

**OFFICIAL NOTICE OF SALE, OFFICIAL BID FORM
and
PRELIMINARY OFFICIAL STATEMENT**

CITY OF DUMAS, TEXAS

(A Political Subdivision of the State of Texas Located in Moore County, Texas)



\$2,775,000*

**COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026
(THE "CERTIFICATES")**

**To be Designated by the City as
"QUALIFIED TAX-EXEMPT OBLIGATIONS"**

**Bids due
Tuesday, April 21, 2026
at
10:00 A.M., Central Time**

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

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This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the 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.

The Issuer will designate the Certificates as “Qualified Tax-Exempt Obligations” for financial institutions.

OFFICIAL NOTICE OF SALE

\$2,775,000*

CITY OF DUMAS, TEXAS

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

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BID: The City Commission (the “City Commission”) of the City of Dumas, Texas (the “City” or the “Issuer”) is offering for sale at competitive bid its \$2,775,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the “Certificates”).

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 10:00 A.M., Central Time, on Tuesday, April 21, 2026. 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 Tuesday, April 21, 2026 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 10:00 A.M., Central Time, on Tuesday, April 21, 2026, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the “Financial Advisor”) and the City Commission shall provide final approval of the award at a City Commission 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 11:00 A.M. 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”)**, as described in the section entitled “**CONDITIONS OF SALE – Basis of Award**” herein subject to final approval of the City Commission 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 11:30 A.M. Central Time on Tuesday, April 21, 2026. The City reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

*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 April 1, 2026 (the "Dated Date") with interest to accrue from the Dated Date and be payable initially on September 1, 2026, and semiannually on each March 1 and September 1 thereafter until the earlier of stated maturity or prior redemption. The 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 (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 within a stated maturity. 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 Preliminary Official Statement.) The Certificates will be stated to mature on September 1 in each of the following years in the following amounts:

MATURITY SCHEDULE (Due September 1)

<u>Stated Maturity</u>	<u>Principal Amount*</u>		<u>Stated Maturity</u>	<u>Principal Amount*</u>
2027	\$85,000		2036	\$175,000
2028	190,000		2037	180,000
2029	200,000		2038	190,000
2030	210,000		2039	195,000
2031	220,000		2040	205,000
2032	235,000		2041	220,000
2033	150,000			
2034	160,000			
2035	160,000			

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 \$2,775,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

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 maturing on or after September 1, 2036 be combined into one or more term certificates, not to exceed three term certificates (the "Term Certificates").

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 September 1 of the first year which has been combined to form such Term Certificate and continuing on September 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.

OPTIONAL REDEMPTION: The City reserves the right, at its option, to redeem the Certificates maturing on or after September 1, 2036, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2035, or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption as further described in the Preliminary 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 Commission on April 21, 2026, and the City's Home Rule Charter and are payable primarily from an annual ad valorem taxes levied against all taxable property in the City, within the limits prescribed by law, and are further secured by a lien on and pledge of the Pledged Revenues being a limited amount of the Net Revenues derived from the operation of the Issuer's combined utility system (the "System") not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien and pledge, however, being subordinate and inferior to the lien on and pledge of the Net

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

Revenues securing the payment of the currently outstanding Surplus Lien Obligations, and any Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, or Additional Surplus Lien Obligations (each as described and defined in the Ordinance) hereafter issued by the Issuer. The City previously authorized the issuance of the currently outstanding Surplus Lien Obligations (as described and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of surplus Net Revenues of the System in the manner provided in the ordinances authorizing the issuance of the currently outstanding Surplus Lien Obligations. Additionally, the City previously authorized the issuance of the currently outstanding Limited Pledge Obligations (as described and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues in the manner provided in the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance the City retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, Additional Surplus Lien Obligations, and Additional Limited Pledge Obligations, while the Certificates are Outstanding, without limitations 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 less than 104% 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 (the "Winning Bidder" or "Purchaser") 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.

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code") to the date of initial delivery of the Certificates, relating to the excludability of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (on or before the date of initial delivery of the Certificates) a certification as to their initial offering prices of the Certificates (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Official Notice of Sale (See "ESTABLISHMENT OF ISSUE PRICE" herein).

ESTABLISHMENT OF ISSUE PRICE:

(a) 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 Norton Rose Fulbright US 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.

(b) 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:

- (1) 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;

- (2) all bidders shall have an equal opportunity to bid;
- (3) 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
- (4) 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.

(c) 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.

(d) 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:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that 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.

(e) 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.

(f) 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.

(g) 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":

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

"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), 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

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

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: See "THE CERTIFICATES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES" for a description of the City's reservation of the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities.

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "City of Dumas, Texas" in the amount of \$55,500, which is 2% of the par value of the Certificates (the "Good Faith Deposit"), is required. The Good Faith Deposit will be retained uncashed by the City until the Certificates are delivered, and at that time it will be returned to the Purchaser uncashed on the date of delivery of the Certificates; however, should the Purchaser fail, refuse or be unable to take up and pay for the Certificates in accordance with the bid, then such check shall be cashed and accepted by the City as full and complete liquidated damages, except as provided under the caption "ADDITIONAL CONDITIONS OF AWARD – Statutory Representations and Covenants". See "ADDITIONAL CONDITIONS OF AWARD - Texas Attorney General Standing Letter". The above mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Certificates has been made.

ADDITIONAL CONDITIONS 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"). 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 Dumas, Texas) and (b) item 3 - the identification number assigned to this contract by the City (Dumas CO2026 – Bid Form) and description of the goods or services (Purchase of the City of Dumas, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026). 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's financial advisor at mmcliney@samcocapital.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the Disclosure Form with original signatures must be submitted by mail to Stephanie Leibe, c/o Norton Rose Fulbright US LLP, 98 San Jacinto Blvd, Suite 1100, Austin, Texas 78701, along with a PDF executed version sent to stephanie.leibe@nortonrosefulbright.com.

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/whatsnew/elf_info_form1295.htm.

Statutory Representations and Covenants. By submitting a bid, each bidder makes the following representations and, if its bid is accepted, covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"). As used in therein, "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 a bidder's bid is accepted, then liability for breach of any such representation or covenant during the term of the contract for purchase and sale of the Certificates created thereby (the "Purchase Contract") 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 Official 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 or Section 2270.0201, Government Code. The foregoing representation excludes each 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 Purchase Contract. 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 Purchase Contract. 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 Purchase Contract. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

Texas Attorney General Standing Letter. The winning bidder represents that it has, as of the date bids are due on the Certificates and as of Closing, on file with the Texas Attorney General a standing letter addressing the representations and verifications hereinbefore described in this Notice of Sale in the form attached as Exhibit B to the Updated Recommendations for Compliance with the Texas BPA Verification and Representation Requirements (December 1, 2023) of the Municipal Advisory Council of Texas or any other form accepted by the Texas Attorney General (a "Standing Letter"). In addition, if subsequent to the filing of its Standing Letter, the winning bidder or the parent company, a wholly- or majority-owned subsidiary or another affiliate of such winning bidder receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking (a) confirmation or verification of the these representations and verifications or (b) written verification that such bidder is a member of the Net Zero Banking Alliance, Net Zero Insurance Alliance, Net Zero Asset Owner Alliance, or Net Zero Asset Managers or of the representations and certifications contained in the winning bidder's Standing Letter (each a "Request Letter"), the winning bidder shall promptly notify the City and Bond Counsel (if it has not already done so) and provide to the City or Bond Counsel, two business days prior to Closing and additionally upon request by the City or Bond Counsel, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the City and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the winning bidder (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the winning bidder that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail. The City reserves the right, in its sole discretion, to reject any bid from a bidder that does not satisfy the foregoing requirements as of the deadline for bids for the Certificates. Liability for breach of any such verification during the term of this contract for purchase shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this contract for purchase, notwithstanding anything in this contract for purchase to the contrary.

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 Certificate (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 therefor, 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 Commission 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: Due to an administrative oversight, in the 2022 Continuing filing, the City failed to file the CD Tables for FYE 2021. The City has taken steps to ensure that all future filings are complete and in compliance with its prior continuing disclosure undertakings.

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 \$2,775,000 (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"), 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, 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 Certificate 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 Certificate can be made on or about May 13, 2026, but if for any reason the City is unable to make delivery by May 13, 2026, 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 at the time of such delivery, the Initial Certificate is 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, 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 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, are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Certificate, 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 U.S. Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

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.

RATINGS: S&P Global Ratings ("S&P") has assigned an underlying, unenhanced rating of "A" to the Certificates without regard to credit enhancement. (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. If the Purchaser chooses to submit a bid utilizing bond insurance, the enhanced long-term rating on the Certificates will be dependent upon the rating of the provider of such policy. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" in the Preliminary Official Statement. 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 OBLIGATIONS: The Issuer does not anticipate the issuance of any additional ad valorem debt in 2026. However, the Issuer may have the potential to issue refunding bonds in 2026.

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.

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

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.samcocapital.com.

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/ _____ Pat Sims
Mayor,
City of Dumas, Texas

ATTEST:

/s/ _____ Cheyanne Robertson
City Secretary,
City of Dumas, Texas

April 21, 2026

OFFICIAL BID FORM

Honorable Mayor and City Commission
 City of Dumas
 124 W. 6th Street
 Dumas, Texas 79029

April 21, 2026

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated April 14, 2026, which terms are incorporated by reference to this proposal (and which are agreed to as evidenced by our submission of this bid), we hereby submit the following bid for \$2,775,000 (preliminary, subject to change) CITY OF DUMAS, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026, dated April 1, 2026 (the "Certificates").

For said legally issued Certificates, we will pay you \$_____ (being a price of no less than 104% of par value) plus accrued interest from their date to the date of delivery to us for Certificates maturing September 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	\$ 85,000		2036*	\$175,000	
2028	190,000		2037*	180,000	
2029	200,000		2038*	190,000	
2030	210,000		2039*	195,000	
2031	220,000		2040*	205,000	
2032	235,000		2041*	220,000	
2033	150,000				
2034	160,000				
2035	160,000				

**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 \$2,775,000. 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 underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

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 five Term Certificates. 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 shown on the next page.

Term Certificate Maturity Date September 1	Year of First Mandatory Redemption	Principal Amount of Term Certificate	Interest Rate
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The Initial Certificate 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 \$55,500, 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 Certificate in immediately available funds at the Corporate Trust Division, BOKF, NA, Dallas, Texas, not later than 10:00 A.M., Central Time, on Wednesday, May 13, 2026, 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", (4) does not and will not "boycott energy companies", and (5) it has, as of the date of this official bid form and as of Closing on file with the Texas Attorney General a standing letter addressing the representations and verifications in (1) through (4), all as more fully provided in the Official Notice of Sale under the heading "ADDITIONAL CONDITIONS OF AWARD", which are included in Exhibit A to this Official Bid Form and incorporated herein for all purposes.

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.

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 stephanie.leibe@nortonrosefulbright.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.

Upon acceptance of this bid by the City, the accepted bid and Official Notice of Sale will together comprise a binding contract for purchase between the winning bidder and the City in accordance with their terms. The acceptance of the bid creates a binding contract with a term that extends until the Certificates are taken up and paid for by the Bidder or any earlier termination of this contract in accordance with the terms of the Notice of Sale.

Bidder: _____
 By: _____
 Authorized Representative

 Telephone Number

 E-mail Address

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Dumas, Texas, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this 21st day of April 2026.

/s/ _____
 Mayor,
 City of Dumas, Texas

ATTEST:

/s/ _____
 City Secretary,
 City of Dumas, Texas

EXHIBIT A

Statutory Representations and Covenants and Texas Attorney General Standing Letter

Statutory Representations and Covenants. Through submitting of this executed Official Bid Form, the undersigned makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"). As used therein, "affiliate" means an entity that controls, is controlled by, or is under common control with the winning 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 representation or covenant during the term of the contract for purchase and sale of the Certificates created by the Official Bid Form (the "Purchase Contract") 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 the Official Notice of Sale, notwithstanding anything herein or therein to the contrary.

Not a Sanctioned Company. The undersigned represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the undersigned 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. The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the Purchase Contract. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

No Discrimination Against Firearm Entities. The undersigned hereby verifies that it and its parent company, wholly- or majority owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the Purchase Contract. 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. The undersigned hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the Purchase Contract. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

Texas Attorney General Standing Letter. The undersigned represents that it has, as of the date of this Official Bid Form and as of Closing will have, on file with the Texas Attorney General a standing letter addressing the representations and verifications hereinbefore described in the Notice of Sale and in this Official Bid Form in the form attached as Exhibit B to the Updated Recommendations for Compliance with the Texas BPA Verification and Representation Requirements (December 1, 2024) of the Municipal Advisory Council of Texas or any other form accepted by the Texas Attorney General (a "Standing Letter"). In addition, if subsequent to the filing of its Standing Letter, the winning bidder or the parent company, a wholly- or majority-owned subsidiary or another affiliate of such winning bidder receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking (a) confirmation or verification of the these representations and verifications or (b) written verification that such winning bidder is a member of the Net Zero Banking Alliance, Net Zero Insurance Alliance, Net Zero Asset Owner Alliance, or Net Zero Asset Managers or of the representations and certifications contained in the winning bidder's Standing Letter (each a "Request Letter"), the winning bidder shall promptly notify the City and Bond Counsel (if it has not already done so) and provide to the City or Bond Counsel, two business days prior to Closing and additionally upon request by the City or Bond Counsel, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the City and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the winning bidder (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the winning bidder that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail. The City reserves the right, in its sole discretion, to reject any bid from a bidder that does not satisfy the foregoing requirements as of the deadline for bids for the Certificates. Liability for breach of any such verification during the term of this contract for purchase shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this contract for purchase, notwithstanding anything in this contract for purchase to the contrary.

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\$2,775,000*
CITY OF DUMAS, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2026

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 "Obligations") of the City of Dumas, Texas (the "Issuer").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Obligations 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 Obligations used by the "Purchaser" in formulating its bid to purchase the Obligations. Attached as Schedule B is a true and correct copy of the bid provided by the "Purchaser" to purchase the Obligations.

(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 Obligations.

2. Defined Terms.

(a) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations 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 Obligations. The Sale Date of the Obligations is April 21, 2026.

(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 Obligations 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 Obligations 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 Obligations 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 Obligations and with respect to compliance with the federal income tax rules affecting the Obligations, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Obligations 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 Obligations.

By: _____
Name: _____
Title: _____

Dated: May 13, 2026

*Preliminary, subject to change.

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SCHEDULE A

EXPECTED OFFERING PRICES

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SCHEDULE B
COPY OF UNDERWRITER'S BID

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

NEW ISSUE - BOOK-ENTRY-ONLY

Rating: S&P: "A" (Underlying)
(See: "OTHER PERTINENT INFORMATION-Ratings", "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein)

PRELIMINARY OFFICIAL STATEMENT
April 14, 2026

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.

\$2,775,000*
CITY OF DUMAS, TEXAS
(A political subdivision of the State of Texas located in Moore County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: April 1, 2026

Due: September 1, as shown on inside cover

The \$2,775,000* City of Dumas, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the "Certificates") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, an ordinance (the "Ordinance") to be adopted by the City Commission of the City of Dumas, Texas (the "City" or the "Issuer") on April 21, 2026, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

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

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

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, acquiring, purchasing, renovating, enlarging, and improving the City's combined utility system; (2) constructing, acquiring, purchasing, renovating, enlarging, and improving the City's gas utility system, including gas meter replacements; (3) acquiring public safety equipment and vehicles, including police vehicles; (4) 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 (5) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

The City has made application to municipal bond insurance companies to have the payment of the principal of and interest on the Certificates insured by a municipal bond insurance policy and will consider the purchase of such insurance after an analysis of the bids from such companies has been made. The Purchaser (hereinafter defined) will be responsible for paying the bond insurer's bond insurance premium. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.

SEE FOLLOWING PAGE 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 Norton Rose Fulbright US LLP, Austin, 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 May 13, 2026.

BIDS DUE TUESDAY, APRIL 21, 2026, AT 10:00 A.M. CENTRAL TIME

* Preliminary, subject to change.

\$2,775,000*
CITY OF DUMAS, TEXAS
 (A political subdivision of the State of Texas located in Moore County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

MATURITY SCHEDULE*
 (Due September 1)

<u>Stated Maturity September 1</u>	<u>Principal Amount*</u>	<u>Initial Rate (%)</u>	<u>Initial Yield (%)</u>	<u>CUSIP Suffix⁽¹⁾</u>
2027	\$ 85,000			CUSIP Prefix No. 264633 ⁽¹⁾
2028	190,000			
2029	200,000			
2030	210,000			
2031	220,000			
2032	235,000			
2033	150,000			
2034	160,000			
2035	160,000			
2036	175,000			
2037	180,000			
2038	190,000			
2039	195,000			
2040	205,000			
2041	220,000			

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on or after September 1, 2036, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on September 1, 2035, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Purchaser may select certain consecutive maturities of the Certificates to be grouped together as a "Term Certificate" and such "Term Certificates" would also be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)

* Preliminary, subject to change.

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

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CITY OF DUMAS, TEXAS

**124 W. 6th Street
Dumas, Texas 79029**

ELECTED OFFICIALS

Name	Position	Years Served	Term Expires November
Pat Sims	Mayor	25	2028
Tommy Brooks	Commissioner Place 1	2	2027
Justin Willis	Commissioner Place 2	11	2027
Clayton Blacksher	Commissioner Place 3	1	2028
Shannon Gillespie	Commissioner Place 4	1	2028

ADMINISTRATION

Name	Position	Length of Service (Years)
Mark Hall	City Manager	1
Debbie Reid	Interim Finance Director	1
Cheyenne Robertson	City Secretary	3 Months

CONSULTANTS AND ADVISORS

Bond CounselNorton Rose Fulbright US LLP
Austin, Texas

Certified Public AccountantsForvis Mazars, LLP
Dallas, Texas

Financial AdvisorSAMCO Capital Markets, Inc.
San Antonio, Texas

For Additional Information Please Contact:

Mr. Mark Hall
City Manager
City of Dumas
124 W. 6th Street
Dumas, Texas 79029
Telephone: (806) 935-4101
mhall@dumastx.gov

Mr. Mark M. McLiney
Senior Managing Director
Mr. Andrew T. Friedman
Senior Managing Director
SAMCO Capital Markets, Inc.
1020 Northeast 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"), and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the Issuer with respect to the Certificates 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 CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

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

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer

The City of Dumas, Texas (the "City" or "Issuer") is a home rule municipality and a political subdivision of the State of Texas located in Moore County and operates under a Commission-Manager form of government with the City Commission having responsibility for establishing policies, enacting legislation, adopting budgets and appointing the City Manager, and the City Manager being responsible for the administration and operation of the government of the City. The City Commission is comprised of five members including the Mayor who are elected at-large for three-year staggered terms. The City's 2026 population estimate is 14,500. (See APPENDIX B – General Information Regarding the City of Dumas and Moore County, Texas" herein.)

