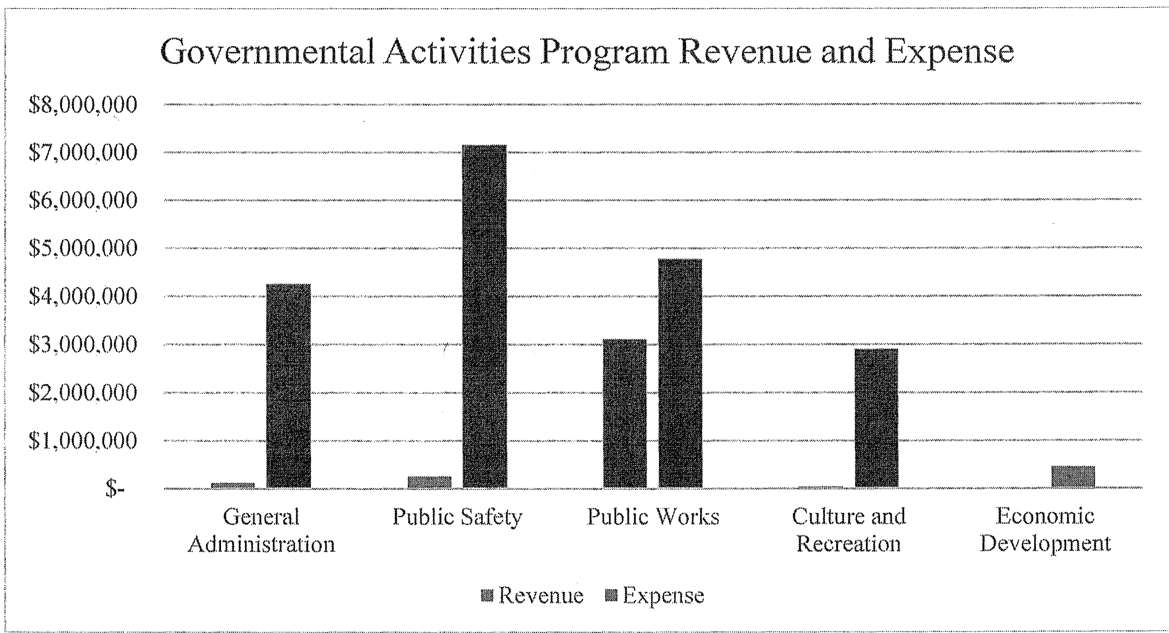
Expenses related to the City's Governmental activities totaled $20.36 million for the fiscal year ended September 30, 2024, an increase of $3.49 million, or 21 percent, from the prior year. The primary causes for the overall increase were:

- General administration expenses increased by $0.94 million due increased planning and grant writing costs related to the Main Street improvement project.

- Expenses attributable to public safety increased by $1.02 million due to increased personnel costs within the police and fire departments as well as increased operating equipment costs for radios and other routine equipment.

- Expenses for interest and fiscal charges increased by $0.11 million due to the additional bonds issued in the current fiscal year.

The following chart depicts governmental activity program revenues relative to program expenses:

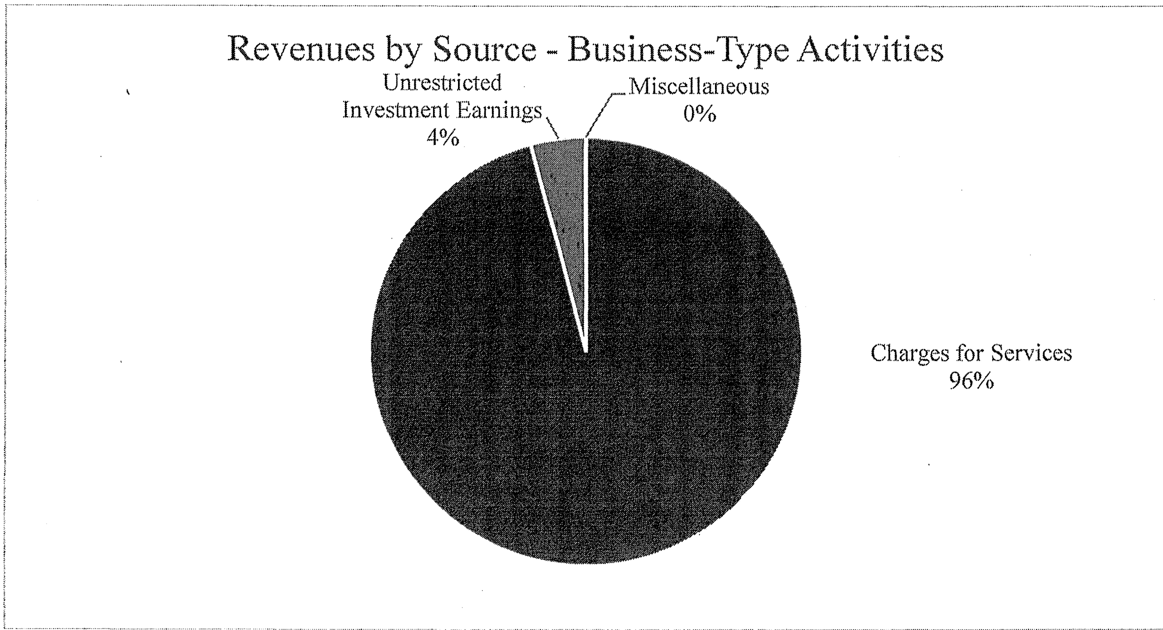



**Changes in Net Position – Business-Type Activities**

Revenues related to the City's Business-Type activities totaled $7.23 million for the fiscal year ended September 30, 2024, an increase of $0.15 million, or 2 percent, from the prior year. The primary causes for the overall increase were:

- Investment earnings increased by $0.27 million from the prior year percent due to more favorable market conditions and increased interest rates during the year.

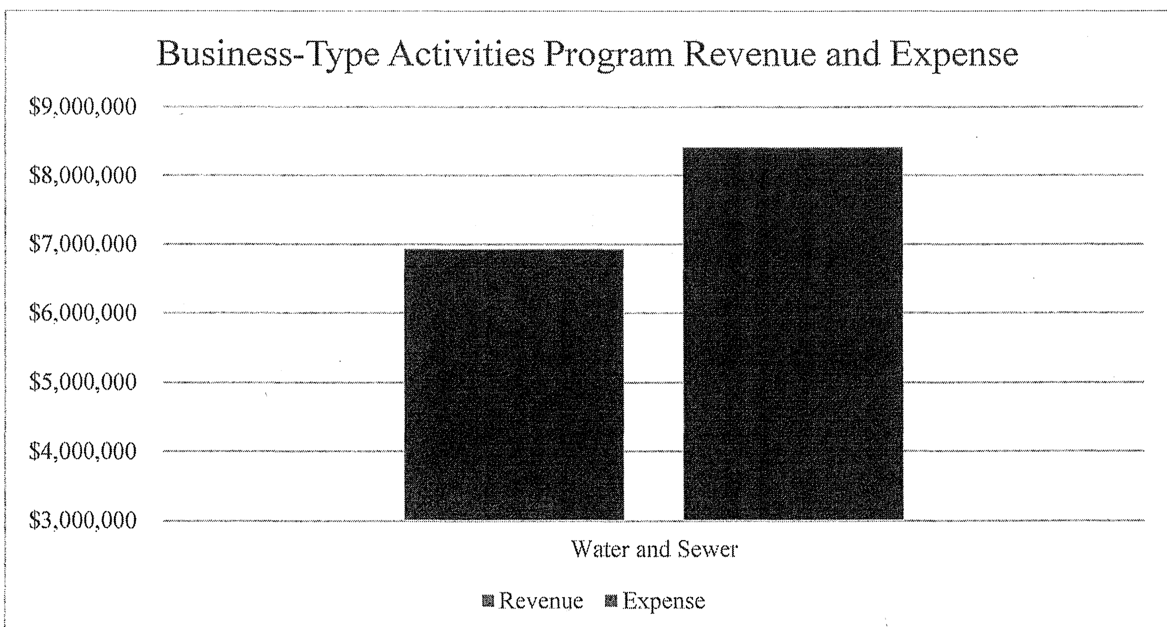
Fiscal year 2024 revenues for the City's business-type activities are presented in the following chart:




Expenses related to the City's Business-Type activities totaled $8.41 million for the fiscal year ended September 30, 2024, an increase of $0.62 million, or 8 percent, from the prior year. The primary cause for the overall increase was:

- Increased personnel costs in the utility fund as well as increased operations and maintenance costs—particularly costs related to sewer treatment—consistent with the inflationary pressures experienced throughout the year.

The following chart depicts business-type activity program revenues relative to program expenses:



## Fund Financial Analysis

As detailed above, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds***

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

As of September 30, 2024, the City's governmental funds reported combined ending fund balances of $19.43 million, an increase of $0.66 million from the prior year. Approximately 97 percent of the City's governmental funds' fund balances, or $18.86 million, constitutes assigned and unassigned fund balance, which is available for spending at the government's discretion. An additional $0.56 million is either nonspendable, committed, or restricted for purposes imposed by creditors, grantors, contributors, laws, or regulations of other governments or through enabling legislation.

### General Fund Financial Highlights

The General Fund is the chief operating fund of the City. At September 30, 2024, the fund balance of the General Fund was $8.12 million, and was fully unassigned. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 32 percent of the total General Fund expenditures.

The fund balance of the General Fund decreased by $6.79 million during the current fiscal year as the City experienced increased property tax revenues, which continued to grow as a result of higher assessed valuations, offset by increased expenditures for personnel costs and transfers to other funds as discussed in further detail below.

| | 2024 | 2023 |
|---|---|---|
| **REVENUES** | | |
| Taxes | | |
| Property | $ 2,538,108 | $ 2,291,283 |
| Sales | 6,267,306 | 6,869,576 |
| Franchise | 478,137 | 472,207 |
| Other | 41,749 | 55,741 |
| Intergovernmental | 19,759 | 242,681 |
| Licenses and permits | 223,668 | 253,348 |
| Charges for Services | 2,504,104 | 2,276,531 |
| Fines and forfeitures | 185,067 | 88,758 |
| Interest | 255,403 | 24,794 |
| Miscellaneous | 196,576 | (31,258) |
| **Total revenues** | 12,709,877 | 12,543,661 |
| | | |
| **EXPENDITURES** | | |
| Current: | | |
| General government | 3,588,167 | 2,622,541 |
| Public safety | 5,920,198 | 4,988,491 |
| Public works | 3,098,006 | 2,849,627 |
| Culture and recreation | 2,133,486 | 1,715,340 |
| Debt service: | | |
| Principal retirement | 501,573 | 890,949 |
| Interest | 24,466 | 359,101 |
| Capital outlay | 10,427,509 | 123,077 |
| **Total expenditures** | 25,693,405 | 13,549,126 |
| **Excess of revenues over expenditures** | (12,983,528) | (1,005,465) |
| | | |
| **OTHER FINANCING SOURCES (USES)** | | |
| Transfers in | 3,311,710 | 225,000 |
| Transfers out | (8,188,767) | (894,539) |
| Bond proceeds | 9,580,000 | 3,865,000 |
| Bond premium | 1,145,659 | 443,832 |
| Lease proceeds | 340,983 | 535,682 |
| **Total other financing sources (uses)** | 6,189,585 | 4,174,975 |
| | | |
| Net change in fund balance | $ (6,793,943) | $ 3,169,510 |

General Fund revenues for the fiscal year ended September 30, 2024, increased by $0.17 million, or approximately 1 percent, over the prior year. The overall increase was due to the following factors:

- Property Taxes increased by $0.25 million from the prior year as the market values of homes and commercial properties continued to increase consistent with statewide and national trends.