The Certificates

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly the Certificate of Obligation Act of 1971 (Sections 271.041 through 271.064, Texas Local Government Code, as amended), Chapter 1502, as amended, Texas Government Code, an ordinance (the "Ordinance") to be adopted by the City Commission of the City, on April 21, 2026 and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.

Security

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

Redemption Provisions of the Certificates

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on or after September 1, 2036, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2035, 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 consecutive maturities of the Certificates to be grouped together as a "Term Certificate" and such "Term Certificates" would also be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)

Tax Matters

In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income of the owners thereof for purposes of federal income taxation under existing statutes, regulations, published rulings and court decisions, subject to matters discussed herein under "TAX MATTERS" and will not be included in calculating the alternative minimum taxable income of the owners thereof who are individuals. (See "TAX MATTERS" and "APPENDIX C - Form of Opinion of Bond Counsel" 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, acquiring, purchasing, renovating, enlarging, and improving the City's combined utility system; (2) constructing, acquiring, purchasing, renovating, enlarging, and improving the City's gas utility system, including gas meter replacements; (3) acquiring public safety equipment and vehicles, including police vehicles; (4) 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 (5) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)
Rating	S&P Global Ratings ("S&P") has assigned an underlying, unenhanced rating of "A" to the Certificates without regard to credit enhancement. An explanation of the significance of such rating may be obtain from S&P. (See "OTHER PERTINENT INFORMATION - Ratings" 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 Certificates insured by a municipal bond insurance policy. If a municipal bond insurance policy is acquired, the Purchaser will pay the bond insurance premium for this bond issuance. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
Payment Record	The City has never defaulted on the payment of its general obligation or revenue indebtedness.
Future Debt Issues	The Issuer does not anticipate the issuance of any additional ad valorem debt in 2026. However, the Issuer may have the potential to issue refunding bonds in 2026.
Delivery	When issued, anticipated on or about May 13, 2026.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel.

(The remainder of this page intentionally left blank)

PRELIMINARY OFFICIAL STATEMENT

relating to

\$2,775,000*

CITY OF DUMAS, TEXAS

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

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Dumas, Texas (the "City" or the "Issuer") of its \$2,775,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the "Certificates") identified on the cover page.

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

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

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

THE CERTIFICATES

General Description of the Certificates

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

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

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the "State") particularly 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 Commission of the City (the "City Commission") on April 21, 2026, and the City's Home Rule Charter.

Security for Payment

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

*Preliminary, subject to change.

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

Redemption Provisions of the Certificates

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after September 1, 2036, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof on September 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Two or more consecutive maturities of the Certificates may be grouped together as a "Term Certificate" by the Purchaser, and such "Term Certificates" would also be subject to mandatory sinking fund redemption. If less than all of the Certificates within a stated maturity are to be redeemed, the particular Certificates to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Notice of Redemption

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

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

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

Selection of Certificates to be Redeemed

The Certificates of a denomination larger than \$5,000 may be redeemed in part (in increments of \$5,000 or any integral multiple thereof). The Certificates to be partially redeemed must be surrendered in exchange for one or more new Certificates for the unredeemed portion of the principal. If less than all of the Certificates are to be redeemed, the Issuer will determine the amounts to be redeemed and will direct the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) to select, at random and by lot, the particular Certificates, or portion thereof, to be redeemed. If a Certificate (or any portion of the principal sum thereof) will have been called for redemption and notice of such redemption will have been given, such Certificate (or the principal amount thereof to be redeemed), will become due and payable on such redemption date and interest thereon will cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, acquiring, purchasing, renovating, enlarging, and improving the City's combined utility system; (2) constructing, acquiring, purchasing, renovating, enlarging, and improving the City's gas

utility system, including gas meter replacements; (3) acquiring public safety equipment and vehicles, including police vehicles; (4) 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 (5) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

Sources and Uses

Sources	
Par Amount of the Certificates	\$ _____
Accrued Interest on the Certificates	_____
[Net] Reoffering Premium	_____
Total Sources of Funds	_____
Uses	
Project Fund Deposit	\$ _____
Purchaser's Discount (including bond insurance premium, if any)	_____
Certificate Fund Deposit	_____
Costs of Issuance	_____
Total Uses	_____

Payment Record

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

Amendments

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

Defeasance

The Ordinance provides for the defeasance of the Certificates when payment of the principal amount of the Certificates plus interest accrued on the Certificates to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment, and/or (2) Government Securities (defined below), to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The foregoing deposits shall be certified as to sufficiency by an independent accounting firm, the City's Financial Advisor, the Paying Agent/Registrar, or such other qualified financial institution (as provided in the Ordinance). The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The Ordinance provides that "Government Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any additional securities and obligations hereafter authorized by State law as eligible for use to accomplish the discharge of obligations such as the Certificates. City officials are authorized to restrict such eligible securities as deemed appropriate. There is no assurance that the ratings for U.S. Treasury securities acquired to defease any Certificates, or those for any other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of these securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Certificates ("Defeasance Proceeds"), though the City has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Ordinance does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the City to use lawfully available Defeasance Proceeds to defease all or any portion of the Certificates, registered owners of Certificates are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

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

Default and Remedies

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

Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

In *Wasson Interests, Ltd., v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson*") the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources". While the Court recognized that the distinction between government and proprietary functions is not clear, the *Wasson* opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

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

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

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

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

Record Date

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

Special Record Date for Interest Payment

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

Future Registration

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

Limitation on Transfer of Certificates

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

Replacement Certificates

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Effect of Termination of Book-Entry-Only System

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

BOND INSURANCE

The City has applied for municipal bond insurance on the Certificates. No representation is hereby made that the City will use municipal bond insurance in connection with the issuance of the Certificates. The City shall notify the Purchaser upon obtaining a commitment from a municipal bond insurance company (the "Bond Insurer") concerning the Certificates. If the City accepts a bid for the Certificates that utilizes municipal bond insurance, the premium for a municipal bond insurance policy (the "Policy") shall be paid by the Purchaser. 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 bond insurance policy to guarantee the scheduled payment of principal and interest on the Certificates. The City has yet to determine whether any insurance will be purchased with the Certificates, but the payment of the bond insurance premium will be the Purchaser'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 Certificates when all or some becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the City from the beneficial owners as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

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

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

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

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

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

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

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

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

INVESTMENT POLICIES

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

Legal Investments

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

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

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to

liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

Investment Policies

Under State law, the Issuer is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for Issuer funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All Issuer funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

Current Investments ⁽¹⁾

TABLE 1

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

<u>Investment Type</u>	<u>Amount</u>	<u>Percentage</u>
Local Checking Accounts	\$8,219,029	61.29%
Texas LOGIC	<u>5,191,926</u>	<u>38.71%</u>
Total	<u>\$13,410,955</u>	<u>100.00%</u>

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

⁽¹⁾ Unaudited.

CONVENING OF TEXAS LEGISLATURE

The regular session of the 89th Texas Legislature convened on January 14, 2025 and adjourned on June 2, 2025 (the “89th Regular Session”). The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor’s discretion, each lasting no more than 30 days and for which the Governor sets the agenda (any such special sessions, together with the 89th Regular Session, are collectively referred to herein as the “2025 Legislative Sessions”). The Governor called for a special session on June 23, 2025, which commenced on July 21, 2025 and adjourned sine die on August 15, 2025 (the “First Special Session”). The Governor had identified eighteen (18) agenda items to be considered during the First Special Session. The Governor called for a second special session on August 12, 2025, which commenced on August 15, 2025 and adjourned sine die on September 4, 2025 (the “Second Special Session”), which covered the exact same eighteen (18) agenda items that were the subject of the First Special Session.

The City is still in the process of reviewing legislation passed during the 2025 Legislative Sessions. At this time, the City cannot make any representations as to the full impact of such legislation. Further, the City can make no representations or predictions regarding any proposed legislation on the agenda for the first called special session or any additional legislation that may be considered during any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title 1 of the Texas Tax Code, as amended (the “Property Tax Code”), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

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

Unless extended by the Legislature, through the December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5.32 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). The maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. See APPENDIX A, Table 1, for the reduction in taxable valuation attributable to the 10% Homestead Cap.

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

Cities, counties and school districts that adopted an optional homestead exemption described in (1), above, for the 2022 tax year are prohibited from repealing or reducing the exemption through December 31, 2027.

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. Pursuant to voter approval at a Statewide election held on November 4, 2025, legislation passed by the State

Legislature and signed by the Governor during the 89th Regular Session will provide a person to an exemption from taxation by a taxing unit of \$125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

Freeport and Goods-In-Transit Exemptions

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

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

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

Other Exempt Property

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

Temporary Exemption for Qualified Property Damaged by a Disaster

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

Tax Increment Reinvestment Zones

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

Tax Abatement Agreements

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

Chapter 380 Agreements

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

City and Taxpayer Remedies

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

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at \$62,883,169 for the 2026 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

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

City’s Rights in the Event of Tax Delinquencies

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

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

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations

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

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

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

“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 greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the three tax years prior to the current tax year divided by the current total.

“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 Commission 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. Furthermore, beginning for tax year 2026, if the Texas Attorney General determines that a city did not have its audited annual financial statements on file with its city secretary before the 180th day after the city’s fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city’s no-new-revenue tax rate.

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

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

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

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a

special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

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

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

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

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

Debt Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100

of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

CITY'S APPLICATION OF THE PROPERTY TAX CODE

The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$60,000.

The City has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of \$5,000.

The City has not elected to grant a \$20,000 homestead exemption.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older.

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

The City does not tax nonbusiness personal property; and Moore County Appraisal District does not collect taxes for the City.

The City does permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not tax goods-in-transit.

The City does collect an additional one-half of one percent sales tax for reduction of ad valorem taxes.

The City has not adopted a tax abatement policy.

The City does not participate in any tax increment financing zones.

TAX MATTERS

Tax Exemption

The delivery of the Certificates is subject to the opinion of Bond Counsel to the effect that interest on the Certificates for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), of the owners thereof pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinion is 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 Certificates and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Certificates. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Certificates and the facilities financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Certificates are to be invested, if required, the periodic calculation and payment to the United States Treasury of any arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Certificates to be includable in the gross income of the owners thereof from the date of the issuance of the Certificates.

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

Tax Changes

Existing law may change to reduce or eliminate the benefit to Bond 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 purchaser of the Certificates should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Ancillary Tax Consequences

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

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

Tax Accounting Treatment of Discount Certificates

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

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

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

Tax Accounting Treatment of Premium on Certain Certificates

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

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

Qualified Tax-Exempt Obligations

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for interest expense allocable to tax-exempt obligations (other than private activity Certificates that are not qualified 501(c)(3) bonds) which are 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 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 agreement for the benefit of the holders and Beneficial Owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under these agreements, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The information provided to the MSRB will be available to the public free of charge via the Electronic Municipal market Access ("EMMA") system through an internet website accessible at www.emma.msrb.org as described below under "Availability of Information".

Annual Reports

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

The Issuer will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Issuer of the general type included in Table 1 of the Official Statement and in Tables 1, 2, 3, 9, 10, 11, 12, 13, 17 and 18 of APPENDIX A to this Official Statement and in APPENDIX D. The Issuer will update and provide this information within six months after the end of each fiscal year in or after 2026. The City will provide the updated information to the MSRB in an electronic format, which will be available through EMMA to the general public without charge.

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

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

Notice of Certain Events

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

pursuant to its terms, if material; (14) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City will adopt policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Certificates nor the Ordinance make provision for credit enhancement (although an application has been made for a municipal bond insurance policy), liquidity enhancement, or debt service reserves.

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

Availability of Information

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

Limitations and Amendments

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

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

Compliance with Prior Agreements

Due to an administrative oversight, in the 2022 Continuing filing, the City failed to file the CD Tables for FYE 2021. The City has taken steps to ensure that all future filings are complete and in compliance with its prior continuing disclosure undertakings.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

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

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

Litigation

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

FORWARD LOOKING STATEMENTS

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

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

The sale of the Certificates has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Certificates have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Certificates been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which they may be sold, assigned, pledged, hypothecated or otherwise

transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

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

Ratings

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

Authenticity of Financial Information

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

Financial Advisor

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

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

Winning Bidder

After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the "Purchaser" or the "Initial Purchaser") to purchase the Certificates at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a [net] 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.

Certification of the Official Statement

At the time of payment for and delivery of the Initial Certificates, the Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the delivery thereof, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect, and (d) there has been no material adverse change in the financial condition of the City, since the date of the last financial statements of the City appearing in the Official Statement.

Authorization of the Official Statement

The Official Statement 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 Commission, 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 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 Certificates by the Purchaser.

This Official Statement will be approved by the City Commission of the Issuer for distribution in accordance with the provisions of the Rule.

CITY OF DUMAS, TEXAS

/s/

Mayor
City of Dumas, Texas

ATTEST:

/s/

City Secretary
City of Dumas, Texas

APPENDIX A
FINANCIAL INFORMATION RELATING TO
THE CITY OF DUMAS, TEXAS

ASSESSED VALUATION**TABLE 1**

2025 Actual Market Value of Taxable Property (100% of Actual) ^(a)		\$ 1,127,849,342
Less Exemptions:		
Over-65 Homestead Exemptions	\$ 57,383,885	
Disabled and Deceased Veterans' Exemptions	6,477,429	
Agricultural Productivity Loss	75,930	
10% Homestead Cap Loss	24,499,566	
Other	13,291,429	
Totally Exempt Property	<u>45,685,028</u>	<u>147,413,267</u>
2025 Net Taxable Assessed Valuation		<u>\$ 980,436,075</u>

Source: Moore County Appraisal District

^(a) See "AD VALOREM TAX PROCEDURES" in the Official Statement for a description of the Issuer's taxation procedures.

GENERAL OBLIGATION BONDED DEBT**TABLE 2****General Obligation Debt Principal Outstanding (As of April 1, 2026):**

Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2012	\$ 3,560,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2013	2,525,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2014	2,375,000
General Obligation Refunding Bonds, Series 2015	1,365,000
Tax Notes, Series 2020	545,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021	8,150,000
General Obligation Refunding Bonds, Series 2021	1,515,000
Combination Tax and Revenue Certificates of Obligation, Series 2026 (The "Certificates")	<u>2,775,000</u> *
Total Gross General Obligation Debt Principal Outstanding:	<u>\$ 22,810,000</u>
Less: Self-Supporting General Obligation Debt Principal	
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2012 (100% Water/Sewer)	\$ 3,560,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2013 (100% Water/Sewer)	2,525,000
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2014 (53% Solid Waste and 47% Water/Sewer)	2,375,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021 (100% Water/Sewer)	8,150,000
The Certificates (56% Gas and 29% Water/Sewer)	<u>2,350,000</u> *
Total Self-Supporting Debt Principal Outstanding	<u>\$ 18,960,000</u>
Total Net General Obligation Debt Principal Outstanding Following the Issuance of the Certificates	<u>\$ 3,850,000</u>
General Obligation Interest and Sinking Fund Balance as of September 30, 2025	\$ 125,679
Ratio of Gross General Obligation Debt Principal to 2025 Net Taxable Assessed Valuation	2.33%
Ratio of Net General Obligation Debt Principal to 2025 Net Taxable Assessed Valuation	0.39%
2025 Net Taxable Assessed Valuation	\$ 980,436,075
Population: 1990 - 12,871; 2000 - 13,747; 2010 - 14,691; 2020 - 14,500; Current (Estimate) -	14,500
Per Capita 2025 Net Taxable Assessed Valuation -	\$67,616
Per Capita Gross General Obligation Debt Principal -	\$1,573
Per Capita Net General Obligation Debt Principal -	\$266

Note: Although the City intends to pay such self-supporting debt referenced above from water and sewer revenues and solid waste revenues, respectively, in the event such revenues are not sufficient or the City determines not to appropriate or otherwise provide for payment of such obligations from those revenues or other sources, the City will be required to levy an ad valorem tax to pay such debt.

Notes Payable

The maturity of the City's liability related to notes payable is as follows:

Year Ending September 30,	Business-Type Activities		Total
	Principal	Interest	
2026	\$ 352,439	\$ 91,291	\$ 443,730
2027	376,434	80,609	457,043
2028	401,559	69,199	470,758
2029	427,855	57,028	484,883
2030	455,320	44,060	499,380
2031-2032	998,315	45,844	1,044,159
	<u>\$ 3,011,922</u>	<u>\$ 388,031</u>	<u>\$ 3,399,953</u>

The debt service requirements for the discretely presented component unit are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 171,329	\$ 112,579	\$ 283,908
2027	176,749	107,160	283,909
2028	182,341	101,568	283,909
2029	188,111	95,798	283,909
2030	194,065	89,845	283,910
2031-2035	1,066,471	353,078	1,419,549
2035-2040	1,249,781	173,098	1,422,879
2041-2043	444,853	14,315	459,168
	<u>\$ 3,673,700</u>	<u>\$ 1,047,441</u>	<u>\$ 4,721,141</u>

Source: The City's Audited Financial Report for Fiscal Year Ended September 30, 2025.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 4

Fiscal Year 30-Sep	Current Total Debt Service	The Certificates*			Combined Debt Service*	Less: Self-Supporting Debt Service*	Net General Obligation Debt Service*
		Principal	Interest	Total			
2026	\$ 2,625,205	-	-	-	\$ 2,625,205	\$ 1,879,094	\$ 746,111
2027	2,623,503	\$ 85,000	\$ 191,167	\$ 276,167	3,175,837	2,111,095	1,064,741
2028	2,339,477	190,000	134,500	324,500	2,988,477	2,101,656	886,821
2029	2,336,977	200,000	125,000	325,000	2,986,977	2,102,881	884,096
2030	2,344,927	210,000	115,000	325,000	2,994,927	2,104,881	890,046
2031	2,340,759	220,000	104,500	324,500	2,989,759	2,104,931	884,828
2032	2,078,750	235,000	93,500	328,500	2,735,750	2,107,350	628,400
2033	1,497,225	150,000	81,750	231,750	1,960,725	1,526,175	434,550
2034	921,750	160,000	74,250	234,250	1,390,250	1,156,000	234,250
2035	597,600	160,000	66,250	226,250	1,050,100	823,850	226,250
2036	597,200	175,000	58,250	233,250	1,063,700	830,450	233,250
2037	601,600	180,000	49,500	229,500	1,060,600	831,100	229,500
2038	600,700	190,000	40,500	230,500	1,061,700	831,200	230,500
2039	599,600	195,000	31,000	226,000	1,051,600	825,600	226,000
2040	598,300	205,000	21,250	226,250	1,050,800	824,550	226,250
2041	601,800	220,000	11,000	231,000	1,063,800	832,800	231,000
	<u>\$ 23,305,374</u>	<u>\$ 2,775,000</u>	<u>\$ 1,197,417</u>	<u>\$ 3,972,417</u>	<u>\$ 31,250,207</u>	<u>\$ 22,993,614</u>	<u>\$ 7,799,343</u>

* Preliminary, subject to change. Interest calculated at an assumed rate for purposes of illustration.

TAX ADEQUACY

TABLE 5

2025 Net Taxable Assessed Valuation	\$	980,436,075
Maximum Annual Debt Service Requirements (Including Self-Supporting Debt) (Fiscal Year Ending 9-30-27*)	\$	3,175,837 *
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections		0.33393899 *
2025 Net Taxable Assessed Valuation	\$	980,436,075
Maximum Annual Debt Service Requirements (Excluding Self-Supporting Debt) (Fiscal Year Ending 9-30-27*)	\$	1,064,741 *
Indicated Maximum Interest and Sinking Fund Tax Rate at 97% Collections		0.111957486 *

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

* Preliminary, subject to change.

Fiscal Year Ending 9/30	Principal Repayment Schedule*			Unpaid at End of Year*	Principal Retired (%)*
	Principal Outstanding	The Certificates*	Total*		
2026	\$ 2,065,000	-	\$ 2,065,000	\$ 20,745,000	9%
2027	2,120,000	\$ 85,000	2,205,000	18,540,000	19%
2028	1,895,000	190,000	2,085,000	16,455,000	28%
2029	1,950,000	200,000	2,150,000	14,305,000	37%
2030	2,015,000	210,000	2,225,000	12,080,000	47%
2031	2,070,000	220,000	2,290,000	9,790,000	57%
2032	1,870,000	235,000	2,105,000	7,685,000	66%
2033	1,350,000	150,000	1,500,000	6,185,000	73%
2034	820,000	160,000	980,000	5,205,000	77%
2035	520,000	160,000	680,000	4,525,000	80%
2036	530,000	175,000	705,000	3,820,000	83%
2037	545,000	180,000	725,000	3,095,000	86%
2038	555,000	190,000	745,000	2,350,000	90%
2039	565,000	195,000	760,000	1,590,000	93%
2040	575,000	205,000	780,000	810,000	96%
2041	590,000	220,000	810,000	-	100%
	<u>\$ 20,035,000</u>	<u>\$ 2,775,000</u>	<u>\$ 22,810,000</u>		

* Preliminary, subject to change.

INTEREST AND SINKING FUND MANAGEMENT INDEX

TABLE 7

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2025	\$ 125,679
2025 Interest and Sinking (I&S) Fund Tax Levy 0.215868 at 97% Collections Produces ^(a)	<u>737,043</u>
Total Available for Debt Service	\$ 862,722
Less: General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-26 ^(b)	<u>746,111</u> *
Estimated Surplus at Fiscal Year Ending 9-30-26	\$ 116,611 *

^(a) Does not include delinquent tax collections, penalties and interest on delinquent tax collection or investment earnings.

^(b) Excludes self-supporting general obligation debt being paid from net revenues of the Waterworks and Sewer System and the Solid Waste Disposal System.

* Preliminary, subject to change.

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2016-2025

TABLE 8

<u>Year</u>	<u>Net Taxable Assessed Valuation</u>	<u>Change From Preceding Year</u>	
		<u>Amount</u>	<u>Percent</u>
2016	\$ 566,986,698	\$ -	-
2017	607,053,825	40,067,127	7.07%
2018	644,383,355	37,329,530	6.15%
2019	652,753,866	8,370,511	1.30%
2020	663,794,262	11,040,396	1.69%
2021	708,440,308	44,646,046	6.73%
2022	796,245,620	87,805,312	12.39%
2023	862,742,775	66,497,155	8.35%
2024	906,203,769	43,460,994	5.04%
2025	980,436,075	74,232,306	8.19%

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Moore County Appraisal District and the Texas Comptroller of Public Accounts

PRINCIPAL TAXPAYERS - 2025

TABLE 9

<u>Name</u>	<u>Type of Property</u>	<u>2025 Net Taxable Assessed Valuation</u>	<u>% of Total 2025 Assessed Valuation</u>
Southwestern Public Service Co.	Electric Utility	\$ 15,147,340	1.54%
Wal-Mart Real Estate Business	Land Development	8,888,186	0.91%
MBSB Guylane LLC	Retail	7,032,710	0.72%
Dumas Development LP	Hotel/Motel	6,201,640	0.63%
Wal-Mart Stores Inc. #812	Discount Retail Sales Store	4,949,878	0.50%
Innstar Hotels LLC	Hotel/Motel	4,900,000	0.50%
Jack Oldham Oil	Oil & Gas	4,130,100	0.42%
N&R Bhakta LP	Hotel/Motel	3,827,300	0.39%
Equipment Supply Co Inc	Irrigation	3,616,723	0.37%
SIDHU Hotels Group LLC	Hotel/Motel	3,546,000	0.36%
	Total	<u>\$ 62,239,877</u>	<u>6.35%</u>

Based on a 2025 Net Taxable Assessed Valuation of \$ 980,436,075

Source: Moore County Appraisal District

CLASSIFICATION OF ASSESSED VALUATION ^(a)

TABLE 10

<u>Category</u>	<u>2025</u>	<u>% of Total</u>	<u>2024</u>	<u>% of Total</u>	<u>2023</u>	<u>% of Total</u>
Real, Residential, Single-Family	\$ 755,664,326	67.00%	\$ 705,282,354	67.20%	\$ 671,437,678	67.85%
Real, Residential, Multi-Family	36,282,178	3.22%	32,169,027	3.07%	26,184,306	2.65%
Real, Vacant Lots/Tracts	4,934,320	0.44%	5,352,710	0.51%	5,082,810	0.51%
Real, Acreage (Land Only)	77,170	0.01%	167,572	0.02%	170,950	0.02%
Farm and Ranch Improvements	925,130	0.08%	925,130	0.09%	925,130	0.09%
Real, Commercial	164,237,024	14.56%	143,984,926	13.72%	129,301,969	13.07%
Real Industrial	2,368,780	0.21%	2,368,780	0.23%	2,556,420	0.26%
Real; Minerals (Oil and Gas)	282,769	0.03%	333,963	0.03%	326,781	0.03%
Real & Tangible, Personal Utilities	20,388,150	1.81%	20,123,260	1.92%	17,152,270	1.73%
Tangible Personal, Commercial	80,557,180	7.14%	76,316,468	7.27%	75,596,140	7.64%
Tangible Personal, Industrial	3,336,980	0.30%	3,493,850	0.33%	5,492,010	0.55%
Tangible Personal/Mobile Homes	7,995,400	0.71%	7,214,290	0.69%	6,710,555	0.68%
Special Inventory	2,852,330	0.25%	3,445,920	0.33%	2,564,090	0.26%
Totally Exempt Property	<u>47,947,605</u>	<u>4.25%</u>	<u>48,309,317</u>	<u>4.60%</u>	<u>46,142,673</u>	<u>4.66%</u>
Total Appraised Value	\$ 1,127,849,342	100.00%	\$ 1,049,487,567	100.00%	\$ 989,643,782	100.00%
Less Exemptions:						
Local Option Over-65	\$ 57,383,885		\$ 55,615,031		\$ 56,690,755	
Disabled and Deceased Veterans'	6,477,429		5,847,888		4,581,996	
Productivity Loss	75,930		164,390		159,078	
10% Homestead Cap Loss	24,499,566		21,171,224		18,885,201	
Other	13,291,429		13,408,292		447,954	
Totally Exempt Property	<u>45,685,028</u>		<u>47,076,973</u>		<u>46,136,023</u>	
Total Exemptions	\$ 147,413,267		\$ 143,283,798		\$ 126,901,007	
Net Taxable Assessed Valuation	\$ 980,436,075		\$ 906,203,769		\$ 862,742,775	

^(a) See "AD VALOREM TAX PROCEDURES - Property Tax Code and Countywide Appraisal District" herein.
 Source: Moore County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS^(a)

TABLE 11

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% Collections		Year Ended
				Current	Total	
2016	\$ 566,986,698	0.290891	1,649,313	98.95%	102.08%	9/30/2017
2017	607,053,825	0.310891	1,887,276	98.52%	100.60%	9/30/2018
2018	644,383,355	0.330891	2,132,207	98.68%	100.51%	9/30/2019
2019	652,753,866	0.357362	2,332,694	98.09%	100.41%	9/30/2020
2020	663,794,262	0.357362	2,372,148	91.28%	100.33%	9/30/2021
2021	708,440,308	0.486400	3,445,854	94.16%	98.21%	9/30/2022
2022	796,245,620	0.451916	3,598,361	98.63%	101.06%	9/30/2023
2023	862,742,775	0.480631	4,146,609	97.54%	98.90%	9/30/2024
2024	906,203,769	0.500814	4,538,395	97.74%	99.75%	9/30/2025
2025	980,436,075	0.614900	6,028,701	85.64%	85.98%	9/30/2026 *

^(a) See "AD VALOREM TAX PROCEDURES" - The Property Tax Code as Applied to the City" herein.

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Moore County Appraisal District and the Issuer.

*Collections as of March 26, 2026.

TAX RATE DISTRIBUTION

TABLE 12

Fund	2025	2024	2023	2022	2021
Maintenance & Operations Fund	\$0.537400	\$0.258345	\$0.234831	\$0.191313	\$0.154000
Interest & Sinking Fund	<u>\$0.077500</u>	<u>\$0.242469</u>	<u>\$0.245800</u>	<u>0.260603</u>	<u>0.332400</u>
TOTAL	<u><u>\$0.614900</u></u>	<u><u>\$0.500814</u></u>	<u><u>\$0.480631</u></u>	<u><u>\$0.451916</u></u>	<u><u>\$0.486400</u></u>

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas and the Moore County Appraisal District

MUNICIPAL SALES TAX^(a)

TABLE 13

Calendar Year	Total 2% Collections	1% City Collections	½% Property Tax Reduction	½% Economic Development	% of Ad Valorem Tax Levy^(b)	\$ Equivalent of Ad Valorem Tax Rate^(b)
2016	3,378,495	1,689,248	844,624	844,624	153.63%	0.45
2017	3,333,736	1,666,868	833,434	833,434	132.48%	0.41
2018	3,454,898	1,727,449	863,725	863,725	121.53%	0.40
2019	3,680,996	1,840,498	920,249	920,249	118.35%	0.42
2020	3,710,731	1,855,365	927,683	927,683	117.32%	0.42
2021	4,134,292	2,067,146	1,033,573	1,033,573	89.98%	0.44
2022	4,500,234	2,250,117	1,125,059	1,125,059	93.80%	0.42
2023	4,783,293	2,391,646	1,195,823	1,195,823	86.52%	0.42
2024	4,796,382	2,398,191	1,199,095	1,199,095	79.26%	0.40
2025	5,055,548	2,527,774	1,263,887	1,263,887	62.89%	0.39
2026*	1,299,402	649,701	324,850	324,850	N/A	N/A

^(a) See "Appendix A - Municipal Sales Tax Collections".

^(b) Based on 1 ½% collections (1% collections for City plus ½% collections for property tax reduction).

*As of March, 2026.

Source: Website of Texas Comptroller of Public Accounts (Sales Tax Link)

Note: The Comptroller's website figures list sales tax revenues in the month they are delivered to the City, which is two months after they are generated/collected.

OVERLAPPING DEBT DATA AND INFORMATION

TABLE 14

(As of April 1, 2026)

<u>Taxing Body</u>	<u>Gross Debt Principal</u>	<u>% Overlapping</u>	<u>Amount Overlapping</u>
Dumas Independent School District	\$ 80,695,000	37.12%	\$ 29,953,984
Moore County	-	29.32%	-
Total Gross Overlapping Debt			\$ 29,953,984
Dumas, City of	\$ 22,810,000 (a)*	100.00%	22,810,000 (a)*
Total Gross Direct and Overlapping Debt			<u>\$ 52,763,984 (a)*</u>
Ratio of Gross Direct and Overlapping Debt Principal to 2025 Net Taxable Assessed Valuation			5.38% (a)*
Ratio of Gross Direct and Overlapping Debt Principal to 2025 Actual Assessed Value			4.68% (a)*
Per Capita Gross Direct and Overlapping Debt Principal			\$3,639 (a)*

Note: The above figures show **Gross** General Obligation Debt for the City of Dumas, Texas
The Issuer's **Net** General Obligation Debt is

\$ 3,850,000 (a)*

Total **Net** Direct and Overlapping Debt

\$ 33,803,984 (a)*

Calculations on the basis of Net General Obligation Debt would change the above figures as follows:

Ratio of Net Direct and Overlapping Debt to 2025 Net Taxable Assessed Valuation	3.45% (a)*
Ratio of Net Direct and Overlapping Debt to 2025 Actual Assessed Value	3.00% (a)*
Per Capita Net Direct and Overlapping Debt	\$2,331 (a)*

(a) Includes the Certificates.

* Preliminary, subject to change.

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

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ENTITIES

TABLE 15

<u>Governmental Entity</u>	<u>2025 Net Taxable Assessed Valuation</u>	<u>% of Actual</u>	<u>2025 Tax Rate</u>
Dumas Independent School District	\$ 2,385,219,582	100%	\$ 1.38600
Moore County	2,981,992,048	100%	\$ 0.46800
Moore Co Hospital District	3,252,188,573	100%	\$ 0.23600
Palo Duro River Authority	2,791,259,711	100%	\$ -

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

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

TABLE 16

<u>Entity</u>	<u>Authorization</u>
Dumas, City of	None
All Overlapping Entities	None

FUND BALANCES

TABLE 17

Water Fund	\$ 6,943,536
Wastewater Fund	3,864,459
Total Fund Balances	<u>\$ 10,807,995</u>

Source: Information from the Issuer

**GENERAL FUND COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE**

TABLE 18

	Fiscal Year Ended September 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:					
Taxes:					
Property Taxes	\$ 2,215,884	\$ 1,907,274	\$ 1,467,538	\$ 1,086,755	\$ 967,926
Sales	3,768,128	3,588,515	3,570,763	3,342,651	3,078,016
Franchise	655,113	671,169	716,163	652,890	595,041
Mixed Beverage	46,059	34,580	28,908	27,501	24,485
Licenses and Fees	204,570	139,628	168,415	176,454	147,525
Fines and Forfeitures	379,892	458,519	205,317	395,137	333,279
Intergovernmental	-	-	-	1,706,771	20,425
Investment Income	122,268	87,803	5,850	4,781	3,118
Miscellaneous	850,845	606,265	870,686	82,935	42,703
Total Revenues	<u>\$ 8,242,759</u>	<u>\$ 7,493,753</u>	<u>\$ 7,033,640</u>	<u>\$ 7,475,875</u>	<u>\$ 5,212,518</u>
Expenditures					
Current:					
General Government	\$ 1,659,960	\$ 1,339,909	\$ 614,021	\$ 491,986	\$ 487,013
Fire	2,151,525	2,085,858	1,754,753	1,715,479	1,697,044
Police	3,827,755	3,732,287	3,316,210	3,081,391	3,047,582
Streets	950,051	1,311,460	1,405,569	1,255,141	1,241,593
Parks	1,075,447	1,036,820	924,958	648,789	641,709
Debt Service					
Principal	-	-	281,437	274,167	317,900
Interest and Other Charges	-	-	22,037	30,533	39,391
Bond issuance costs	-	-	-	-	39,719
Capital Outlay	225,317	332,331	554,320	976,856	1,749,265
Total Expenditures	<u>\$ 9,890,055</u>	<u>\$ 9,838,665</u>	<u>\$ 8,873,305</u>	<u>\$ 8,474,342</u>	<u>\$ 9,261,216</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,647,296)</u>	<u>\$ (2,344,912)</u>	<u>\$ (1,839,665)</u>	<u>\$ (998,467)</u>	<u>\$ (4,048,698)</u>
Other Financing Sources (Uses)					
Transfers In ^(a)	\$ 3,128,000	\$ 2,779,691	\$ 2,048,847	\$ 8,030,110	\$ 3,118,981
Transfers Out	(564,840)	(72,167)	(270,207)	(6,001,939)	(832,358)
Note receivable issued	-	-	-	(1,700,000)	-
Proceeds from Sale of Assets	-	31,701	-	76,300	-
Proceeds from Loans	-	-	-	-	-
Proceeds From Issuance of debt	-	-	-	-	1,435,000
Total Other Financing Sources (Uses)	<u>\$ 2,563,160</u>	<u>\$ 2,739,225</u>	<u>\$ 1,778,640</u>	<u>\$ 404,471</u>	<u>\$ 3,721,623</u>
Net Change in Fund Balance	<u>\$ 915,864</u>	<u>\$ 394,313</u>	<u>\$ (61,025)</u>	<u>\$ (593,996)</u>	<u>\$ (327,075)</u>
Fund Balances at Beginning of Year	895,645	501,332	562,357	1,156,353	1,483,428
Period Adjustment	-	-	-	-	-
Fund Balances at End of Year	<u>\$ 1,811,509</u>	<u>\$ 895,645</u>	<u>\$ 501,332</u>	<u>\$ 562,357</u>	<u>\$ 1,156,353</u>

The Estimated General Fund Balance for Fiscal Year Ending September 30, 2026 is anticipated to be approximately \$1,575,887.

(a) Reflects interfund transfers from the City's propriety funds to the City's general fund. Pursuant to the City's practice of maintaining a low ad valorem tax rate, the City transfers surplus revenues from the operation of the City's gas system, water system and wastewater system to the City's general fund for primary governmental use. The City, at its option, may change the dollar amounts of such interfund transfers or discontinue such interfund transfers in the future.

Source: The Issuer's Audited Financial Statements for Fiscal Year Ending September 30, 2025.

CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENTS

TABLE 19

	Fiscal Year Ended September 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues	\$ 5,777,185	\$ 5,688,217	\$ 4,794,544	\$ 5,333,366	\$ 4,831,118
Expenses	3,127,342	2,765,355	1,430,284	2,880,014	2,253,204
Available for Debt Service	<u>\$ 2,649,843</u>	<u>\$ 2,922,862</u>	<u>\$ 3,364,260</u>	<u>\$ 2,453,352</u>	<u>\$ 2,577,914</u>
Annual Debt Service Requirements					
Paid From System Revenues	<u>\$713,642</u>	<u>\$706,551</u>	<u>\$701,769</u>	<u>\$711,370</u>	<u>\$704,004</u>
Coverage of Debt Service Paid From System Revenues	<u>3.71</u> x	<u>4.14</u> x	<u>4.79</u> x	<u>3.45</u> x	<u>3.66</u> x
Customer Count					
Water	5,653	5,601	5,562	5,555	5,501
Sewer	5,291	5,243	5,204	5,173	5,096

WATER RATES

TABLE 20

(Based on Monthly Billing)

**Existing Rates
(Effective October 1, 2025)**

The monthly rates shall be the sum of the monthly customer charge plus the monthly volume charge, as shown below:

Residential Service:

Minimum up to 3,000 Gallons	\$ 25.00	per month
Each 1,000 Gallons after Minimum	3.51	
 Bulk Water Rate per 1,000 Gallons (\$5.00 Minimum per Month)	 \$ 5.00	

Commercial Service:

Minimum up to 3,000 Gallons	\$ 30.31	per month
Each 1,000 Gallons after Minimum	3.51	
 Outside City Limits Surcharge per Month	 \$ 10.00	

The minimum monthly charge shall be the greater of the following:

1. The customer charge plus the volume charge; or
2. The amount specified in any contract between the customer and the City.