- Sales tax decreased by $0.60 million, or approximately 9 percent, from the prior year as factors such as inflationary pressures lead to decreased consumer spending during the year.

- Charges for services increased by $0.23 million, or 10 percent, from the prior year primarily due to increased garbage collection fees.

- Investment revenues increased $0.23 million from the prior year due to more favorable market conditions and increased interest rates during the year.

General Fund expenditures for the fiscal year ended September 30, 2024, increased by $12.14 million, or approximately 90 percent, over the prior year. The overall increase was due to the following factors:

- Capital outlay expenditures, which increased $10.40 million from the prior year. Inn conjunction with the issuance of approximately $9.58 million from the 2023B Combination Tax and Limited Pledge Revenue Certificates of Obligation, the City purchased 499.57 acres of land at the airport for $9.94 million to further develop use of the city's airport operations.

- General government expenditures increased by $2.72 million from the prior year due to bond issuance costs associated with the 2023B Combination Tax and Limited Pledge Revenue Certificates of Obligation and increased planning and grant writing expenditures related to the Main Street improvement project.

**General Fund Budgetary Highlights**

The General Fund budget and actual analysis can be found on the following page. During the year, the City's adopted General Fund expenditure budgets were amended to account for the issuance of the 2023B Combination Tax and Limited Pledge Revenue Certificates of Obligation. All amendments to original budgeted appropriations were authorized by City Council or the City Manager in compliance with the City's Home Rule Charter. Major differences between the amended budget and actual results are discussed in further detail on the following pages.

| | Budgeted Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | Positive (Negative) |
| **REVENUES** | | | | |
| Taxes | | | | |
| Property | $ 2,397,000 | $ 2,397,000 | $ 2,538,108 | $ 141,108 |
| Sales | 6,100,000 | 6,100,000 | 6,267,306 | 167,306 |
| Franchise | 450,000 | 450,000 | 478,137 | 28,137 |
| Other | 48,000 | 48,000 | 41,749 | (6,251) |
| Intergovernmental | 1,550,000 | 1,550,000 | 19,759 | (1,530,241) |
| Licenses and permits | 244,500 | 244,500 | 223,668 | (20,832) |
| Charges for services | 2,575,750 | 2,575,750 | 2,504,104 | (71,646) |
| Fines and forfeitures | 267,000 | 267,000 | 185,067 | (81,933) |
| Interest | 153,900 | 153,900 | 255,403 | 101,503 |
| Contributions and donations from private sources | 26,000 | 26,000 | 21,400 | (4,600) |
| Miscellaneous | 40,000 | 40,000 | 175,176 | 135,176 |
| **Total revenues** | 13,852,150 | 13,852,150 | 12,709,877 | (1,142,273) |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | | | | |
| City Council | 103,551 | 103,551 | 57,761 | 45,790 |
| Community development | 356,587 | 356,587 | 501,225 | (144,638) |
| Elections | 10,000 | 10,000 | 23,174 | (13,174) |
| General administration | 894,702 | 894,702 | 1,572,382 | (677,680) |
| Non-departmental | 1,640,286 | 1,640,286 | 888,540 | 751,746 |
| Planning | 165,000 | 165,000 | 555,330 | (390,330) |
| Public safety | | | | |
| Animal control | 257,864 | 257,864 | 290,192 | (32,328) |
| EMS | 7,000 | 7,000 | 7,790 | (790) |
| Fire department | 1,792,475 | 1,792,475 | 1,607,734 | 184,741 |
| Municipal court | 304,206 | 304,206 | 280,655 | 23,551 |
| Police | 3,695,141 | 3,695,141 | 3,733,827 | (38,686) |
| Public works | | | | |
| Sanitation | 1,400,000 | 1,400,000 | 1,819,954 | (419,954) |
| Streets | 1,268,608 | 1,268,608 | 1,278,052 | (9,444) |
| Culture and recreation | | | | |
| Civic center | 241,017 | 241,017 | 341,454 | (100,437) |
| Library | 358,462 | 358,462 | 359,726 | (1,264) |
| Museum | 225,304 | 225,304 | 184,278 | 41,026 |
| Parks | 988,011 | 988,011 | 1,092,235 | (104,224) |
| Pool | 115,240 | 115,240 | 155,793 | (40,553) |
| Debt service: | | | | |
| Principal retirement | - | - | 501,573 | (501,573) |
| Interest | - | - | 24,466 | (24,466) |
| Capital outlay | 9,941,362 | 9,941,362 | 10,417,264 | (475,902) |
| **Total expenditures** | 23,764,816 | 23,764,816 | 25,693,405 | (1,928,589) |
| **Excess (deficiency) of revenues over expenditures** | (9,912,666) | (9,912,666) | (12,983,528) | (3,070,862) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 225,000 | 225,000 | 3,311,710 | 3,086,710 |
| Transfers out | (982,278) | (982,278) | (8,188,767) | 7,206,489 |
| Bond proceeds | - | 9,580,000 | 9,580,000 | - |
| Bond premium | - | 1,145,659 | 1,145,659 | - |
| Inception of lease | - | - | 340,983 | 340,983 |
| **Total other financing sources (uses)** | (757,278) | 9,968,381 | 6,189,585 | 10,634,182 |
| **CHANGE IN FUND BALANCE** | $ (10,669,944) | $ 55,715 | (6,793,943) | $ 7,563,320 |
| **FUND BALANCE** | | | | |
| Beginning of year | | | 17,308,747 | |
| Prior period adjustment | | | (2,392,207) | |
| Beginning of year, as restated | | | 14,916,540 | |
| End of year | | | $ 8,122,597 | |

Revenues, including transfers in, were $1.95 million, or 14 percent, higher than budgetary estimates as a result of the following:

- Intergovernmental revenues were $1.53 million less than budgetary estimates as a result of the EDA grant expected to be received in fiscal year 2024 being delayed.

- Transfers in were $3.09 million more than budgetary estimates due to additional transfers from other funds related to the proceeds of the 2023B Combination Tax and Limited Pledge Revenue Certificates of Obligation.

Expenditures, including transfers out, were $9.14 million, or 37 percent, higher than budgetary estimates as a result of the following:

- Transfers out were $7.20 million million more than budgetary estimates due to additional transfers to other funds related to the proceeds of the 2023B Combination Tax and Limited Pledge Revenue Certificates of Obligation.

- Debt service expenditures on lease and subscription obligations and capital outlays related to the inception of new leases exceeded budgetary estimates by $0.53 million and $0.48 million, respectively, as a result of continued activity under GASB Statement No. 87 *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* in the current year.

**Other Major Governmental Fund Financial Highlights**

The *Street Improvement Construction Fund* is used for all financial resources that are accumulated for street improvements. Current year revenues (including transfers) totaled $0.86 million and current year expenditures totaled $0.98 million, resulting in a decrease in fund balance of $0.12 million for the current year. At September 30, 2024, the fund balance was $2.11 million, all of which was restricted for future street construction and improvements.

The *Debt Service Fund* is used for all financial resources that are restricted, committed, or assigned for the payment of principal and interest of long-term obligations of the City's governmental funds. Current year revenues totaled $2.30 million and current year expenditures totaled $2.64 million, resulting in a decrease in fund balance of $0.34 million for the current year. At September 30, 2024, the fund balance was $0.16 million, all of which was restricted for future principal and interest payments on the City's long-term debt obligations.

## Proprietary Funds

As of September 30, 2024, the City's proprietary fund reported total ending net position of $7.52 million, a decrease of $1.61 million from the prior year including a $0.43 million prior period adjustment, as increased revenues were outpaced by rising personnel and maintenance costs. Further details on the operating results for the fund are discussed below. At September 30, 2024, approximately 22 percent of the City's proprietary fund's fund balance, or $1.62 million, represents the funds' net investment in capital assets.

## Major Fund Financial Highlights

The *Utility Fund* is used to account for the activities necessary to provide water and sewer services to the residents of the City within the City's service territory. These activities include administration, billing and collections, distribution system operations and maintenance, transmission system operations and maintenance, new construction, and financing and related debt services. As of September 30, 2024, total net position was $7.52 million, a decrease of $1.18 million from the prior year before a prior period adjustment of $0.43 million. The overall decrease was due primarily to increased personnel costs associated with the increase in the Utility fund's share of the City's net pension liability and OPEB liabilities during the year in addition to higher-than-expected maintenance and repair costs on the utility distribution system throughout the year.

## Capital Assets

Capital assets, including the infrastructure of the City, are those assets that are used in the performance of the City's functions. At September 30, 2024, capital assets totaled $42.34 million for governmental activities and $17.66 million for business-type activities, net of accumulated depreciation on capital assets, which is recognized in the government-wide financial statements. The City's capital assets include land, buildings and improvements, machinery and equipment, the utility distribution system, and construction in progress. The net increase from the prior fiscal year in the City's capital assets was approximately $12.52 million, or 26 percent.

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | $ 12,560,318 | $ 2,618,956 | $ 331,483 | $ 331,483 | $ 12,891,801 | $ 2,950,439 |
| Construction in progress | - | 1,744,943 | - | 1,951,798 | - | 3,696,741 |
| Buildings and improvements | 14,266,971 | 13,194,028 | 375,042 | 399,923 | 14,642,013 | 13,593,951 |
| Machinery and equipment | 1,756,582 | 1,690,456 | 477,448 | 163,250 | 2,234,030 | 1,853,706 |
| Infrastructure | 12,015,336 | 11,229,694 | - | - | 12,015,336 | 11,229,694 |
| Intangible | 3,695 | 7,764 | - | - | 3,695 | 7,764 |
| Distribution system | - | - | 16,339,895 | 12,384,869 | 16,339,895 | 12,384,869 |
| Leased vehicles and equipment | 1,726,267 | 1,622,175 | 134,905 | 123,944 | 1,861,172 | 1,746,119 |
| Subscription assets | 8,284 | 16,568 | - | - | 8,284 | 16,568 |
| **Total capital assets, net** | $ 42,337,453 | $ 32,124,584 | $ 17,658,773 | $ 15,355,267 | $ 59,996,226 | $ 47,479,851 |

Major capital asset transactions during the current fiscal year included the following:

- $9.94 million for the purchase of 499.57 acres of land to further develop use of the city's airport operations.
- Completed street and park infrastructure projects totaling $1.52 million.
- The construction of water mains and various distribution system machinery and equipment totaling $1.69 million and $0.39 million, respectively, in the Utility fund.

Additional information on the City's capital assets can be found under Note 4 in the Notes to the Financial Statements.

## Long-Term Liabilities

As of September 30, 2024, the City had $46.93 million in long-term debt outstanding. Of the total debt, approximately $28.30 million is backed by the full faith and credit of the government while $18.63 million is secured solely by specified revenue sources within the City's business-type activities (utility system). During the current year, total long-term debt increased by $14.01 million due primarily to the issuance of the 2023A and 2023B Certificates of Obligation (approximately $16.90 million) offset by the annual debt service payments on the remaining debt.