WATER TAPPING FEES

TABLE 21

**Existing Rates
(Effective October 1, 2025)**

1" (¾" where applicable) Service Tap and Meter	\$ 850.00
2" Service Tap and Meter	1,750.00
Meter only, any size	400.00

PRINCIPAL WATER CUSTOMERS - 2025

TABLE 22

<u>Name of Customer</u>	<u>Average Monthly Consumption Gallons</u>	<u>Average Monthly Bill</u>
Dumas ISD	11,500	\$5,150
Moore Tex Water Supply Co	13,066	4,594
Parkview Addition	2,997	1,773
Memorial Hospital	1,815	1,272
Great Plains Nursing and Rehab	1,137	798
Frische Brothers Fertilizer	561	395
Dumas Co Op	772	363
SIDHU Hotels Group LLC	512	359
Brookhollow - B Barker	494	347
Loves Travel Stop #626	320	224
Total	21,674	\$10,125

SEWER RATES

TABLE 23

(Based on Monthly Billing)

**Proposed Rates
(Effective October 1, 2025)**

Residential Service:

Minimum up to 3,000 Gallons	\$ 19.50 per month
Each 1,000 Gallons after Minimum	3.19

Consumption is based on water winter quarter average usage.

Commercial Service:

Minimum up to 3,000 Gallons	\$ 22.00 per month
Each 1,000 Gallons after Minimum	3.19

Consumption is based on actual water usage.

Bulkwater:

Bulk water \$5.00 per 1,000 gallons and \$5.00 minimum per month

PRINCIPAL SEWER CUSTOMERS - 2025

TABLE 24

<u>Name of Customer</u>	<u>Average Monthly Consumption Gallons</u>	<u>Average Monthly Bill</u>
Memorial Hospital	2,018	\$ 1,461
Parkview Addition	2,377	1,351
Shine On Enterprises In	1,632	1,173
Great Plains Nursing and Rehab	1,796	1,125
SIDHU Hotels Group LLC	1,351	977
Dumas ISD	2,613	836
Jack's Express Lanundry	1,038	751
Brookhollow - B Barker	494	358
Mitchel Yerby	421	304
Jasmine Apartment Inc	383	277
Total	12,105	\$ 8,613

STATEMENT OF SOLID WASTE DISPOSAL REVENUES AND EXPENSES

TABLE 25

	Fiscal Year Ended September 30				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues	\$ 2,630,585	\$ 2,563,008	\$ 3,523,158	\$ 2,445,375	\$ 2,356,608
Expenses	<u>1,778,698</u>	<u>2,407,950</u>	<u>2,535,259</u>	<u>2,714,956</u>	<u>2,570,332</u>
Net Revenues Available for					
Debt Service	<u>\$ 851,887</u>	<u>\$ 155,058</u>	<u>\$ 987,899</u>	<u>\$ (269,581)</u>	<u>\$ (213,724)</u>
Annual Debt Service					
Requirements	<u>\$ 171,175</u>	<u>\$ 169,475</u>	<u>\$ 172,775</u>	<u>\$ 170,400</u>	<u>\$ 172,500</u>
Debt Service Coverage	<u>2.31X</u>	<u>0.91X</u>	<u>5.72X</u>	<u>-1.58X</u>	<u>-1.24X</u>

Source: The Issuer's Annual Audited Financial Statements and other information from the Issuer.

SOLID WASTE DISPOSAL FEES

TABLE 26

Current Monthly Fees
(Effective October 1, 2025)

Residential	
Inside city limits per month	\$ 33.00
Outside city limits per month	\$ 52.28
Commercial - All prices based on 1 pickup per week	

Inside city limits per month:

Number of containers	Number of pickups per week inside of city limits					
	1	2	3	4	5	6
1	\$ 52.28	\$ 99.55	\$ 146.83	\$ 194.11	\$ 241.38	\$ 288.66
2	\$ 80.84	\$ 151.68	\$ 222.52	\$ 293.35	\$ 364.19	\$ 435.03
3	\$ 112.38	\$ 209.75	\$ 307.13	\$ 404.52	\$ 501.88	\$ 599.25
4	\$ 143.90	\$ 267.80	\$ 391.70	\$ 515.60	\$ 639.50	\$ 763.40
5	\$ 175.44	\$ 325.87	\$ 476.31	\$ 626.75	\$ 777.19	\$ 927.62
6	\$ 206.97	\$ 383.95	\$ 560.92	\$ 737.90	\$ 917.87	\$ 1,091.85

Outside city limits per month:

Number of containers	Number of pickups each week outside city limits					
	1	2	3	4	5	6
1	\$ 61.99	\$ 118.98	\$ 175.97	\$ 232.96	\$ 289.95	\$ 346.94
2	\$ 98.36	\$ 186.72	\$ 275.08	\$ 363.44	\$ 451.80	\$ 540.16
3	\$ 138.64	\$ 262.28	\$ 385.92	\$ 509.56	\$ 633.20	\$ 756.84
4	\$ 178.93	\$ 337.86	\$ 496.79	\$ 655.72	\$ 814.65	\$ 973.58

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APPENDIX B

**GENERAL INFORMATION REGARDING THE CITY OF DUMAS
AND MOORE COUNTY, TEXAS**

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**GENERAL INFORMATION REGARDING THE CITY OF DUMAS
AND MOORE COUNTY, TEXAS**

This APPENDIX contains a brief discussion of certain economic and demographic characteristics of the area in which the City is located. Information in this Appendix has been obtained from the sources noted. They are believed to be reliable, although no investigation has been made to verify the accuracy of such information.

General Information:

The City of Dumas (the "City") is the county seat and principal industrial and commercial center of Moore County. It is located at the junction of U.S. Highways 87 and 287. The City's 2020 census was 14,501, decreasing 1.29% since 2010. The current estimated population is 14,500. The economy is made up principally of natural gas and petroleum operations, with agriculture income derived from cattle, sorghums, wheat and corn.

Higher education opportunities within commuting distance of the City include Amarillo College, Frank Phillips College, West Texas A&M University and Panhandle State University. Community facilities include eight parks, a museum, a library and a county art center.



Population:

Census Report	City of Dumas	Moore County
2026 Estimate	14,500	22,321
2020	14,501	21,358
2010	14,691	21,691
2000	13,747	20,121
1990	12,871	17,865
1980	12,149	16,575

Sources: United States Bureau of the Census Website and Dumas Economic Development Corporation

Major Employers for City of Dumas and Surrounding Area:

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Dumas ISD	Education	685
AG Producers CO-OP	Co-Op Agriculture	340
Moore County Hospital District	Healthcare	312
Wal-Mart Super Center	Retail	273
Moore County	County Government	152
City of Dumas	Municipal Government	137
United Supermarket	Retail/Grocery	105
Great Plains Nursing and Rehab	Healthcare/Long-term Care	96
Venable's Welding	Industrial Welding Services	60
Blueknight Energy Partners	Energy Services	50

Source: Dumas/Moore County Chamber of Commerce

MOORE COUNTY

Moore County (the "County") is a Texas panhandle county traversed by U.S. Highways 87 and 287. The economy is based on natural gas and petroleum operations. Sources of agricultural income include cattle, corn, wheat, sorghum, cotton, soybeans, and sunflowers. Minerals produced include gas, oil, and helium. Both the Alibates Flint Quarries National Monument and Lake Meredith National Recreation Area (a 22 mile drive from Dumas) are partially within the County. The 2020 census for the County was 21,358, a decrease of 2.5% since 2010. The current population is estimated at 22,321.

Labor Force Statistics

	<u>Moore County</u>		<u>Amarillo Metropolitan Statistical Area</u>	
	<u>December 2025</u>	<u>December 2024</u>	<u>December 2025</u>	<u>December 2024</u>
Civilian Labor Force	10,848	10,519	141,183	137,913
Total Employed	10,558	10,208	137,228	133,590
Total Unemployed	290	311	3,955	4,323
% Unemployed	2.7%	3.7%	2.8%	3.1%
% Unemployed (Texas)	3.9%	4.1%	3.9%	4.1%
% Unemployed (United States)	4.1%	3.8%	4.1%	3.8%

Source: Texas Workforce Commission, Labor Market Information Department.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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May 13, 2026

Norton Rose Fulbright US LLP

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DRAFT

IN REGARD to the authorization and issuance of the “City of Dumas, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026” (the *Certificates*), dated April 1, 2026 in the aggregate principal amount of \$_____. We have reviewed the legality and validity of the issuance thereof by the City Commission of the City of Dumas, Texas (the *Issuer*). The Certificates are issuable in fully registered form only in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity). The Certificates have Stated Maturities of September 1 in each of the years 20__ through 20__, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Certificates. Interest on the Certificates accrues from the dates, at the rates, in the manner, and is payable on the dates as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Certificates. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Ordinance.

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

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

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Legal Opinion of Norton Rose Fulbright US LLP, Austin, Texas, in connection with the authorization and issuance of “CITY OF DUMAS, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026”

concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

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

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

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

Legal Opinion of Norton Rose Fulbright US LLP, Austin, Texas, in connection with the authorization and issuance of “CITY OF DUMAS, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026”

investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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

Norton Rose Fulbright US LLP

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APPENDIX D

FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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


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City of Dumas, Texas

Independent Auditor's Report and Financial Statements

For the Year Ended September 30, 2025





City of Dumas, Texas
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For the Year Ended September 30, 2025

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Financial Section



Independent Auditor's Report

Honorable Mayor and
Members of the City Commission
City of Dumas, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dumas, Texas (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefit 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.

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements 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 non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Dallas, Texas
March 26, 2026**



Basic Financial Statements

City of Dumas, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
ASSETS				
Cash, cash equivalents, and investments	\$ 2,316,345	\$ 3,282,559	\$ 5,598,904	\$ 429,262
Restricted cash – customer deposits	-	580,680	580,680	-
Restricted cash – construction	-	4,538,671	4,538,671	-
Receivables, net	996,163	2,225,703	3,221,866	228,705
Internal balances	526,908	(526,908)	-	-
Prepaid items	-	-	-	18,769
Notes receivable				
Due within one year	567,664	-	567,664	700,000
Due in more than one year	1,444,087	-	1,444,087	-
Leases receivable				
Due within one year	-	-	-	43,988
Due in more than one year	-	-	-	18,640
Prepaid debt issuance costs (net of accumulated amortization)	-	70,519	70,519	-
Capital assets not being depreciated:				
Land	330,852	3,677,155	4,008,007	1,183,673
Construction in progress	-	770,747	770,747	189,879
Capital assets				
Buildings	7,013,478	448,271	7,461,749	4,082,722
Vehicles	5,258,990	2,181,056	7,440,046	-
Furniture and equipment	4,449,976	6,170,625	10,620,601	14,651
Infrastructure	6,882,043	42,291,155	49,173,198	2,249,179
Water rights	-	1,696,884	1,696,884	-
Lease equipment	271,290	187,164	458,454	-
Less: Accumulated depreciation/amortization	(14,257,887)	(27,158,726)	(41,416,613)	(2,253,833)
Total Assets	15,799,909	40,435,555	56,235,464	6,905,635
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	127,009	-	127,009	-
Pension items	791,856	263,586	1,055,442	36,922
OPEB items	36,171	12,040	48,211	1,687
Total Deferred Outflows of Resources	\$ 955,036	\$ 275,626	\$ 1,230,662	\$ 38,609

**City of Dumas, Texas
Statement of Net Position
September 30, 2025**

(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
LIABILITIES				
Accounts payable	\$ 1,174,313	\$ 376,025	\$ 1,550,338	\$ 204,355
Accrued interest	6,201	67,046	73,247	1,734
Due to other governments	-	18,671	18,671	32,523
Customer deposits	-	580,680	580,680	-
Long-term liabilities				
Due within one year				
Bonds payable	415,000	2,002,439	2,417,439	171,329
Compensated absences	32,961	6,263	39,224	3,906
Due in more than one year				
Bonds payable	1,603,242	19,663,983	21,267,225	3,502,371
Compensated absences	324,042	56,637	380,679	-
Landfill closure and post-closure costs	-	1,651,400	1,651,400	-
Net pension liability	3,213,103	1,069,556	4,282,659	149,818
Total OPEB liability	233,087	77,588	310,675	10,868
Total Liabilities	7,001,949	25,570,288	32,572,237	4,076,904
DEFERRED INFLOWS OF RESOURCES				
Pension items	354,611	118,040	472,651	16,534
OPEB items	68,609	22,839	91,448	3,200
Lease related	-	-	-	56,520
Total Deferred Inflows of Resources	423,220	140,879	564,099	76,254
NET POSITION				
Net investment in capital assets	8,041,947	13,129,730	21,171,677	1,635,134
Restricted for				
Tourism	666,457	-	666,457	-
Special projects	4,347	-	4,347	-
Economic development	-	-	-	1,155,952
Debt service	125,679	-	125,679	-
Other	198,685	-	198,685	-
Unrestricted	292,661	1,870,284	2,162,945	-
Total Net Position	\$ 9,329,776	\$ 15,000,014	\$ 24,329,790	\$ 2,791,086

City of Dumas, Texas
Statement of Activities
Year Ended September 30, 2025

<u>Function/Program</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental activities				
City commission	\$ 29,336	\$ -	\$ -	\$ -
Administration	1,757,510	168,823	-	-
Warehouse	37,075	-	-	-
Inspections	207,250	-	-	-
Purchasing	83,192	-	-	-
Fire	2,164,192	-	-	-
Police	4,370,655	485,755	89,749	-
Streets	1,114,273	-	-	3,750
Recreation and culture	626,413	6,455	-	-
Parks	1,589,586	10,985	-	-
Interest on long-term debt	79,383	-	-	-
Total Governmental Activities	<u>12,058,865</u>	<u>672,018</u>	<u>89,749</u>	<u>3,750</u>
Business-Type Activities				
Waste management	2,760,529	2,630,585	-	-
Gas utility	3,503,442	4,540,148	-	-
Water utility	2,579,113	3,653,040	-	-
Wastewater utility	1,433,141	2,024,203	-	-
Pheasant Trails Golf Course	506,427	225,965	-	-
Total Business-Type Activities	<u>10,782,652</u>	<u>13,073,941</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 22,841,517</u>	<u>\$ 13,745,959</u>	<u>\$ 89,749</u>	<u>\$ 3,750</u>
Component Unit				
Dumas Economic Development Corporation	\$ 1,611,903	\$ 51,550	\$ -	\$ -
Total Component Unit	<u>\$ 1,611,903</u>	<u>\$ 51,550</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues				
Property taxes				
Property taxes, levied for debt service				
Sales and use taxes				
Franchise taxes				
Hotel/Motel taxes				
Alcoholic beverage taxes				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

**City of Dumas, Texas
Statement of Activities
Year Ended September 30, 2025**

(Continued)

Net (Expense) Revenue and Changes in Net Position				Component Unit
Primary Government			Dumas	
Governmental	Business-Type		Economic	
Activities	Activities	Total	Development	
			Corporation	
\$ (29,336)	\$ -	\$ (29,336)	\$ -	-
(1,588,687)	-	(1,588,687)	-	-
(37,075)	-	(37,075)	-	-
(207,250)	-	(207,250)	-	-
(83,192)	-	(83,192)	-	-
(2,164,192)	-	(2,164,192)	-	-
(3,795,151)	-	(3,795,151)	-	-
(1,110,523)	-	(1,110,523)	-	-
(619,958)	-	(619,958)	-	-
(1,578,601)	-	(1,578,601)	-	-
(79,383)	-	(79,383)	-	-
<u>(11,293,348)</u>	<u>-</u>	<u>(11,293,348)</u>	<u>-</u>	<u>-</u>
-	(129,944)	(129,944)	-	-
-	1,036,706	1,036,706	-	-
-	1,073,927	1,073,927	-	-
-	591,062	591,062	-	-
-	(280,462)	(280,462)	-	-
<u>-</u>	<u>2,291,289</u>	<u>2,291,289</u>	<u>-</u>	<u>-</u>
<u>(11,293,348)</u>	<u>2,291,289</u>	<u>(9,002,059)</u>	<u>\$ -</u>	<u>-</u>
			<u>\$ (1,560,353)</u>	
			<u>(1,560,353)</u>	
2,240,781	-	2,240,781	-	-
2,088,655	-	2,088,655	-	-
3,768,128	-	3,768,128	1,256,043	-
655,113	-	655,113	-	-
679,895	-	679,895	-	-
46,059	-	46,059	-	-
156,548	127,185	283,733	31,830	-
265,902	-	265,902	110,671	-
1,747,693	(1,747,693)	-	-	-
<u>11,648,774</u>	<u>(1,620,508)</u>	<u>10,028,266</u>	<u>1,398,544</u>	<u>-</u>
355,426	670,781	1,026,207	(161,809)	-
<u>8,974,350</u>	<u>14,329,233</u>	<u>23,303,583</u>	<u>2,952,895</u>	<u>-</u>
<u>\$ 9,329,776</u>	<u>\$ 15,000,014</u>	<u>\$ 24,329,790</u>	<u>\$ 2,791,086</u>	<u>-</u>

City of Dumas, Texas
Balance Sheet – Governmental Funds
September 30, 2025

	General Fund	Debt Service Fund	Total Non-major Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	\$ 809,978	\$ 120,949	\$ 1,117,741	\$ 2,048,668
Accounts receivables, net	133,489	-	12,010	145,499
Taxes receivable, net	721,552	39,378	89,734	850,664
Notes receivable	2,011,751	-	-	2,011,751
Due from other funds	744,000	-	-	744,000
Total Assets	\$ 4,420,770	\$ 160,327	\$ 1,219,485	\$ 5,800,582
LIABILITIES				
Accounts payable	\$ 544,503	\$ -	\$ 181,970	\$ 726,473
Due to other funds	-	-	744,000	744,000
Total Liabilities	544,503	-	925,970	1,470,473
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue – property taxes	30,673	34,648	-	65,321
Unavailable revenue – fines	121,578	-	-	121,578
Notes related	1,912,507	-	-	1,912,507
Total Deferred Inflows of Resources	2,064,758	34,648	-	2,099,406
FUND BALANCES				
Restricted				
Tourism	-	-	666,457	666,457
Special projects	-	-	4,347	4,347
Debt service	-	125,679	-	125,679
Other	-	-	198,685	198,685
Committed				
Special projects	-	-	152,323	152,323
Unassigned	1,811,509	-	(728,297)	1,083,212
Total Fund Balances	1,811,509	125,679	293,515	2,230,703
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,420,770	\$ 160,327	\$ 1,219,485	\$ 5,800,582