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| General obligation bonds | $ 28,305,000 | $ 20,540,000 | $ - | $ - | $ 28,305,000 | $ 20,540,000 |
| Revenue bonds | - | - | 18,625,000 | 12,375,000 | 18,625,000 | 12,375,000 |
| **Total long-term debt** | $ 28,305,000 | $ 20,540,000 | $ 18,625,000 | $ 12,375,000 | $ 46,930,000 | $ 32,915,000 |

Additional information on the City's long-term liabilities can be found under Notes 5 thru7 in the Notes to the
Financial Statements.

## Economic Factors and Next Year's Budget and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2025 budget appropriation, tax rates, and fees that will be charged for the City's governmental and business-type activities. The City continues to prioritize exceptional customer services through the ongoing implementation and execution of the Master Plan 2025, which is poised to bring transformative changes and improvements to the community.

As a result, the fiscal year 2025 budget strikes a balance between fiscal responsibility and strategic investment, ensuring the continued financial stability of the City while supporting the implementation of the Master Plan 2025 and Strategic Guide. The budget was developed using a citizen-centric approach that prioritized essential services that drive stability and growth to address the needs of the community. Leveraging the City's strong financial position, the fiscal year 23025 budget enables the City to pursue innovative initiatives that enhance quality of life and align with the citizens' shared vision for a better community.

The fiscal year 2025 budget was prepared using an ad valorem tax rate of 51.56 cents per $100 assessed valuation, comprised of a debt service rate of approximately 24.21 cents and an operations and maintenance rate of approximately 27.35 cents. The overall tax rate remained the same as the last three fiscal years.

For the utility funds, revenues were expected to increase slightly as a result of minor rate increases as well as moderate growth in new connections.

Additional details regarding the City's budget and its overall Fiscal Year 2024-25 Adopted Budget can be found on the City's website. Questions or requests for information regarding the Adopted Budget should be directed to the Finance Department.

## Requests for Information

This financial report is designed to provide a general overview of the City of Pleasanton's finances for all those with an interest in the government's finances and to show the City's accountability for the financial resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Pleasanton, Finance Director, 108 Second Street, Pleasanton, Texas 78064.

CITY OF PLEASANTON
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business - Type Activities | Total |
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ 17,527,501 | $ 14,974,692 | $ 32,502,193 |
| Taxes Receivable, Net | 666,834 | - | 666,834 |
| Accounts Receivable, Net | 1,320,547 | 604,013 | 1,924,560 |
| Special Assessments Receivable, Net | 72,186 | - | 72,186 |
| Due from Other Funds | 995,476 | (995,476) | - |
| Due from Others | 1,227 | - | 1,227 |
| Inventories | 20,069 | 60,689 | 80,758 |
| Prepaid Items | 20,452 | 21,602 | 42,054 |
| Capital Assets: | | | |
| Capital Assets, Net | 40,602,901 | 17,523,868 | 58,126,769 |
| Right-to-Use Lease Assets | 1,726,267 | 134,905 | 1,861,172 |
| SBITA Assets | 8,284 | - | 8,284 |
| Total Assets | 62,961,744 | 32,324,293 | 95,286,037 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred Charge for Refunding | - | 36,250 | 36,250 |
| Deferred Outflow Related to Pension Plan | 1,174,179 | 536,454 | 1,710,633 |
| Deferred Outflow Related to OPEB | 1,630,456 | 641,007 | 2,271,463 |
| Total Deferred Outflows of Resources | 2,804,635 | 1,213,711 | 4,018,346 |
| **LIABILITIES** | | | |
| Accounts Payable | 330,008 | 36,330 | 366,338 |
| Wages and Salaries Payable | 61,420 | 40,170 | 101,590 |
| Compensated Absences Payable | 388,384 | 165,072 | 553,456 |
| Claims and Judgments Payable | - | 3,124 | 3,124 |
| Due to Others | 1,800,000 | - | 1,800,000 |
| Accrued Interest Payable | 96,954 | 57,322 | 154,276 |
| Bonds Payable - Current | 1,658,600 | 1,236,400 | 2,895,000 |
| Leases Payable - Current | 721,634 | 42,851 | 764,485 |
| SBITAs Payable - Current | 8,715 | - | 8,715 |
| Other Current Liabilities | 39,172 | 25,267 | 64,439 |
| Customer Deposits Payable | - | 662,410 | 662,410 |
| Noncurrent Liabilities: | | | |
| Due in More Than One Year: | | | |
| Bonds Payable - Noncurrent | 29,107,747 | 18,795,902 | 47,903,649 |
| Leases Payable - Noncurrent | 808,259 | 92,730 | 900,989 |
| Net Pension Liability | 3,746,004 | 1,711,461 | 5,457,465 |
| Net OPEB Liability | 5,073,983 | 1,994,815 | 7,068,798 |
| Total Liabilities | 43,840,880 | 24,863,854 | 68,704,734 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred Inflow Related to Pension Plan | 233,025 | 106,464 | 339,489 |
| Deferred Inflow Related to OPEB | 2,652,667 | 1,042,886 | 3,695,553 |
| Deferred Resource Inflow Municipal Court | 72,187 | - | 72,187 |
| Deferred Gain on refunding | 19,159 | - | 19,159 |
| Total Deferred Inflows of Resources | 2,977,038 | 1,149,350 | 4,126,388 |
| **NET POSITION** | | | |
| Net Investment in Capital Assets & Lease Assets | 10,022,136 | 1,621,534 | 11,643,670 |
| Restricted for Other Purposes | 6,991,096 | - | 6,991,096 |
| Unrestricted | 1,935,229 | 5,903,266 | 7,838,495 |
| Total Net Position | $ 18,948,461 | $ 7,524,800 | $ 26,473,261 |

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

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

| | | Program Revenues | |
|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions |
| **Primary Government:** | | | |
| GOVERNMENTAL ACTIVITIES: | | | |
| General Government | $ 4,257,907 | $ 98,414 | $ 21,400 |
| Public Safety | 7,156,665 | 255,454 | - |
| Public Works | 4,777,204 | 2,750,615 | 361,571 |
| Culture and Recreation | 2,904,332 | 35,787 | - |
| Economic Development and Assistance | 445,223 | 20,130 | - |
| Debt Service | 819,799 | - | - |
| Total Governmental Activities | 20,361,130 | 3,160,400 | 382,971 |
| BUSINESS-TYPE ACTIVITIES: | | | |
| Utility Fund | 8,409,968 | 6,926,142 | - |
| Total Business-Type Activities | 8,409,968 | 6,926,142 | - |
| TOTAL PRIMARY GOVERNMENT | $ 28,771,098 | $ 10,086,542 | $ 382,971 |

General Revenues:
Taxes:
Property Taxes, Levied for General Purposes
General Sales and Use Taxes
Other Taxes
Franchise Tax
Other Taxes
Miscellaneous Revenue
Investment Earnings
Transfers In (Out)
Total General Revenues and Transfers

Change in Net Position
Net Position - Beginning
Prior Period Adjustment
Net Position - Ending

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

| Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| $ (4,138,093) | $ - | $ (4,138,093) |
| (6,901,211) | - | (6,901,211) |
| (1,665,018) | - | (1,665,018) |
| (2,868,545) | - | (2,868,545) |
| (425,093) | - | (425,093) |
| (819,799) | - | (819,799) |
| (16,817,759) | - | (16,817,759) |
| - | (1,483,826) | (1,483,826) |
| - | (1,483,826) | (1,483,826) |
| (16,817,759) | (1,483,826) | (18,301,585) |
| 4,919,928 | - | 4,919,928 |
| 6,267,306 | - | 6,267,306 |
| 552,482 | - | 552,482 |
| 478,137 | - | 478,137 |
| 41,749 | - | 41,749 |
| 248,083 | 300,504 | 548,587 |
| 457,658 | - | 457,658 |
| (7,253) | 7,253 | - |
| 12,958,090 | 307,757 | 13,265,847 |
| (3,859,669) | (1,176,069) | (5,035,738) |
| 22,150,387 | 9,126,645 | 31,277,032 |
| 657,743 | (425,776) | 231,967 |
| $ 18,948,461 | $ 7,524,800 | $ 26,473,261 |

CITY OF PLEASANTON
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

| | General Fund | Street Improvement Fund | Debt Service Fund |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ 8,338,048 | $ 1,912,436 | $ 332,257 |
| Taxes Receivable | 405,307 | - | 326,138 |
| Allowance for Uncollectible Taxes (credit) | (64,611) | - | - |
| Accounts Receivable, Net | 1,205,054 | - | - |
| Due from Other Funds | 1,253,463 | 202,412 | 36,887 |
| Due from Others | 1,227 | - | - |
| Inventories | - | - | - |
| Prepaid Items | 20,452 | - | - |
| Total Assets | $ 11,158,940 | $ 2,114,848 | $ 695,282 |
| **LIABILITIES** | | | |
| Accounts Payable | $ 329,707 | $ - | $ - |
| Wages and Salaries Payable | 61,420 | - | - |
| Due to Other Funds | 2,218,933 | 587 | 222,984 |
| Other Current Liabilities | 39,172 | - | - |
| Total Liabilities | 2,649,232 | 587 | 222,984 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable Revenue - Property Taxes | 387,111 | - | 308,978 |
| Total Deferred Inflows of Resources | 387,111 | - | 308,978 |
| **FUND BALANCES** | | | |
| Other Committed Fund Balance | - | - | - |
| Other Assigned Fund Balance | - | 2,114,261 | 163,320 |
| Unassigned Fund Balance | 8,122,597 | - | - |
| Total Fund Balances | 8,122,597 | 2,114,261 | 163,320 |
| Total Liabilities, Deferred Inflows & Fund Balances | $ 11,158,940 | $ 2,114,848 | $ 695,282 |

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

| Other Funds | Total Governmental Funds |
|---|---|
| $ 6,944,760 | $ 17,527,501 |
| - | 731,445 |
| - | (64,611) |
| 115,493 | 1,320,547 |
| 2,005,606 | 3,498,368 |
| - | 1,227 |
| 20,069 | 20,069 |
| - | 20,452 |
| $ 9,085,928 | $ 23,054,998 |
| | |
| $ 301 | $ 330,008 |
| - | 61,420 |
| 60,389 | 2,502,893 |
| - | 39,172 |
| 60,690 | 2,933,493 |
| | |
| - | 696,089 |
| - | 696,089 |
| | |
| 562,955 | 562,955 |
| 4,150,560 | 6,428,141 |
| 4,311,723 | 12,434,320 |
| 9,025,238 | 19,425,416 |
| $ 9,085,928 | $ 23,054,998 |

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

| | | |
|---|---|---|
| **Total Fund Balances - Governmental Funds** | $ | 19,425,416 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position. | | 8,046,154 |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements,but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2024 capital outlays and debt principal payments is to increase (decrease) net position. | | 4,110,771 |
| Per the implementation of GASB 68 & 75 for the TMRS & CAP Risk Pension plans, this fiscal year required that the City report their net pension & OPEB liabilities in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of $3,746,004, net OPEB liability of $5,073,983, Deferred Resource Outflows of $2,811,722 and Deferred Resource Inflows of $2,892,778. The net effect of these was to decrease the ending net position by $8,901,043. | | (8,901,044) |
| The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. | | (2,628,925) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position. | | (1,103,911) |
| **Net Position of Governmental Activities** | $ | 18,948,461 |