City of Dumas, Texas
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance – governmental funds	\$	2,230,703
Capital and lease assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position		9,948,742
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows – pension related	791,856	
Deferred outflows – OPEB related	36,171	
Deferred inflows – pension related	(354,611)	
Deferred inflows – OPEB related	(68,609)	
Total deferred outflows and inflows related to postemployment benefits		404,807
Internal service funds are used by management to charge the cost of health insurance and vehicle replacement to individual funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		346,745
Long term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Bonds payable, net	(2,018,242)	
Compensated absences	(357,003)	
Accrued interest payable	(6,201)	
Net pension liability	(3,213,103)	
Total OPEB liability	(233,087)	
Total long-term liabilities		(5,827,636)
Revenues in the statements of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.		2,099,406
Governmental funds report the effect of refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred amount on refunding		127,009
Net Position of Governmental Activities	\$	9,329,776

City of Dumas, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Year Ended September 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Non-major Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes				
Property	\$ 2,215,884	\$ 2,088,655	\$ -	\$ 4,304,539
Sales	3,768,128	-	-	3,768,128
Franchise	655,113	-	-	655,113
Hotel/Motel	-	-	679,895	679,895
Mixed beverage	46,059	-	-	46,059
Licenses and fees	204,570	-	3,050	207,620
Fines and forfeitures	379,892	-	34,928	414,820
Intergovernmental	-	-	93,499	93,499
Investment income	122,268	25,754	8,526	156,548
Miscellaneous	850,845	-	5,332	856,177
Total Revenues	<u>8,242,759</u>	<u>2,114,409</u>	<u>825,230</u>	<u>11,182,398</u>
Expenditures				
Current				
City commission	29,336	-	-	29,336
Administration	1,308,455	10,177	-	1,318,632
Warehouse	33,867	-	-	33,867
Inspections	205,646	-	-	205,646
Purchasing	82,656	-	-	82,656
Fire	2,151,525	-	1,437	2,152,962
Police	3,827,755	-	113,963	3,941,718
Streets	950,051	-	-	950,051
Recreation and culture	-	-	626,413	626,413
Parks	1,075,447	-	5,014	1,080,461
Debt service				
Principal	-	655,000	-	655,000
Interest	-	76,863	-	76,863
Capital outlay	225,317	-	7,511	232,828
Total Expenditures	<u>9,890,055</u>	<u>742,040</u>	<u>754,338</u>	<u>11,386,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,647,296)</u>	<u>1,372,369</u>	<u>70,892</u>	<u>(204,035)</u>
Other Financing Sources (Uses)				
Transfers in	3,128,000	246,790	93,540	3,468,330
Transfers out	<u>(564,840)</u>	<u>(1,505,440)</u>	<u>-</u>	<u>(2,070,280)</u>
Total Other Financing Sources (Uses)	<u>2,563,160</u>	<u>(1,258,650)</u>	<u>93,540</u>	<u>1,398,050</u>
Net Change in Fund Balances	915,864	113,719	164,432	1,194,015
Fund Balances, Beginning	<u>895,645</u>	<u>11,960</u>	<u>129,083</u>	<u>1,036,688</u>
Fund Balances, Ending	<u>\$ 1,811,509</u>	<u>\$ 125,679</u>	<u>\$ 293,515</u>	<u>\$ 2,230,703</u>

City of Dumas, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2025

Amounts reported for governmental activities in the statement of activities are different because			
Net change in fund balances – total governmental funds		\$	1,194,015
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$232,828 were less than depreciation of \$1,129,165 in the current year.</p>			
			(896,337)
<p>Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This amount is the net change in deferred inflows of resources.</p>			
			(515,800)
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>			
Principal paid on long-term debt	655,000		
Amortization of bond premiums and discounts	14,273		
Amortization of deferred amounts of refunding	<u>(16,749)</u>		
			652,524
<p>Internal service funds are used by management to charge the cost of health insurance and vehicle replacement to individual funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.</p>			
			(38,936)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the net change in these items</p>			
Accrued interest on long-term debt	(44)		
Compensated absences	12,859		
Changes in pension liabilities and related deferred outflows and inflows of	(53,474)		
Changes in OPEB liabilities and related deferred outflows and inflows of resources.	<u>619</u>		
			<u>(40,040)</u>
Change in Net position of Governmental Activities		\$	<u>355,426</u>

**City of Dumas, Texas
Statement of Net Position – Proprietary Funds
September 30, 2025**

	Business-Type Activities – Proprietary Funds						Governmental Activities
	Waste Management	Gas Utility	Water Utility	Wastewater Utility	Pheasant Trails Golf Course (Nonmajor)	Total Enterprise Funds	
ASSETS							
Current Assets							
Cash, cash equivalents, and investments	\$ 167,767	\$ 1,053,139	\$ 1,602,221	\$ 456,860	\$ 2,572	\$ 3,282,559	\$ 267,677
Restricted cash – customer deposits	3,700	279,295	297,685	-	-	580,680	-
Restricted cash – construction	-	-	4,538,671	-	-	4,538,671	-
Receivables, net	530,314	476,689	756,776	461,924	-	2,225,703	-
Due from other funds	-	1,200,000	380,000	-	-	1,580,000	1,200,000
Prepaid debt insurance costs	5,559	-	17,591	47,369	-	70,519	-
Total Current Assets	707,340	3,009,123	7,592,944	966,153	2,572	12,278,132	1,467,677
Noncurrent Assets							
Capital assets							
Land	305,267	49,778	2,867,661	-	454,449	3,677,155	-
Construction in progress	-	-	770,747	-	-	770,747	-
Vehicles	1,698,660	171,681	223,440	59,758	27,517	2,181,056	-
Buildings	10,194	90,926	59,130	5,711	282,310	448,271	-
Furniture and equipment	4,189,391	379,976	471,912	543,865	585,481	6,170,625	-
Infrastructure	6,651,539	2,612,194	18,961,896	13,013,421	1,052,105	42,291,155	-
Water rights	-	-	1,696,884	-	-	1,696,884	-
Leased equipment	-	-	-	-	187,164	187,164	-
Less accumulated depreciation	(6,039,119)	(2,877,497)	(11,754,320)	(5,228,673)	(1,259,117)	(27,158,726)	-
Total Noncurrent Assets	6,815,932	427,058	13,297,350	8,394,082	1,329,909	30,264,331	-
Total Assets	7,523,272	3,436,181	20,890,294	9,360,235	1,332,481	42,542,463	1,467,677
DEFERRED OUTFLOWS OF RESOURCES							
Pension items	130,209	74,499	39,434	19,444	-	263,586	-
OPEB items	5,948	3,403	1,801	888	-	12,040	-
Total Deferred Outflows of Resources	\$ 136,157	\$ 77,902	\$ 41,235	\$ 20,332	\$ -	\$ 275,626	\$ -

City of Dumas, Texas
Statement of Net Position – Proprietary Funds
September 30, 2025

(Continued)

	Business-Type Activities – Proprietary Funds						Governmental Activities
	Waste Management	Gas Utility	Water Utility	Wastewater Utility	Pheasant Trails Golf Course (Nonmajor)	Total Enterprise Funds	
LIABILITIES							
Current Liabilities							
Accounts payable	\$ 98,013	\$ 90,030	\$ 108,919	\$ 53,991	\$ 25,072	\$ 376,025	\$ 447,840
Accrued interest	6,362	-	44,519	16,165	-	67,046	-
Due to other funds	1,200,000	-	-	-	1,580,000	2,780,000	-
Due to other governments	14,022	4,649	-	-	-	18,671	-
Customer deposits	3,700	279,295	297,685	-	-	580,680	-
Compensated absences – current	3,407	2,061	628	167	-	6,263	-
Long-term debt obligations – current	380,500	-	1,020,339	601,600	-	2,002,439	-
Total Current Liabilities	<u>1,706,004</u>	<u>376,035</u>	<u>1,472,090</u>	<u>671,923</u>	<u>1,605,072</u>	<u>5,831,124</u>	<u>447,840</u>
Noncurrent Liabilities							
Accrued compensated absences	30,799	18,634	5,695	1,509	-	56,637	-
Net pension liability	528,351	302,295	160,012	78,898	-	1,069,556	-
Total OPEB liability	38,328	21,929	11,608	5,723	-	77,588	-
Landfill closure and post-closure costs	1,651,400	-	-	-	-	1,651,400	-
Long-term debt obligations	2,598,809	-	12,317,511	4,747,663	-	19,663,983	-
Total Noncurrent Liabilities	<u>4,847,687</u>	<u>342,858</u>	<u>12,494,826</u>	<u>4,833,793</u>	<u>-</u>	<u>22,519,164</u>	<u>-</u>
Total Liabilities	<u>6,553,691</u>	<u>718,893</u>	<u>13,966,916</u>	<u>5,505,716</u>	<u>1,605,072</u>	<u>28,350,288</u>	<u>447,840</u>
DEFERRED INFLOWS OF RESOURCES							
Pension items	58,311	33,362	17,660	8,707	-	118,040	-
OPEB items	11,282	6,455	3,417	1,685	-	22,839	-
Total Deferred Inflows of Resources	<u>69,593</u>	<u>39,817</u>	<u>21,077</u>	<u>10,392</u>	<u>-</u>	<u>140,879</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	3,836,623	420,208	4,498,171	3,044,819	1,329,909	13,129,730	-
Unrestricted (deficit)	(2,800,478)	2,335,165	2,445,365	819,640	(1,602,500)	1,197,192	1,019,837
Total Net Position	<u>\$ 1,036,145</u>	<u>\$ 2,755,373</u>	<u>\$ 6,943,536</u>	<u>\$ 3,864,459</u>	<u>\$ (272,591)</u>	<u>\$ 14,326,922</u>	<u>\$ 1,019,837</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise fund over time						673,092	
Net Position of Business-Type Activities						<u>\$ 15,000,014</u>	



City of Dumas, Texas
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended September 30, 2025

	Business-Type Activities – Proprietary Funds						Pheasant Trails Golf Course (Non-major)	Total Enterprise Funds	Governmental Activities
	Waste Management	Gas Utility	Water Utility	Wastewater Utility	Total				
Operating Revenues									
Charges for sales and services									
Charges for services	\$ 2,621,967	\$ 4,258,382	\$ 3,552,096	\$ 2,001,017	\$ 201,169	\$ 12,634,631	\$ 1,275,641		
Other income	8,618	281,766	100,944	23,186	24,796	439,310	3,382		
Total Operating Revenues	2,630,585	4,540,148	3,653,040	2,024,203	225,965	13,073,941	1,279,023		
Operating Expenses									
Personnel costs	1,343,589	659,871	532,278	175,929	169,550	2,881,217	-		
Departmental operations	890,873	1,074,966	1,341,375	682,831	269,769	4,259,814	-		
Depreciation	455,764	66,246	380,766	394,929	67,108	1,364,813	-		
Gas purchase for re-sale	-	1,702,359	-	-	-	1,702,359	-		
Insurance claims and premiums	-	-	-	-	-	-	1,673,439		
Total Operating Expenses	2,690,226	3,503,442	2,254,419	1,253,689	506,427	10,208,203	1,673,439		
Operating Income (Loss)	(59,641)	1,036,706	1,398,621	770,514	(280,462)	2,865,738	(394,416)		
Nonoperating Revenues (Expenses)									
Investment earnings	-	27,243	99,942	-	-	127,185	5,837		
Interest and fiscal charges	(70,303)	-	(324,694)	(179,452)	-	(574,449)	-		
Total Nonoperating Revenues (Expenses)	(70,303)	27,243	(224,752)	(179,452)	-	(447,264)	5,837		
Income (Loss) Before Transfers	(129,944)	1,063,949	1,173,869	591,062	(280,462)	2,418,474	(388,579)		
Transfers									
Transfers in	401,350	-	758,200	480,890	-	1,640,440	-		
Transfers out	-	(1,209,250)	(1,252,540)	(576,700)	-	(3,038,490)	-		
Total Transfers	401,350	(1,209,250)	(494,340)	(95,810)	-	(1,398,050)	-		
Change in Net Position	271,406	(145,301)	679,529	495,252	(280,462)	1,020,424	(388,579)		
Net Position, Beginning	764,739	2,900,674	6,264,007	3,369,207	7,871	1,408,416	1,408,416		
Net Position, Ending	\$ 1,036,145	\$ 2,755,373	\$ 6,943,536	\$ 3,864,459	\$ (272,591)	\$ 2,428,840	\$ 1,019,837		
Adjustment for the net effect of the current year activity between the internal service fund and the business-type activity – enterprise funds						(349,643)			
Changes in Net Position of Business-Type Activities						\$ 670,781			

**City of Dumas, Texas
Statement of Cash Flows – Proprietary Funds
Year Ended September 30, 2025**

	Business-Type Activities – Enterprise Funds					Pheasant Trails Golf Course (Nonmajor)	Total Enterprise Funds	Governmental Activities Total Internal Service Funds
	Waste Management	Gas Utility	Water Utility	Wastewater Utility				
Cashflows From Operating Activities								
Receipts from customers	\$ 2,555,491	\$ 4,268,188	\$ 3,514,308	\$ 1,903,099	\$ 230,989	\$ 12,472,075	\$ -	
Receipts for internal service charges	-	-	-	-	-	-	1,275,641	
Other operating receipts	8,618	281,766	100,944	23,186	24,796	439,310	3,382	
Payments to employees for salaries and benefits	(1,330,247)	(654,986)	(527,214)	(641,986)	(193,910)	(3,348,343)	-	
Payments to suppliers and service providers	(789,732)	(2,788,618)	(1,285,369)	(175,845)	(256,249)	(5,295,813)	(1,312,226)	
Receipts (Payments) for interfund services used	(250,000)	800,000	(208,800)	-	217,000	558,200	200,000	
Net Cash Provided by Operating Activities	194,130	1,906,350	1,593,869	1,108,454	22,626	4,825,429	166,797	
Cashflows From Noncapital Financing Activities								
Transfers from other funds	401,350	-	758,200	480,890	-	1,640,440	-	
Transfers to other funds	-	(1,209,250)	(1,252,540)	(576,700)	-	(3,038,490)	-	
Net Cash Provided by (Used in) Noncapital Financing Activities	401,350	(1,209,250)	(494,340)	(95,810)	-	(1,398,050)	-	
Cashflows From Capital and Related Financing Activities								
Principal paid on debt	(372,600)	-	(869,461)	(582,500)	-	(1,824,561)	-	
Interest paid on debt	(82,845)	-	(340,147)	(206,510)	-	(629,502)	-	
Acquisition or construction of capital assets	-	(15,011)	(768,480)	(138,612)	(20,656)	(942,759)	-	
Net Cash Used in Capital and Related Financing Activities	(455,445)	(15,011)	(1,978,088)	(927,622)	(20,656)	(3,396,822)	-	
Cashflows From Investing Activities								
Interest on investments	-	27,243	99,942	-	-	127,185	5,837	
Net Cash Provided by Investing Activities	-	27,243	99,942	-	-	127,185	5,837	
Net Increase (Decrease) in Cash	140,035	709,332	(778,617)	85,022	1,970	157,742	172,634	
Cash and Cash Equivalents, Beginning (Including restricted amounts)	31,432	623,102	7,217,194	371,838	602	8,244,168	95,043	
Cash and Cash Equivalents, Ending (Including restricted amounts)	\$ 171,467	\$ 1,332,434	\$ 6,438,577	\$ 456,860	\$ 2,572	\$ 8,401,910	\$ 267,677	

City of Dumas, Texas
 Statement of Cash Flows – Proprietary Funds
 Year Ended September 30, 2025

(Continued)

	Business-Type Activities – Enterprise Funds					Pheasant Trails Golf Course (Nonmajor)	Total Enterprise Funds	Governmental Activities Total Internal Service Funds
	Waste Management	Gas Utility	Water Utility	Wastewater Utility				
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities								
Operating income (loss)	\$ (59,641)	\$ 1,036,706	\$ 1,398,621	\$ 770,514	\$ (280,462)	\$ 2,865,738	\$ (394,416)	
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:								
Depreciation	455,764	66,246	380,766	394,929	67,108	1,364,813	-	
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	(66,082)	9,834	(37,788)	(97,918)	29,820	(162,134)	-	
(Increase) decrease in due from other funds	(250,000)	800,000	(208,800)	-	-	341,200	200,000	
(Increase) decrease in deferred outflows of pension and OPEB	99,494	56,926	30,133	14,856	-	201,409	-	
Increase (decrease) in accounts payable	34,815	(10,696)	54,543	40,845	13,520	133,027	361,213	
Increase (decrease) in accrued expenses	4,652	(88)	2,431	(1,212)	-	5,783	-	
Increase (decrease) in due to other funds	-	-	-	-	217,000	217,000	-	
Increase (decrease) in pension and OPEB liability	(70,906)	(40,569)	(21,474)	(10,589)	(24,360)	(167,898)	-	
Increase (decrease) in customer deposits	356	(625)	1,463	-	-	1,194	-	
Change in landfill closure cost liability	65,576	-	-	-	-	65,576	-	
Increase (decrease) in deferred inflows of pension and OPEB	(19,898)	(11,384)	(6,026)	(2,971)	-	(40,279)	-	
Net cash provided by (used in) operating activities	\$ 194,130	\$ 1,906,350	\$ 1,593,869	\$ 1,108,454	\$ 22,626	\$ 4,825,429	\$ 166,797	
Schedule of Noncash Capital Activities								
Amortization of prepaid debt insurance costs	\$ 674	\$ -	\$ 2,469	\$ 6,656	\$ -	\$ 9,799	\$ -	



Note 1. Summary of Significant Accounting Policies

General Description of Reporting Entity

The City of Dumas, Texas (City) is a municipality operating under the applicable laws and regulations of the State of Texas. It is governed by a five-member City Commission (Commission) elected by registered voters of the City. The City prepares the basic financial statements in conformity with generally accepted accounting principles promulgated by the Government Accounting Standards Board; and it complies with the requirements of contracts and grants of agencies from which it receives funds. The City provides the following services: police and fire protection, streets, culture and recreation, conservation and development, code enforcement, and general administrative services. In addition, the City maintains a waste management operation, as well as gas, water and wastewater utility systems and operates a municipal golf course. The more significant of the City's accounting policies are described below.

The Commission is elected by the public and it has the authority to make decisions, appoint administrators and management, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 61, *The Financial Reporting Entity – Omnibus – An Amendment of GASB Statement No. 14 and No. 34*.

Discretely Presented Component Unit: The Dumas Economic Development Corporation (DEDC) is a component unit because the Commission appoints the DEDC board and also approves the annual budget. The DEDC has issued separately audited financial statements. Copies of the DEDC audit report for the fiscal year ended September 30, 2025 may be obtained by contacting the management of the DEDC at the following address:

Dumas Economic Development Corporation
900 N. Dumas Ave
Dumas, Texas 79029

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are inter-related. The statement of net position and the statement of activities include the financial activities of the overall government. The government activities column incorporates data from governmental funds, and the internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the City has one discretely presented component unit. While it is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. An exception to this general rule would be charges between enterprise funds and the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include: (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Basis of Presentation – Fund Financial Statements

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

These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, fees, fines, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for and reports all financial resources of the City except those required to be accounted for and reported in another fund.

The Debt Service Fund accounts for the accumulation and disbursement of resources associated with the City's debt obligations. Property taxes and interest income provide the resources necessary to pay the annual principal and interest payments.

The City reports the following major and non-major proprietary funds:

The Waste Management Fund accounts for the billing, collection, transportation, and disposal of garbage, refuse, and other waste products of the City.

The Gas Utility Fund accounts for the gas supply, distribution, billing, and maintenance activities of the City.

The Water Utility Fund accounts for the water supply, distribution, billing, and maintenance activities of the City.

The Wastewater Utility Fund accounts for the wastewater billings, collections, and maintenance activities of the City.

The Pheasant Trails Golf Course Fund accounts for the operation of the municipal golf course and is the only nonmajor proprietary fund of the City.

The City utilizes the following internal service funds:

The Health Insurance Fund is used to account for revenues and expenses related to services provided to parties inside the City. This fund facilitates the distribution of costs to the users of self-insured health insurance coverage on a cost-reimbursement basis. The Capital Replacement Fund is designed to pay for capital expenditures of the City. The only activity in the current year was related to transfers in and out. These funds are combined into one column in the accompanying financial statements. Users of the internal services are both the City's governmental and business-type activities, therefore, this fund type's net position and operating results are allocated to both governmental and business-type activities in the government-wide financial statements.

The City reports the following types of nonmajor governmental funds:

Special Revenue Funds: These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

City of Dumas, Texas
Notes to Financial Statements
September 30, 2025

Capital Projects Fund: This fund accounts for and reports financial resources that are restricted or committed to be used for the acquisition or construction of capital facilities and other capital assets other than those financed by business-type activities.

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

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

Measurement Focus and Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Property taxes are recognized in the fiscal year for which the taxes are levied. Grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as being both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they generally are not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, net pension and total other postemployment benefit liability, and compensated absences, which are recognized as expenditures to the extent they are due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all of the Enterprise Funds.

City of Dumas, Texas
Notes to Financial Statements
September 30, 2025

The appropriate budget is prepared by fund and function, which is the legal level of budgetary control.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

For the fiscal year, expenditures exceeded appropriations for various functions in the General Fund: however, expenditures overall were under budget.

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Restricted cash are resources restricted either externally by bondholders or contractually supported.

Investments

Investments in certificate of deposit are valued at cost as they are nonparticipating investments in which the value does not vary with market interest rate changes.

Receivable and Payable Balances

Receivables include trade (including those from services provided to citizens and businesses for utility services), delinquent taxes, and municipal court fees and fines, all of which are shown net of an allowance for estimated uncollectible amounts.

Payables consist of vendor obligations for goods and services and funds payable to others when the criteria for their release have been met.

Prepaid Items

The City makes certain payments to vendors in the current year for expenses/expenditures applicable to future accounting periods. A reserve for prepayments in governmental fund is recognized at the fund level to indicate that a portion of the fund balance is not appropriable for expenditure. Prepaid items are recorded as expenditures or expenses when consumed.

Capital and Lease Assets

Capital and lease assets, which include land, buildings, equipment, right to use leased equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital and lease assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Land is not depreciated. Buildings, improvements, equipment, and infrastructure assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	15 to 50 years
Vehicles	3 to 15 years
Furniture and equipment	3 to 15 years
Infrastructure	10 to 50 years
Water rights	40 years

Right-to-use assets are amortized over their estimated useful life or the lease period, whichever is shorter.

Capital and Lease Asset Impairment

The City evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a capital or lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital or lease asset historical cost and related accumulated depreciation or amortization are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the year ended September 30, 2025.

Inter-Fund Activity

Inter-fund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, inter-fund receivables and payables are netted and presented as a single "Internal Balances" line on the government-wide statement of net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources, 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.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs withheld from the actual debt proceeds received are reported as debt service expenditures.

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 and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and OPEB expense, information about the balances and additions to/deductions from the balances have been determined on the same basis as they are reported by the City and 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of net pension liability or total OPEB liability) until then. The City has the following items that qualify for reporting in this category:

- Loss on refunding – This results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded and refunding debt.
- Pension contributions after measurement date – These contributions are deferred and will be recognized in the subsequent fiscal year-end.
- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.
- OPEB contributions after measurement date – These contributions are deferred and will be recognized in the subsequent fiscal year-end.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.
- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

In addition to liabilities, the statement of net position or balance sheet 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 assets that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue/increase of net pension liability or total OPEB liability) until that time. The City has the following items that qualify for reporting in this category:

- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.
- Difference in assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.
- Difference in projected and actual earnings on pension plan investments – This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

City of Dumas, Texas
Notes to Financial Statements
September 30, 2025

- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.
- Leases – This is reported under both the full accrual and modified accrual basis of accounting. This is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The City will recognize an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

Net Position

Net position represents the difference between assets, deferred inflows/outflows of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. 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.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financials are as follows:

- **Non-Spendable:** This classification includes amounts that cannot be spent because they are either: (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that are used only for specific purposes pursuant to constraints imposed by board resolution of the city commission, the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the city commission removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The city commission has by resolution authorized the city manager and finance director to assign fund balance. The city commission may also assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- **Unassigned:** this classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Net Position Flow Assumptions

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

Fund Balance Flow Assumptions

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

Compensated Absences

Vacation and sick leave are accrued as liabilities as employees earn the benefit to the extent that they meet all of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; 2) the leave accumulates; and 3) it is more likely than not that the City will compensate.

For the government-wide financial statements, as well as the proprietary fund financial statements, outstanding compensated absences are recorded as a liability based on the last-in-first-out (LIFO) method.

The change in compensated absences is presented as a net amount, in accordance with GASB 101 in Note 8.

Fund Deficit

As of September 30, 2025, the Capital Projects Fund had a deficit fund balance of \$728,301. Management intends to eliminate these fund deficits with transfers in from the other funds.

New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*, supersedes GASB Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. This standard updates the recognition and measurement guidance for compensated absences by aligning the guidance under a unified model. This will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to any type of leave. The City has implemented this Statement in fiscal year 2025, which had no impact on beginning of year net position.

GASB Statement No. 102, *Certain Risk Disclosures*, supersedes the Statement by the National Council of Governmental Accounting (NCGA) Interpretation 6, *Notes to the Financial Statement Disclosure*, paragraph 5. This Standard establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. For concentrations and constraints meeting the definitions in the Standard, governments will disclose the concentrations or constraints, related events that could have a substantial impact, and action taken to mitigate the risk. The City has implemented this Statement in fiscal year 2025, which had no impact on beginning of year net position.

Future Changes in Accounting Principles

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential to decision making and assessing a government's accountability. The statement focuses on improvements to Management's Discussion and Analysis, proprietary fund statement of revenues, expenses and changes in net position, major component units, and other areas. The requirements of this Statement will take effect for the City's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to improve disclosures related to certain types of capital assets. The purpose is to provide users of governmental financial statements with essential information about certain types of capital assets. The requirements of this Statement will

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take effect for the City's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in the application and better meeting the information needs of financial statement users. The requirements of this Statement will take effect for the City's fiscal year 2027. Management has not yet determined the impact of this Statement on its financial statements.

Note 2. Deposits and Investments

In compliance with the *Public Funds Investment Act*, the City has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of September 30, 2025, the City's deposits (cash, interest bearing accounts, and certificates of deposit) with financial institutions were \$8,927,696, and the bank balance was \$9,072,403. Of the bank balance, \$250,000 was insured through the Federal Depository Insurance Corporation (FDIC), and the remaining \$8,822,402 was collateralized with securities held by the pledging of institution's agent in the City's name. As of September 30, 2025, the DEDC's deposits (cash, interest-bearing accounts, and certificates of deposit) with financial institutions were \$100, and the bank balance was \$163,489. Of the bank balance, the entire balance was insured through the Federal Depository Insurance Corporation (FDIC).

The following is a reconciliation of the City's investment balances as of September 30, 2025:

<u>Investment Type</u>	<u>Fair Value</u>
Investments Measured at Amortized Cost	
Texas LOGIC	\$ 1,790,559
Texas CLASS	429,162
	<u>2,219,721</u>
Total Investments Measured at Amortized Cost	<u>2,219,721</u>
Total Investments	<u>\$ 2,219,721</u>

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of September 30, 2025, the City and DEDC had \$1,790,559 invested with Texas LOGIC and \$429,162 invested with Texas CLASS. The *Interlocal Cooperation Act*, chapter 791 of the Texas Government Code, and the *Public Funds Investment Act*, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as Texas LOGIC and Texas CLASS, through which political subdivisions and other entities may invest public funds. The State Comptroller of Public Accounts exercises oversight responsibility over the fund. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants of the pools and other persons who do not have a business relationship with the pool. The advisory board members review the investment policy and management fee structure.

The investment pools use amortized cost-to-value portfolio assets and follow the criteria for GASB Statement No. 79 for use of amortized cost. Texas LOGIC and Texas CLASS do not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. The investments pools (which represent 17% and 100% of the City's and DEDC's portfolio, respectively) are rated AAAM from Standard & Poor's Financial Services.

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Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal.

Interest Rate Risk is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The City manages its exposure to interest rate risk by limiting the weighted-average maturity of its investment portfolio to three years or less.

Credit Risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and City policy limit investments in local government pools to those rated to no lower than AAA or an equivalent rating by at least on nationally recognized rating service.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. As of September 30, 2025, approximately 83% of the City’s funds were being held at the City’s primary depository and were adequately secured as described above.

Investment Accounting Policy

The City’s general policy is to report money market investments and short-term participating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by the other factors, it is reported at fair value. The term “short-term” refers to investments which have a remaining term of 90 days or less at time of purchase. The term “nonparticipating” means that the investments value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts. The City’s investments include certificates of deposit.

Note 3. Receivables

Receivables as of year-end for the City’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Non-major Governmental	Waste Management	Gas Utility	Water Utility	Wastewater Utility	Total
Receivables								
Taxes	\$ 783,741	\$ 101,152	\$ 89,734	\$ -	\$ -	\$ -	\$ -	\$ 974,627
Accounts	871	-	12,010	841,204	937,756	1,074,544	684,389	3,550,774
Court fines	2,520,441	-	-	-	-	-	-	2,520,441
Gross receivables	3,305,053	101,152	101,744	841,204	937,756	1,074,544	684,389	7,045,842
Less: allowance for uncollectible	(2,450,012)	(61,774)	-	(310,890)	(461,067)	(317,768)	(222,465)	(3,823,976)
Net Total Receivables	\$ 855,041	\$ 39,378	\$ 101,744	\$ 530,314	\$ 476,689	\$ 756,776	\$ 461,924	\$ 3,221,866

City of Dumas, Texas
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Note 4. Capital Assets

Capital asset activity is as follows for the year ended September 30, 2025:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 330,852	\$ -	\$ -	\$ -	\$ 330,852
Total capital assets not being depreciated	330,852	-	-	-	330,852
Capital assets being depreciated					
Buildings	6,987,887	25,591	-	-	7,013,478
Vehicles	5,246,101	12,889	-	-	5,258,990
Furniture and equipment	4,353,244	96,732	-	-	4,449,976
Infrastructure	6,784,427	97,616	-	-	6,882,043
Leased equipment	271,290	-	-	-	271,290
Totals capital assets being depreciated amortized	23,642,949	232,828	-	-	23,875,777
Less accumulated depreciation for					
Buildings	(4,651,509)	(271,681)	-	-	(4,923,190)
Vehicles	(3,687,613)	(337,469)	-	-	(4,025,082)
Furniture and equipment	(3,632,191)	(197,211)	-	-	(3,829,402)
Infrastructure	(886,119)	(322,804)	-	-	(1,208,923)
Leased equipment	(271,290)	-	-	-	(271,290)
Total accumulated depreciation amortization	(13,128,722)	(1,129,165)	-	-	(14,257,887)
Total capital assets, net	\$ 10,845,079	\$ (896,337)	\$ -	\$ -	\$ 9,948,742
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities					
Capital assets not being depreciated					
Land	\$ 3,677,155	\$ -	\$ -	\$ -	\$ 3,677,155
Construction in progress	83,749	686,998	-	-	770,747
Total capital assets not being depreciated	3,760,904	686,998	-	-	4,447,902
Capital assets being depreciated					
Buildings	441,421	6,850	-	-	448,271
Vehicles	2,181,056	-	-	-	2,181,056
Furniture and equipment	5,921,714	248,911	-	-	6,170,625
Infrastructure	42,291,155	-	-	-	42,291,155
Water rights	1,696,884	-	-	-	1,696,884
Leased equipment	187,164	-	-	-	187,164
Totals capital assets being depreciated amortized	52,719,394	255,761	-	-	52,975,155
Less accumulated depreciation for					
Buildings	(283,396)	(10,269)	-	-	(293,665)
Vehicles	(1,698,953)	(135,467)	-	-	(1,834,420)
Furniture and equipment	(4,211,365)	(326,518)	-	-	(4,537,883)
Infrastructure	(18,175,429)	(873,740)	-	-	(19,049,169)
Water rights	(1,237,606)	(18,819)	-	-	(1,256,425)
Leased equipment	(187,164)	-	-	-	(187,164)
Total accumulated depreciation amortization	(25,793,913)	(1,364,813)	-	-	(27,158,726)
Total capital assets, net	\$ 30,686,385	\$ (422,054)	\$ -	\$ -	\$ 30,264,331

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

Governmental Activities		
Administration		\$ 56,292
Police		407,547
Streets		159,944
Parks		<u>505,382</u>
Total Depreciation Amortization Expense – Governmental Activities		<u><u>\$ 1,129,165</u></u>
Business-Type Activities		
Waste management		\$ 455,764
Gas utility		66,246
Water utility		380,766
Wastewater utility		394,929
Pheasant Trails Golf Course		<u>67,108</u>
Total Depreciation Amortization Expense – Business-Type Activities		<u><u>\$ 1,364,813</u></u>

Component Unit	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 614,027	\$ 569,646	\$ -	\$ -	\$ 1,183,673
Construction in progress	<u>402,852</u>	<u>189,879</u>	<u>-</u>	<u>(402,852)</u>	<u>189,879</u>
Total capital assets not being depreciated	<u>1,016,879</u>	<u>759,525</u>	<u>-</u>	<u>(402,852)</u>	<u>1,373,552</u>
Capital assets being depreciated					
Buildings and improvements	4,032,368	41,234	-	9,120	4,082,722
Furniture and equipment	14,651	-	-	-	14,651
Infrastructure	<u>1,814,147</u>	<u>41,300</u>	<u>-</u>	<u>393,732</u>	<u>2,249,179</u>
Totals capital assets being depreciated	<u>5,861,166</u>	<u>82,534</u>	<u>-</u>	<u>402,852</u>	<u>6,346,552</u>
Less accumulated depreciation for					
Buildings and improvements	(1,192,186)	(106,616)	-	-	(1,298,802)
Furniture and equipment	(14,651)	-	-	-	(14,651)
Infrastructure	<u>(868,044)</u>	<u>(72,336)</u>	<u>-</u>	<u>-</u>	<u>(940,380)</u>
Total accumulated depreciation	<u>(2,074,881)</u>	<u>(178,952)</u>	<u>-</u>	<u>-</u>	<u>(2,253,833)</u>
Total capital assets, net	<u>\$ 4,803,164</u>	<u>\$ 663,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,466,271</u>

Depreciation expense of \$37,773 and \$141,179 was charged to the general government and economic development function, respectively.

City of Dumas, Texas
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Note 5. Interfund Transactions

Due to/from Other Funds

The composition of interfund balances was as follows for the year ended September 30, 2025:

<u>Fund</u>	<u>Inter-Fund Receivables</u>	<u>Inter-Fund Payables</u>
General Fund	\$ 744,000	\$ -
Capital Projects Fund (Nonmajor)	-	744,000
Proprietary Funds		
Waste Management	-	1,200,000
Pheasant Trails Golf Course (Nonmajor)	-	1,580,000
Water Utility	380,000	-
Gas Utility	1,200,000	-
Internal Service Funds (Nonmajor)		
Capital Replacement	1,200,000	-
	<u>\$ 3,524,000</u>	<u>\$ 3,524,000</u>

The primary purposes of inter-fund receivables and payables are for eliminating deficit cash balances and recording short-term inter-fund borrowings.

Transfers

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

Interfund transfers were as follows during the year ended September 30, 2025:

<u>Fund</u>	<u>Inter-Fund Transfers in</u>	<u>Inter-Fund Transfers Out</u>
General Fund	\$ 3,128,000	\$ 564,840
Debt Service Fund	246,790	1,505,440
Special Revenue Funds (Nonmajor)		
Park improvements	50,000	-
Police Grant	3,540	-
Court Technology	20,000	-
Court Security	20,000	-
Proprietary Funds		
Waste Management	401,350	-
Gas Utility	-	1,209,250
Water Utility	758,200	1,252,540
Waste Water Utility	480,890	576,700
	<u>\$ 5,108,770</u>	<u>\$ 5,108,770</u>

The primary purposes of inter-fund transfers are to move resources necessary for the payment of long-term debt to the funds where the debt is recorded, to move resources necessary for capital acquisitions, and to provide the general fund with additional resources.

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Note 6. Notes Receivable

The City used the COVID State and Local Fiscal Recovery Funds to issue a note receivable to a local company to install and provide fiber-optic broadband internet services to the residents of the City. The completed note will be repaid in equal monthly payments of \$47,222 through 2029. The note is an interest-free obligation.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Notes receivable	\$ 2,603,026	\$ -	\$ (591,275)	\$ 2,011,751	\$ 567,664

Minimum future payments for this note receivable are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Notes Receivable</u>	
		<u>Interest</u>	<u>Principal</u>
2026	\$ 567,664	\$ -	\$ 567,664
2027	567,664	-	567,664
2028	567,664	-	567,664
2029	308,759	-	308,759
	<u>\$ 2,011,751</u>	<u>\$ -</u>	<u>\$ 2,011,751</u>

At September 30, 2025, the Dumas Economic Development Corporation (DEDC) reported a note receivable of \$700,000 related to an economic development advance to an entity located within the City of Dumas, Texas. The note is evidenced by a written agreement and is expected to be repaid in full during fiscal year 2026.