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

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

| | General Fund | Street Improvement Fund | Debt Service Fund |
|---|---|---|---|
| REVENUES: | | | |
| Taxes: | | | |
| Property Taxes | $ 2,538,108 | $ - | $ 2,275,373 |
| General Sales and Use Taxes | 6,267,306 | - | - |
| Other Taxes | - | - | - |
| Franchise Tax | 478,137 | - | - |
| Other Taxes | 41,749 | - | - |
| Licenses and Permits | 223,668 | - | - |
| Intergovernmental Revenue and Grants | 19,759 | - | - |
| Charges for Services | 2,504,104 | - | - |
| Fines | 185,067 | - | - |
| Forfeits | - | - | - |
| Investment Earnings | 255,403 | 46,667 | 21,324 |
| Contributions & Donations from Private Sources | 21,400 | - | - |
| Other Revenue | 175,176 | - | - |
| Total Revenues | 12,709,877 | 46,667 | 2,296,697 |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | 3,588,167 | - | - |
| Public Safety | 5,920,198 | - | - |
| Public Works | 3,098,006 | 410,464 | - |
| Culture and Recreation | 2,133,486 | - | - |
| Parks: | | | |
| Economic Development and Assistance | - | - | - |
| Debt Service: | | | |
| Debt Service | - | - | 1,597 |
| Principal on Debt | 501,573 | - | 1,655,000 |
| Interest on Debt | 24,466 | - | 980,631 |
| Capital Outlay: | | | |
| Capital Outlay | 10,427,509 | 568,493 | - |
| Total Expenditures | 25,693,405 | 978,957 | 2,637,228 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (12,983,528) | (932,290) | (340,531) |
| OTHER FINANCING SOURCES (USES): | | | |
| Issuance of Bonds | 9,580,000 | - | - |
| Inception of Lease | 340,983 | - | - |
| Transfers In | 3,311,710 | 810,365 | - |
| Premium or Discount on Issuance of Bonds | 1,145,659 | - | - |
| Other Resources | - | - | - |
| Transfers Out | (8,188,767) | - | - |
| Total Other Financing Sources (Uses) | 6,189,585 | 810,365 | - |
| Net Change in Fund Balances | (6,793,943) | (121,925) | (340,531) |
| Fund Balance - October 1 (Beginning) | 17,308,747 | 4,740,778 | 761,401 |
| Prior Period Adjustment | (2,392,207) | (2,504,592) | (257,550) |
| Fund Balance - September 30 (Ending) | $ 8,122,597 | $ 2,114,261 | $ 163,320 |

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

| Other Funds | Total Governmental Funds |
|---|---|
| $ - | $ 4,813,481 |
| - | 6,267,306 |
| 552,482 | 552,482 |
| - | 478,137 |
| - | 41,749 |
| - | 223,668 |
| 341,812 | 361,571 |
| 246,511 | 2,750,615 |
| - | 185,067 |
| 1,050 | 1,050 |
| 134,264 | 457,658 |
| - | 21,400 |
| 72,907 | 248,083 |
| 1,349,026 | 16,402,267 |
| | |
| 297,750 | 3,885,917 |
| 636,642 | 6,556,840 |
| 559,296 | 4,067,766 |
| 315,205 | 2,448,691 |
| 410,594 | 410,594 |
| 400 | 1,997 |
| 439,056 | 2,595,629 |
| 99,389 | 1,104,486 |
| 1,250,103 | 12,246,105 |
| 4,008,435 | 33,318,025 |
| (2,659,409) | (16,915,758) |
| | |
| - | 9,580,000 |
| 496,435 | 837,418 |
| 4,543,977 | 8,666,052 |
| - | 1,145,659 |
| 1,800,000 | 1,800,000 |
| (484,538) | (8,673,305) |
| 6,355,874 | 13,355,824 |
| 3,696,465 | (3,559,934) |
| (483,319) | 22,327,607 |
| 5,812,092 | 657,743 |
| $ 9,025,238 | $ 19,425,416 |

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

| | | |
|---|---|---|
| **Total Net Change in Fund Balances - Governmental Funds** | $ | (3,559,934) |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2024 capital outlays and debt principal payments is to increase (decrease) the change in net position. | | 4,110,771 |
| The entries required by GASB 68 & 75 resulted in adjustments to the Statement of Net Position and the Statement of Activities.For Fiscal Year 2024, the total impact to the change in net position for GASB 68 &75was an decrease of $88,028. | | (88,028) |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position. | | (2,628,925) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position. | | (1,693,553) |
| **Change in Net Position of Governmental Activities** | $ | (3,859,669) |

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

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

| | Business Type Activities |
|---|---|
| | Utility Fund |
| **ASSETS** | |
| Current Assets: | |
| Cash and Cash Equivalents | $ 14,974,692 |
| Accounts Receivable, Net | 604,013 |
| Due from Other Funds | 169,109 |
| Inventories | 60,689 |
| Prepaid Items | 21,602 |
| Total Current Assets | 15,830,105 |
| Noncurrent Assets: | |
| Capital Assets: | |
| Capital Assets, net | 17,523,868 |
| Right-to-Use Lease Assets, net | 134,905 |
| Total Noncurrent Assets | 17,658,773 |
| Total Assets | 33,488,878 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred Charge for Refunding | 36,250 |
| Deferred Outflow Related to Pension Plan | 536,454 |
| Deferred Outflow Related to OPEB | 641,007 |
| Total Deferred Outflows of Resources | 1,213,711 |
| **LIABILITIES** | |
| Current Liabilities: | |
| Accounts Payable | 36,330 |
| Wages and Salaries Payable | 40,170 |
| Compensated Absences Payable | 165,072 |
| Claims and Judgments Payable | 3,124 |
| Due to Other Funds | 1,164,585 |
| Accrued Interest Payable | 57,322 |
| Bonds Payable - Current | 1,236,400 |
| Leases Payable - Current | 42,851 |
| Other Current Liabilities | 25,267 |
| Customer Deposits Payable | 662,410 |
| Total Current Liabilities | 3,433,531 |
| Noncurrent Liabilities: | |
| Bonds Payable - Noncurrent | 18,795,902 |
| Leases Payable - Noncurrent | 92,730 |
| Net Pension Liability | 1,711,461 |
| Net OPEB Liability | 1,994,815 |
| Total Noncurrent Liabilities | 22,594,908 |
| Total Liabilities | 26,028,439 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred Inflow Related to Pension Plan | 106,464 |
| Deferred Inflow Related to OPEB | 1,042,886 |
| Total Deferred Inflows of Resources | 1,149,350 |
| **NET POSITION** | |
| Net Investment in Capital Assets & Lease Assets | 1,621,534 |
| Unrestricted | 5,903,266 |
| Total Net Position | $ 7,524,800 |

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

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

| | Business-Type Activities |
|---|---|
| | Utility Fund |
| OPERATING REVENUES: | |
| Charges for Services | $ 6,926,142 |
| Investment Earnings | 298,454 |
| Other Revenue | 2,050 |
| Total Operating Revenues | 7,226,646 |
| OPERATING EXPENSES: | |
| Personnel Services - Salaries and Wages | 2,810,764 |
| Personnel Services - Employee Benefits | 853,930 |
| Purchased Professional & Technical Services | 352,355 |
| Other Operating Costs | 1,775,291 |
| Supplies | 113,761 |
| Depreciation | 1,804,982 |
| Debt Service | 511,221 |
| Total Operating Expenses | 8,222,304 |
| Operating Income (Loss) | (995,658) |
| NONOPERATING REVENUES (EXPENSES): | |
| Bond Issuance Cost | (187,664) |
| Total NonOperating Revenue (Expenses) | (187,664) |
| Income (Loss) Before Transfers | (1,183,322) |
| Nonoperating Transfers In | 7,515,121 |
| Transfers Out | (7,507,868) |
| Change in Net Position | (1,176,069) |
| Total Net Position - October 1 (Beginning) | 9,126,645 |
| Prior Period Adjustment | (425,776) |
| Total Net Position - September 30 (Ending) | $ 7,524,800 |

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

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

| | | Business-Type Activities |
|---|---|---|
| | | Utility Fund |
| Cash Flows from Operating Activities: | | |
| Cash Received from User Charges | $ | 6,913,120 |
| Cash Payments to Employees for Services | | (3,530,154) |
| Cash Payments for Other Operating Expenses | | (2,015,198) |
| Net Cash Provided by Operating Activities | | 1,367,768 |
| Cash Flows from Non-Capital Financing Activities: | | |
| Operating Transfers In | | 7,515,121 |
| Operating Transfer Out | | (7,507,868) |
| Net Cash Provided by Non-Capital Financing Activities | | 7,253 |
| Cash Flows from Capital and Related Financing Activities: | | |
| Acquisition of Capital Assets | | (3,964,014) |
| Debt Proceeds | | 8,272,183 |
| Principal Payment of Debt | | (1,144,826) |
| Interest Paid on Debt | | (511,221) |
| Bond Issuance Costs | | (187,664) |
| Net Cash Provided by Capital and Related Financing Activities | | 2,464,458 |
| Cash Flows from Investing Activities: | | |
| Interest and Dividends on Investments | | 298,454 |
| Net Increase in Cash and Cash Equivalents | | 4,137,933 |
| Cash and Cash Equivalents at Beginning of Year | | 11,262,535 |
| Prior Period Adjustment | | (425,776) |
| Cash and Cash Equivalents at End of Year | $ | 14,974,692 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Operating Income (Loss) | $ | (995,658) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Depreciation | | 1,804,982 |
| Pension Expense | | 105,575 |
| Effect of Increases and Decreases in Current Assets and Liabilities: | | |
| Decrease (Increase) in Receivables | | (343,986) |
| Decrease (Increase) in Inventories | | (16,454) |
| Decrease (Increase) in Prepaid Expenses | | 23,967 |
| Increase (Decrease) in Accounts Payable | | (54,658) |
| Increase (Decrease) in Payroll Deductions | | 21,692 |
| Increase (Decrease) in Compensated Absences | | 7,273 |
| Increase (Decrease) in Meter Deposits | | 19,823 |
| Increase (Decrease) in Claims Payable | | 3,124 |
| Increase (Decrease) in Due To/ From | | 791,638 |
| Incease/(Decrease) in Other Payables | | 450 |
| Net Cash Provided by Operating Activities | $ | 1,367,768 |

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

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pleasanton, Texas (the City) was incorporated by an election. The City operates under a General Law type of government. The City's major activities or programs include: general government; public safety; public transportation; public health; public recreation and culture; public facilities; legal; election functions; and general administrative services. These activities are included in the accompanying financial statements.

The City of Pleasanton's charter requires an annual audit by an independent certified public accountant. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB).

As a local government, the City is not subject to federal income taxes, under the Internal Revenue Code Section 115. Furthermore, it is not subject to state sales tax.

### a - Reporting Entity

The accounts of the City are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and how spending activities are controlled.

These financial statements present the City's primary government, its component units, and other entities for which the City is considered financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations; therefore, data from these units are combined with data of the City.

Blended Component Unit – Following is the City's blended component unit

| *Blended Component Unit* | *Brief Description of Activities, Relationship to City, and Key Inclusion Criteria* |
|---|---|
| Pleasanton Housing Finance Corporation (PHFC) | PHFC was created in 2023 as a public, nonprofit corporation and instrumentality of the City under the provisions of the Texas Housing Finance Corporation Act, Chapter 394, and the Texas Local Government Code. The mission of the PHFC is to generate and implement strategic housing solutions for the benefit of low and moderate- income residents of the City. PHFC is governed by a board composed of the City Council. In addition, City management has operational responsibilities for this component unit.<br><br>Reporting Fund: Pleasanton Housing Finance Corporation fund, a nonmajor special revenue fund |

### b - Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all governmental and business-type activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### b - Government-Wide and Fund Financial Statements, continued

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, those transactions between governmental and business-type activities have not been eliminated. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

The accounts of the City are organized on the basis of funds. The fund-level statements focus on the governmental, and proprietary. Each fund was established to account for specific activities in accordance with applicable regulations, restrictions, or limitations. Major funds are determined by criteria specified by GAAP. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other funds are aggregated into nonmajor governmental, or nonmajor enterprise. A reconciliation of the fund financial statements to the government-wide statements is provided in the financial statements to explain the differences between the two different reporting approaches.

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met.

### c - Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets (the City's deferred outflows of resources and deferred inflows of resources are noncurrent). The statement of revenues, expenditures and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e. both measurable and available). Revenues, other than grants, are considered available when they are collectible within the current period or soon enough thereafter to liquidate liabilities of the current period (defined by the City as collected within 60 days of the end of the fiscal year). Revenues billed under a contractual agreement with another governmental entity, including federal and state grants, are recognized when billed or when all eligibility requirements of the provider have been met, and they are considered to be available if expected to be collected within one year. Expenditures generally are recorded when incurred. However, expenditures related to compensated absences and arbitrage are recorded when payment is due. Debt service expenditures are recognized when payment is due. The reported fund balance of governmental funds is considered a measure of available spendable resources.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### c - Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Property taxes, sales taxes, franchise taxes, hotel occupancy taxes, vehicle rental taxes, municipal court fines, public health charges, emergency medical service charges, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, to the extent they are considered available, have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available in the fiscal period the City receives cash.

Governmental fund financial statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

Governmental Funds: Consist of the general fund, special revenue funds, debt service funds and capital projects funds.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for monies used to pay the general obligation debt.

The *street improvement construction fund* accounts for monies used to pay for the maintenance and improvement of City streets.

The *park improvement construction fund* accounts for monies used to pay for the park improvement.

Proprietary fund financial statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows for each major proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### c - Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Proprietary fund financial statements (continued)

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 utility fund (water and sewer) are charges to customers for sales and services. Operating expenses for enterprise funds 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major proprietary funds:

The *utility fund* accounts for the activities of the water distribution system, the sewer and sewage treatment plant, sewage pumping stations and collection systems.

### d - Budget

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control is the fund; whereby budgeted expenditures may not exceed budgeted revenues plus beginning unrestricted equity.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

For the year ended September 30, 2024, actual expenditures exceed budgeted expenditures for any general fund by $12,983,528 due to increased construction costs in Fiscal Year 2024.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e - Financial Statement Elements

Cash and Cash Equivalents

The City's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the City are reported at fair value. The State's Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as fair value of the pool shares.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

Deposits and Investments

Investments can be reported at either fair value or amortized cost. Realized gains or losses resulting from the sale of investments are determined by the specific cost of the securities sold.

Accounts Receivables and payables

Balances of accounts receivable, reported on the government-wide statement of net position, are aggregations of different components such as charges for services, fines, and balances due from taxpayers or other governments. To assist the reader, the following information has been provided regarding significant components of receivable balances as of September 30, 2024.

| Receivables | General Fund | Street Improvement Fund | Debt Service Fund | Other Governmental Funds | Water | Total |
|---|---|---|---|---|---|---|
| Taxes | $ 405,307 | $ - | $ 326,138 | $ - | $ - | $ 731,445 |
| Accounts | 1,205,054 | - | - | 115,493 | 790,283 | 2,110,830 |
| Intergovernmental | - | - | - | - | - | - |
| Related Party | - | - | - | - | 23,855 | 23,855 |
| Other | - | - | - | - | 60 | 60 |
| Gross Receivables | 1,610,361 | - | 326,138 | 115,493 | 814,198 | 2,866,190 |
| Less: Uncollectible | (64,611) | - | - | - | (210,185) | (274,796) |
| Net Total Receivables | $ 1,545,750 | $ - | $ 326,138 | $ 115,493 | $ 604,013 | $ 2,591,394 |

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2023 and past due after January 31, 2024. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible. Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable allowance in excess of 30 to 90 days is equal to 2 percent of outstanding trade accounts receivable at September 30, 2024, the trade accounts receivable allowance in excess of 90 days is equal to 90 percent of outstanding trade accounts receivable at September 30, 2024. There is no allowance for property tax receivable at September 30, 2024.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e - Financial Statement Elements, continued

Internal Balances

In the government-wide statement of net position, internal balances are the receivables and payables between the governmental and business-type activities.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund-level statements when they are expected to be liquidated within one year. If receivables or payables are not expected to be liquidated within one year, they are classified as "advances to other funds" or "advances from other funds".

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Subscription-Based Information Technology Arrangements (SBITA)

SBITAs are defined as contracts that convey control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term is the period during which the City has a noncancellable right to use the underlying IT asset, plus any applicable periods covered by options to extend that are reasonably certain to be exercised, or options to terminate that are reasonably certain to not be exercised. The subscription term commences when the initial implementation stage is completed, and the subscription asset is placed into service. At commencement, the City recognizes a subscription liability and an intangible right-to-use subscription asset.

Leases

Leases are defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus any applicable periods covered by any renewal options that are reasonably certain to be exercised, or options to terminate that are not reasonably certain to be exercised. Contracts that transfer ownership of the underlying asset are recognized as financed purchases in the financial statements. Leases that have a maximum term of less than 12 months are considered short-term leases. Short-term lease payments are recognized in the period of payment.

As a lessee, the City recognizes a lease payable and an intangible right-to-use lease asset. At the commencement of a lease, the lease payable is recorded at the net present value of the future fixed lease payments, discounted at either the explicit interest rate in the agreement or the City's incremental borrowing rate at lease inception. The right-to-use asset is initially recorded at the amount of the lease liability plus any prepayments less lease incentives received prior to lease commencement. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e - Financial Statement Elements, continued

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. There were no prepaid items at September 30, 2024.

Restricted Assets

Certain proceeds of the City, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Assets are set aside for future projects.

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, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of $5,000 (amount not rounded) and an estimated useful life more than two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

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

| Assets | Years |
|---|---|
| Buildings | 50 |
| Building improvements | 20 |
| Public domain infrastructure | 50 |
| System infrastructure | 30 |
| Vehicles | 5 |
| Office equipment | 5 |
| Computer equipment | 5 |

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e - Financial Statement Elements, continued

Deferred Outflows/Inflows of Resources

The statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

The statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, governmental funds and proprietary financial statements.

Pensions

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

Other Post-Employment Benefits

The other postemployment benefit liability of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Plan (SDBF) and retiree healthcare plan have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the other postemployment benefit (OPEB) liability and deferred outflows and inflows of resources related to the other postemployment benefits, (OPEB) expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Long-Term Debt

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 and business-type activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 withheld from the actual debt proceeds received, are reported as debt service expenditures.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e - Financial Statement Elements, continued

Operating Revenues and Expenses

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

Interfund Revenues, Expenses, and Transfers

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved, such as billing for utility services. Transactions between funds that constitute reimbursements for expenditures or expenses are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Transfers between funds are reported in the operations of governmental and proprietary funds. In the government-wide statement of activities, the effect of interfund activity has generally been removed from the statements. Exceptions include the chargeback of services, such as utilities or vehicle maintenance, and charges for central administrative costs. Elimination of these charges would distort the direct costs and program revenues of the various functions reported. The City recovers indirect costs that are incurred in the Support Services fund, which is reported as an internal service fund. Indirect costs are calculated in a citywide cost allocation plan or through indirect cost rates, which are based on the cost allocation plan.

Intergovernmental Revenues, Receivables, and Liabilities

Intergovernmental revenues and related receivables arise primarily through funding received from Federal and State grants. Revenues are earned through expenditure of money for grant purposes. Intergovernmental liabilities arise primarily from funds held in an agency capacity for other local governmental units.

Federal and State Grants, Entitlements, and Shared Revenues

Grants, entitlements, and shared revenues may be accounted for within any City fund. The purpose and requirements of each grant, entitlement, or shared revenue are analyzed to determine the appropriate fund statement and revenue category in which to report the related transactions. Grants, entitlements, and shared revenues received for activities normally recorded in a particular fund may be accounted for in that fund, provided that applicable legal restrictions can be satisfied.

Revenues received for activities normally accounted for within the nonmajor governmental fund groupings include: Federal grant funds, State grant funds, and other special revenue grant funds. Capital grants restricted for capital acquisitions or construction, other than those associated with proprietary type funds, are accounted for in the applicable capital projects funds. Revenues received for operating activities of proprietary funds or revenues that may be used for either operations or capital expenses are recognized in the applicable proprietary fund.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e - Financial Statement Elements, continued

Fund Equity

Fund balances for governmental funds are reported in classifications that demonstrate the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The governmental fund type classifications are as follows:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

*Assigned* – represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed.

*Unassigned* – represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council or the finance committee has provided otherwise in its commitment or assignment actions.

In fiscal year 2012, the City Council adopted a minimum fund balance policy for the general fund. The policy requires the unassigned fund balance at fiscal year end to be at least equal to 25 to 33 percent of the subsequent year's budgeted general fund expenditures.

Net Position

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

Reclassifications

Certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

## (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### e - Financial Statement Elements, continued

Use of Estimates

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

### g - 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; injuries to employees; and natural disasters. Claim liabilities are estimated considering the effects of inflation, recent claim settlement trends (including frequency and amounts of payouts) and other economic and social factors (including the effects of specific, incremental claim adjustment expense, salvage, and subrogation).

*General liability insurance* - The City is insured for general, police officers and automobile liability. Expenditures for self-insured liabilities are accounted for in the general fund, which will pay for any liabilities incurred.

The City has joined with other governments in the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for auto vehicle insurance coverage. The agreement with TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than $500,000 to $1,000,000 for each insurance event. The City anticipates no contingent losses.

TML has published its own financial report that can be obtained from the Texas Municipal League Intergovernmental Risk Pool, Austin, Texas.

The City carries commercial fidelity bonds for elected officials and for management.

*Property and casualty insurance* - Property, casualty, mobile equipment, boiler, and machinery insurance is provided by TML.

*Worker's compensation insurance* - The City insures against worker's compensation claims through TML.

*Group health and life insurance* - The City maintains a group health insurance plan for active employees and their eligible dependents. Costs are recorded in the fund from which the employees' compensation is paid.

*Unemployment compensation insurance* - The City self-insures for unemployment compensation claims through an agreement with Texas Workforce Commission (TWC). Under the agreement, TWC administers all claims and is reimbursed by the City for claims incurred plus administrative charges.

*380 agreements* - The Chapter 380 Incentive Program, authorized by Chapter 380 of the Texas Local Government Code, enables the City to provide grants or reimbursements from the City's general fund. Businesses that have a 380 incentive agreement with the City are eligible to receive a reimbursement of taxes paid for the year if they have met the requirements outlined in the agreement by a certain date.

## (2) CASH AND INVESTMENTS

Legal and contractual provisions governing deposits and investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowance stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City follows the requirements of the Act and with local policies.