During fiscal year 2025, the DEDC approved an extension of the repayment terms, allowing repayment in the subsequent fiscal year rather than the current year. The extension did not modify the principal amount due.

Management evaluated the collectability of the note receivable at year-end and determined that no allowance for uncollectible amounts was necessary, as the note is supported by an enforceable agreement and is expected to be fully collected within the next fiscal year. Accordingly, the note receivable is reported as a current asset at September 30, 2025.

Note 7. Lease Revenue

The DEDC leases facilities to a third party, the terms of which expire in 2027. The DEDC recognized approximately \$39,005 in lease revenue and interest revenue during the current fiscal year related to the leases. As of September 30, 2025, the DEDC's general fund receivable for lease payments was \$62,628 and the balance of the deferred inflow of resources was \$56,520.

City of Dumas, Texas
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Minimum future payments for this lease receivable are as follows:

Fiscal Year	Total	Lease Receivable	
		Interest	Principal
2026	\$ 45,000	\$ 1,012	\$ 43,988
2027	18,751	111	18,640
	<u>\$ 63,751</u>	<u>\$ 1,123</u>	<u>\$ 62,628</u>

Note 8. Long-Term Debt

Long-Term Debt Activity

Business-Type Activities

During the year end September 30, 2020, the City financed the acquisition of equipment and software, and required license agreements for the City’s utility system upgrade project for Automated Meter Reading capabilities, with a note payable from a financial institution. Principal and interest payments are due annually on July 20 with a fixed interest rate of 3.03%.

In August 2012, the City issued \$8,500,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2012, (2012 Obligations). Proceeds from the sale of the 2012 Obligations will be used to pay contractual obligations to be incurred for the construction and improvement of water and wastewater system properties and facilities. The 2012 Obligations are due and payable between March 1, 2013 and September 1, 2032 and carry variable interest rates between 2.25% and 4.25%.

In 2013, the City issued \$5,255,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2013, (2013 Obligations). Proceeds from the sale of the 2013 Obligations will be used to pay contractual obligations to be incurred for the construction and improvement of water and wastewater system properties and facilities. The 2013 Obligations are due and payable between March 1, 2014 and September 1, 2033 and carry variable interest rates between 2.00% and 4.00%.

In March 2014, the City issued \$4,250,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2014, (2014 Obligations). Proceeds from the sale of the 2014 Obligations will be used to pay contractual obligations to be incurred for the construction and improvement of water and wastewater system properties and facilities. The 2014 Obligations are due and payable between March 1, 2015 and September 1, 2034 and carry variable interest rates between 2.00% and 4.50%.

In April 2021, the City issued \$9,610,000 of Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021, (2021 Obligations). Proceeds from the sale of the 2021 Obligations will be used to pay contractual obligations to be incurred for the constructing, acquiring, purchasing, renovating, enlarging, and improving the City’s combined utility system as well as constructing storm water, culvert, ditch, and related drainage improvements. The 2021 Obligations are due and payable between September 1, 2022 and September 1, 2041 and carry variable interest rates between 1.50% and 2.00%.

Governmental Activities

In August 2018, the City issued \$1,535,000 of Tax Notes, Series 2018 (2018 Obligations). Proceeds from the sale of the 2018 Obligations were used to pay contractual obligations to be incurred for the construction of public works, and relocation of utility lines in connection with highway and road improvements. The 2018 Obligations were extinguished, with no refunding as of September 2025.

City of Dumas, Texas
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In December 2020, the City issued \$1,435,000 of Tax Notes, Series 2020 (2020 Obligations). Proceeds from the sale of the 2020 Obligations will be used to pay contractual obligations to be incurred for the purchase of a new fire truck. The 2020 Obligations are due and payable between September 1, 2022 and September 1, 2027 and carry an interest rate of 1.32%.

Advance Refunding

Governmental Activities

During the year September 30, 2015, the City issued \$2,375,000 of General Obligation Refunding Bonds, Series 2015, with an interest rate ranging between 2.00% and 3.00%. The City issued the bonds to advance refund a portion of the outstanding Series 2008 Certificates of Obligation, with interest rates ranging between 3.00% and 4.75%.

Business-Type Activities

During the year September 30, 2021, the City issued \$2,485,000 of General Obligation Refunding Bonds, Series 2021, with an interest rate ranging between .58% and 1.53%. The City issued the bonds to advance refund a portion of the Series 2011 Certificates of Obligation, with interest rates ranging between 2.00% and 4.00%.

Changes in long-term obligations are as follows for the year ended September 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable					
2015 General Obligation Refunding Bonds	\$ 1,510,000	\$ -	\$ (145,000)	\$ 1,365,000	\$ 145,000
2018 Tax Notes	240,000	-	(240,000)	-	-
2020 Tax Notes	815,000	-	(270,000)	545,000	270,000
Unamortized bond premium	122,515	-	(14,273)	108,242	-
Compensated absences	369,862	-	(12,859)	357,003	32,961
Total governmental activities long-term liabilities	<u>\$ 3,057,377</u>	<u>\$ -</u>	<u>\$ (682,132)</u>	<u>\$ 2,375,245</u>	<u>\$ 447,961</u>
Business-Type Activities					
Bonds Payable					
2012 Certificates of Obligation	\$ 4,000,000	\$ -	\$ (440,000)	\$ 3,560,000	\$ 455,000
2013 Certificates of Obligation	2,790,000	-	(265,000)	2,525,000	275,000
2014 Certificates of Obligation	2,595,000	-	(220,000)	2,375,000	225,000
2021 Certificates of Obligation	8,585,000	-	(435,000)	8,150,000	445,000
2021 General Obligation Refunding Bonds	1,760,000	-	(245,000)	1,515,000	250,000
Unamortized bond premium	589,405	-	(59,905)	529,500	-
Note payable	3,231,233	-	(219,311)	3,011,922	352,439
Compensated absences	57,117	5,783	-	62,900	6,263
Total business-type activities long-term liabilities	<u>\$ 23,607,755</u>	<u>\$ 5,783</u>	<u>\$ (1,884,216)</u>	<u>\$ 21,729,322</u>	<u>\$ 2,008,702</u>
DEDC					
Notes payable					
Government Capital Series A	\$ 1,093,958	\$ -	\$ (47,673)	\$ 1,046,285	\$ 49,249
Government Capital Series B	2,044,955	-	(91,967)	1,952,988	94,679
Government Capital Sales Tax Notes	700,895	-	(26,468)	674,427	27,401
Compensated absences	5,362	-	(1,456)	3,906	3,906
Total component unit long-term liabilities	<u>\$ 3,845,170</u>	<u>\$ -</u>	<u>\$ (167,564)</u>	<u>\$ 3,677,606</u>	<u>\$ 175,235</u>

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During prior years, compensated absences have been typically liquidated by the General Fund for governmental activities and by the Proprietary Fund in which the liability has been incurred for all business-type activities. The City does not anticipate any changes in the future for liquidation of these types of liabilities from how they have been liquidated in the past.

Debt Service Requirements

The debt service requirements for the City's long-term debt are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 415,000	\$ 61,794	\$ 1,650,000	\$ 498,411	\$ 2,625,205
2027	430,000	52,430	1,690,000	451,073	2,623,503
2028	160,000	42,600	1,735,000	401,877	2,339,477
2029	165,000	36,200	1,785,000	350,778	2,336,978
2030	175,000	29,600	1,840,000	300,327	2,344,927
2031–2035	565,000	45,800	6,065,000	806,128	7,481,928
2036–2040	-	-	2,770,000	227,400	2,997,400
2041	-	-	590,000	11,800	601,800
	<u>\$ 1,910,000</u>	<u>\$ 268,424</u>	<u>\$ 18,125,000</u>	<u>\$ 3,047,794</u>	<u>\$ 23,351,218</u>

Notes Payable

The maturity of the City's liability related to notes payable is as follows:

Year Ending September 30,	Business-Type Activities		Total
	Principal	Interest	
2026	\$ 352,439	\$ 91,291	\$ 443,730
2027	376,434	80,609	457,043
2028	401,559	69,199	470,758
2029	427,855	57,028	484,883
2030	455,320	44,060	499,380
2031–2032	998,315	45,844	1,044,159
	<u>\$ 3,011,922</u>	<u>\$ 388,031</u>	<u>\$ 3,399,953</u>

The debt service requirements for the discretely presented component unit are as follows:

Year Ending September 30,	Principal	Interest	Total
2026	\$ 171,329	\$ 112,579	\$ 283,908
2027	176,749	107,160	283,909
2028	182,341	101,568	283,909
2029	188,111	95,798	283,909
2030	194,065	89,845	283,910
2031–2035	1,066,471	353,078	1,419,549
2035–2040	1,249,781	173,098	1,422,879
2041–2043	444,853	14,315	459,168
	<u>\$ 3,673,700</u>	<u>\$ 1,047,441</u>	<u>\$ 4,721,141</u>

Note 9. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage, or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year ended 2025, the City obtained general liability coverage, including workers' compensation, at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage described above. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year, and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

Note 10. Employee Retirement Benefits

Texas Municipal Retirement System

The City participates in one of over 900 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 (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 does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (annual report) that can be obtained at www.tmr.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. 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 contributions and interest.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms at December 31, 2024:

Inactive employees or beneficiaries currently receiving benefits	82
Inactive employees entitled to but not yet receiving benefits	104
Active employees	115
	301
	301

Contributions

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

Employees for the City and DEDC were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City and DEDC were 13.75% and 13.88% in calendar years 2024 and 2025, respectively. The City and DEDC's contributions to TMRS for the year ended September 30, 2025 were \$1,036,336 and were equal to the required contributions.

Net Pension Liability

The City and DEDC's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103%, and female rates are multiplied by 105%. The rates for actives, healthy retirees, and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APR) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short- and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

City of Dumas, Texas
Notes to Financial Statements
September 30, 2025

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table in fiscal year 2025:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Private Markets	4.0%	7.30%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at October 1, 2024	\$ 29,689,154	\$ 24,660,213	\$ 5,028,941
Changes for the year			
Service cost	1,055,564	-	1,055,564
Interest	1,989,716	-	1,989,716
Change of benefit terms	-	-	-
Difference between expected and actual experience	313,599	-	313,599
Changes of assumptions	-	-	-
Contributions – employer	-	983,334	(983,334)
Contributions – employee	-	429,091	(429,091)
Net investment income	-	2,559,736	(2,559,736)
Benefit payments, including refunds of employee contribution:	(1,479,328)	(1,479,328)	-
Administrative expense	-	(16,433)	16,433
Other changes	-	(385)	385
Net changes	1,879,551	2,476,015	(596,464)
Balance at September 30, 2025	\$ 31,568,705	\$ 27,136,228	\$ 4,432,477

City of Dumas, Texas
Notes to Financial Statements
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The above net pension liability is allocated between governmental activities, business-type activities, proprietary funds, and DEDC as follows:

Governmental Activities	\$ 3,213,103
Business-type Activities	
Waste Management	528,351
Gas Utility	302,295
Water Utility	160,012
Wastewater Utility	78,898
	<u>1,069,556</u>
DEDC	<u>149,818</u>
Total	<u>\$ 4,432,477</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City and DEDC calculated using the discount rate of 6.75% as well as what the City and DEDC'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:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
Net pension liability	\$ 8,945,290	\$ 4,432,477	\$ 743,896

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2025, the City recognized pension expense of \$1,072,580 and DEDC recognized pension expense of \$37,521.

Deferred Inflows Outflows of Resources

As of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Primary Government

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 286,791	\$ 115,014
Changes in actuarial assumptions	-	95,007
Difference between projected and actual investment earnings	-	262,630
Contributions subsequent to the measurement date	768,651	-
Total	<u>\$ 1,055,442</u>	<u>\$ 472,651</u>

City of Dumas, Texas
Notes to Financial Statements
September 30, 2025

As of September 30, 2025, the DEDC reported deferred outflows of resources and deferred inflows of resources related pensions from the following sources:

DEDC

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 10,033	\$ 4,023
Changes in actuarial assumptions	-	3,324
Difference between projected and actual investment earnings	-	9,187
Contributions subsequent to the measurement date	<u>26,889</u>	<u>-</u>
Total	<u>\$ 36,922</u>	<u>\$ 16,534</u>

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$768,651 will be recognized as a reduction of the net pension liability for the year ended September 30, 2026 for the City.

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date in the amount of \$26,889 will be recognized as a reduction of the net pension liability for the year ended September 30, 2026 for DEDC.

Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Primary Government

2026	\$ 46,143
2027	291,746
2028	(350,767)
2029	<u>(172,982)</u>
Total	<u>\$ (185,860)</u>

DEDC

2026	\$ 1,614
2027	10,206
2028	(12,271)
2029	<u>(6,050)</u>
Total	<u>\$ (6,501)</u>

Note 11. Other Post Employment Benefit (OPEB) Obligations

Texas Municipal Retirement System Supplemental Death Benefits Fund

Plan Description

TMRS administers a single employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including

City of Dumas, Texas
Notes to Financial Statements
September 30, 2025

retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single- employer OPEB plan (*i.e.*, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for city reporting.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500.

Plan Membership

At the December 31, 2024 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	27
Active employees	<u>115</u>
Total	<u><u>192</u></u>

The City and DEDC contribute to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefits for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Contributions are made monthly based on the covered payroll of the City and DEDC. The contractually required contribution rate is determined annually for the City and DEDC. The rate is based on 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 employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of the contribution rates to the SDBF for the City and DEDC was 0.36% and 0.31% in calendar years 2024 and 2025, respectively. The City and DEDC’s contributions to the SDBF for the year ended September 30, 2025 totaled \$24,072 and were equal to the required contributions.

Total OPEB Liability for Supplemental Death Benefits

The City and DEDC’s total OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Inflation	2.50% per year
Salary increases	3.60% to 11.85%, including inflation
Discount rate	4.08% (3.77% in prior year)
Retirees’ share of benefit-related costs	\$0

Mortality rates for retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103%, and female rates are multiplied by 105%. The rates are projected

City of Dumas, Texas
Notes to Financial Statements
September 30, 2025

on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Mortality rates for disabled annuitants were based on the mortality tables for with a four-year set-forward for males and a three-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 Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2024 valuation was based on the results of an actuarial experience study for the period ended December 31, 2022.

Discount Rate

The discount rate used to measure the Total OPEB Liability as of December 31, 2024 was 4.08%, compared to 3.77% as of December 31, 2023. Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of the measurement date of December 31, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at October 1, 2024	\$ 319,924
Changes for the year	
Service cost	13,588
Interest	12,102
Difference between expected and actual experience	3,973
Changes of assumptions	(16,602)
Benefit payments	(11,442)
	<u>1,619</u>
Net changes	<u>1,619</u>
Balance at September 30, 2025	<u>\$ 321,543</u>

The total OPEB liability is allocated between governmental activities, business-type activities, proprietary funds, and DEDC as follows:

	Total OPEB Liability
Governmental Activities	<u>\$ 233,087</u>
Business-Type Activities	
Waste Management	38,328
Gas Utility	21,929
Water Utility	11,608
Wastewater Utility	5,723
	<u>77,588</u>
DEDC	<u>10,868</u>
Total	<u>\$ 321,543</u>

City of Dumas, Texas
Notes to Financial Statements
September 30, 2025

Rate Sensitivity

The following presents the total OPEB liability of the City and DEDC, calculated using the discount rate of 4.08%, as well as what the City and DEDC's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate:

	<u>1% Decrease in Discount Rate (3.08%)</u>	<u>Current Discount Rate (4.08%) Assumption</u>	<u>1% Increase in Discount Rate (5.08%)</u>
Total OPEB liability	\$ 38,110	\$ 321,543	\$ 275,692

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

The City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources as of September 30, 2025:

Primary Government

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 6,041	\$ 11,107
Changes in actuarial assumptions	25,003	80,341
Contributions subsequent to the measurement date	17,167	-
Total	<u>\$ 48,211</u>	<u>\$ 91,448</u>

The DEDC reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources as of September 30, 2025:

DEDC

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 211	\$ 389
Changes in actuarial assumptions	875	2,811
Contributions subsequent to the measurement date	601	-
Total	<u>\$ 1,687</u>	<u>\$ 3,200</u>

The deferred outflows of resources related to other post-employment benefits resulting from contributions subsequent to the measurement date in the amount of \$17,167 will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2026 for the City.

The deferred outflows of resources related to other post-employment benefits resulting from contributions subsequent to the measurement date in the amount of \$601 will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2026 for the DEDC.

Other amounts reported as deferred outflows and inflows of resources related to other post-employment benefits will be recognized in OPEB expense as follows:

City of Dumas, Texas
Notes to Financial Statements
September 30, 2025

Primary Government

2026	\$	(16,399)
2027		(22,515)
2028		(19,240)
2029		(1,734)
2030		(516)
		<u>(60,404)</u>
Total	\$	<u>(60,404)</u>

DEDC

2026	\$	(574)
2027		(788)
2028		(673)
2029		(61)
2030		(18)
		<u>(2,114)</u>
Total	\$	<u>(2,114)</u>

Note 12. Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require that most cities place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure as required under Subtitle D.

The City has three landfill sites permitted as follows: MSW 2279, MSW 2285, and MSW 211B. In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are being recognized based on estimated future closure and post-closure care costs that will be incurred near or after the date that the landfills no longer accept solid waste. The estimated total current cost of the landfill closure and post closure care of \$4,539,663 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of September 30, 2025. The recognition of the estimate total current cost is based on the amount of the landfills used during the year. The estimated liability for closure and post closure cost accrued for the year ended September 30, 2025 was \$1,651,400, which is based on accumulated usage of landfill areas. It is estimated that an additional \$2,905,688 will be recognized as closure and post closure expenses between the statement of net position date and the date that the landfills are filled to capacity. As of September 30, 2025, the City has used approximately 4.31% of the available landfill capacity for the permit MSW 2279, and 60.33% of the permit MSW 2285. MSW 211B was closed during the fiscal year 2014. No post-closure charges were charged against the closure and post-closure care cost accrued liability for MSW 211B during the fiscal year 2025. The City expects to close MSW 2279 in the year 2130, and MSW 2285 in the year 2046. However, the actual cost of closure and post closure care is subject to change due to inflation, changes in technology, or changes in landfill laws and regulations.

The City of Dumas has demonstrated financial assurance for closure post closure care cost associated with the landfill by satisfying the financial test specified in Sub-chapter K of 31 Texas Administrative Code 330,285(g).