The September 30, 2024 carrying amount of deposits at the bank and cash on hand are as follows:

| | Governmental Activtities | Business-type Activities | Total |
|---|---|---|---|
| Cash | | | |
| Unrestricted | 16,843,226 | 15,658,916 | 32,502,142 |
| Restricted | | | - |
| Total Deposits | 16,843,226 | 15,658,916 | 32,502,142 |

As of the year end, the City's bank balances totaled $33,201,252 while the value of securities pledged at September 30, 2024 was $46,214,008. The City's deposits are entirely with the City depository and were fully covered by federal depository insurance (FDIC) or by collateral held by the City's agent in the City's name at September 30, 2024.

## (3) PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City. The adjusted assessed value for the roll as of January 1, 2023, upon which the 2024 levy was based, was $1,126,896,773.

Taxes are due by January 31 following the October 1 levy date. During the year ended September 30, 2024, 93.75% of the current tax levy (October 1, 2023) was collected. The statutory lien date is January 1.

The methods of property assessment and tax collection are determined by Texas statutes. The statutes provide for a property tax code, countywide appraisal districts, a State property tax board, and certain exemptions from taxation, such as intangible personal property, household goods, and family-owned automobiles.

The appraisal of property within the City is the responsibility of the Travis Central Appraisal District, the Williamson Central Appraisal District, and the Hays Central Appraisal District. The appraisal districts are required under the Property Tax Code to assess all real and personal property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every two years; however, the City may require more frequent reviews of appraised values at its own expense. The Travis Central Appraisal District and the Hays Central Appraisal District have chosen to review the value of property in their respective districts every two years, while the Williamson Central Appraisal District has chosen to review the value of property on an annual basis. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The City is authorized to set tax rates on property within the city limits. State law governing municipalities' authority to increase property tax rates was changed during 2019. Effective 2021, any increase in the property tax rate for maintenance and operations of more than 3.5% above the no-new-revenue-property tax rate requires voter approval on the November general election ballot. The no-new-revenue rate is the rate at which the City would generate the same amount of property tax revenue for maintenance and operations as in the prior year from properties taxed in both years, net of certain adjustments. The City has the ability to set its debt service tax rate at the level necessary to generate sufficient revenue to make its payments on voter-approved bonds, certificates of obligation, and other contractual obligations.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. Under the City charter, a limit on taxes levied for general governmental services, exclusive of payments of principal and interest on general obligation long-term debt, has been established at $1.00 per $100 assessed valuation. A practical limitation on taxes levied for debt service of $1.50 per $100 of assessed valuation is established by state statute and City charter limitations. Through contractual arrangements, Travis, Williamson, and Hays Counties bill and collect property taxes for the City.

The tax rate to finance general governmental functions and fund Project Connect, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2024, was $0.2719 per $100 assessed valuation. The tax rate for servicing the payment of principal and interest on general obligation long-term debt for the fiscal year ended September 30, 2024, was $0.2438 per $100 assessed valuation..

## (4) CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

| Governmental activities: | Beginning Balance | Additions | Transfers | Deletions | Ending Balance |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 2,618,956 | $ 9,941,362 | $ | $ | $ 12,560,318 |
| Construction in progress | 1,744,942 | 454,591 | (2,199,533) | - | - |
| Total capital assets, not being depreciated | 4,363,898 | 10,395,953 | (2,199,533) | - | 12,560,318 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 18,839,201 | 564,346 | 1,144,438 | - | 20,547,985 |
| Machinery and equipment | 9,080,980 | 881,153 | - | (82,864) | 9,879,269 |
| Intangible | 99,299 | - | - | - | 99,299 |
| Infrastructure | 14,356,804 | 24,168 | 1,055,095 | - | 15,436,067 |
| Right to Use Lease Assets, being amortized: | | | | | |
| Right to use - SBITA | 24,851 | - | - | - | 24,851 |
| Right to use - lease | 2,450,920 | 988,712 | - | (51,335) | 3,388,297 |
| Total capital assets being depreciated/ amortized | 44,852,055 | 2,458,379 | 2,199,533 | (134,199) | 49,375,768 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (5,645,173) | (635,841) | - | - | (6,281,014) |
| Machinery and equipment | (7,390,523) | (815,029) | - | 82,864 | (8,122,688) |
| Intangible | (91,535) | (4,069) | - | - | (95,604) |
| Infrastructure | (3,127,110) | (293,621) | - | - | (3,420,731) |
| Less accumulated amortization for: | | | | | |
| Right to use - SBITA | (8,283) | (8,284) | - | - | (16,567) |
| Right to use - lease | (828,745) | (872,081) | - | 38,795 | (1,662,031) |
| Total accumulated depreciation/ amortization | (17,091,369) | (2,628,925) | - | 121,659 | (19,598,635) |
| Total capital assets being depreciated/ amortized, net | 27,760,686 | (170,546) | 2,199,533 | (12,540) | 29,777,133 |
| Governmental activities capital assets, net | $ 32,124,584 | $ 10,225,407 | $ - | $ (12,540) | $ 42,337,451 |

## (4) CAPITAL ASSETS, continued

| Business-type activities: | Beginning Balance | Additions | Transfers | Deletions | Ending Balance |
|---|---|---|---|---|---|
| Caspital assets, not being depreciated: | | | | | |
| Construction in progress | $ 331,483 | $ - | $ - | $ - | $ 331,483 |
| Total capital assets, not being depreciated | 1,951,798 | 128,952 | (2,080,750) | - | - |
| Capital assets, being depreciated: | 2,283,281 | 128,952 | (2,080,750) | - | 331,483 |
| Machinery, equipment, and vehicles | 1,786,214 | 6,600 | 391,498 | (152,485) | 2,031,827 |
| Buildings and improvements | 694,640 | - | - | - | 694,640 |
| Distribution system | 34,764,624 | 3,909,625 | 1,689,252 | - | 40,363,501 |
| Right to Use Lease Assets, being amortized: | | | | | |
| Right to use - lease | 201,595 | 85,468 | - | (16,375) | 270,688 |
| Total capital assets being depreciated/ amortized | 37,447,073 | 4,001,693 | 2,080,750 | (168,860) | 43,360,656 |
| Less accumulated depreciation for: | | | | | |
| Machinery, equipment, and vehicles | (1,622,964) | (126,338) | - | 145,741 | (1,603,561) |
| Buildings and improvements | (294,717) | (24,881) | - | - | (319,598) |
| Distribution system | (22,379,754) | (1,594,671) | - | - | (23,974,425) |
| Less accumulated amortization for: | | | | | |
| Right to use - lease | (77,651) | (59,093) | - | 961 | (135,783) |
| Total accumulated depreciation | (24,375,086) | (1,804,983) | - | 146,702 | (26,033,367) |
| Total capital assets being depreciated/ amortized, net | 13,071,987 | 2,196,710 | 2,080,750 | (22,158) | 17,327,289 |
| Business-type activities capital assets, net | $ 15,355,268 | $ 2,325,662 | $ - | $ (22,158) | $ 17,658,772 |

Depreciation/ amortization expense was charged to functions/programs of the primary government as follows:

| Function | Governmental Activities | Program | Business-Type Activities |
|---|---|---|---|
| General Administration | 418,898 | Water | 1,195,892 |
| Public Safety | 34,629 | Sewer | 609,091 |
| Public Transportation | 346,982 | | |
| Public Works | 685,932 | | |
| Culture & Recreation | 1,142,484 | | |
| Total Governmental Activities | 2,628,925 | Total Business- Type Activities | 1,804,983 |

## (5) LEASES

A lease is a contractual agreement that conveys control of the right to use another entity's nonfinancial asset for a minimum of one year in an exchange or exchange-like transaction. The City has entered into various leasing arrangements as lessee.

As lessee, the City leases buildings, equipment, vehicles, and computer equipment to support its operations. These leases have annual interest rates ranging from 0.218% to 3.63%. For the fiscal year ended September 30, 2024, the City's governmental and business-type activities reported interest expenses of $40,696 and $2,321, respectively. The terms end between October 2024 and September 2028, with varying extension options. The majority of the leases are for buildings, vehicles and computer equipment. The present value of lease payments expected to be made during the lease term is recorded as a lease liability and the associated asset is recognized as an intangible right-to-use lease asset. Information on lease assets by major class and related accumulated amortization information can be found in Note 4. Lease payable activity for the year ended September 30, 2024, is as follows:

| Lease Payable | October 1, 2023 | Additions | Reductions | September 30, 2024 |
|---|---|---|---|---|
| Governmental Activities | 1,477,358 | 837,418 | 784,883 | 1,529,893 |
| Business-type Activities | 123,909 | 76,142 | 64,470 | 135,581 |
| | 1,601,267 | 913,560 | 849,353 | 1,665,474 |

As of September 30, 2024, future annual lease commitments include the following:

| For the Year Ended September 30, | Governmental Activities Principal | Governmental Activities Interest | Governmental Activities Total | Business-Type Activities Principal | Business-Type Activities Interest | Business-Type Activities Total |
|---|---|---|---|---|---|---|
| 2025 | $721,634 | $28,583 | $750,217 | $42,851 | $2,655 | $45,506 |
| 2026 | 525,595 | 14,120 | 539,715 | 33,146 | 1,854 | 35,000 |
| 2027 | 264,594 | 3,221 | 267,815 | 32,147 | 1,056 | 33,203 |
| 2028 | 18,070 | 132 | 18,202 | 27,437 | 261 | 27,698 |
| 2029 | - | - | - | - | - | - |
| Total | $1,529,893 | $46,056 | $1,575,949 | $135,581 | $5,826 | $141,407 |

## (6) SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), for a minimum of one year in an exchange or exchange-like transaction.

The City has entered into a SBITA for noncancellable software subscriptions to support its operations. The SBITA has an annual interest rate of 5.64%, and a terms between October 2024 through September 2025, with an extension option. For the fiscal year ended September 30, 2024, the City's governmental and business-type activities reported interest expenses of $747 and $0, respectively. The present value of subscription payments expected to be made during the SBITA term is recorded as a SBITA liability and the associated assets is recognized as an intangible right-to-use SBITA asset. Information on SBITA assets by major class and related accumulated amortization information can be found in Note 4.

SBITA payable activity for the year ended September 30, 2024, is as follows:

| SBITA Payable | October 1, 2023 | Additions | Reductions | September 30, 2024 |
|---|---|---|---|---|
| Governmental Activities | 16,950 | - | 8,235 | 8,715 |
| Business-type Activities | - | - | - | - |
| | 16,950 | - | 8,235 | 8,715 |

As of September 30, 2024, future annual lease commitments include the following:

| | Governmental Activities | | |
|---|---|---|---|
| For the Year Ended September 30, | Principal | Interest | Total |
| 2025 | $8,715 | $267 | $8,982 |
| 2026 | - | - | - |
| 2027 | - | - | - |
| 2028 | - | - | - |
| 2029 | - | - | - |
| Total | $8,715 | $267 | $8,982 |

## (7) DEBT AND NON-DEBT LIABILITIES

The following is a summary of changes in long-term obligations. Certain long-term obligations provide financing to both governmental and business-type activities. Balances at September 30, 2024, were as follows

| Governmental activities: | October 1, 2023 | Additions | Reductions | September 30, 2024 | Due Within One Year |
|---|---|---|---|---|---|
| Long-term debt: | | | | | |
| General obligation bonds | $20,540,000 | $9,580,000 | $1,815,000 | $28,305,000 | $1,655,000 |
| Less issuance premium | 1,478,435 | 1,145,659 | 162,747 | 2,461,347 | - |
| Total long-term debt | 22,018,435 | 10,725,659 | 1,977,747 | 30,766,347 | 1,655,000 |
| Other long-term liabilities: | | | | | |
| Lease liability | 1,477,358 | 824,929 | 772,394 | 1,529,893 | 721,634 |
| SBITA liability | 16,950 | - | 8,235 | 8,715 | 8,715 |
| Net pension liability - GASB 68 | 4,905,081 | - | 1,159,077 | 3,746,004 | - |
| OPEB liability - GASB 75 - Cap risk | 3,498,468 | 1,371,555 | - | 4,870,023 | - |
| OPEB liability - GASB 75 - GRS | 181,752 | 22,208 | - | 203,960 | - |
| Compensated absences | 325,637 | 369,743 | 306,996 | 388,384 | 97,096 |
| Total other long-term liabilities | 10,405,246 | 2,588,435 | 2,246,702 | 10,746,979 | 827,445 |
| Governmental activities - long-term liabilities | 32,423,681 | 13,314,094 | 4,224,449 | 41,513,326 | 2,482,445 |
| | | | | | |
| Business-type activities: | | | | | |
| Long-term debt: | | | | | |
| Revenue bonds | 12,375,000 | 7,325,000 | 1,075,000 | 18,625,000 | 1,240,000 |
| Less issuance premium | 615,515 | 865,274 | 73,487 | 1,407,302 | - |
| Total long-term debt | 12,990,515 | 8,190,274 | 1,148,487 | 20,032,302 | 1,240,000 |
| Other long-term liabilities: | | | | | |
| Lease liability | 123,909 | 69,826 | 58,154 | 135,581 | 42,851 |
| Net pension liability - GASB 68 | 1,958,052 | - | 246,591 | 1,711,461 | - |
| OPEB liability - GASB 75 - Cap risk | 1,429,646 | 484,983 | - | 1,914,629 | - |
| OPEB liability - GASB 75 - GRS | 74,273 | 5,913 | - | 80,186 | - |
| Compensated absences | 157,799 | 175,865 | 168,592 | 165,072 | 41,268 |
| Total other long-term liabilities | 3,743,679 | 736,587 | 473,337 | 4,006,929 | 84,119 |
| Business-type activities - long-term liabilities | 16,734,194 | 8,926,861 | 1,621,824 | 24,039,231 | 1,324,119 |
| | | | | | |
| Total | 49,157,875 | 22,240,955 | 5,846,273 | 65,552,557 | 3,806,564 |

### Bond refunding

During the year, the City issued Combination Tax and Revenue Certificates of Obligation Series 2023A in the amount of $7,325,000 to fund public improvements. The net proceeds of $7,325,000 (after issue costs, discounts, and premiums) from this issuance will be used for public improvements. Principal payments are due on February 1 and August 1 of each year from 2024 to 2043. Interest is payable on February 1 and August 1 of each year, commencing August 1, 2024. Total interest requirements for these obligations, at a rate of 5.0%, are $4,364,174

During the year, the City issued Combination Tax and Revenue Certificates of Obligation Series 2023B in the amount of $9,580,000 to fund governmental activities. The net proceeds of $9,580,000 (after issue costs, discounts, and premiums) from this issuance will be used for governmental activities. Principal payments are due on February 1 and August 1 of each year from 2024 to 2043. Interest is payable on February 1 and August 1 of each year, commencing August 1, 2024. Total interest requirements for these obligations, at a rate of 5.0%, are $5,782,206.

### General obligation debt

The government issues Certificates of Obligation, Revenue, and General Obligation Bonds to provide funds for the acquisition, improvement, and construction of major capital facilities. Certificates of Obligation, Revenue, and General Obligation bonds have been issued for both governmental and business-type activities:

## (7) DEBT AND NON-DEBT LIABILITIES, continued

Bonds currently outstanding along with any covenants and security pledged are as follows:

| Purpose | Rate | Original Amounts | Current Amounts | Series | Maturity Date | Covenants | Security |
|---|---|---|---|---|---|---|---|
| Governmental activities | 3.00% | $ 6,835,000 | $ 4,735,000 | 2019 | 2039 | Paying agent | Tax and limited pledge |
| Governmental activities | 3.00-4.00% | 2,870,000 | 2,105,000 | 2015 | 2035 | Paying agent | Tax and limited pledge |
| Governmental activities | 3.00-4.00% | 3,495,000 | 2,330,000 | 2016 | 2036 | Paying agent | Tax and limited pledge |
| Governmental activities | 2.00-5.00% | 4,533,750 | 4,365,000 | 2021 | 2041 | Paying agent | Tax and limited pledge |
| Governmental activities | 2.00-5.00% | 2,605,000 | 1,915,000 | 2021 | 2041 | Paying agent | Tax and limited pledge |
| Governmental activities | 4.00-5.00% | 3,865,000 | 3,275,000 | 2023 | 2036 | Paying agent | Tax and limited pledge |
| Governmental activities | 5.00% | 9,580,000 | 9,580,000 | 2023B | 2043 | Paying agent | Tax and limited pledge |
| Business-type activities | 3.00-5.00% | 1,985,000 | 1,420,000 | 2017 | 2037 | Paying agent | Tax and limited pledge |
| Business-type activities | 2.00-5.00% | 5,541,250 | 5,245,000 | 2021 | 2041 | Paying agent | Tax and limited pledge |
| Business-type activities | 1.798% | 4,020,000 | 1,165,000 | 2015 | 2027 | Paying agent | Tax and limited pledge |
| Business-type activities | 2.00-3.75% | 5,800,000 | 3,570,000 | 2014 | 2034 | Interest and sinking 2% | Tax and limited pledge |
| Business-type activities | 5.00% | 7,325,000 | 7,225,000 | 2023A | 2043 | Paying agent | Tax and limited pledge |

Annual debt service requirements to maturity for general obligation bonds are as follows:

| For the Year Ended September 30, | Governmental Activities Principal | Governmental Activities Interest | Governmental Activities Total | Business-Type Activities Principal | Business-Type Activities Interest | Business-Type Activities Total |
|---|---|---|---|---|---|---|
| 2025 | $ 1,655,000 | $ 1,116,600 | $ 2,771,600 | $ 1,240,000 | $ 691,881 | $ 1,931,881 |
| 2026 | 1,715,000 | 1,046,425 | 2,761,425 | 1,285,000 | 649,946 | 1,934,946 |
| 2027 | 1,630,000 | 976,550 | 2,606,550 | 1,320,000 | 605,114 | 1,925,114 |
| 2028 | 1,705,000 | 905,125 | 2,610,125 | 970,000 | 562,238 | 1,532,238 |
| 2029 | 1,775,000 | 830,275 | 2,605,275 | 1,020,000 | 521,400 | 1,541,400 |
| 2030-2034 | 9,500,000 | 2,994,938 | 12,494,938 | 5,700,000 | 1,953,919 | 7,653,919 |
| 2035-2039 | 6,900,000 | 1,446,856 | 8,346,856 | 4,235,000 | 1,044,100 | 5,279,100 |
| 2040-2043 | 3,425,000 | 372,450 | 3,797,450 | 2,855,000 | 286,500 | 3,141,500 |
| Total | $ 28,305,000 | $ 9,689,219 | $ 37,994,219 | $ 18,625,000 | $ 6,315,096 | $ 24,940,096 |

Segment information

The City issued revenue bonds to finance certain improvements to its utility system and airport. Because the utility system is reported as a major fund in the fund financial statements, separate segment disclosures for it are not required.

## (8) RETIREMENT PLANS

### Texas Municipal Retirement System (TMRS)

Plan description

The City of Pleasanton participates as one of 934 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the system with a six- member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.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 benefit 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 contribution and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

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

| | |
|---|---|
| Active employees | 122 |
| Inactive employees currently receiving benefits | 61 |
| Inactive employees entitled to but not yet receiving benefits | 103 |
| Total | 286 |

## (8) RETIREMENT PLANS, continued

**Texas Municipal Retirement System (TMRS), continued**

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 (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City of Pleasanton were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 15.95% and 15.27% in calendar years 2024 and 2023, respectively. The City's total contributions to TMRS for the years ended September 30, 2024 and 2023 were $1,269,302 and $1,097,849, 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 net pension liability 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:

| | |
|---|---|
| Valuation date | Actuarially determined contribution rates are calculated as of December 31 and became effective in January 13 months later |
| 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 are specific to the City's plan of benefits. 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 with Scale MP-2021(with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the100% of the General Employee table used for females. The rates are projected on a fully generational basis with Scale MP-2021(with immediate convergence). |

## (8) RETIREMENT PLANS, continued

### Texas Municipal Retirement System (TMRS), continued

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 in fiscal year 2024 are summarized in the following table:

| Asset Class | Minimum % | Target % | Maximum % |
|---|---|---|---|
| Global equity | 25.00% | 35.00% | 45.00% |
| Core fixed income | 1.00% | 6.00% | 11.00% |
| Non-core fixed income | 15.00% | 20.00% | 25.00% |
| Real estate | 7.00% | 12.00% | 17.00% |
| Other public and private markets | 7.00% | 12.00% | 17.00% |
| Hedge funds | 0.00% | 5.00% | 10.00% |
| Private equity | 5.00% | 10.00% | 15.00% |
| Cash equivalents | 0.00% | 0.00% | 3.00% |

Discount rate:

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member 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 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 total pension liability.

**(8) RETIREMENT PLANS, continued**

**Texas Municipal Retirement System (TMRS), continued**

Changes in net pension liability:

The schedule below presents the changes in the net pension liability (asset) as of December 31, 2023:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at 12/31/2022 | $27,482,149 | $20,619,016 | $6,863,133 |
| Changes for the year: | | | |
| Service cost | 1,209,231 | - | 1,209,231 |
| Interest (on the Total Pension Liability) | 1,855,246 | - | 1,855,246 |
| Changes of benefit terms including substantively automati | - | - | - |
| Difference between expected and actual experience | (240,779) | - | (240,779) |
| Changes of assumptions | (208,990) | - | (208,990) |
| Contributions - employer | - | 1,120,404 | (1,120,404) |
| Contributions - employee | - | 522,507 | (522,507) |
| Net investment income | - | 2,392,752 | (2,392,752) |
| Benefit payments, | | | - |
| including refunds of employee contributions | (1,203,274) | (1,203,274) | - |
| Administrative expenses | - | (15,182) | 15,182 |
| Other changes | - | (106) | 106 |
| Net changes | 1,411,434 | 2,817,101 | (1,405,667) |
| Balance at 12/31/2023 | $28,893,583 | $23,436,117 | $5,457,466 |

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

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

| | 1% Decrease (5.75%) | Current Single Discount Rate Assumption (6.75%) | 1% Increase (7.75%) |
|---|---|---|---|
| Net Pension Liability | $9,929,970 | $5,457,465 | $1,848,106 |

## (8) RETIREMENT PLANS, continued

### Texas Municipal Retirement System (TMRS), continued

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by participating City. That report may be obtained on the internet at www.tmrs.com.

Pension expense and deferred outflows/inflows of resources related to pensions:

For the year ended September 30, 2024, the City recognized pension expense of $1,269,302.

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 |
|---|---|---|
| Difference between expected and actual experience | $ 226,965 | $ (190,901) |
| Changes of assumptions | - | (148,588) |
| Net difference in projected and actual earnings on pension plan investments | 525,501 | - |
| Contributions made subsequent to the measurement date | 958,167 | - |
| Total | $ 1,710,633 | $ (339,489) |

The City reported $958,167 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Plan Year December 31 | Net Deferred Outflows/(Inflows) |
|---|---|
| 2024 | $139,095 |
| 2025 | 125,486 |
| 2026 | 348,588 |
| 2027 | (200,192) |
| 2028 | - |
| Thereafter | - |
| Total | 412,977 |

## (9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

### a - Retiree Health Care Plan

Plan description

The City of Pleasanton makes available a single-employer group hospitalization and medical insurance for retirees who are:

- Eligible for retirement per the established criteria through the Texas Municipal Retirement System
- Must have at least 20 years of services with the City and not retired under other public retirement plans

The coverage extends to the employee only. The plan does not issue a separate set of financial statements.

Benefits provided

The City of Pleasanton's retirement health plan provides medical and dental benefits to eligible retirees. No coverage is provided to dependents of the retiree.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Contributions

The City contributes to the retiree health insurance at an amount approved by City Council through the annual approved budget. The retiree medical contribution rate is $440.79 per month for employee coverage provided after 10 years of coverage and before age 65. Eligible retirees do not contribute to the plan during the first 10 years of retirement or after reaching age 65.

The City's contributions to the retiree health plan for the year ended September 30, 2024 were $44,109 and were equal to the required contributions.

Employees covered by benefit terms - at the September 30, 2024 valuation date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Active members | 111 |
| Inactive, nonretired members | - |
| Retirees and beneficiaries | 3 |
| Total | 114 |

OPEB liability

The City's total OPEB liability of $6,784,652 was measured as of September 30, 2024 and was determined by an actuarial valuation as of September 30, 2024.

## (9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

### a - Retiree Health Care Plan, continued

Actuarial assumptions:

The total OPEB liability in the September 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Mortality | RPH-2014 Total Table with Projection MP-2021 |
| Turnover | Rates varying based on gender, age and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report. More detail is shown below. |
| Disability | None assumed |
| Retirement Rates | Detail is shown below |
| Retiree Contributions | $440.79 per month for employee coverage provided |
| Salary Scale | 3.50% |
| Data Assumptions | |
| Coverage | 100% of all retirees who currently have health care coverage will continue with the same coverage.<br><br>100% of all actives who currently have health care coverage will continue with employee only coverage upon retirement. |
| Valuation Methodology and Terminology | We have used GASB accounting methodology to determine the postretirement medical benefit obligations. |
| Valuation Date | September 30, 2024 |
| Measurement Date | September 30, 2024 |

The discount rate was selected by reviewing the recent published S&P Municipal Bond 20 Year High Grade Rate Index. This is one of the indices acceptable under GASB 75. This index is published daily and has trended up in recent months. We selected 4.06% as the discount rate for this valuation.

The termination rates were developed from the withdrawal assumption used in the 2017 actuarial report for the Texas Municipal Retirement System ("TMRS). The rates are a 9 year select and ultimate table. The following are representative rates used in this valuation.

## (9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

### a - Retiree Health Care Plan, continued

Other information:

The discount rate was 4.07% as of September 30, 2024.

Changes in the total OPEB liability:

| | |
|---|---|
| Balance at 10/1/2023 | $ 4,928,114 |
| Changes for the year: | |
| Service cost | 403,264 |
| Interest on total OPEB liability | 253,255 |
| Changes of benefit terms | - |
| Difference between expected and actual experience | 117,055 |
| Changes of assumptions | 1,127,073 |
| Benefit payments | (44,109) |
| Net changes | 1,856,538 |
| Balance at 9/30/2024 | $ 6,784,652 |

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.06%, as well as what the City's OPEB would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current rate:

| | 1% Decrease (3.06%) | Current Discount Rate (4.06%) | 1% Increase (5.06%) |
|---|---|---|---|
| OPEB Liability | $8,607,039 | $6,784,652 | $5,429,103 |

Sensitivity of the total OPEB liability to the health care cost trend rate assumption:

The following presents the total OPEB liability of the City, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if calculated using a trend rate that is one percent lower or one percent higher:

| | 1% Decrease | Current Health Care Cost Trend Rate Assumption | 1% Increase |
|---|---|---|---|
| OPEB Liability | $5,249,426 | $6,784,652 | $8,927,598 |

## (9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

### a - Retiree Health Care Plan, continued

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended September 30, 2024, the City recognized OPEB expense of $412,815 related to retiree health care.

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 |
|---|---|---|
| Pension contributions made subsequent to measurement date | $ - | $ - |
| Differences between expected and actual experience | 613,655 | (1,087,056) |
| Changes in assumptions | 1,608,334 | (2,501,207) |
| Total | $ 2,221,989 | $ (3,588,263) |

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

| Year Ended September 30, | Net Deferred Outflows/(Inflows) |
|---|---|
| 2025 | $ (273,704) |
| 2026 | (273,704) |
| 2027 | (294,912) |
| 2028 | (402,594) |
| 2029 | (360,848) |
| Thereafter | 179,488 |

## (9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

### b - Supplemental death benefits fund (SDBF)

Plan description

The City participates in a single-employer defined benefit plan, which operates like a 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 members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active members provides a lump-sum payment approximately equal to the member's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired members are insured for $7,500; this coverage is an "other postemployment benefit" or OPEB. As the SDBF covers both active and retiree members, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

The contribution rate for the City was 0.08% and 0.07% for the calendar years 2024 and 2023. The City's contributions to TMRS for the year ended September 30, 2024 and 2023 were $4,893 and $4,874 and were equal to the required contributions.

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

| | |
|---|---|
| Active employees | 122 |
| Inactive employees currently receiving benefits | 42 |
| Inactive employees entitled to but not yet receiving benefits | 30 |
| Total | 194 |

OPEB liability

The City's total OPEB liability of $284,146 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

## (9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

**b - Supplemental death benefits fund (SDBF), continued**

Actuarial assumptions:

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 | 2.5% |
| Salary increases | 3.60% to 11.85% including inflation |
| Discount rate * | 3.77% |
| Retirees' share of benefit-related costs | $0 |
| Administrative expenses | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality rates - service retirees | 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence). |
| Mortality rates - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor. |

* The discount rate was based on 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 experience study for the period December 31, 2022.

## (9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

**b - Supplemental death benefits fund (SDBF), continued**

Changes in the total OPEB liability:

| | |
|---|---|
| Balance at December 31, 2022 | $ 256,025 |
| Changes for the year: | |
| Service cost | 12,689 |
| Interest on total OPEB liability | 10,520 |
| Changes of benefit terms including TMRS plan participation | - |
| Difference between expected and actual experience | (5,450) |
| Changes of assumptionsor other inputs | 15,587 |
| Benefit payments | (5,225) |
| Net changes | 28,121 |
| Balance at December 31, 2023 | $ 284,146 |

Sensitivity of the total OPEB liability to changes in the discount rate:

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

| | 1% Decrease (2.77%) | Current Discount Rate (3.77%) | 1% Increase (4.77%) |
|---|---|---|---|
| OPEB Liability | $8,607,039 | $6,784,652 | $5,429,103 |

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended September 30, 2024, the City recognized OPEB expense of $10,337.

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 |
|---|---|---|
| Pension contributions made subsequent to measurement date | $ 4,893 | $ - |
| Differences between expected and actual experience | 2,819 | (11,758) |
| Changes in assumptions | 41,762 | (95,531) |
| Total | $ 49,474 | $ (107,289) |

## (9) OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

### b - Supplemental death benefits fund (SDBF), continued

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued):

The City reported $4,893 as deferred outflows of resources related to the OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Plan Year December 31 | Net Deferred Outflows/(Inflows) | |
|---|---|---|
| 2024 | $ | (12,719) |
| 2025 | | (19,189) |
| 2026 | | (26,266) |
| 2027 | | (4,926) |
| 2028 | | 392 |
| Thereafter | | - |
| Total | $ | (62,708) |

## (10) DEFICITS IN FUND BALANCES AND NET POSITION

At September 30, 2024, there were no deficits in fund balances/net position.

## (11) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers: transfers are used to 1) move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provides as subsidies or matching funds for various grant programs.

In the year ended September 30, 2024, the City made the following non-recurring transfers – the transfers were for operating expenses:

| | Transfer (In): | | | | |
|---|---|---|---|---|---|
| Transfers Out: | General Fund | Street Improvement Fund | Utility Fund | Nonmajor Governmental Funds | Totals |
| General Fund | $ 8,188,767 | $ - | $ 7,507,868 | $ 484,538 | $ 16,181,173 |
| Street Improvement Fund | | (810,365) | | | (810,365) |
| Utiltiy Fund | | | (7,515,121) | | (7,515,121) |
| Nonmajor Governmental Funds | (3,311,710) | | | (4,543,977) | (7,855,687) |
| | $ 4,877,057 | $ (810,365) | $ (7,253) | $ (4,059,439) | $ - |

The composition of interfund balances as of September 30, 2024 are as follows:

| | Due From | | | | | |
|---|---|---|---|---|---|---|
| Due to | General Fund | Street Improvement Construction Fund | Debt Service Fund | Utility Fund | Nonmajor Governmental Funds | Total |
| General Fund | $ 380,658 | $ - | $ 20,572 | $ 819,075 | $ 33,158 | $ 1,253,463 |
| Street Improvement Construction Fund | - | - | 202,412 | - | - | 202,412 |
| Debt Service Fund | 36,887 | - | - | - | - | 36,887 |
| Utility Fund | 1,388 | - | - | 140,491 | 27,231 | 169,110 |
| Nonmajor Governmental Funds | - | 587 | - | 205,019 | - | 205,606 |
| Totals | $ 418,933 | $ 587 | $ 222,984 | $ 1,164,585 | $ 60,389 | $ 1,867,478 |

The outstanding balances between funds result mainly from the time lag between 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 fund are made. The amount due to the general fund from the utility fund is to help with the debt service commitments and construction commitments of the utility fund. The amount due from the general to the utility fund is to help with the debt service. All are expected to be repaid in the 2024- 2025 year.

## (12) PRIOR PERIOD ADJUSTMENTS

There were 3 prior period adjustments made in Fiscal Year 2024. The 1st entry, $684,224 in the Governmental Funds & $(684,224) in the Utility Fund were made to correct prior year Transfers that were erroneously recorded as Interfunds. The 2nd entry of $258,448 was made to the Utility Fund to correct an erroneous entry to Utility Receivables in the prior year. The 3rd entry of $(26,531) in the Governmental Funds was to properly classify the Forfieture Fund, which was previously accounted for as a Fiduciary fund, into a Special Revenue Fund.

## (13) SUBSEQUENT EVENT

Subsequent events are evaluated by the City's management through February 4, 2025, the date which the financial statements were available to be issued.

## (14) CONDUIT DEBT

The City has issued several series of housing revenue bonds to provide for low-cost housing. These bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of September 30, 2024, $1,800,000 in housing revenue bonds were outstanding with an original issue value of $1,800,000. The above bonds do not constitute a debt or pledge of the faith and credit of the City and accordingly the City has no obligation beyond the resources provided by the related bonds. As of September 30, 2024, the $1,800,000 in Bonds have been recorded on the Government Wide Statement of Net Positions as a Due to Others, which will be remitted to the developers in Fiscal Year 2025..

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