Note 13. Insurance Fund

The City has established the Insurance Fund (a proprietary fund type; internal service fund) to account for its health insurance program. The purpose of this fund is to finance and pay for the uninsured medical claims of the City employees and their covered dependents and minimize the total costs of insurance to the City and its employees. Dependent coverage is funded by charges to employees. The City's liability is limited to \$75,000 per covered person per year under the present 12/12 plan. The City has obtained insurance through a private insurance carrier for claims in excess of the above coverage. The carrier processes all the claims and bills the City for processed claims that are within the coverage of the fund.

The premium amounts were based on calculations by the insurance carrier using experience factors to estimate what would be needed to cover claims and to establish a reserve for losses. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. At September 30, 2025, the City reports a liability as detailed below in the accounts payable line item in the statement of net position.

<u>For the Year Ended</u>	<u>Beginning Balance</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
September 30, 2025	\$ 83,479	\$ 1,673,439	\$ (1,315,989)	\$ 440,929
	<u>\$ 83,479</u>	<u>\$ 1,673,439</u>	<u>\$ (1,315,989)</u>	<u>\$ 440,929</u>

Required Supplementary Information



City of Dumas, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund
Year Ended September 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Revenues				
Taxes				
Property	\$ 2,098,000	\$ 2,105,000	\$ 2,215,884	\$ 110,884
Sales	4,500,000	3,890,000	3,768,128	(121,872)
Franchise	700,000	700,000	655,113	(44,887)
Mixed beverage	22,000	45,000	46,059	1,059
Licenses and fees	157,200	157,200	204,570	47,370
Fines and forfeitures	326,250	326,250	379,892	53,642
Investment income	40,000	43,500	122,268	78,768
Miscellaneous	200,650	886,110	850,845	(35,265)
Total Revenues	8,044,100	8,153,060	8,242,759	89,699
Expenditures				
Current				
City commission	76,580	40,540	29,336	11,204
Administration	1,904,202	1,283,372	1,308,455	(25,083)
Warehouse	381,258	192,428	33,867	158,561
Inspections	414,549	211,929	205,646	6,283
Purchasing	166,735	88,275	82,656	5,619
Fire	2,112,687	2,062,687	2,151,525	(88,838)
Police	3,694,004	3,694,004	3,827,755	(133,751)
Streets	1,186,373	1,186,373	950,051	236,322
Parks	1,097,167	1,097,167	1,075,447	21,720
Capital outlay	195,150	195,150	225,317	(30,167)
Total Expenditures	11,228,705	10,051,925	9,890,055	161,870
Excess (deficiency) of revenues over (under) expenditures	(3,184,605)	(1,898,865)	(1,647,296)	251,569
Other Financing Sources (Uses)				
Transfers in	500,000	3,128,000	3,128,000	-
Transfers out	-	(564,840)	(564,840)	-
Total Other Financing Sources (Uses)	500,000	2,563,160	2,563,160	-
Net Change in Fund Balances	(2,684,605)	664,295	915,864	251,569
Fund Balances, Beginning	895,645	895,645	895,645	-
Fund Balances, Ending	\$ (1,788,960)	\$ 1,559,940	\$ 1,811,509	\$ 251,569

**City of Dumas, Texas
Schedule of Changes in Net Position Liability and Related Ratios – TMRS Plan (Unaudited)
Last Ten Measurement Periods**

	Measurement Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 528,412	\$ 545,420	\$ 548,984	\$ 555,364	\$ 840,953	\$ 889,325	\$ 928,202	\$ 932,753	\$ 990,167	\$ 1,055,564
Interest (on the total pension liability)	1,089,367	1,099,070	1,143,446	1,166,329	1,475,280	1,548,746	1,668,607	1,798,617	1,918,693	1,989,716
Changes of benefit terms	-	-	-	-	3,649,472	-	-	-	-	-
Difference between expected and actual experience	(197,149)	(123,823)	(505,000)	(60,079)	(433,496)	159,263	458,162	344,860	(276,705)	313,599
Change in assumptions	66,338	-	-	-	50,369	-	-	-	(228,575)	-
Benefit payments, including refunds of employee contributions	(712,789)	(837,911)	(882,136)	(811,079)	(942,589)	(795,222)	(866,878)	(1,369,554)	(1,288,840)	(1,479,328)
Net Change in Total Pension Liability	774,179	682,756	295,294	850,535	4,639,989	1,802,112	2,168,093	1,706,876	1,114,740	1,879,551
Total Pension Liability – Beginning	15,654,580	16,428,759	17,111,515	17,406,809	18,257,344	22,897,333	24,699,445	26,867,538	28,574,414	29,689,154
Total Pension Liability – Ending (a)	\$ 16,428,759	\$ 17,111,515	\$ 17,406,809	\$ 18,257,344	\$ 22,897,333	\$ 24,699,445	\$ 26,867,538	\$ 28,574,414	\$ 29,689,154	\$ 31,568,705
Plan Fiduciary Net Position:										
Contributions – employer	\$ 340,926	\$ 345,117	\$ 340,536	\$ 341,416	\$ 324,980	\$ 808,190	\$ 842,480	\$ 860,668	\$ 925,191	\$ 983,334
Contributions – employee	270,149	277,426	278,672	280,770	293,834	377,365	391,096	397,480	423,752	429,091
Net investment income	22,057	1,003,389	2,165,182	(524,284)	2,593,425	1,443,883	2,717,983	(1,744,941)	2,551,916	2,559,736
Benefit payments, including refunds of employee contributions	(712,789)	(837,911)	(882,136)	(811,079)	(942,589)	(795,222)	(866,878)	(1,369,554)	(1,288,840)	(1,479,328)
Administrative expense	(13,435)	(11,337)	(11,227)	(10,137)	(14,664)	(9,353)	(12,586)	(15,108)	(16,246)	(16,433)
Other	(663)	(611)	(569)	(530)	(439)	(363)	86	18,029	(114)	(385)
City's Net Change in Plan Fiduciary Net Position	(83,755)	776,073	1,880,458	(723,844)	2,254,547	1,824,500	3,052,181	(1,853,426)	2,595,659	2,476,015
Plan Fiduciary Net Position – Beginning	14,947,820	14,854,065	15,630,138	17,510,596	16,786,752	19,041,299	20,865,799	23,917,980	22,064,554	24,660,213
Plan Fiduciary Net Position – Ending (b)	\$ 14,854,065	\$ 15,630,138	\$ 17,510,596	\$ 16,786,752	\$ 19,041,299	\$ 20,865,799	\$ 23,917,980	\$ 22,064,554	\$ 24,660,213	\$ 27,136,228
City's Net Pension Liability (Asset) – Ending (a) – (b)	\$ 1,574,694	\$ 1,481,377	\$ (103,787)	\$ 1,470,592	\$ 3,856,034	\$ 3,833,646	\$ 2,949,558	\$ 6,509,860	\$ 5,028,941	\$ 4,432,477
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.42%	91.34%	100.60%	91.95%	83.16%	84.48%	89.02%	77.22%	83.06%	85.96%
Covered Payroll	\$ 5,402,983	\$ 5,548,523	\$ 5,573,442	\$ 5,615,408	\$ 5,876,679	\$ 6,289,424	\$ 6,518,269	\$ 6,624,665	\$ 7,062,530	\$ 7,151,517
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	29.14%	26.70%	-1.86%	26.19%	65.62%	60.95%	45.25%	98.27%	71.21%	61.98%

**City of Dumas, Texas
Schedule of Contributions – TMRS Plan (Unaudited)
Last Ten Fiscal Year**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	\$ 322,351	\$ 325,606	\$ 321,111	\$ 310,256	\$ 333,596	\$ 675,607	\$ 843,755	\$ 926,724	\$ 959,015	\$ 1,096,337
Contribution in relation of the actuarially determined contribution	322,351	325,606	321,111	310,256	651,336	796,796	843,755	926,724	959,015	1,096,337
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (317,740)	\$ (121,189)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 5,188,510	\$ 5,303,638	\$ 5,274,363	\$ 5,461,790	\$ 6,008,827	\$ 6,176,155	\$ 6,507,267	\$ 7,088,330	\$ 7,082,530	\$ 7,482,809
Contributions as a percentage of covered payroll	6.2%	6.1%	6.1%	5.7%	10.8%	12.9%	13.0%	13.1%	13.6%	13.8%

Notes to Schedule of Contributions

Valuation Date:

Notes

12/31/2024

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

- Actuarial Cost Method
- Amortization Method
- Remaining Amortization Period
- Asset Valuation Method
- Initiation
- Salary Increases
- Investment Rate of Return
- Retirement Age
- Mortality
- Entry Age Normal
- Level Percentage of Payroll, Closed
- 21 years (longest amortization ladder)
- 10 Year smoothed market, 12% soft corridor
- 2.50%
- 3.60% to 11.85%, including inflation
- 6.75%
- Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
- Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103%, and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
- Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes

There were no benefit changes during the year.

**City of Dumas, Texas
Schedule of Changes in the City's Total OPEB Liability and Related Ratios – SDBF
Last Eight Measurement Periods (Unaudited)**

	Measurement Year							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service cost	\$ 11,147	\$ 12,915	\$ 11,166	\$ 17,610	\$ 22,162	\$ 23,186	\$ 12,006	\$ 13,688
Interest (on the total OPEB liability)	9,898	9,985	10,667	9,384	7,843	7,768	12,143	12,102
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	21,244	(18,553)	53,309	48,887	11,980	6,305	(7,432)	3,973
Change in assumptions	-	(13,620)	(21,565)	(21,428)	(4,255)	(144,443)	14,691	(16,602)
Benefit payments	(3,344)	(3,369)	(3,526)	(3,774)	(7,822)	(8,612)	(10,594)	(11,442)
Net Change in Total OPEB Liability	38,945	(12,642)	50,071	50,679	29,908	(115,796)	20,814	1,619
Total OPEB Liability – Beginning	257,945	296,890	284,248	334,319	384,998	414,906	299,110	319,924
Total OPEB Liability – Ending	\$ 296,890	\$ 284,248	\$ 334,319	\$ 384,998	\$ 414,906	\$ 299,110	\$ 319,924	\$ 321,543
Covered Employee Payroll	\$ 5,573,442	\$ 5,615,408	\$ 5,876,679	\$ 6,289,424	\$ 6,518,269	\$ 6,624,665	\$ 7,062,530	\$ 7,482,809
City's Total OPEB Liability as a Percentage of Covered Employee Payroll	5.33%	5.06%	5.69%	6.12%	6.37%	4.52%	4.53%	4.30%

Notes to Schedule:

Changes of benefit terms: None
Changes of assumptions:
Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%
2023	3.77%
2024	4.08%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Combining and Individual Fund Financial Statements and Schedules



Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report specific revenues that are legally restricted to expenditures for particular purposes.

Fire Safety Grants – This fund accounts for the proceeds received from various grants for the specific purpose of providing safety training and equipment to the City's Fire Fighters.

Park Improvement – This fund accounts for fees collected by the City which are committed by the City Commission to be used for park improvements.

Court Technology – This fund is used to account for the fees paid in the municipal court designed for the purpose of financing the purchase of technological enhancements for the use of the office.

Police Seizure – This fund accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized by the City's Police Department. These funds are dedicated by law to be used solely for law enforcement purposes.

Special Revenue Training – This fund accounts for the proceeds received from various grants for the specific purpose of providing training to the City's Police Officers.

Court Security – This fund is used to account for the fees paid in the municipal court designed for the purpose of financing and maintaining the security of the office.

Hotel/Motel – This fund is used to account for and report hotel/motel taxes that are legally restricted to the promotion of tourism for the City.

LEOSE Fire – This fund accounts for the proceeds received from various grants for the specific purpose of providing training to the City's Fire Fighters.

Police Grants – This fund accounts for the proceeds received from various grants for the specific purpose of providing safety training and equipment to the City's Police Department.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects or facilities.



**City of Dumas, Texas
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2025**

	Special Revenue											Total Non-major Governmental Funds
	Fire Safety Grants	Park Improvement	Court Technology	Police Seizure	Special Revenue Training	Court Security	Hotel/Motel	LEOSE Fire Fund	Police Grants	Total	Capital Projects	
Assets												
Cash and cash equivalents	\$ 4,347	\$ 152,323	\$ 53,160	\$ 16,718	\$ 4,761	\$ 125,855	\$ 756,884	\$ -	\$ 4	\$ 1,114,052	\$ 3,689	\$ 1,117,741
Accounts receivable, net	-	-	-	-	-	-	-	-	-	-	12,010	12,010
Taxes receivable, net	-	-	-	-	-	-	89,734	-	-	89,734	-	89,734
Total Assets	4,347	152,323	53,160	16,718	4,761	125,855	846,618	-	4	1,203,786	15,699	1,219,485
Liabilities												
Accounts payable	-	-	348	-	1,461	-	180,161	-	-	181,970	-	181,970
Due to other funds	-	-	-	-	-	-	-	-	-	-	744,000	744,000
Total Liabilities	-	-	348	-	1,461	-	180,161	-	-	181,970	744,000	925,970
Fund Balances (Deficit)												
Restricted	-	-	-	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	666,457	-	-	666,457	-	666,457
Special projects	4,347	-	-	16,718	3,300	125,855	-	-	-	4,347	-	4,347
Other	-	-	52,812	-	-	-	-	-	-	198,685	-	198,685
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Special projects	-	152,323	-	-	-	-	-	-	4	152,323	-	152,323
Unassigned	-	-	-	-	-	-	-	-	-	-	(728,301)	(728,297)
Total Fund Balances (Deficit)	4,347	152,323	52,812	16,718	3,300	125,855	666,457	-	4	1,021,816	(728,301)	293,515
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,347	\$ 152,323	\$ 53,160	\$ 16,718	\$ 4,761	\$ 125,855	\$ 846,618	\$ -	\$ 4	\$ 1,203,786	\$ 15,699	\$ 1,219,485

**City of Dumas, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance –
Non-major Governmental Funds
Year Ended September 30, 2025**

	Special Revenue											Total Nonmajor Governmental Funds
	Fire Safety Grants	Park Improvement	Court Technology	Police Seizure	Special Revenue Training	Court Security	Hotels/Motel	LEOSE Fire Fund	Police Grants	Total	Capital Projects	
Revenues												
Taxes												
Hotel motel	-	-	-	-	-	-	\$ 679,895	\$ -	\$ -	\$ 679,895	\$ -	\$ 679,895
Licenses and fees	-	3,050	-	-	-	-	-	-	-	3,050	-	3,050
Fines and forfeitures	-	-	9,733	13,101	-	12,094	-	-	-	34,928	-	34,928
Intergovernmental	-	-	-	-	4,083	-	-	-	85,666	89,749	3,750	93,499
Investment earnings	-	-	-	108	-	-	8,067	-	-	8,175	351	8,526
Miscellaneous	-	5,225	-	-	-	-	107	-	-	5,332	-	5,332
Total Revenues	-	8,275	9,733	13,209	4,083	12,094	688,069	-	85,666	821,129	4,101	825,230
Expenditures												
Current												
Fire	-	-	7,948	6,793	9,184	1,366	-	1,437	88,672	113,963	-	143,437
Police	-	-	-	-	-	-	626,413	-	-	626,413	-	626,413
Recreation and culture	-	-	-	-	-	-	-	-	-	5,014	-	5,014
Parks	-	5,014	-	-	-	-	-	-	-	7,511	-	7,511
Capital outlay	-	7,511	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	12,525	7,948	6,793	9,184	1,366	626,413	1,437	88,672	754,338	-	754,338
Excess (deficiency) of Revenues Over (Under) Expenditures	-	(4,250)	1,785	6,416	(5,101)	10,728	61,656	(1,437)	(3,006)	66,791	4,101	70,892
Other Financing Sources (Uses)												
Transfers in	-	50,000	20,000	-	-	20,000	-	-	3,540	93,540	-	93,540
Total Other Financing Sources (Uses)	-	50,000	20,000	-	-	20,000	-	-	3,540	93,540	-	93,540
Net Change in Fund Balances	-	45,750	21,785	6,416	(5,101)	30,728	61,656	(1,437)	534	160,331	4,101	164,432
Fund Balances, Beginning (Deficit)	4,347	106,573	31,027	10,302	8,401	95,127	604,801	1,437	(530)	861,485	(732,402)	129,083
Fund balances, Ending (Deficit)	\$ 4,347	\$ 152,323	\$ 52,812	\$ 16,718	\$ 3,300	\$ 125,855	\$ 666,457	\$ -	\$ 4	\$ 1,021,816	\$ (728,301)	\$ 293,515

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

Honorable Mayor and
Members of the City Commission
City of Dumas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dumas, Texas (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2026, which contained a *Required Supplementary Information* paragraph regarding the omission of required supplementary information for management's discussion and analysis.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

Honorable Mayor and
Members of the City Commission
City of Dumas, Texas

financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

**Dallas, Texas
March 26, 2026**

City of Dumas, Texas
Schedule of Findings and Responses
Year Ended September 30, 2025

Reference Number	Finding
2025-001	<p data-bbox="370 359 646 386">Segregation of Duties</p> <p data-bbox="391 422 1463 510">Criteria: Management is responsible for establishing and maintaining effective internal controls to safeguard the City’s assets and to prevent, or detect and correct, financial statement misstatements on a timely basis.</p> <p data-bbox="391 543 1463 632">Condition: During internal control analysis, instances were noted where the Accounting Clerk II had access, recording, and monitoring capabilities within the cash inflow, cash outflow, and/or payroll transaction cycles.</p> <p data-bbox="391 665 1463 722">Cause: The City has a limited number of personnel, which causes incompatible duties to be assigned to certain individuals.</p> <p data-bbox="391 756 1463 812">Effect or potential effect: Although this concentration of responsibilities may be efficient, it could lead to possible errors or irregularities.</p> <p data-bbox="391 846 1463 968">Recommendation: Management should evaluate the cost versus benefits of further segregating these duties by hiring additional personnel or shifting certain accounting duties to other current employees to assist in implementing additional monitoring or other compensating controls.</p> <p data-bbox="391 1001 1463 1127">Views of responsible officials and planned corrective actions: We understand the importance of segregation of duties as it relates to maintaining internal control. As mentioned, the City does have limited personnel in certain areas that creates a lack of segregation of duties, however, we will try to segregate duties as resources allow.</p>

**City of Dumas, Texas
 Summary Schedule of Prior Audit Findings
 Year Ended September 30, 2025**

(Continued)

Reference Number	Summary of Finding	Status
2024-001	<p>Segregation of Duties</p> <p>Reason for Recurrence and Status of Corrective Action Plan – The City is a small municipality with a limited number of personnel within certain areas that creates a lack of segregation of duties. However, the City understands the importance of segregation of duties as it relates to maintaining internal control. The City will continue to work to create sufficient checks and balances to minimize any risk.</p>	Unresolved – See Finding 2025-001
2024-002	Grant Revenue Recognition	Resolved

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Financial Advisory Services
Provided By:

