NEW ISSUE - BOOK-ENTRY- **Rating: S&P: "AA-"**
(See "OTHER PERTINENT INFORMATION-Rating", herein)

OFFICIAL STATEMENT
September 22, 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 has NOT designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions.

$19,730,000
CITY OF INGLESIDE, TEXAS
(A political subdivision of the State of Texas located in San Patricio County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: September 1, 2026 **Due: February 1, as shown on inside cover**

The $19,730,000 City of Ingleside, 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") adopted by the City Council of the City of Ingleside, Texas (the "City" or the "Issuer") on September 22, 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 Subordinate Lien Obligations and any Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Subordinate Lien Obligations and Limited Pledge Obligations (identified and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of the Net Revenues of the System in the amount and manner provided in the ordinances authorizing the issuance of the currently outstanding Subordinate Lien Obligations and Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Additional Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise. (See "THE CERTIFICATES - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)

Interest on the Certificates will accrue from September 1, 2026 (the "Dated Date") as shown above and will be payable on February 1 and August 1 of each year, commencing February 1, 2027, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as 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 utility system; (2) designing, constructing, renovating, improving, and equipping the City's parks and recreational facilities, including renovations to the splash pad and Live Oak Park; (3) designing, demolishing, constructing, renovating, improving, reconstructing, restructuring and extending streets and thoroughfares and related land and right-of-way sidewalks, streetscapes, collectors, drainage, landscape, signage, acquiring lands and rights-of-way necessary thereto or incidental therewith; (4) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes; 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.)

SEE THE 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" as "APPENDIX C – Form of Legal Opinion of Bond Counsel" herein). It is expected that the Certificates will be available for initial delivery through DTC on or about October 21, 2026.

$19,730,000
CITY OF INGLESIDE, TEXAS
(A political subdivision of the State of Texas located in San Patricio County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

MATURITY SCHEDULE
(Due February 1)

CUSIP Prefix No. [1] 457038

Stated Maturity 2/1	Principal Amount	Interest Rate	Initial Yield		CUSIP No. Suffix [1]	Stated Maturity 2/1	Principal Amount	Interest Rate	Initial Yield		CUSIP No. Suffix [1]
2027	$ 1,765,000	6.000%	3.320%		RE9	2037	$ 915,000	5.000%	4.250%	[2]	RQ2
2028	560,000	6.000%	3.360%		RF6	2038	960,000	5.000%	4.370%	[2]	RR0
2029	590,000	6.000%	3.420%		RG4	2039	1,010,000	5.000%	4.460%	[2]	RS8
2030	630,000	6.000%	3.500%		RH2	2040	1,060,000	5.000%	4.620%	[2]	RT6
2031	670,000	6.000%	3.610%		RJ8	2041	1,115,000	5.000%	4.700%	[2]	RU3
2032	710,000	6.000%	3.680%		RK5	2042	1,175,000	5.000%	4.770%	[2]	RV1
2033	750,000	5.000%	3.820%		RL3	2043	1,235,000	5.000%	4.820%	[2]	RW9
2034	785,000	5.000%	3.880%		RM1	2044	1,300,000	5.000%	4.870%	[2]	RX7
2035	830,000	5.000%	4.000%		RN9	2045	1,365,000	5.000%	4.920%	[2]	RY5
2036	870,000	5.000%	4.130%	[2]	RP4	2046	1,435,000	5.000%	5.000%		RZ2

(Interest to accrue from Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on or after February 1, 2036, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2035, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)

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[2] Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed February 1, 2035, the first optional call date for such certificates, at a redemption price of par plus accrued interest to the redemption date.

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CITY OF INGLESIDE, TEXAS
2671 San Angelo Avenue
Ingleside, Texas 78362

ELECTED OFFICIALS

Name	Years Served	Term Expires (May)
Pedro Oscar Adame Mayor	9	2028
Linda Kilgore Timmerman Mayor Pro-Tem, Place 5	1 Year, 4 months	2027
Julio Salinas Councilmember, Place 1	7	2027
Steve Diehl Councilmember, Place 2	4 months	2028
James Steward Councilmember, Place 3	1 year, 4 months	2027
Victor Polanco, Jr. Councilmember, Place 4	4 months	2028
Jessie Velasquez Councilmember, Place 6	4 months	2028

ADMINISTRATION

Name	Position	Length of Service at the City (Years)
Brenton Lewis	City Manager	4
Luis Rios	Director of Finance	1
Jana Stork	City Secretary	4

CONSULTANTS AND ADVISORS

Bond Counsel .....Norton Rose Fulbright US LLP
Austin, Texas

Certified Public Accountants .....ABIP, PC.
San Antonio, Texas

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

For Additional Information Please Contact:

Mr. Brenton Lewis
City Manager
Mr. Luis Rios
Director of Finance
City of Ingleside
2671 San Angelo Avenue
Ingleside, Texas 78362
Phone: (361) 776-2517
blewis@inglesidetx.gov
lrios@inglesidetx.gov

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

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY, ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION IS PROVIDED BY DTC.

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.

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.

TABLE OF CONTENTS

COVER PAGE 1
MATURITY SCHEDULE 2
ELECTED AND APPOINTED OFFICIALS 3
USE OF INFORMATION IN THE OFFICIAL STATEMENT 4
SELECTED DATA FROM THE OFFICIAL STATEMENT 5
INTRODUCTORY STATEMENT 7
THE CERTIFICATES 7
REGISTRATION, TRANSFER AND EXCHANGE 11
BOOK-ENTRY-ONLY SYSTEM 12
INVESTMENT POLICIES 13
AD VALOREM PROPERTY TAXATION 15
TAX MATTERS 20
CONTINUING DISCLOSURE OF INFORMATION 22
LEGAL MATTERS 23
FORWARD LOOKING STATEMENTS 24
OTHER PERTINENT INFORMATION 24

Financial Information Relating to the City of Ingleside, Texas ..... Appendix A
General Information Regarding the City of Ingleside and San Patricio County, Texas ..... Appendix B
Form of Legal Opinion of Bond Counsel ..... Appendix C
Excerpts from the Issuer's Audited Financial Statements for the Year Ended September 30, 2025 ..... Appendix D

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 Ingleside, Texas (the "City" or "Issuer") is a residential community located 18 miles northeast of Corpus Christi, Texas on State Highway 361. The City is 3.6 miles from Ingleside Point. The City is also 150 miles southeast of San Antonio, Texas and 225 miles southwest of Houston, Texas. The 2026 population is estimated at 10,045. The City operates under a Council/Manager form of government pursuant to the laws of the State of Texas and the City's Home Rule Charter. (See "APPENDIX B - General Information Regarding the City of Ingleside and San Patricio 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") adopted by the City Council of the City, on September 22, 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 Subordinate Lien Obligations and any Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Subordinate Lien Obligations and Limited Pledge Obligations (identified and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of the Net Revenues of the System in the amount and manner provided in the ordinances authorizing the issuance of the currently outstanding Subordinate Lien Obligations and Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Additional Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise. (See "THE CERTIFICATES - Security for Payment" and "AD VALOREM PROPERTY TAXATION" herein.)
Redemption Provisions of the Certificates	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on or after February 1, 2036, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2035, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. (See "THE CERTIFICATES - Redemption Provisions of the Certificates" herein.)
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". (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 utility system; (2) designing, constructing, renovating, improving, and equipping the City's parks and recreational facilities, including renovations to the splash pad and Live Oak Park; (3) designing, demolishing, constructing, renovating, improving, reconstructing, restructuring and extending streets and thoroughfares and related land and right-of-way sidewalks, streetscapes, collectors, drainage, landscape, signage, acquiring lands and rights-of-way necessary thereto or incidental therewith; (4) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes; 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 a rating of AA- to the Certificates. (See "OTHER PERTINTENT INFORMATION – Rating" herein.
Payment Record	The City has never defaulted on the payment of its general obligation or revenue indebtedness.
Delivery	When issued, anticipated on or about October 21, 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 reminder of this page intentionally left blank.)

OFFICIAL STATEMENT

relating to

$19,730,000
CITY OF INGLESIDE, TEXAS
(A political subdivision of the State of Texas located in San Patricio County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

INTRODUCTORY STATEMENT

This Official Statement, including the appendices hereto, provides certain information in connection with the issuance by the City of Ingleside, Texas (the "City" or the "Issuer") of its $19,730,000 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 its 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 NE Loop 410, Suite 640, San Antonio, Texas 78209, via electronic mail or upon payment of reasonable copying, handling, and delivery charges.

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

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

THE CERTIFICATES

General Description of the Certificates

The Certificates are dated September 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 February 1 and August 1 of each year, commencing February 1, 2027, 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") adopted by the City Council of the City (the "City Council") on September 22, 2026, and the City's Home Rule Charter.

Security for Payment

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" herein.)

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

Redemption Provisions of the Certificates

The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature, on or after February 1, 2036, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

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 utility system; (2) designing, constructing, renovating, improving, and equipping the City's parks and recreational facilities, including renovations to the splash pad and Live Oak Park; (3) designing, demolishing, constructing, renovating, improving, reconstructing, restructuring and extending streets and thoroughfares and related land and right-of-way sidewalks, streetscapes, collectors, drainage, landscape, signage, acquiring lands and rights-of-way necessary thereto or incidental therewith; (4) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes; and (5) payment for professional services relating to the design, construction, project management, and financing of the aforementioned projects.

Sources and Uses

Sources	
Par Amount of the Certificates	$19,730,000.00
Accrued Interest on the Certificates	143,854.17
Reoffering Premium	696,354.50
Total Sources of Funds	$20,570,208.67
Uses	
Project Fund Deposit	$20,000,000.00
Certificate Fund Deposit (Accrued Interest)	143,854.17
Purchaser's Discount	242,752.99
Costs of Issuance	183,601.51
Total Uses	$20,570,208.67

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) change the date specified as the date on which the principal of or any installment of interest on any Certificate is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the redemption price or amounts, change the place or places at or the coin or currency in which any Certificate or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, (3) extend any waiver of default to subsequent defaults, or (4) reduce the aggregate principal amount of Certificates required for consent to any amendment, change, modification, or waiver.

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. 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 for a second time and issued an opinion on October 5, 2018, clarifying 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 the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code.

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

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

bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

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

Record Date

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

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

DTC will act as securities depository for the 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 an 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."

INVESTMENT POLICIES

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

Legal Investments

Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7)

federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

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

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

Investment Policies

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

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

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

As of August, 1, 2026, the City held investments as follows:

Investment Type	Amount	Percentage
Cash, Money Markets, and Certificates of Deposit	$ 9,677,343.02	9.08%
U.S. Government	1,099,784.21	1.03%
Local Government Investment Pools	96,778,896.10	89.89%
Total	$106,556,025.33	100%

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

[(1)] Unaudited.

AD VALOREM PROPERTY TAXATION

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

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The San Patricio Appraisal District (the "Appraisal District") is primarily responsible for appraising property within the City generally as of January 1 of each year. 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.

Through 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 PROPERTY TAXATION – City and Taxpayer Remedies").

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

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

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. At a Statewide election held on November 4, 2025, voters approved a constitutional amendment to provide a person with 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. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, 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 City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

City's Rights in the Event of Tax Delinquencies

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

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

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations

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

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

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

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

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

"preceding total value" means a taxing unit's current total value in the applicable preceding tax year.

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

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the 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 Council by August 1 or as soon as practicable thereafter.

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

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

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has posted notice prominently on the appraisal district's website (if the appraisal district maintains as website) and the assessor for the city has prominently posted on the city's website notice informing property owner of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase. The appraisal district is also required to post notice in a newspaper of general circulation by August 7 or as soon thereafter as practicable or if there is no newspaper of general circulation, the notice must be posted in the appraisal district's office.

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

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

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

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

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

The Property Tax Code as Applied to the City

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

The City has elected to grant a Local Option Homestead Exemption of at least $3,000 of the appraised value of the residence homestead of persons 65 years of age or older and the disabled.

The City has not implemented Local Option Freeze of ad valorem taxes for the elderly or disabled.

On December 13, 2011, the City Council took official action to again tax Goods-in-Transit.

The City does tax freeport property.

The City does tax nonbusiness personal property.

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

The City has authorized the additional sales tax for economic development at the rate of ¼ of 1%, for street maintenance at a rate of ¼ of 1% and for property tax relief at a rate of ½ of 1%.

The City is currently a party to three Chapter 380 Agreements for economic development. Under the terms of the agreement, the City will provide an economic incentive payment to Flint Hills 10% of ad valorem property taxes actually paid by Flint Hills relating to improvements and 100% of ad valorem property taxes on its inventory. Pursuant to this agreement, if the total ad valorem taxes and sales and use taxes actually paid by Flint Hills to the City (less the economic incentive payments to be paid by the City) in any tax year should be less than $460,000, the City will reduce the amount of economic incentive payment due to Flint Hills by an amount sufficient to ensure the total ad valorem and sales and use tax receipts received by the City (less the economic incentive payments to be paid by the City) will be at least $460,000 in such tax year.

On January 20, 2017, the City entered into a 10-year Chapter 380 Agreement with Kiewit Offshore Services, Ltd. ("Kiewit"), which will expire on December 31, 2026. Under the terms of the agreement, the City will provide an economic incentive payment to Kiewit equal to 50% of the sales and use tax actually paid and received by the City and 50% of the ad valorem property taxes actually paid and received by the City. Pursuant to this agreement, if the total ad valorem taxes and sales and use taxes actually paid by Kiewit to the City(less the economic incentive payments to be paid by the City) in any tax year should be less than $500,000, the City will reduce the amount of economic incentive payment due to Kiewit by an amount sufficient to ensure the total ad valorem and sales and use tax receipts received by the City (less the economic incentive payments to be paid by the City) will be at least $500,000 in such tax year.

On March 11, 2020, the City entered into a Chapter 312 Agreement with Air Liquide Large Industries US LP ("Air Liquide"). Under the terms of the agreement, the City will provide Air Liquide an abatement of a certain percentage of Air Liquide's taxable value of certain improvements that Air Liquide will make to its existing facilities within the City. The period of abatement shall commence once the improvements are installed and shall be for a period of six (6) years. In the first year of the abatement period, the percentage of abatement is set at 60% and is reduced by 10% for each ensuing year.

The City may enter into tax abatement agreements or additional Chapter 380 Agreements for economic development in the future, in accordance with State law.

TAX MATTERS

Tax Exemption

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

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

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

Tax Changes

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

Ancillary Tax Consequences

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

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

Tax Accounting Treatment of Discount Certificates

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

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

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

Tax Accounting Treatment of Premium Certificates

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

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

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CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year of the City beginning in the year 2026, financial information and operating data with respect to the City of the general type included in the body of this Official Statement under "INVESTMENT POLICIES - Current Investments Table 1" and in Tables 1 through 15 of "Appendix A - Financial Information of the Issuer" to this Official Statement (the "Annual Financial Information"), and (2) within six months after the end of each fiscal year of the City beginning in the year 2026, the audited financial statements of the City (the "Audited Financial Statements"). If the audit of such financial statements is not complete within six (6) months after any such fiscal year end, then the City shall file unaudited financial statements by the required time and audited financial statements for the applicable fiscal year, when and if the audit report becomes available. Any financial statements to be provided shall be prepared in accordance with the accounting principles described in APPENDIX D to this Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and shall be in substantially the form included in this Official Statement as APPENDIX D.

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 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 adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports." Neither the Certificates nor the Ordinance make provision for credit enhancement, 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 filings required to be made by the City in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

Limitations and Amendments

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

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

Compliance with Prior Agreements

During the past five years, the City has complied in all material respects in accordance with the Rule.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

The Issuer will furnish the Purchasers 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, Austin, 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 Agreements” 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

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

FORWARD LOOKING STATEMENTS

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

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

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

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

Rating

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "AA-". An explanation of the significance of such 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.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the City. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial conditions or operation. Any of the rating agencies at any time while the Certificates remain outstanding could undertake such an evaluation process.

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 Robert W. Baird & Company, Inc. (previously defined as the "Purchaser" or the "Initial Purchaser") to purchase the Certificates at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a reoffering premium of $696,354.50, less a Purchaser's discount of $242,752.99, 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 Certificates 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 September 30, 2025, the date of the last financial statements of the City appearing in the Official Statement.

Information from External Sources

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

Concluding Statement

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

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

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

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

CITY OF INGLESIDE, TEXAS

/s/ Pedro Oscar Adame
Mayor
City of Ingleside, Texas

ATTEST:

/s/ Jana Stork
City Secretary
City of Ingleside, Texas

APPENDIX A

FINANCIAL INFORMATION RELATING TO
THE CITY OF INGLESIDE, TEXAS

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION **TABLE 1**

2026 Actual Certified Market Value of Taxable Property (100% of Market Value)	$	3,368,969,808
Less Exemptions:		
Optional Over-65 or Disabled Homestead	$	19,232,202
Veterans Exemptions		36,551,254
Abstract		15,903,760
Community Housing Development		3,836,818
Productivity Loss		11,175,147
Pollution Control		130,967,950
Solar		4,175,278
Loss to 10% HO Cap		51,205,838
Other		305,607,668
TOTAL EXEMPTIONS	$	578,655,915
2026 Certified Assessed Value of Taxable Property	$	2,790,313,893

Source: San Patricio County Appraisal District.

GENERAL OBLIGATION BONDED DEBT

(as of September 1, 2026)

General Obligation Debt Principal Outstanding

Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015	$	3,060,000
Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2020		2,255,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020		4,820,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021		4,840,000
Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2023		17,620,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024		7,020,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025		17,675,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the "Certificates")		19,730,000
Total Gross General Obligation Debt	$	77,020,000
Less: Self Supporting Debt		
Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2023 (100% Utility)	$	17,620,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025 (100% Utility)		17,675,000
Total Self-Supporting Debt	$	35,295,000
Total Net General Obligation Debt Outstanding	$	41,725,000
2026 Net Assessed Valuation	$	2,790,313,893
Ratio of Gross General Obligation Debt Principal to Certified Net Taxable Assessed Valuation		2.76%
Ratio of Net General Obligation Debt to Certified Net Taxable Assessed Valuation		1.50%

Population: 2000 - 9,388; 2010 - 9,387; 2020 - 9,794; est. 2026 10,045
Per Capita Certified Net Taxable Assessed Valuation - $277,781.37
Per Capita Gross General Obligation Debt Principal - $7,667.50
Per Capita Net General Obligation Debt Principal - $4,153.81

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

- None -

Source: The City's Annual Comprehensive Financial Report for fiscal year ended September 30, 2025.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending (9/30)	Current Total Outstanding Debt [1]	The Certificates			Total Debt Service	Less: Self Supporting Debt Service	Total Net Debt Service
		Principal	Interest	Total			
2027	$ 3,891,587	$ 1,765,000	$ 896,488	$ 2,661,488	$ 6,553,075	$ 1,999,724	$ 4,553,351
2028	3,886,713	560,000	913,050	1,473,050	5,359,763	1,999,875	3,359,888
2029	3,898,888	590,000	878,550	1,468,550	5,367,438	2,004,250	3,363,188
2030	3,907,720	630,000	841,950	1,471,950	5,379,670	2,002,907	3,376,763
2031	3,918,365	670,000	802,950	1,472,950	5,391,315	2,005,777	3,385,538
2032	3,914,780	710,000	761,550	1,471,550	5,386,330	2,002,720	3,383,610
2033	3,926,830	750,000	721,500	1,471,500	5,398,330	2,003,568	3,394,763
2034	3,469,844	785,000	683,125	1,468,125	4,937,969	1,998,029	2,939,940
2035	3,424,717	830,000	642,750	1,472,750	4,897,467	2,000,863	2,896,604
2036	3,431,573	870,000	600,250	1,470,250	4,901,823	2,006,622	2,895,202
2037	3,424,695	915,000	555,625	1,470,625	4,895,320	2,000,198	2,895,122
2038	3,421,178	960,000	508,750	1,468,750	4,889,928	2,001,656	2,888,272
2039	3,424,821	1,010,000	459,500	1,469,500	4,894,321	2,006,162	2,888,159
2040	3,424,346	1,060,000	407,750	1,467,750	4,892,096	2,003,946	2,888,151
2041	3,025,025	1,115,000	353,375	1,468,375	4,493,400	2,000,011	2,493,388
2042	2,655,492	1,175,000	296,125	1,471,125	4,126,617	2,004,145	2,122,473
2043	2,651,796	1,235,000	235,875	1,470,875	4,122,671	2,001,243	2,121,428
2044	2,650,193	1,300,000	172,500	1,472,500	4,122,693	2,001,258	2,121,435
2045	2,101,773	1,365,000	105,875	1,470,875	3,572,648	2,004,075	1,568,573
2046	2,100,936	1,435,000	35,875	1,470,875	3,571,811	2,003,694	1,568,117
2047	2,101,669	-	-	-	2,101,669	2,004,897	96,772
2048	2,099,718	-	-	-	2,099,718	2,003,425	96,292
2049	2,100,136	-	-	-	2,100,136	1,999,346	100,790
2050	2,102,767	-	-	-	2,102,767	2,002,502	100,265
2051	2,003,868	-	-	-	2,003,868	2,003,868	-
2052	1,998,628	-	-	-	1,998,628	1,998,628	-
2053	2,000,547	-	-	-	2,000,547	2,000,547	-
2054	1,163,750	-	-	-	1,163,750	1,163,750	-
2055	1,163,375	-	-	-	1,163,375	1,163,375	-
Total	$ 83,285,729	$ 19,730,000	$ 10,873,413	$ 30,603,413	$ 113,889,142	$ 56,391,058	$ 57,498,084

[1] *Includes self-supporting debt.*

TAX ADEQUACY (Includes Self-Supporting Debt)

2026 Certified Net Taxable Assessed Valuation	$ 2,790,313,893
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2027)	6,553,075
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.23964

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

TAX ADEQUACY (Excludes Self-Supporting Debt)

2026 Certified Net Taxable Assessed Valuation	$ 2,790,313,893
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2027)	4,553,351
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.16651

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

INTEREST AND SINKING FUND MANAGEMENT INDEX

Interest and Sinking Fund Balance, Fiscal Year Ended September 30, 2025*	$ 10,734,818
2026 Interest and Sinking Fund Tax Levy at 98% Collections Produces [1]	4,685,230
Total Available for General Obligation Debt	$ 15,420,048
Less: General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/26	2,297,826
Estimated Surplus at Fiscal Year Ending 9/30/2026 [1]	$ 13,122,222

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

*Includes $9,555,000 in bond proceeds.

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

Fiscal Year Ending 9-30	Principal Repayment Schedule: Currently Outstanding[a]	The Certificates	Total	Principal Unpaid at End of Year	Percent of Principal Retired (%)
2027	$ 2,085,000	$ 1,765,000	$ 3,850,000	$ 73,170,000	5%
2028	2,150,000	560,000	2,710,000	70,460,000	9%
2029	2,235,000	590,000	2,825,000	67,635,000	12%
2030	2,315,000	630,000	2,945,000	64,690,000	16%
2031	2,395,000	670,000	3,065,000	61,625,000	20%
2032	2,460,000	710,000	3,170,000	58,455,000	24%
2033	2,540,000	750,000	3,290,000	55,165,000	28%
2034	2,145,000	785,000	2,930,000	52,235,000	32%
2035	2,155,000	830,000	2,985,000	49,250,000	36%
2036	2,220,000	870,000	3,090,000	46,160,000	40%
2037	2,275,000	915,000	3,190,000	42,970,000	44%
2038	2,335,000	960,000	3,295,000	39,675,000	48%
2039	2,405,000	1,010,000	3,415,000	36,260,000	53%
2040	2,475,000	1,060,000	3,535,000	32,725,000	58%
2041	2,145,000	1,115,000	3,260,000	29,465,000	62%
2042	1,840,000	1,175,000	3,015,000	26,450,000	66%
2043	1,900,000	1,235,000	3,135,000	23,315,000	70%
2044	1,965,000	1,300,000	3,265,000	20,050,000	74%
2045	1,475,000	1,365,000	2,840,000	17,210,000	78%
2046	1,525,000	1,435,000	2,960,000	14,250,000	81%
2047	1,580,000	-	1,580,000	12,670,000	84%
2048	1,635,000	-	1,635,000	11,035,000	86%
2049	1,695,000	-	1,695,000	9,340,000	88%
2050	1,760,000	-	1,760,000	7,580,000	90%
2051	1,725,000	-	1,725,000	5,855,000	92%
2052	1,785,000	-	1,785,000	4,070,000	95%
2053	1,855,000	-	1,855,000	2,215,000	97%
2054	1,080,000	-	1,080,000	1,135,000	99%
2055	1,135,000	-	1,135,000	-	100%
Total	$ 57,290,000	$ 19,730,000	$ 77,020,000		

[a] Includes self-supporting debt.

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2017-2026 **TABLE 3**

Year	Net Taxable Assessed Valuation	Change From Preceding Year: Amount ($)	Percent
2017	$ 1,062,333,407	-	-
2018	1,124,568,796	62,235,389	5.86%
2019	1,211,876,954	87,308,158	7.76%
2020	1,440,346,444	228,469,490	18.85%
2021	1,561,778,537	121,432,093	8.43%
2022	1,872,782,856	311,004,319	19.91%
2023	2,373,482,142	500,699,286	26.74%
2024	2,374,986,099	1,503,957	0.06%
2025	2,587,929,047	212,942,948	8.97%
2026	2,790,313,893	202,384,846	7.82%

Source: San Patricio County Appraisal District.

CLASSIFICATION OF ASSESSED VALUATION **TABLE 4**

	2026	% of Total	2025	% of Total	2024	% of Total
Real, Residential, Single-Family	$ 683,729,483	20.29%	$ 716,032,036	22.32%	$ 700,556,119	23.08%
Real, Residential, Multi-Family	129,298,763	3.84%	127,731,999	3.98%	101,135,514	3.33%
Real, Vacant Lots/Tracts	86,652,341	2.57%	72,231,153	2.25%	80,305,258	2.65%
Real, Acreage (Land Only)	11,705,794	0.35%	12,211,904	0.38%	14,480,773	0.48%
Real, Farm and Ranch Improvements	5,711,597	0.17%	4,864,230	0.15%	4,944,932	0.16%
Real, Commercial	99,080,497	2.94%	85,400,166	2.66%	84,150,722	2.77%
Real, Industrial	1,304,352,241	38.72%	1,275,626,603	39.76%	1,256,065,796	41.38%
Real & Tangible, Personal Utilities	50,985,942	1.51%	49,646,982	1.55%	46,917,812	1.55%
Tangible Personal, Commercial	18,345,059	0.54%	14,883,093	0.46%	12,860,018	0.42%
Tangible Personal, Industrial	681,634,150	20.23%	488,612,540	15.23%	365,515,250	12.04%
Tangible Personal, Mobile Homes	1,398,039	0.04%	730,463	0.02%	794,256	0.03%
Residential Inventory	1,609,806	0.05%	1,905,357	0.06%	2,043,618	0.07%
Special Inventory	587,951	0.02%	651,930	0.02%	537,016	0.02%
Exempt Property	293,878,145	8.72%	357,730,811	11.15%	365,453,700	12.04%
Total Appraised Value	$ 3,368,969,808	100.00%	$ 3,208,259,267	100.00%	$ 3,035,760,784	100.00%
Less:						
Optional Over-65 or Disabled Homestead	$ 19,232,202		$ 18,774,025		$ 17,756,802	
Veteran's Exemptions	36,551,254		30,260,170		24,497,766	
Abstract	15,903,760		25,739,320		32,243,480	
Community Housing Development	3,836,818		2,255,005		2,075,195	
Productivity Loss	11,175,147		11,605,188		13,942,395	
Pollution Control	130,967,950		124,450,240		126,063,930	
Solar	4,175,278		3,810,930		3,231,733	
Loss to 10% HO Cap	51,205,838		61,910,956		91,505,020	
Other	305,607,668		341,524,386		349,458,364	
Net Taxable Assessed Valuation	$ 2,790,313,893		$ 2,587,929,047		$ 2,374,986,099	

Source: San Patricio County Appraisal District.

PRINCIPAL TAXPAYERS 2026 **TABLE 5**

Name	Type of Business/Property	2026 Net Taxable Assessed Valuation	% of 2026 Assessed Valuation
Enbridge Ingleside Oil Terminal	Oil and Gas	$ 695,777,127	24.94%
ConocoPhillips Alaska Inc.	Oil & Gas	327,046,680	11.72%
Kiewit Offshore Services LTD	Oil and Gas Drilling Services/Equipment	158,832,920	5.69%
Enbridge Ingleside Facilities	Oil and Gas	131,207,980	4.70%
EOG Resources Marketing LLC	Oil and Gas	104,326,730	3.74%
Flint Hills Res Ingleside LLC	Oil and Gas	90,449,000	3.24%
Air Liquide America LP (I)	Chemical Plant	40,283,170	1.44%
ConocoPhillips Co	Oil & Gas	40,189,740	1.44%
Air Liquide America LP	Chemical Plant	37,108,780	1.33%
Subsea 7 (US) LLC	Oil and Gas Drilling Services/Equipment	35,850,224	1.28%
		$ 1,661,072,351	59.53%

As shown in the table above, the top ten taxpayers in the City currently account for in excess of 59% of the City's tax base. Adverse developments in economic conditions, particularly in the oil and gas industry, could adversely impact the businesses of these taxpayers and the tax values in the City, resulting in less local tax revenue.

TAX RATE DISTRIBUTION **TABLE 6**

	2025-26	2024-25	2023-24	2022-23	2021-22
General Fund	$ 0.574464	$ 0.440700	$ 0.457689	$ 0.422914	$ 0.466796
I&S Fund	0.166665	0.201300	0.184372	0.116633	0.197626
Total Tax Rate	$ 0.741129	$ 0.642000	$ 0.642061	$ 0.539547	$ 0.664422

Source: San Patricio County Appraisal District.

TAX DATA **TABLE 7**

Taxes are due October 1 and become delinquent after January 31. Discounts are not allowed: 3% October, 2% November, and 1% if paid in December. Current collections are those taxes collected through August 31, applicable to the current year's tax levy. Penalties and Interest: (a) a delinquent tax incurs a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid; and an additional penalty up to a maximum of 20% of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentages of collections set forth below exclude penalties and interest.

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	% of Collections Total	Year Ended
2017	1,062,333,407	0.605250	6,429,773	103.36	101.73	9/30/2018
2018	1,124,568,796	0.607653	6,833,476	98.26	99.43	9/30/2019
2019	1,211,876,954	0.664422	8,051,977	98.61	99.96	9/30/2020
2020	1,440,346,444	0.664422	9,569,979	98.45	99.20	9/30/2021
2021	1,561,778,537	0.664422	10,376,800	98.28	98.51	9/30/2022
2022	1,872,782,856	0.539547	10,104,544	99.00	99.56	9/30/2023
2023	2,373,482,142	0.642061	15,239,203	98.77	95.31	9/30/2024*
2024	2,374,986,099	0.642000	15,247,411	98.33	99.40	9/30/2025
2025	2,587,929,047	0.741129	18,932,481	98.40	98.87	9/30/2026**
2026	2,790,313,893	*[To be adopted]*		*[To be collected]*		9/30/2027

Source: San Patricio County Appraisal District.
**Total Collections lower due to a tax rebate from previous years paid to Corpus Christi.*
*** As of August 1, 2026.*

MUNICIPAL SALES TAX COLLECTIONS **TABLE 8**

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

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2017	2,181,972	34.09%	0.205
2018	3,434,061	50.25%	0.305
2019	4,905,864	59.31%	0.405
2020	3,768,173	39.37%	0.262
2021	3,214,478	30.98%	0.206
2022	3,184,196	31.51%	0.170
2023	4,890,483	32.09%	0.206
2024	3,772,861	24.74%	0.159
2025	5,087,296	26.87%	0.197
2026	3,434,677	*(As of September)*	

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

OVERLAPPING DEBT INFORMATION

(as of September 1, 2026)

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

Taxing Body	Gross Debt 9/1/26	% Overlapping	Amount Overlapping
Aransas Pass ISD	$ 10,335,000	2.17%	$ 224,270
Ingleside ISD	92,635,000	45.76%	42,389,776
San Patricio County	96,186,322	8.93%	8,589,439
Total Gross Overlapping Debt			$ 51,203,484
Ingleside, City of			$ 77,020,000
Total Gross Direct and Overlapping Debt			$ 128,223,484
Ratio of Gross Direct Debt and Overlapping Debt			4.60%
Per Capita Gross Direct Debt and Overlapping Debt			$12,764.91

Note: The above figures show Gross General Obligation Debt for the City of Ingleside, Texas. The Issuer's Net General Obligation Debt is $41,725,000. Calculations on the basis of Net General Obligation Debt would change the above figures as follows:

Total Net Direct and Overlapping Debt	$ 92,928,484
Ratio of Net Direct and Overlapping Debt to 2026 Net Assessed Valuation	3.33%
Per Capita Net Direct and Overlapping Debt	$9,251.22

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

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

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

	Fiscal Year Ended				
	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Fund Balance - Beginning of Year	$ 19,286,315	$ 14,539,995	$ 10,159,563	$ 5,506,654	$ 7,858,965
Revenues	18,701,621	20,630,243	15,983,575	13,013,399	12,621,020
Expenditures	14,441,673	13,982,141	12,237,675	10,981,294	10,809,625
Excess (Deficit) of Revenues Over Expenditures	$ 4,259,948	$ 6,648,102	$ 3,745,900	$ 2,032,105	$ 1,811,395
Other Financing Sources (Uses):					
Operating Transfers In	$ -	$ 990,000	$ 1,309,028	$ 1,026,997	$ 1,037,668
Special extraordinary item	-	103,048	(439,790)	2,418,550	-
Gain on sale of assets	51,390	-	-	-	-
Operating Transfers Out	(4,086,975)	(2,994,830)	362,994	(777,743)	(4,985,761)
Total Other Financing Sources (Uses):	$ (4,035,585)	$ (1,901,782)	$ 1,232,232	$ 2,667,804	$ (3,948,093)
Prior Period Adjustment	$ (1,017,073)	$ -	$ (597,700)	$ (47,000)	$ (215,613)
Fund Balance - End of Year*	$ 18,493,605	$ 19,286,315	$ 14,539,995	$ 10,159,563	$ 5,506,654

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

* The City's estimated ending General Fund Balance for Fiscal Year Ending 9/30/26 is $20,917,711 due to 32 staff vacancies that have remained unfilled for most of the year.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2025 Assessed Valuation	% of Actual	2025 Tax Rate
Aransas Pass ISD	$ 1,259,555,481	100%	$ 0.809000
Ingleside ISD	5,486,889,519	100%	0.826000
San Patricio Co	20,010,998,351	100%	0.410000

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

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

Issuer	Date of Authorization	Amount Authorized	Amount Issued to Date	Amount Unissued
Aransas Pass ISD	None			
Ingleside ISD	None			
San Patricio Co	None			

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

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

Information regarding the Issuer's pension plan can be found in the 2025 Annual Comprehensive Financial Report, Page 52.

WATERWORKS AND SEWER SYSTEM PLANT IN OPERATION — TABLE 11

As of September 30, 2025

	2025
Land Purchase and Improvements	$ 329,484
Construction in Progress	3,123,351
Infrastructure	4,399,030
Buildings	475,079
Water System	10,096,719
Sewer System	20,789,931
Vehicles	1,781,973
Furniture and Equipment	328,949
Total	$ 41,324,516
Less Accumulated Depreciation	(23,668,134)
Net Waterworks and Sewer System in Service	$ 17,656,382

UTILITY SYSTEM COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES — TABLE 12

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

	Fiscal Year Ended				
	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Revenues	$ 8,640,414	$ 8,014,302	$ 6,168,458	$ 5,392,251	$ 5,167,777
Expenses					
Water Purchased	1,161,019	1,249,980	1,226,618	1,198,285	1,035,363
Other	$ 2,652,610	$ 2,275,104	$ 2,223,701	2,242,181	2,016,256
Total Operating Expenses	$ 3,813,629	$ 3,525,084	$ 3,450,319	$ 3,440,466	$ 3,051,619
Net Revenue Available For Debt Service	$ 4,826,785	$ 4,489,218	$ 2,718,139	$ 1,951,785	$ 2,116,158
Total Revenue Supported Debt Service	840,521	839,144	96,101	96,101	96,101
Coverage	5.74X	5.35X	28.28X	20.31X	22.02X
Customer Count:					
Water	3,296	3,290	3,280	3,252	3,228
Sewer	3,141	3,135	3,124	3,099	3,079

Source: City's 2025 Annual Comprehensive Financial Report

WATER SUPPLY — TABLE 13

The City is one of eight municipal customers of the San Patricio Municipal Water District which provides the Cities of Aransas Pass, Gregory, Ingleside, Odem, Portland, Taft, Nueces County WC&ID #4 (Port Aransas), and Aransas County Conservation and Reclamation District (Rockport) with treated water. The San Patricio Municipal Water District purchases its supply (raw) from the City of Corpus Christi under contract executed May 27, 1963, and in addition to its municipal customers, provides both raw and treated water to various other rural, commercial and industrial customers.

New Rates Effective October 1, 2025

Water Base Rate Meter Size	Monthly Amount
Meters – ¾"Residential	$32.37
Meters – ¾" Commercial	28.64
Meters – 1" Residential	54.72
Meters – 1" Commercial	50.97
Meters – 2"	203.55
Meters – 3"	458.06
Meters – 4"	814.20
Meters – 6"	1,832.25
Meters – 8"	3,257.40
Meters – 10"	5,089.65

Water Volume Rate Volume in Month In Gallons	
0-2,000 gals	$6.12
2,001-10,000 gals	6.57
10,001-50,000 gals	7.41
50,001-100,000 gals	8.08
100,001-300,000 gals	9.21
Over 300,001 gals	9.64

For residential customers only, there shall be no volume charge for the first 2,000 gallons. The volume charge shall only apply to the monthly gallons over 2,000 for residential customers only.

Old Rates October 1, 2024

Water Base Rate Meter Size	Monthly Amount
Meters – ¾"Residential	$28.15
Meters – ¾" Commercial	24.90
Meters – 1" Residential	47.58
Meters – 1" Commercial	44.32
Meters – 2"	177.00
Meters – 3"	398.31
Meters – 4"	708.00
Meters – 6"	1,593.26
Meters – 8"	2,832.52
Meters – 10"	4,425.78

Water Volume Rate Volume in Month In Gallons	
0-2,000 gals	$5.32
2,001-10,000 gals	5.71
10,001-50,000 gals	6.44
50,001-100,000 gals	7.03
100,001-300,000 gals	8.01
Over 300,001 gals	8.38

New Rates Effective October 1, 2025

Sewer Base Rate Meter Size	Monthly Amount
Meters – 3/4 “	$40.04
Meters – 1”	71.24
Meters – 2”	284.58
Meters – 3”	640.39
Meters – 4”	1,138.29
Meters – 6”	2,561.51
Meters – 8”	4,553.80
Meters – 10”	7,124.20

Sewer Volume	Monthly Amount Per Thousand Gallon Volume
Residential	$4.46
Commercial	$5.12

Old Rates Effective October 1, 2024

Sewer Base Rate Meter Size	Monthly Amount
Meters – 3/4 “	$34.82
Meters – 1”	61.95
Meters – 2”	247.46
Meters – 3”	556.86
Meters – 4”	989.82
Meters – 6”	2,227.40
Meters – 8”	3,959.83
Meters – 10”	6,194.96

Sewer Volume	Monthly Amount Per Thousand Gallon Volume
Residential	$3.69
Commercial	$4.45

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF INGLESIDE AND SAN PATRICIO COUNTY, TEXAS

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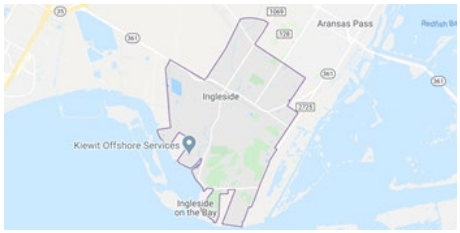
GENERAL INFORMATION REGARDING THE CITY OF INGLESIDE AND SAN PATRICIO COUNTY, TEXAS

City of Ingleside

The City of Ingleside (the "City") is a residential community 18 miles northeast of Corpus Christi on State Highway 361, 150 miles southeast of San Antonio, and 225 miles southwest of Houston. The City is the second largest city in population in San Patricio County.



The City of Ingleside was incorporated on June 18, 1951, under the provisions of the laws for the State of Texas. The City operates under a charter with a Council-Manager type of government where the Mayor and six council members are elected on a rotating schedule. The City Council and Mayor are responsible for enacting ordinances, resolutions, and regulations governing the City, appointing member of various statutory and advisory boards, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the heads of departments of the City organization.

Economy

Some of the largest corporations of the nation are located in the City.

- Kiewit Offshore Services
- Gulf Marine Fabricators
- OxyChem
- Air Liquide America LP
- Subsea 7
- Flint Hills Natural Resources

Education

Ingleside Independent School District (the "District") is located within the City of Ingleside and in San Patricio County, Texas. The District consists of 1 Primary school, 2 Elementary schools, 1 Junior High School and 1 High School.

San Patricio County

San Patricio County (the "County") was created in 1836. The County operates under a County Judge-Commissioners Court type of government. The land area of the County is 685 square miles. Farming, ranching, oil and gas production, industry and the fish and shrimping business have contributed to the growth of San Patricio County.

2024 Major Employers:

Employer	# of Employees
Kiewit Offshore Services, Ltd	2,500
Bay Ltd.	1,500
Flint Hill Resources	1,000
Gregory-Portland ISD	729
Gulf Coast Growth Ventures	670
Steel Dynamics	600
San Patricio County	541
OxyChem	375
Chemours	350
Cheniere Energy	350
Ingleside ISD	339
Aransas Pass ISD	265
Walmart	250
JM Davidson Inc.	180

Labor Force Statistics – San Patricio, Texas [1]

	2026 [2]	2025 [3]	2024 [3]	2023 [3]	2022 [3]
Civilian Labor Force	32,856	32,841	31,887	29,808	29,300
Total Employed	31,131	31,186	30,339	28,375	27,513
Total Unemployed	1,725	1,655	1,548	1,433	1,787
% Unemployment	5.3%	5.0%	4.9%	4.8%	6.1%
Texas Unemployment	4.4%	4.2%	4.1%	3.9%	3.9%

(1) Source: Texas Workforce Commission.
(2) As of August 2026.
(3) Average annual statistics.

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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NORTON ROSE FULBRIGHT

October 21, 2026

Norton Rose Fulbright US LLP
98 San Jacinto Boulevard, Suite 1100
Austin, Texas 78701-4255
United States

Tel +1 512 474 5201
Fax +1 512 536 4598
nortonrosefulbright.com

FINAL

IN REGARD to the authorization and issuance of the "City of Ingleside, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026" (the *Certificates*), dated September 1, 2026 in the aggregate principal amount of $19,730,000 we have reviewed the legality and validity of the issuance thereof by the City Council of the City of Ingleside, Texas (the *Issuer*). The Certificates are issuable in fully registered form only in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity). The Certificates have Stated Maturities of February 1 in each of the years 2027 through 2046, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Certificates. Interest on the Certificates accrues from the dates, at the rates, in the manner, and is payable on the dates as provided in the ordinance (the *Ordinance*) authorizing the issuance of the Certificates. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Ordinance.

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

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

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

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

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

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 in 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 Subordinate Lien Obligations and any Prior Lien Obligations, Junior Lien Obligations, or Additional Subordinate Lien Obligations hereafter issued by the Issuer. The Issuer has previously authorized the issuance of the Subordinate Lien Obligations that are payable in part from and secured by a subordinate and inferior lien on and pledge of the Net Revenues of the System in accordance with the ordinance authorizing the issuance of the currently outstanding Subordinate Lien Obligations. The Issuer has also previously authorized the issuance of the Limited Pledge Obligations that are payable in part from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in accordance with the ordinances authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the Issuer reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Additional Subordinate Lien Obligations, and Additional Limited Pledge Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

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

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, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits,

individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed 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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ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025

CITY OF INGLESIDE, TEXAS

City Manager
Brenton B. Lewis

Prepared By: Department of Finance

Luis Rios – Director of Finance
Priscilla Solis – Assistant Director of Finance

City Of Ingleside

CITY OF INGLESIDE, TEXAS

TABLE OF CONTENTS

September 30, 2025

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	i-viii
Principal Officials	ix
Organizational Chart	x
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis (unaudited)	5-13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16-17
Statement of Activities	18-19
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20-21
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	24-25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Fund:	
Statement of Net Position	27-28
Statement of Revenues, Expenses, and Changes in Fund Net Position	29
Statement of Cash Flows	30-31
Notes to Financial Statements	35-66

CITY OF INGLESIDE, TEXAS

TABLE OF CONTENTS

September 30, 2025

	PAGE
FINANCIAL SECTION (CONTINUED)	
Required Supplementary Information (unaudited):	
Comparative Balance Sheets – General Fund	69
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budget (GAAP Basis) and Actual	70-72
Comparative Balance Sheets – Grant Fund	73
Statement of Revenues, Expenses, and Changes in Fund Net Position - Budget (GAAP Basis) and Actual – Grant Fund	74
Schedule of Changes in the Net Pension Liability and Texas Municipal Retirement System Related Ratios	76-77
Schedule of Contributions - Pension	78-79
Schedule of Changes in the OPEB Liability and Texas Municipal Retirement System Related Ratios	80-81
Schedule of Changes in the OPEB Liability – Retiree Health Insurance	82
Other Supplementary Information:	
Comparative Balance Sheets – Capital Project Fund	85
Statement of Revenues, Expenditures, and Changes in Fund Balance - Capital Project Fund	86
Comparative Balance Sheets – Debt Service Fund	87
Statement of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Fund	88
Combining Balance Sheet – Nonmajor Funds	89
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual -Nonmajor Funds	90
Comparative Balance Sheets – Ingleside Development Corporation Fund	91
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - Ingleside Development Corporation Fund	92
Combining Balance Sheet - Nonmajor Governmental Funds	94-95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	96-97
Comparative Statements of Net Position – Proprietary Funds – Utility Funds	98-99

CITY OF INGLESIDE, TEXAS

TABLE OF CONTENTS

September 30, 2025

		PAGE
FINANCIAL SECTION (CONTINUED)		
Other Supplementary Information (continued):		
Schedule of Operating Revenues and Expenses – By Fund – Utility Fund		100
Capital Assets used in the Operation of Governmental Funds – Schedule of Changes by Function and Activity		101
STATISTICAL SECTION (UNAUDITED):	TABLE	
Government-Wide Expenses by Function	1	104-105
Government-Wide Revenues	2	106
General Governmental Expenditures by Function	3	107
General Governmental Revenues by Source	4	108
Assessed Valuations, Tax Levies, and Tax Rate Distributions	5	109
Assessed and Estimated Market Values of Taxable Property	6	110
Schedule of Taxes Levied, Collected and Receivable	7	111
Ratio of Net General Bonded Debt to Assessed Value and Net Debt Per Capita	8	112
Property Tax Rates – All Direct and Overlapping Governments	9	113
Computation of Legal Debt Margin	10	114
Computation of Direct and Overlapping Debt	11	115
Ratio of Annual Debt Service Expenditures for all Long-Term Debt to General Governmental Expenditures of all General, Special Revenue and Debt Service Funds	12	116
Revenue Bond Coverage – Water and Sewer Bonds	13	117
Demographic Statistics	14	118
Principal Taxpayers	15	119
Insurance and Bond Coverage	16	120
Miscellaneous Statistical Data	17	121
Water Purchases and Sales	18	122
Number of Active Accounts at Close of Year	19	123
COMPLIANCE SECTION:		
Independent Auditor's 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*		127-128
Findings and Recommendations		129-132
Summary Schedule of Prior Year Audit Findings		133-135

City Of Ingleside

INTRODUCTORY SECTION

City Of Ingleside

2671 San Angelo • Ingleside, Texas 78362 • 361-776-2517

March 24, 2026

To the Honorable Mayor, Members of City Council, and City Management
City of Ingleside, Texas

This report represents the Annual Comprehensive Financial Report for the City of Ingleside, Texas for the fiscal year ended September 30, 2025.

This report is published to provide the City Council, City Staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City Management.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City Staff is pleased to submit the Annual Comprehensive Financial Report for the City of Ingleside, Texas, for the fiscal year ended September 30, 2025.

THE REPORT

This report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, a listing of the City officials, and an organizational chart. The Financial Section includes a Management Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules, as well as the Independent Auditor's Report on the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Ingleside's MD&A can be found immediately following the report of the independent auditors. The Statistical Section includes financial and demographic information, usually presented on a multi-year basis that is relevant to a financial statement reader.

The City of Ingleside's financial statements have been audited by ABIP, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Ingleside for the fiscal year ending September 30, 2025 are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for the fiscal year ending September 30, 2025 financial statements to be considered to be fairly presented in conformity with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board and other professional promulgations, as applicable.

CITY PROFILE

Location

The City of Ingleside is the second largest city in population in San Patricio County. Located on the eastern tip of San Patricio County, Ingleside is 18 miles from Corpus Christi, about 150 miles south of San Antonio, and 225 miles southwest of Houston. The City encompasses approximately 16.0 square miles of land within the City's corporate boundary. Ingleside is about 40% developed.

The City of Ingleside, Texas (the "City") was incorporated on June 18, 1951, under the provisions of the laws for the State of Texas. The City operates under a home rule charter with a Council-Manager type of government where the Mayor and six Council members are elected on a rotating schedule. Members are elected under a place format. The City Council and Mayor are responsible for enacting ordinances, resolutions, and regulations governing the City, appointing members of various statutory and advisory boards, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the heads of departments of the City organization.

Services Provided

Services provided by the City, under the general governmental functions, include police and fire protection, street maintenance, library services, public improvements, planning and zoning, engineering, traffic control, parks operation and maintenance, code enforcement, and general and administrative services. A private firm provides solid waste collection and disposal services under a contract with the City. In addition, water and sewer services are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses, payments on outstanding debt and reserves.

The Ingleside Development Corporation (IDC) is considered to be a blended component unit of the City. A seven-member board of directors, of which four may be active council members, governs this legally separate entity. The function of the IDC is to oversee the appropriations of funds collected under the special sales tax for economic development, including the payment of debt service for the projects approved by the voters for the purpose. The operational and capital budget must be approved by the City Council.

Accounting System and Budgetary Control

The City's accounting records for governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis. In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's current internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that on or before the first Council meeting in August, the City Manager submits to the City Council a proposed budget and budget message to the City Council for the fiscal year commencing the following October 1. The budget message is the responsibility of the City Manager. The City Council shall review the proposed budget and make any appropriate changes prior to publishing the final budget. The budget is legally enacted through passage of an ordinance on or before September 20th.

The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that alter the total expenditures of a department must be approved by the City Council. The City Manager has been authorized, by ordinance and by adoption by the City Council, to expend limited amounts which are included within the budget. During the year, expenditures over $25,000 (as per charter section 2.200-e) required authorization by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item for the current month and year-to-date and are distributed monthly to City department supervisors as well as to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item.

The City Council adopted certain financial goals for the City to create a better financial foundation and improve the City's bond rating. These goals are basically to accumulate 25% of the City's annual general and utility operating expenditures in reserve and to re-establish the City's Utility Bond Reserves. The bond reserves were re-established within a year of the adoption of these goals. The City's steady and deliberate progress towards these goals has resulted in multiple consecutive upgrades of the City's bond ratings as published by Standard & Poors (S&P). S&P Global Ratings assigned its 'AA-' rating to the City in 2021.

In 2020, the City issued the Series 2020 in the amount of $6,510,000 with an interest rate of 2% to 5% and the City also issues Series 2020 Combination Tax and Subordinate Lien Revenue Certificates of Obligation in the amount of $2,795,000 with interest rates ranging from 0.070% to .530%. On October 13, 2021, the City obtained Series 2021 in the amount of $6,175,000, with interest rates of 2.00% with a premium of $454,543. On August 1, 2023, the City issued 2023 Combination Tax and Subordinate Lien Revenue Certificates of Obligation in the amount of $19,205,000 with interest rates ranging from 1.01% to 1.74%. On September 24, 2024, the City issued 2024 Combination Tax and Limited Pledge Revenue Certificates of Obligation in the amount of $9,555,000 with interest rates ranging from 3.375% to 5%. On June 25, 2025, the City issued 2025 Combination Tax and Limited Pledge Revenue Certificates of Obligation in the amount of $18,000,000 with interest rates ranging from 5.00% to 5.25%.

As of September 30, 2025, the General Fund balance was $18,493,604, a decrease of $792,710. The Utility Funds net position was $30,593,451, an increase of $4,046,114.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Regional Economy

San Patricio County is located at the center of the Corpus Christi Bay Area on the Gulf of Mexico. Linked to Corpus Christi by the Harbor Bridge, the County is part of a three county MSA, which celebrates being the industrial area in the nation that has clean air, healthy bays and estuaries and sufficient water supplies. Coupled with abundant land and a young workforce, San Patricio is poised to be the center of growth in the region. Rail and interstate highway connectivity also link San Patricio County to Mexican and U.S. markets.

As a bedroom community to the larger City of Corpus Christi, which is to our south, our economic development is largely dependent on the growth of our industrial partners. Housing starts have increased. Ingleside's housing remains affordable and in most cases is close to 10% less than a comparable property in neighboring metropolitan Corpus Christi.

The following facts reflect upon Ingleside's economic condition and outlook:

- Ingleside is the second largest city in San Patricio County, with ample space for additional growth.
- Home construction continues at a healthy pace.
- Ingleside and its adjacent lands continue to serve as plant locations for some of the nation's largest corporations:
    - Enbridge Ingleside Oil Terminal
    - Kiewit Offshore Services
    - Flint Hills Natural Resources
    - Signet Maritime
    - Air Liquide America LP
    - Subsea 7
    - Chevron USA
    - Occidental Chemical Corp
    - Midstream Texas
    - Chemours
    - Cheniere
- Total taxable value for all residential and commercial property in the City of Ingleside exceeded $2.37 billion for fiscal year 2025, an increase of 1.4% from fiscal year 2024 of $2.34 billion.
- Total sales tax collections have increased by 32% over the prior fiscal year, which aligns with most Texas cities. The overall industrial activity of the area is a major factor.

Ingleside, Texas is located just 15 minutes north of metropolitan city of Corpus Christi, and just across the ship channel from the Port of Corpus Christi, the world's sixth-largest Seaport. The Port of Corpus Christi is the largest energy export gateway in the United States and the third-largest export port for crude oil in the world. We are the crossroads where cutting-edge technology and world-class industrial practice meet a small hometown community filled with charm and quality of life. Ingleside's median household effective buying income of $77,453 as of 2025 which is comparable to $75,780 for Texas and nationally is $83,700.

Current Economic Outlook and New Developments

Ingleside's general economy has been stable and is poised for significant growth. In preparation, the City has and will continue to make improvements to infrastructure to prepare for future residential and industrial growth.

Recent Developments

In September 2024, Noble Texas Builders began construction for Whataburger. The final Certificate of Occupancy was issued April 16, 2025.

In October 2024, Brazos Contractors began construction for Starbucks. The final Certificate of Occupancy was issued July 30, 2025.

In addition to the projects above, thirteen commercial Certificates of Occupancy were issued in FY24-25.

Beautification Grant for Businesses

The Ingleside Development Corporation implemented a progressive Facade Improvement Grant Program for existing businesses in the city. The grants are available to Ingleside businesses to improve the appearance of their buildings and street-facing properties.

The Facade Improvement Grant Program is an initiative available for eligible businesses to apply for funds in order to complete enhancement and improvement projects that upgrade the appearance and functionality of their existing exterior that is visible from the street. Matching grant funds are provided for up to 50% of the actual cost of the project up to a maximum of $5,000.

The Business Improvement Grant (BIG) is a program to encourage capital investment by for-profit businesses located within the city limits of Ingleside. Grant projects typically consist of building or remodeling building space. Matching grant funds are provided for up to 50% of the actual cost of the project up to a maximum of $10,000.

The grant program in 2025 realized a sizable investment in building renovation projects.

Facade Improvement Grant

Three grants were awarded and resulted in the following property taxable value increase:
Grant Amounts – $15,000 Matching Funds - $38,882 Property Tax Increase: $53,882

Business Improvement Grant

Two grants were awarded and resulted in the following property taxable value increase:
Grant Amounts – $20,000 Matching Funds - $30,452 Property Tax Increase - $50,452

Industrial Development

Ingleside, Texas is the hub of the Coastal Bend area, nestled on the La Quinta Ship Channel and serves as a major hub for offshore fabrication and energy transportation.. While considered "rural", we are home to large industry partners Kiewit Offshore Services, Helix Energy, Signet Maritime, Gulf Marine Fabricators, OxyChem, Voestalpine, and other big players in the international business arena.

Ingleside is currently experiencing significant industrial resurgence, primarily driven by its strategic location on the La Quinta Ship Channel and its proximity to the Port of Corpus Christi. Major development projects in 2025 include a massive 20-million-barrel oil storage facility

Major Current & Future Projects

Port of Texas Oil Storage Facility: Crews began clearing approximately 200 acres at Avenue B and 8th Street in late 2025 for a facility that will hold up to 20 million barrels of oil. The project is situated where crude oil pipelines from the Permian, West Texas, and Eagle Ford basins converge. Construction is expected to proceed in phases over the next five to seven years.

Chemours Expansion: Chemours is executing a capital expansion project at its Ingleside plant. Specializes in manufacturing low global warming potential refrigerants, Chemours is currently undergoing a 40% capacity expansion.

Kiewit Offshore Services: A prominent employer specializing in offshore platform fabrication and steel work. Major offshore fabrication facility and one of the largest employers in the region with approximately 2,500 employees.

Ethylene Cracking Plant: OxyChem and Mexichem have collaborated on a $1.3 billion ethylene cracking plant in Ingleside, which processes ethane feedstock into ethylene for PVC resin and other products.

Enbridge Ingleside Energy Center: A major crude oil storage and export terminal.

Other Key Players: Flint Hills, Inc, Helix Energy, Signet Maritime, Gulf Marine Fabricators, and Voestalpine.

New Housing Developments

In 2025, the Ingleside, TX housing market experienced a shift toward a buyer's market, characterized by increasing inventory, rising days on market, and softening prices. Median home values are roughly $240,000–$257,500, with a rise in available for-sale homes compared to previous years.

Rental Market: While home sales are cooling, the rental market is tightening. Median rent has risen by 18.14% to roughly $1,550 per month.

Market Context: Ingleside is part of a broader Texas trend where higher interest rates (6%–7%) and increased supply are boosting the number of price reductions and creating a more favorable environment for buyers.

Cape Bay, L.P. started construction of the Cape Bay Subdivision in 2025. A total of 82 single family residential lots will be available Phase I. An additional 200 +/- residential single-family lots will be developed in future phases of the project. The site construction is expected to be completed in 2026. Permits for the new homes will be issued after site construction is complete. Hogan Homes is the developer of record for the project.

In February 2021, Long Build started the process of developing Hidden Valley Subdivision (58 single family residential lots), site development was started July 2021 and was completed late 2022. Construction of new homes began in January 2023 with a total of fifteen new home permits issued to date, fourteen of them have been issued a Certificate of Occupancy.

Outside of the above developments, fourteen new single family home permits and twelve residential Certificates of Occupancy were issued in FY24-25.

Cash Management

The City awards its depository contract through official bidding procedures for a three-year period with an option to extend the contract for two additional one-year periods. The current depository contract is with Frost Bank. The remaining idle cash is invested by City officials in various investments when the interest yields on various government short term securities are better than those available in money market type accounts. The total amount of investment earnings across funds in 2025 was $2,056,215, in 2024 investment earnings were $2,943,940, compared to 2023 which was $2,340,334.

It is the City’s policy that all demand deposits and time deposits be secured by pledged collateral with a market value equal to no less than 100% of the deposits less an amount insured by the FDIC. Evidence of the pledged collateral is periodically obtained from a third-party financial institution. Collateral is reviewed to assure the market value of the securities pledged equals or exceeds the related bank balances. All collateral is subject to inspection and audit by the City’s independent auditors.

Risk Management

The City of Ingleside risk management program has been implemented in order to minimize or eliminate any harm to the financial position of the City, any physical injury to employees or potential destruction of property by providing proper insurance coverage, safety training and safety assessment. Insurance coverage at a minimum includes:

- Workers Compensation
- General Liability
- Law Enforcement Liability
- Public Official Errors and Omissions
- Automobile and Physical Damage
- Windstorm Damage

Pensions

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

Plan Description

The City of Ingleside, Texas, participates as one of 930+ plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees.

Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. All eligible employees of the City are required to participate in TMRS.

Benefits Provided

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

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing to TMRS, Post Office Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

Employees covered by benefit terms:

At the December 31, 2024 and 2023 valuation and measurement dates, the following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefits	67	66
Inactive employees entitled to but not yet receiving benefits	118	106
Active employees	107	100
Total	292	272

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Fiduciary Net Position and related additions to/deductions from have been determined on the same basis as they are reported in the OPEB Trust Fund. For this purpose, plan contributions are recognized in the period that compensation is reported for the retiree, 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.

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, 7%, or 8% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Ingleside, Texas, were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Ingleside, Texas, were 8.19%, 8.03%, and 7.55% (includes the supplemental death benefit range of .35 to .46) in fiscal years 2025, 2024, and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were $675,151, for the year ended September 30, 2024 were $471,508 plus an additional $350,000, and for year ended September 30, 2023 were $448,187, and were equal to the required contributions. In fiscal year 2025, the City increased its contribution to the pension plan for employees and the employer as well.

Employee Health Plan

The City of Ingleside provides health insurance benefits to qualifying employees and their dependents through the Texas Municipal League Intergovernmental Employee Benefits Pool (the Pool). The Pool provides a full menu of cost-effective health related coverage to employees of political subdivisions throughout the State of Texas.

OTHER INFORMATION

Acknowledgments

The City of Ingleside is blessed to have a workforce of hardworking and dedicated employees who take pride in their service to the citizens, taxpayers, and business partners. Their dedication and hard work are to be commended and are appreciated.

The members of the City Council, and Citizens, are to be thanked for their active participation and support in the operations of the City. Working together, the community has worked through difficult times, made progress to prepare for the future and is ready to fully capitalize on the economic growth that will come with the industrial advances on the north side of Corpus Christi Bay. The people of Ingleside can be proud of the accomplishments achieved through the democratic process and active engagement of the entire community.

City Manager

Director of Finance

CITY OF INGLESIDE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2025

ELECTED OFFICIALS

Pedro Oscar Adame	Mayor
Julio Salinas	Council Member Place 1
David Pruitt	Council Member Place 2
James Steward	Council Member Place 3
Tracy Long	Mayor Pro-Tem – Council Member Place 4
Linda Timmerman	Council Member Place 5
John Salinas	Council Member Place 6

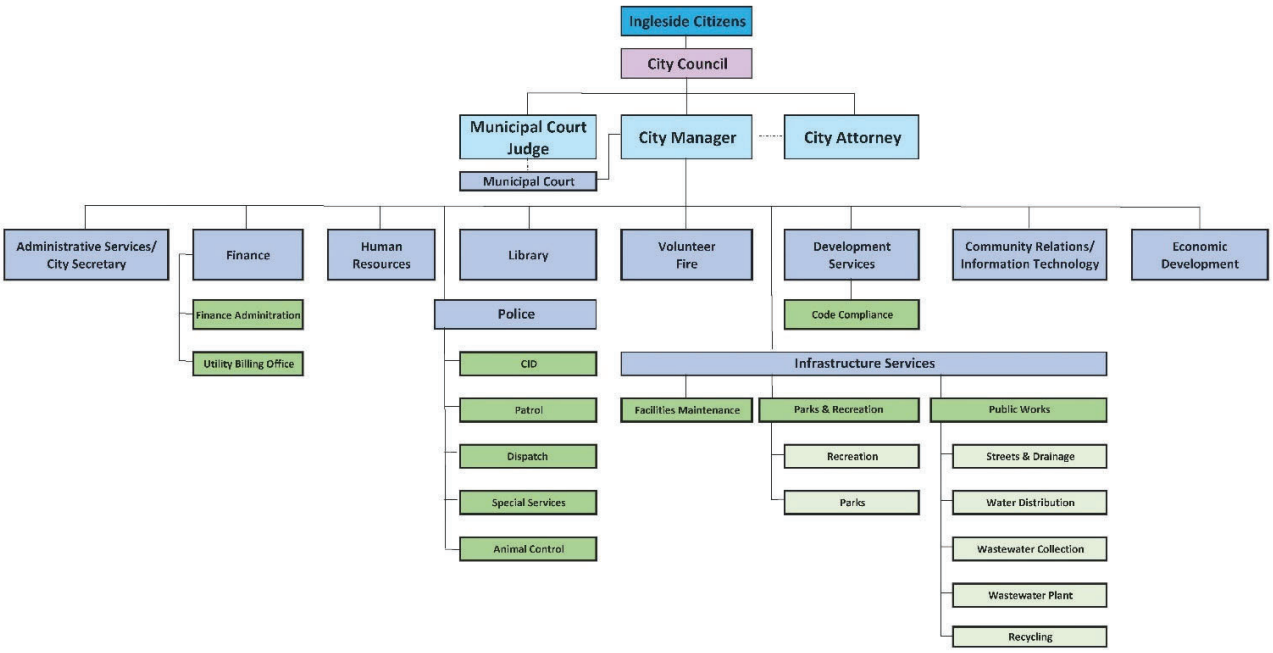
APPOINTED OFFICIALS AND DEPARTMENT HEADS

Brenton B. Lewis	City Manager
Luis Rios	Director of Finance
Martin Molina	Chief of Police
Thomas Miller	Chief of Volunteer Fire Department
Gary Paredez	Director of Infrastructure Services
Belinda Casanova	Director of Library Services
Jana Stork	Director of Administrative Services / City Secretary
Leticia Mejia	Director of Human Resources
Jodi Carr	Director of Economic Development
Armando Gonzalez, Jr.	Municipal Court of Record Judge
Davidson, Troilo, Ream and Garza, PC Frank Garza & Michael McCann	City Attorney

CITY OF INGLESIDE, TEXAS

ORGANIZATIONAL CHART

September 30, 2025



FINANCIAL SECTION

City Of Ingleside

abip
CPAs | ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ingleside, Texas (the "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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections* and GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and the Texas Municipal Retirement System Net Pension Liability, Other Postemployment Benefits Liability, and Retiree Heath required schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual nonmajor fund financial statements 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 24, 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.

Other Information

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

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

ABIP, PC

San Antonio, Texas
March 24, 2026

City Of Ingleside

CITY OF INGLESIDE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the year ended September 30, 2025

This discussion and analysis of the City of Ingleside's financial performance is intended to provide an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2025. The transmittal letter and the accompanying basic financial statements should be considered in conjunction with this discussion and analysis.

FINANCIAL HIGHLIGHTS

- Property tax revenue was $15,237,548 and decreased by 4% from last year primarily due to prior-year adjustments and refunds recognized during the current year.

- Investments of the City are governed by the Public Funds Investment Act and are limited to interest-earning bank accounts, mutual funds, obligations of the United States government, statewide investment pools and certificates of deposit. Investment earnings for the year ended September 30, 2025 was $2,056,215 as compared to $2,943,940 for the year ended September 30, 2024. This decrease was the result of interest rate fluctuations.

- The City's change in net position, which includes all fund types, increased this year by $11,858,091.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Ingleside's finances, in a manner similar to a private-sector business. These statements include all assets and liabilities on an accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements should distinguish functions of the City that are principally supported by the City's taxing units and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

In the statement of net position and the statement of activities, the City is divided into two kinds of activities:

- Governmental activities – most of the City's basic services are reported here, including the police, fire, library, building and inspections, sanitation, code enforcement, parks and recreation and general administration. Property taxes, sales taxes and franchise fees finance most of these activities.

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

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. Fund financial statements provide more information about the City's most significant funds – not the City as a whole.

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

- Governmental funds – the majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provided a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

  By comparing information presented for governmental activities in the government-wide statements, readers may better understand the long-term effect of the government's near term operating decisions. The relationships or differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds are detailed in a reconciliation following the fund financial statement.

  The City of Ingleside Development Corporation was formed to promote economic development within the City and to administer the distribution of the proceeds of any developmental bonds issued and certain development sales taxes received on behalf of the City. Due to the financial interdependency of the Corporation, it is a blended component unit reported as a special revenue fund.

- Proprietary funds – the City charges customers for the services it provides. These services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's progress in funding its obligation to provide pension benefits to the employees and a budgetary comparative information for the general fund.

GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the City's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $105,553,337 at September 30, 2025. Of this amount, $18,803,509 or approximately 18% represents unassigned net position available to the City for operations.

The City's capital assets represent investments in land, buildings and improvements, furniture, equipment, infrastructure, utility system and construction in progress. Approximately 34% of total assets represent capital assets. The City uses these capital assets to provide services to the taxing units and the citizens and property owners of Ingleside; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Further, at year end, the City ended with $87,073,267 or approximately 50% of total assets, in unrestricted cash and cash equivalents and investments, which represent adequate liquidity compared to total assets of $172,446,989. Long-term liabilities amounted to $58,398,907, which represents net pension liability, other postemployment benefits liability, certificates of obligations, tax notes, general obligations, premiums on bonds and amounts accrued for compensated absences.

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TABLE 1
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
Current and other assets	$ 59,726,329	$ 49,735,046	$ 54,124,976	$ 31,125,524	$ 113,851,305	$ 80,860,570
Pension asset	300,980	368,910	108,336	55,125	409,316	424,035
Capital assets	40,529,986	37,987,056	17,656,382	16,844,210	58,186,368	54,831,266
Total assets	100,557,295	88,091,012	71,889,694	48,024,859	172,446,989	136,115,871
Deferred outflows of resources:						
Deferred outflows - pensions	519,383	869,116	77,609	192,512	596,992	1,061,628
Deferred outflows - OPEB	23,920	36,887	4,221	6,509	28,141	43,396
Deferred outflows - OPEB Health	1,584	2,637	689	394	2,273	3,031
Total deferred outflows of resources	544,887	908,640	82,519	199,415	627,406	1,108,055
Long-term liabilities	19,693,013	15,590,058	37,985,518	21,110,000	57,678,531	36,700,058
Other liabilities	5,146,814	5,358,216	3,207,012	468,621	8,353,826	5,826,837
OPEB liability	222,153	222,914	39,203	39,338	261,356	262,252
OPEB Health liability	138,986	177,484	51,252	26,521	190,238	204,005
Total liabilities	25,200,966	21,348,672	41,282,985	21,644,480	66,483,951	42,993,152
Deferred inflows of resources:						
Deferred bond premium	695,818	301,730	-	-	695,818	301,730
Deferred amounts related - Pensions	152,676	109,015	80,025	16,290	232,701	125,305
Deferred amounts related - OPEB	69,489	87,644	12,263	15,467	81,752	103,111
Deferred amounts related - OPEB Health	23,347	4,682	3,489	700	26,836	5,382
Total deferred outflows of resources	941,330	503,071	95,777	32,457	1,037,107	535,528
Net position:						
Invested in capital assets	19,214,258	22,095,268	19,214,258	10,810,605	38,428,516	32,905,873
Restricted	34,891,895	23,212,612	13,429,417	10,539,280	48,321,312	33,751,892
Unrestricted	20,853,733	21,840,029	(2,050,224)	5,197,452	18,803,509	27,037,481
Total net position	$ 74,959,886	$ 67,147,909	$ 30,593,451	$ 26,547,337	$ 105,553,337	$ 93,695,246

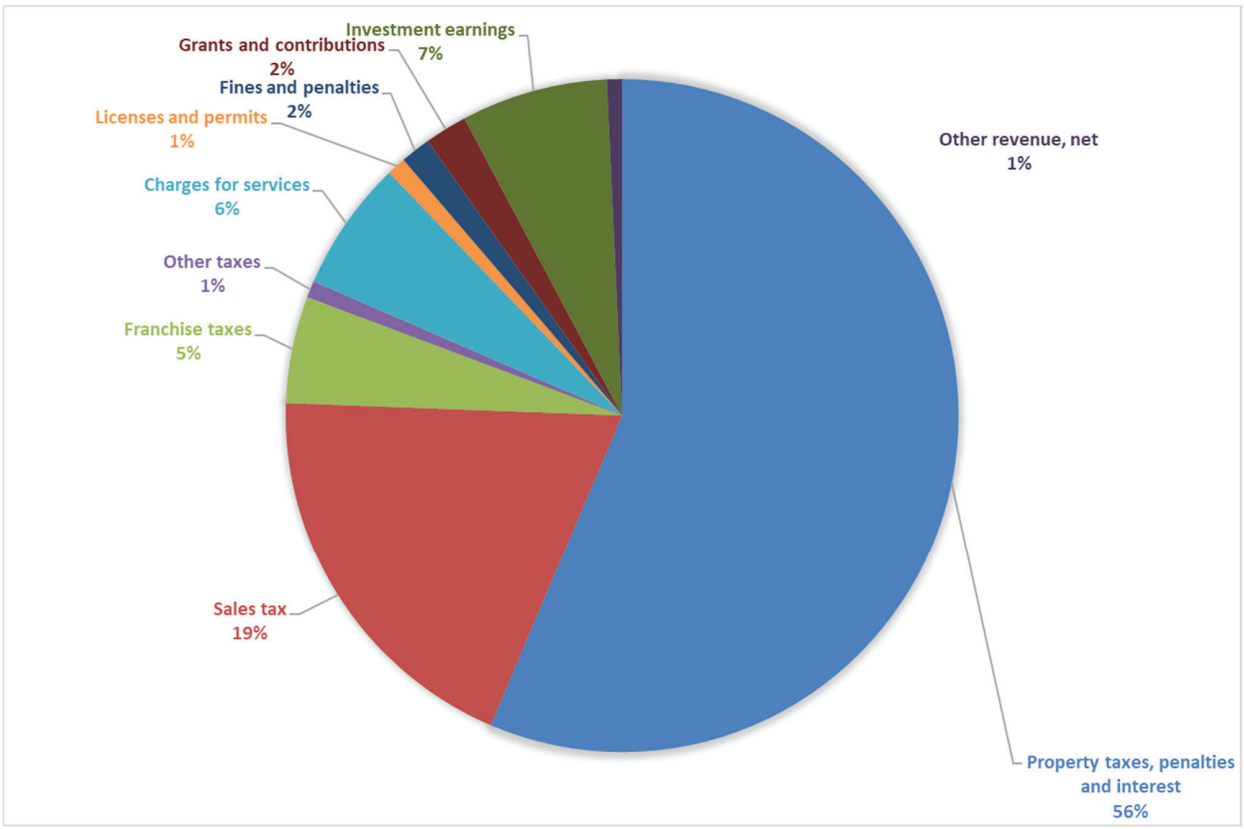
At September 30, 2025, the governmental activities ended with an overall increase in net position of $7,811,977. Property taxes account for approximately 56% of governmental activities revenues.

The net position in the business-type activities increased by $4,046,114 with a $565,060 transfer from governmental funds. The net position provides for the operation and maintenance of the City's water distribution and sanitary sewer systems and for the provision of water and sewer services to its customers.

TABLE 2
CHANGES IN NET POSITION
SEPTEMBER 30,

	Governmental Activities		Business-Type Activities		Total	
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
Revenues:						
Property taxes, penalties and interest	$ 15,237,548	$ 15,846,908	$ -	$ -	$ 15,237,548	$ 15,846,908
Sales tax	5,187,087	3,928,866	-	-	5,187,087	3,928,866
Franchise taxes	1,388,288	1,521,247	-	-	1,388,288	1,521,247
Other taxes	215,943	254,085	-	-	215,943	254,085
Charges for services	1,705,450	1,809,256	7,165,367	6,471,149	8,870,817	8,280,405
Licenses and permits	244,661	408,819	-	-	244,661	408,819
Fines and penalties	390,618	564,375	-	-	390,618	564,375
Grants and contributions	553,318	3,731,106	11,085	-	564,403	3,731,106
Investment earnings	2,056,215	2,943,940	1,475,047	1,506,670	3,531,262	4,450,610
Other revenue, net	197,068	253,653	55,698	36,483	252,766	290,136
Total revenues	27,176,196	31,262,255	8,707,197	8,014,302	35,883,393	39,276,557
Expenses:						
General government	6,239,583	5,398,499	-	-	6,239,583	5,398,499
Public safety	5,673,125	4,817,071	-	-	5,673,125	4,817,071
Public works	3,879,449	3,539,269	5,226,143	4,704,415	9,105,592	8,243,684
Cultural and recreational	2,005,232	1,493,666	-	-	2,005,232	1,493,666
Economic development	214,850	183,698	-	-	214,850	183,698
Bond interest and fiscal agent fees	837,066	470,974	-	-	837,066	470,974
Total expenses	18,849,305	15,903,177	5,226,143	4,704,415	24,075,448	20,607,592
Increases (decreases) in net position before transfers and special items	8,326,891	15,359,078	3,481,054	3,309,887	11,807,945	18,668,965
Transfers in (out)	(565,060)	(172,350)	565,060	172,350	-	-
Gain on disposal of assets	50,146	-	-	-	50,146	-
Change in net position	7,811,977	15,186,728	4,046,114	3,482,237	11,858,091	18,668,965
Net position - beginning	67,147,909	52,209,484	26,547,337	23,090,126	93,695,246	75,299,610
Prior period adjustment	-	(248,303)	-	(25,026)	-	(273,329)
Net position - beginning (restated)	67,147,909	51,961,181	26,547,337	23,065,100	93,695,246	75,026,281
Net position - ending	$ 74,959,886	$ 67,147,909	$ 30,593,451	$ 26,547,337	$ 105,553,337	$ 93,695,246

Revenues by Source - Governmental Activities



Expenses by Function - Governmental Activities

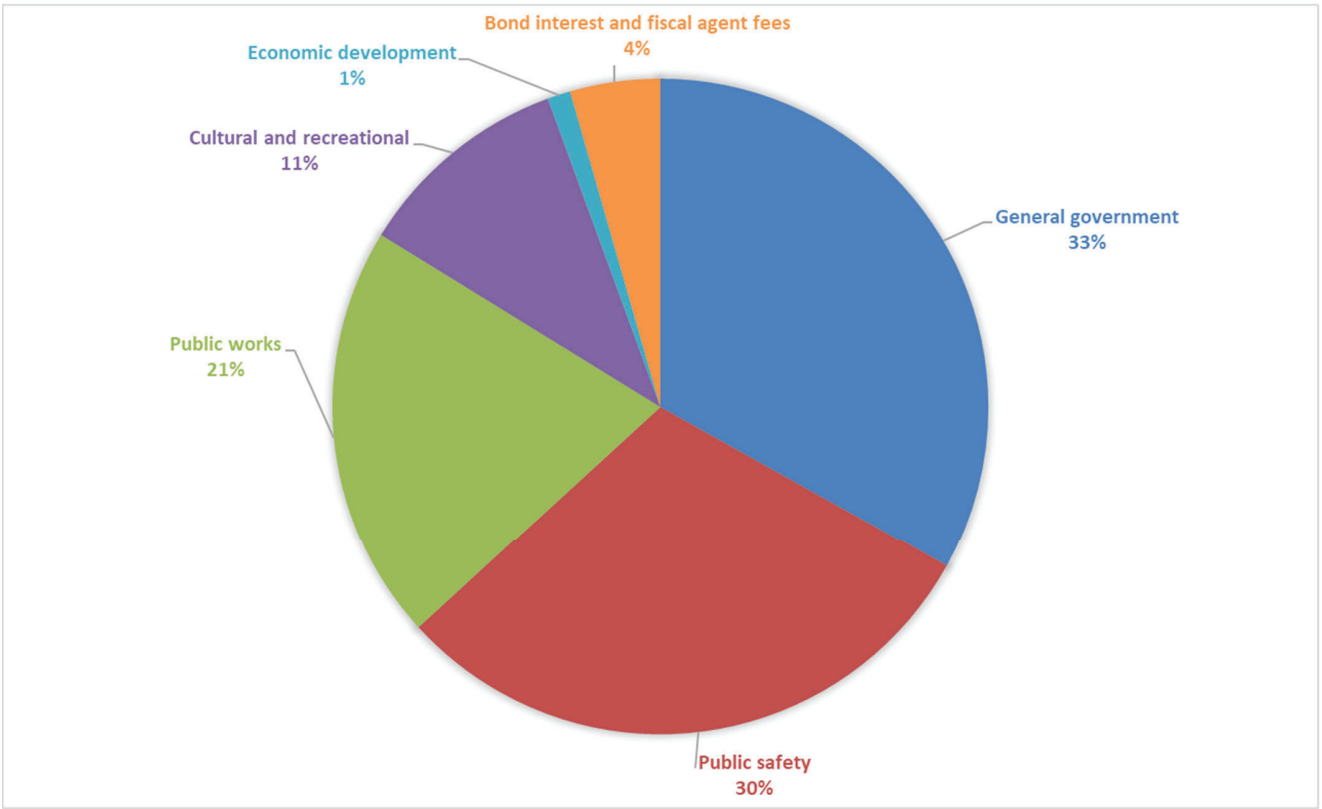


TABLE 3
GOVERNMENTAL ACTIVITIES REVENUES
SEPTEMBER 30,

	2025	Restated 2024	Increase (Decrease)	% Change
Taxes	$ 22,028,866	$ 21,551,106	$ 477,760	2.22%
Charges for services	1,705,450	1,809,256	(103,806)	-5.74%
Licenses and permits	244,661	408,819	(164,158)	-40.15%
Fines and penalties	390,618	564,375	(173,757)	-30.79%
Grants and contributions	553,318	3,731,106	(3,177,788)	-85.17%
Investment earnings	2,056,215	2,943,940	(887,725)	-30.15%
Other revenue	197,068	253,653	(56,585)	-22.31%
Total revenues	$ 27,176,196	$ 31,262,255	$ (4,086,059)	-13.07%

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

Governmental Funds

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

The City reported the general fund, grants fund, capital projects fund and debt service fund as major governmental funds. The general fund is the chief operating fund of the City. The primary source of revenue in the general fund consists of property taxes. At the end of the 2025 fiscal year, the unassigned fund balance of the general fund was $14,462,230 compared to $15,760,146 in 2024, a decrease of $1,279,916. The fund balance reflects a point in time and the effect of the tax cycle.

The City's grants fund had an increase in fund balance of $274,308 during the fiscal year due to a prior period adjustment related to grant revenue that was not recorded in prior year. Although the grant fund does not meet the quantitative criteria, it is included as a major fund due to it qualitative importance in managing federal grant resources.

The City's capital projects fund had an increase in fund balance of $2,112,858 during the fiscal year due to a transfer from the general fund.

The debt service fund had an increase in fund balance of $9,003,798 during the fiscal year due to a bond issuance.

The City's other governmental funds had an increase in fund balance of $507,821 primarily due to transfers from the general fund. At September 30, 2025, $13,291,469 was restricted for various other governmental activities.

Proprietary Funds

As reported earlier, the primary function of the proprietary funds of the City is the utility operation. Revenues for proprietary funds amounted to $7,165,367, expenses were $4,529,379 and transfers from governmental funds totaled $565,060. This resulted in a $4,046,114 increase in net position. The primary cause of the increase in net position is due to an increase in charges for services as a result of an increase in consumption.

GENERAL FUND BUDGETARY HIGHLIGHTS

The revision in the budget were amounts to increase tax revenue, as well as increases to non-departmental, public safety, and public works expenditures.

Total revenues were over budget by $1,067,175 primarily due to underbudgeted tax revenue. Expenditures were under budget by $10,449,852. The savings in expenditures are across departments and mainly attributable to a decrease in commodities and contractual spending.

CAPITAL ASSETS

At the end of 2025, the City's investment in capital assets for its governmental and business-type activities was (net of accumulated depreciation) $40,529,986 and $17,656,381, respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, furniture, office equipment, computers, infrastructure and the utility system. Depreciation expense for the year was $2,420,423 and $715,750 for governmental and business-type activities, respectively. For more details on capital assets, refer to the notes to the financial statements.

TABLE 4
CAPITAL ASSETS
SEPTEMBER 30,

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 3,954,478	$ 3,954,478	$ 329,484	$ 329,484	$ 4,283,962	$ 4,283,962
Buildings and improvements	10,555,602	9,367,090	475,079	475,079	11,030,681	9,842,169
Machinery and equipment	17,409,840	15,330,476	328,949	328,949	17,738,789	15,659,425
Furniture and fixtures	2,450,371	2,450,371	-	-	2,450,371	2,450,371
Infrastructure	28,829,181	22,559,902	4,399,030	571,199	33,228,211	23,131,101
Vehicles	-	-	1,781,973	1,836,969	1,781,973	1,836,969
Construction in progress	1,041,146	5,760,108	3,123,351	5,423,261	4,164,497	11,183,369
Water and sewer system	-	-	30,886,650	30,886,650	30,886,650	30,886,650
Right-to-use asset - SBITA	103,048	103,048	-	-	103,048	103,048
Accumulated depreciation	(23,813,680)	(21,538,417)	(23,668,134)	(23,007,381)	(47,481,814)	(44,545,798)
Net capital assets	$ 40,529,986	$ 37,987,056	$ 17,656,382	$ 16,844,210	$ 58,186,368	$ 54,831,266

LONG-TERM DEBT

TABLE 5
OUTSTANDING LONG-TERM DEBT
SEPTEMBER 30,

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Tax notes	$ 420,000	$ 1,090,000	$ -	$ -	$ 420,000	$ 1,090,000
General certificates of obligations	20,860,000	14,430,000	-	-	20,860,000	14,430,000
SBITA liability	35,728	70,058	-	-	35,728	-
Premiums	695,818	-	450,536	-	1,146,354	-
Revenue bonds	-	-	38,345,000	21,860,000	38,345,000	21,860,000
Total long-term debt	$ 22,011,546	$ 15,590,058	$ 38,795,536	$ 21,860,000	$ 60,807,082	$ 37,380,000

The above outstanding debt represents long-term debt. The City charter authorizes the City of Ingleside to issue bonds, when authorized by the voters or the City Council, for any purpose for which a city may issue bonds under the Constitution and laws of the State of Texas. The Charter precludes the use of bond proceeds for any other purpose other than that for which the bonds were sold. Additional details about the City's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS

The economy of the City of Ingleside, Texas is very stable because property tax, franchise tax and sales tax revenue make up 75% of the General Fund revenue. Property valuations have steadily increased and franchise taxes have also increased.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives from all sources. If you have questions about this report or need additional financial information, contact City Management at the City of Ingleside, Post Office Drawer 400, Ingleside, Texas 78362.

City Of Ingleside

BASIC FINANCIAL STATEMENTS

CITY OF INGLESIDE, TEXAS

STATEMENT OF NET POSITION

September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 57,662,882	$ 29,380,385	$ 87,043,267
Cash and investments - restricted	-	23,595,536	23,595,536
Receivables (net of allowance)	1,888,784	926,738	2,815,522
Inventory	110,400	217,337	327,737
Prepaid insurance	64,263	4,980	69,243
Net pension asset	300,980	108,336	409,316
Capital assets:			
Land	3,954,478	329,484	4,283,962
Infrastructure and buildings, machinery and equipment	59,244,994	37,871,681	97,116,675
Construction in progress	1,041,146	3,123,351	4,164,497
Right to use asset-SBITA	103,048	-	103,048
Accumulated depreciation	(23,813,680)	(23,668,134)	(47,481,814)
Total capital assets	40,529,986	17,656,382	58,186,368
Total assets	100,557,295	71,889,694	172,446,989
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension plan	519,383	77,609	596,992
Deferred outflows related to OPEB	23,920	4,221	28,141
Deferred outflows related to OPEB Health	1,584	689	2,273
Total deferred outflows of resources	544,887	82,519	627,406

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF INGLESIDE, TEXAS

STATEMENT OF NET POSITION

September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable and other	$ 976,384	$ 1,795,629	$ 2,772,013
Unearned revenue	32,857	217,415	250,272
Accrued liabilities	-	2,343	2,343
Accrued interest	-	353,851	353,851
Tax litigation contingency	2,273,832	-	2,273,832
Compensated absences	241,026	27,756	268,782
Current bonds / loans payable	1,622,715	810,018	2,432,733
Bonds payable - long term	19,693,013	37,985,518	57,678,531
Net pension liability - OPEB	222,153	39,203	261,356
Net pension liability - OPEB Health	138,986	51,252	190,238
Total liabilities	25,200,966	41,282,985	66,483,951
DEFERRED INFLOWS OF RESOURCES			
Deferred bond premium	695,818	-	695,818
Deferred inflows related to pensions	152,676	80,025	232,701
Deferred inflows related to OPEB	69,489	12,263	81,752
Deferred inflows related to OPEB Health	23,347	3,489	26,836
Total deferred inflows of resources	941,330	95,777	1,037,107
NET POSITION			
Invested in capital assets	19,214,258	10,134,001	29,348,259
Assigned - grant fund	2,497,698	-	2,497,698
Committed for:			
Reserve 5% - water/sewer rate increase	-	3,403,494	3,403,494
Resolution 25%	3,495,535	1,095,516	4,591,052
Restricted net position:			
Municipal court	183,810	-	183,810
Tourism and economic development	5,349,811	-	5,349,811
Public safety and works	18,623,396	13,429,417	32,052,813
Debt service funds	10,734,878	-	10,734,878
Unassigned net position	14,860,500	2,531,023	17,391,523
Total net position	$ 74,959,886	$ 30,593,451	$ 105,553,337

The accompanying notes are an integral part of these financial statements.

CITY OF INGLESIDE, TEXAS

STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government			
Governmental activities:			
General government	$ 6,239,583	$ 16,960	$ -
Public safety	5,673,125	-	42,682
Public works	3,879,449	1,688,490	510,636
Culture and recreation	2,005,232	-	-
Economic development and assistance	214,850	-	-
Bond interest and fiscal charges	837,066	-	-
Total governmental activities	18,849,305	1,705,450	553,318
Business-type activities:			
Utility fund	5,226,143	7,165,367	11,085
Total business-type activities	5,226,143	7,165,367	11,085
Total primary government	$ 24,075,448	$ 8,870,817	$ 564,403
General revenues			
Taxes:			
Property taxes			
Sales taxes			
Franchise taxes			
Other taxes			
Licenses and permits			
Fines and penalties			
Miscellaneous revenue			
Gain on disposal of asset			
Investment earnings			
Transfers in (out)			
Total general revenues and transfers			
Change in net position			
Net position - beginning			
Prior period adjustment			
Net position - beginning (restated)			
Net position - ending			

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (6,222,623)	$ -	$ (6,222,623)
(5,630,443)	-	(5,630,443)
(1,680,323)	-	(1,680,323)
(2,005,232)	-	(2,005,232)
(214,850)	-	(214,850)
(837,066)	-	(837,066)
(16,590,537)	-	(16,590,537)
-	1,950,309	1,950,309
-	1,950,309	1,950,309
(16,590,537)	1,950,309	(14,640,228)
15,237,548	-	15,237,548
5,187,087	-	5,187,087
1,388,288	-	1,388,288
215,943	-	215,943
244,661	-	244,661
390,618	-	390,618
197,068	55,698	252,766
50,146	-	50,146
2,056,215	1,475,047	3,531,262
(565,060)	565,060	-
24,402,514	2,095,805	26,498,319
7,811,977	4,046,114	11,858,091
67,710,654	26,547,337	94,257,991
(562,745)	-	(562,745)
67,147,909	26,547,337	93,695,246
$ 74,959,886	$ 30,593,451	$ 105,553,337

CITY OF INGLESIDE, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2025

	Major Funds		
	General Fund	Grants Fund	Capital Projects Fund
ASSETS			
Cash and investments	$ 20,599,942	$ 2,503,280	$ 10,241,036
Receivables and allowances:			
Service fees	219,367	-	-
Other	178,396	-	-
Inventory	110,400	-	-
Due from other governmental agencies:			
Sales tax receivable	481,567	-	-
Grants receivable	-	71,062	-
Ad valorem taxes	466,762	-	-
Allowance for uncollectible taxes	(15,170)	-	-
Prepaid expenses	603	-	-
Due from other funds	93,532	80,072	-
Total assets	$ 22,135,399	$ 2,654,414	$ 10,241,036
LIABILITIES			
Accounts payable	$ 717,899	$ 76,538	$ 53,311
Other payables	10,233	-	-
Due to other funds	188,237	47,321	46,210
Tax litigation contingency	2,273,832	-	-
Unearned revenues	-	32,857	-
Total liabilities	3,190,201	156,716	99,521
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues-property taxes	451,594	-	-
Total deferred inflows of resources	451,594	-	-
FUND BALANCES			
Nonspendable:			
Inventory	110,400	-	-
Prepaid items	603	-	-
Committed - resolution 25%	3,495,535	-	-
Assigned - grant fund	-	2,497,698	-
Restricted for:			
Compensated absences	241,026	-	-
Municipal court	183,810	-	-
Public safety and works	-	-	10,141,515
Tourism and economic development	-	-	-
Debt service	-	-	-
Unassigned	14,462,230	-	-
Total fund balances	18,493,604	2,497,698	10,141,515
Total liabilities, deferred inflows of resources, and fund balances	$ 22,135,399	$ 2,654,414	$ 10,241,036

The accompanying notes are an integral part of these financial statements.

Major Funds		
Debt Service Fund	Other Governmental Funds	Total Governmental Funds
$ 10,626,715	$ 13,691,909	$ 57,662,882
-	-	219,367
-	120	178,516
-	-	110,400
-	194,406	675,973
-	-	71,062
173,271	-	640,033
(5,632)	-	(20,802)
-	63,660	64,263
108,164	-	281,768
$ 10,902,518	$ 13,950,095	$ 59,883,462
$ -	$ 118,403	$ 966,151
-	-	10,233
-	-	281,768
-	-	2,273,832
-	-	32,857
-	118,403	3,564,841
167,640	-	619,234
167,640	-	619,234
-	-	110,400
-	-	603
-	-	3,495,535
-	-	2,497,698
-	-	241,026
-	-	183,810
-	8,481,881	18,623,396
-	5,349,811	5,349,811
10,734,878	-	10,734,878
-	-	14,462,230
10,734,878	13,831,692	55,699,387
$ 10,902,518	$ 13,950,095	$ 59,883,462

CITY OF INGLESIDE, TEXAS

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

September 30, 2025

Total fund balances - total governmental funds	$	55,699,387
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		40,529,986
Other long-term assets (compensated absences) are not available to pay for expenditures and current-period therefore, are not reported in the funds.		(241,026)
Other long-term assets (municipal court receivable, net) are not available to pay for expenditures and current-period therefore, are not reported in the funds.		124,635
Other long-term assets (unavailable property tax revenue) are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the funds.		619,234
Long-term liabilities, including bonds and tax notes are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable		(21,315,728)
Unamortized bond premium		(695,818)
Net pension liabilities (and related deferred inflows and outflows of resources) not consume current financial resources and are not reported in the funds.		
Net pension asset		300,980
Pension related deferred inflows		(152,676)
Pension related deferred outflows		519,383
OPEB liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
OPEB liability		(222,153)
OPEB related deferred inflows		(69,489)
OPEB related deferred outflows		23,920
OPEB Health liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
OPEB Health liability		(138,986)
OPEB Health related deferred inflows		(23,347)
OPEB Health related deferred outflows		1,584
Total net position of governmental activities	$	74,959,886

The accompanying notes are an integral part of these financial statements.

City Of Ingleside

CITY OF INGLESIDE, TEXAS

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

For the year ended September 30, 2025

	Major Funds		
	General Fund	Grants Fund	Capital Projects Fund
REVENUES			
Taxes	$ 15,700,966	$ -	$ -
Licenses and permits	244,661	-	-
Intergovernmental	-	553,318	-
Charges for services	1,705,450	-	-
Fines and penalties	388,685	-	-
Investment income	464,791	80,131	475,509
Other	197,068	-	-
Total revenues	18,701,621	633,449	475,509
EXPENDITURES			
Current:			
General government	5,163,125	-	47,587
Culture and recreation	1,675,314	-	-
Public safety	4,636,100	-	-
Tourism/chamber support	-	-	-
Economic development and assistance	-	-	-
Public works	2,930,627	115,030	72,795
Capital outlay	-	543,335	1,844,627
Debt service:			
Principal retirement	34,330	-	-
Interest and fiscal charges	2,177	-	-
Total expenditures	14,441,673	658,365	1,965,009
Excess (deficiency) of revenues over (under) expenditures	4,259,948	(24,916)	(1,489,500)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	3,602,358
Transfers (out)	(4,086,975)	-	-
Gain on sale of assets	51,390	-	-
Bond proceeds	-	-	-
Total other financing sources (uses)	(4,035,585)	-	3,602,358
Net change in fund balances	224,363	(24,916)	2,112,858
Fund balance - beginning	19,286,314	2,223,390	8,028,657
Prior period adjustment - error correction	(1,017,073)	299,224	-
Fund balance - beginning (restated)	18,269,241	2,522,614	8,028,657
Fund balance - ending	$ 18,493,604	$ 2,497,698	$ 10,141,515

The accompanying notes are an integral part of these financial statements.

Major Funds			
Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
$ 4,745,371	$ 1,504,819	$ 21,951,156	
-	-	244,661	
-	-	553,318	
-	-	1,705,450	
-	-	388,685	
495,233	540,551	2,056,215	
-	-	197,068	
5,240,604	2,045,370	27,096,553	
-	-	5,210,712	
-	-	1,675,314	
-	-	4,636,100	
-	214,850	214,850	
-	53,864	53,864	
-	167,762	3,286,214	
-	2,576,635	4,964,597	
3,795,000	-	3,829,330	
440,801	-	442,978	
4,235,801	3,013,111	24,313,959	
1,004,803	(967,741)	2,782,594	
-	1,475,562	5,077,920	
(1,556,005)	-	(5,642,980)	
-	-	51,390	
9,555,000	-	9,555,000	
7,998,995	1,475,562	9,041,330	
9,003,798	507,821	11,823,924	
1,731,080	13,291,469	44,560,910	
-	32,402	(685,447)	
1,731,080	13,323,871	43,875,463	
$ 10,734,878	$ 13,831,692	$ 55,699,387	

CITY OF INGLESIDE, TEXAS

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

For the year ended September 30, 2025

Net change in fund balances - total governmental funds		$ 11,823,924
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($2,420,423) was more than capital outlay of $9,852,295.		2,542,930
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		77,709
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governemntal funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Bond issuance	$ (9,555,000)	
Premiums issued	(441,075)	
Bond principal payments	3,795,000	
Right to use principal payments	34,330	(6,166,745)
The amortization of bond premiums and losses on refunding do not require the use of current financial resources, and therefore, are not reported in the funds.		46,987
Change in net position liability, other postemployment benefits liability, and related deferred inflows and outflows do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(436,595)
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(76,233)
Change in net position - governmental activities		$ 7,811,977

The accompanying notes are an integral part of these financial statements.

CITY OF INGLESIDE, TEXAS

STATEMENT OF NET POSITION – PROPRIETARY FUND

September 30, 2025

	Business-Type Activities Enterprise Fund Utility Funds
Assets	
Current assets:	
Cash and investments	$ 29,380,385
Receivables and allowances	
Water and wastewater billings	547,894
Assessments	9,449
Other	369,395
Net pension asset	108,336
Prepaid items	4,980
Inventory	217,337
Total current assets	30,637,776
Non-current assets:	
Restricted assets:	
Cash and cash equivalents:	
Bond projects	23,378,121
Meter deposits	217,415
Total non-current assets	23,595,536
Capital assets:	
Land	329,484
Construction in progress	3,123,351
Buildings	475,079
Infrastructure	4,399,030
Water system	10,096,719
Sewer system	20,789,932
Vehicles	1,781,973
Furniture and equipment	328,948
Total capital assets	41,324,516
Less accumulated depreciation	(23,668,134)
Net capital assets	17,656,382
Total assets	71,889,694
Deferred outflows of resources	
Deferred pension related outflows	77,609
Deferred OPEB related outflows	4,221
Deferred OPEB Health related outflows	689
Total deferred outflows of resources	82,519

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF INGLESIDE, TEXAS

STATEMENT OF NET POSITION – PROPRIETARY FUND

September 30, 2025

	Business-Type Activities Enterprise Fund Utility Funds
Liabilities	
Current liabilities:	
Accounts payable	$ 1,795,629
Accrued liabilities	2,343
Accrued interest	353,851
Compensated absences	27,756
Current portion of revenue bonds payable	810,018
Customer meter deposits	217,415
Total current liabilities	3,207,012
Long-term liabilities:	
Revenue bonds payable	37,985,518
Net pension liability - OPEB	39,203
Net pension liability - OPEB Health	51,252
Total long-term liabilities	38,075,973
Total liabilities	41,282,985
Deferred inflows of resources	
Deferred pension related inflows	80,025
Deferred OPEB related inflows	12,263
Deferred OPEB Health related inflows	3,489
Total deferred inflows of resources	95,777
Net position	
Net investment in capital assets	10,134,001
Committed for:	
Reserve 5% - water/sewer rate	3,403,494
Resolution 25%	1,095,516
Restricted for:	
Public works	13,429,417
Unrestricted	2,531,023
Total net position	$ 30,593,451

The accompanying notes are an integral part of these financial statements.

CITY OF INGLESIDE, TEXAS

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

For the year ended September 30, 2025

	Business-Type Activities Enterprise Fund Utility Funds
Operating revenues	
Water sales	$ 3,671,580
Sewer sales	3,222,573
Water taps	7,860
Sewer taps	10,544
Other fees and charges	252,810
Total operating revenues	7,165,367
Operating expenses	
Personnel costs	1,451,686
Contracted services	45,881
Supplies	212,128
Maintenance	231,673
Other operating expenses	711,242
Water purchased	1,161,019
Depreciation and amortization	715,750
Total operating expenses	4,529,379
Operating income	2,635,988
Nonoperating revenues (expenses)	
Sale of assets	11,085
Impact fees	55,698
Interest income	1,475,047
Interest and fiscal charges	(696,764)
Total nonoperating revenues (expenses)	845,066
Income before transfers	3,481,054
Transfers in (out)	565,060
Change in net position	4,046,114
Total net position - beginning	26,547,337
Total net position - ending	$ 30,593,451

The accompanying notes are an integral part of these financial statements.

CITY OF INGLESIDE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the year ended September 30, 2025

	Business-Type Activities Enterprise Fund Utility Fund
Cash flows from operating activities	
Cash received from customers	$ 6,944,650
Cash payments to suppliers for goods and services	(349,123)
Cash payments to employees for services	(1,451,686)
Net cash provided (used) in operating activities	5,143,841
Cash flows from noncapital financing activities:	
Impact fees	55,698
Transfers from other funds	565,060
Net cash provided (used) by noncapital financing activities	620,758
Cash flows from capital and related financing activities	
Proceeds from bond	17,850,000
Premium from bond issuance	450,536
Gain on disposal of assets	11,085
Principal payment on bonds	(615,000)
Interest and fiscal charges paid	(696,764)
Purchase of capital assets	(1,527,921)
Net cash provided (used) by capital and related financing activities	15,471,936
Cash flows from investing activities	
Investment interest received	1,475,047
Net cash provided (used) by investing activities	1,475,047
Net increase (decrease) in cash and investments	22,711,582
Cash and investments at beginning of year	30,264,340
Cash and investments at end of year	$ 52,975,922

The accompanying notes are an integral part of these financial statements.

CITY OF INGLESIDE, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the year ended September 30, 2025

	Business-Type Activities Enterprise Fund Utility Fund
Reconciliation of net operating income to net cash provided to net cash (used) by operating activities	
Operating income (loss)	$ 2,635,988
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	715,750
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(220,717)
(Increase) decrease in pension asset	63,685
(Increase) decrease in prepaid items	65,253
(Increase) decrease in inventory	(132,407)
Increase (decrease) in accounts payable	1,574,066
Increase (decrease) in accrued interest	353,851
Increase (decrease) in pension and OPEB liabilities	87,916
Increase (decrease) in compensated absences	(3,389)
Increase (decrease) in customer deposits	3,845
Net cash provided (used) by operating activities	$ 5,143,841

The accompanying notes are an integral part of these financial statements.

City Of Ingleside

NOTES TO BASIC FINANCIAL STATEMENTS

City Of Ingleside

(1) Summary of significant accounting policies

Reporting entity

The City of Ingleside, Texas, (the "City") was incorporated on June 18, 1951 under the provisions of the laws for the State of Texas. The City operates under a charter with a Council-Manager type of government where the Mayor and six Council members are elected on a rotating schedule. Prior to 2010, members were elected at large, after 2010 members are elected under a place format. The City provides the following services: public safety (police and fire), highways and streets, sanitation, waterworks, cultural and recreation, public improvements, planning and zoning, and general and administrative services. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the City operations and so data from these units are combined with data from the City. If applicable, discretely presented units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Blended component units

The City of Ingleside Development Corporation (the "Corporation") was formed to promote economic development within the City and to administer the distribution of the proceeds of any development bonds issued and certain development sales taxes received on behalf of the City. The City Council appoints a seven-member board of directors of which four may be council members. The operational and capital budget must be approved by the City Council. Due to the financial interdependency of the Corporation, it is a blended component unit reported as a special revenue fund. The Corporation does not issue separate financial statements. Additional financial information can be obtained at City Hall.

Discretely presented component unit

There are no component units which require discrete presentation.

Related and jointly governed organizations

Organizations that are administered by separate boards or commissions provide services within the City. However, the City is not financially accountable for these organizations. Therefore, they are not component units of the City, even if the City Council could appoint a voting majority of the organizations' board. Consequently, financial information for the Coastal Bend Council of Governments and the Ingleside Chamber of Commerce is not included in these financial statements.

The City complies with generally accepted accounting principles (GAAP). The City's reporting entity applies to all relevant Governmental Accounting Standards Board (GASB) pronouncements.

(1) Summary of significant accounting policies (continued)

Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental and business-type activities columns, has been removed from these statements. However, any inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-wide financial statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end. Property and sales taxes, utility franchises, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under leases are reported as other financing sources.

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility enterprise fund charges customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When expenditures or expenses for which both restricted and unrestricted resources are available, the City considers restricted funds to have been spent first. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The City reports the following major governmental funds:

General fund: The general fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

General grants fund: The grants fund, a special revenue fund, accounts for federal and state grant funding for allowed expenses. Although the fund does not meet the quantitative thresholds to be considered a major fund, it is presented as a major fund in the financial statements due to its qualitative significance in managing federal grant resources.

General capital projects fund: The capital projects fund accounts for the funding restricted and committed for capital projects of the City.

Debt service fund: The debt service fund accounts for the tax and investment income collected for principal retirement and interest and fiscal charges.

The City has presented the following major proprietary fund:

Utility fund: The utility fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

(1) Summary of significant accounting policies (continued)

Cash and investments

The City can legally invest in certificates of deposit, obligations of the U.S. Government and its agencies or instrumentalities, state obligations, local government investment pools and certain money market funds. The City has implemented GASB Statement 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*". As a governmental entity other than an external investment pool, in accordance with GASB 31, the City's investments are stated at fair value, except for money market investments with remaining maturity of one year or less when purchased and nonparticipating interest earning investment contracts.

For purposes of the statement of cash flows, the enterprise funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash and cash equivalents.

Receivables and payables

Allowance for doubtful accounts: The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that may be susceptible to significant revision as more information becomes available.

Property taxes: The City levies its property taxes on October 1 each year based upon the assessed value as of January 1 (the lien date) of that year for all real and personal property located in the City. Taxes are due on October 1 (the statement and levy date) and become delinquent on February 1 of the subsequent year.

Prepaid items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Inventories

Inventories in the proprietary funds are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental type inventories are recorded as expenditures when consumed rather than when purchased.

Inter-fund receivables and payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

(1) Summary of significant accounting policies (continued)

Transactions between funds

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

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Assets capitalized have an original cost of $5,000 or more and over three (3) years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

ASSETS	YEARS
Buildings	10 to 50 years
Water and sewer system	20 to 50 years
Infrastructure	20 to 30 years
Machinery and equipment	5 to 10 years
Improvements	10 to 20 years
Vehicles	5 to 10 years

Compensated absences

In proprietary fund types, accumulated unpaid compensated absences are accrued when incurred and reported as liabilities and expenses in the period earned. In the governmental fund types, the liability for compensated absences is recorded only in the government-wide financial statements as the amount expected to be paid from current resources is not considered to be significant. The City allows employees to accumulate up to a maximum of 960 hours of sick leave. However, sick days do not vest, and employees are compensated for such leave only upon the occurrence of qualifying illness. Management has determined that sick pay is not more likely than not to be taken or otherwise paid or settled. Accordingly, no liability for unused sick leave has been recorded in the financial statements. Up to 15 days of accumulated earned vacation will be paid to an employee upon termination.

(1) Summary of significant accounting policies (continued)

Deferred inflow/outflows of resources

Pensions

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

Other postemployment benefits

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

The other postemployment benefit liability of the City of Ingleside, Texas has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. The plan is a Single-Employer Defined Benefit OPEB plan. The City possesses the authority to establish, maintain and amend the obligations of the plan participants and the employer. The employer and participant contribution rates are determined annually by the City based on the recommendations of the staff and consulting actuary. The plan is not prefunded by employer contributions. Benefit payments are funded on a pay-as-you-go basis via direct payment by the City.

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

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

Use of estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amount reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

(1) Summary of significant accounting policies (continued)

Fund balance

The City implemented GASB Statement 54 - *"Fund Balance Reporting and Governmental Fund Type Definitions"*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes of which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact.

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

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

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council has by resolution (Fund Balance Policy) authorized the finance director to 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 on an assignment.

- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

In the general fund, the City strives to maintain an unassigned fund balance equal to 25% of expenditures. The City considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances.

Adoption of new accounting policies

During fiscal year ended September 30, 2025, the City adopted the provisions of GASB Statement No. 101, *Compensated Absences*, which establishes updated guidance for the recognition, measurement, and financial reporting of compensated absences. The requirements of GASB Statement 101 were applied retrospectively to all periods presented and the implementation did not have a material impact on the City's financial statements.

(2) Budgetary and legal compliance

Annual budgets are legally adopted on a basis consistent with GAAP for all governmental funds except the capital projects fund. The capital projects fund adopts project length budgets. All annual appropriations lapse at fiscal year-end.

Prior to August 6th each year, the city manager is required to submit a proposed budget to the city council. The operating budget includes proposed expenditures and the means of financing them. Advertised public hearings are conducted and the budget is required to be approved by September 20th of every year. The tax rates are approved after the budget has been approved. The budget may be amended as considered necessary. The budget and tax rates are enacted through the passage of ordinances.

Formal budgetary account integration is used to facilitate managerial control over expenditures during the course of the year. Expenditures are monitored at the department line item level for ongoing control purposes. On a monthly basis, comparative revenue and expenditure statements are presented to the city council.

The city manager is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures of a department must be approved by the council.

(3) Detailed notes for all funds

Cash and cash equivalents

Legal and contractual provisions governing deposits and investments

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

(3) Detailed notes for all funds (continued)

Cash and cash equivalents (continued)

Cash deposits

At September 30, 2025, the carrying amount of the City's deposits (cash investments, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $1,328,777 and the bank balance was $2,098,373. The City's cash deposits at September 30, 2025 and during the period ended September 30, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Investments

Credit risk

The primary stated objective of the City of Ingleside's Council adopted investment policy is the safety of principal and avoidance of principal loss. Credit risk within the City's portfolio among the authorized investments approved by the City's adopted investment policy is represented only in time and demand deposits, commercial paper, bankers' acceptances, municipals, repurchase agreements, and money market mutual funds. All other investments are rated AAA, or equivalent, by at least one nationally recognized rating agency. Investments are made in obligations of the U.S. Government, its agencies or instrumentalities. State law and the City's adopted investment policy require inclusion of a procedure to monitor and act as necessary to changes in credit rating on any investment which requires a rating.

State law and the City of Ingleside's Council adopted investment policy restricts both time and demand deposits, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full insurance and/or collateralized from these depositories (banks and credit unions). Collateral, with a 102% margin, is required and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities and municipal obligations rated no less than A or equivalent by two nationally recognized rating agencies (NRSRO). Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are monitored and priced at market on a daily basis as a contractual responsibility of the bank.

By policy and state law GICs and repurchase agreements are limited to those with defined termination dates executed with a Texas bank or a primary dealer (as defined by the Federal Reserve). The agreements require an industry standard, written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed 90 days to stated maturity.

By policy and state law commercial paper must be rated A1/P1 or equivalent by two NRSROs. Brokered certificate of deposit securities must be fully FDIC insured and safekept by the City.

Local government investment pools in Texas are required to be rated AAA, or equivalent by at least one NRSRO. Money market mutual funds must comply with SEC Rule 2a-7 and must strive to maintain a $1 net asset value.

(3) Detailed notes for all funds (continued)

Investments (continued)

As of September 30, 2025,

- Investment in an AAA-rated local government investment pool that strives to maintain a $1 NAV represented 73% of the total portfolio,
- Fully collateralized or FDIC insured bank demand deposits represented 19% of the total portfolio,
- U.S. agency securities represented 6% of the total portfolio,
- Municipal and state debt represented 3% of the total portfolio, and
- A1/P1 rated commercial paper represented 1% of the total portfolio.

Presented below is the minimum rating required by (where applicable) the City's investment policy and the Act and the actual rating as of September 30, 2025 for each investment.

DESCRIPTION	INVESTMENT POLICY MINIMUM RATING	INVESTMENT RATING	RATING ORGANIZATION	CARRYING/FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)
Cash and cash equivalents:					
TexPool Prime	AAA	AAAm	Standard & Poor's	$ 79,467,943	0.14
BOK Financial Cash Fund	AAA	AAAm	Standard & Poor's	20,515,238	0.10
UMB Money Market Fund	AAA	AAAm	Standard & Poor's	2,862,883	0.09
Invesco	AAA	AAAm	Standard & Poor's	92,479	0.08
Total cash and cash equivalents				$ 102,938,543	
Investments:					
TIB Capital Markets	AAA	A-1+	Standard & Poor's	$ 6,371,483	0.50
Total investments				$ 6,371,483	
Portfolio weighted average maturity					0.03

Concentration of credit risk

The City of Ingleside recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The City's adopted investment policy establishes diversification as a major objective of the investment program. Disclosure is required for investments in any one issuer that represent more than 5% or more of the total investment. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The City's investments in external investment pools exceeding 5% are excluded from this requirement.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturing of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. In order to limit interest and market rate risk from changes in interest rates, the City's Council adopted an investment policy that sets a maximum stated maturity date of three years. The policy establishes a maximum weighted average maturity (WAM) of one year for the total portfolio.

(3) Detailed notes for all funds (continued)

Investments (continued)

Custodial credit risk

To control custody and safekeeping risk, state law and the City's adopted investment policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the City and held in the City's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. The counter-party of each type transaction is held contractually responsible for monitoring and maintaining the required collateral margins on a daily basis.

Investment valuation

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; or other observable inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities, and credit spreads; or market-corroborated inputs.
- Level 3 inputs are significant unobservable inputs.

At September 30, 2025, the City had the following investments:

Investment Type	Total	Level 1	Level 2	Level 3
TIB Capital Markets	$ 6,371,483	$ -	$ 6,371,483	$ -
Total investments at fair value	$ 6,371,483	$ -	$ 6,371,483	$ -
Investments measured at amortized cost:				
TexPool Prime	$ 79,467,943			
Total investments measured at amortized cost	79,467,943			
Investments measured at net asset value:				
BOK Financial Cash Fund	20,515,238			
UMB Money Market Fund	2,862,883			
Invesco	92,479			
Total investments measured at net asset value	23,470,600			
Total investments	$ 109,310,026			

(3) Detailed notes for all funds (continued)

Investments (continued)

At September 30, 2025, the City had the following U.S. agency securities:

Security	Par	Coupon	Purchase Date	Maturity Date	Book/Fair Value
FHLB Callable	$ 1,000,000	0.50%	8/26/2025	2/18/2026	$ 982,840
FHLB Callable	1,725,000	0.51%	8/27/2025	2/12/2026	1,697,133
FHLB Callable	1,750,000	0.88%	8/7/2025	2/26/2026	1,719,410
FHLB Callable	1,000,000	1.00%	5/6/2025	7/27/2026	963,950
FFCB	1,000,000	4.75%	5/1/2025	5/28/2026	1,008,150
Total	$ 6,475,000				$ 6,371,483

Capital assets

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

	Balance October 1, 2024	Additions	Transfers/ Disposals	Balance September 30, 2025
Governmental activities				
Capital assets not being depreciated				
Land	$ 3,954,478	$ -	$ -	$ 3,954,478
Construction in progress	5,760,108	1,523,767	(6,242,729)	1,041,146
Capital assets being depreciated				
Buildings and land improvements	9,367,090	1,188,512	-	10,555,602
Machinery and equipment	15,330,476	2,225,768	(146,404)	17,409,840
Furniture and fixtures	2,450,371	-	-	2,450,371
Infrastructure	22,559,902	26,550	6,242,729	28,829,181
Right to use-SBITA	103,048	-	-	103,048
Total capital assets	59,525,473	4,964,597	(146,404)	64,343,666
Less accumulated depreciation				
Buildings and land improvements	(4,041,638)	(369,525)	-	(4,411,163)
Machinery and equipment	(7,936,753)	(1,077,596)	145,160	(8,869,189)
Furniture and fixtures	(1,664,093)	(83,527)	-	(1,747,620)
Infrastructure	(7,861,584)	(855,426)	-	(8,717,010)
Right to use-SBITA	(34,349)	(34,349)	-	(68,698)
Total accumulated depreciation	(21,538,417)	(2,420,423)	145,160	(23,813,680)
Governmental capital assets, net	$ 37,987,056	$ 2,544,174	$ (1,244)	$ 40,529,986

(3) Detailed notes for all funds (continued)

Capital assets (continued)

	Balance October 1, 2024	Additions	Transfers/ Disposals	Balance September 30, 2025
Business-type activities				
Capital assets not being depreciated				
Land	$ 329,484	$ -	$ -	$ 329,484
Construction in progress	5,423,261	1,527,921	(3,827,831)	3,123,351
Capital assets being depreciated				
Buildings	475,079	-	-	475,079
Infrastructure	571,199	-	3,827,831	4,399,030
Water systems	10,096,719	-	-	10,096,719
Sewer systems	20,789,931	-	-	20,789,931
Vehicles	1,836,969	-	(54,996)	1,781,973
Machinery and equipment	328,949	-	-	328,949
Total capital assets	39,851,591	1,527,921	(54,996)	41,324,516
Less accumulated depreciation				
Buildings	(471,283)	(1,519)	-	(472,802)
Infrastructure	(35,700)	(28,560)	-	(64,260)
Water systems	(6,354,945)	(240,508)	-	(6,595,453)
Sewer systems	(14,214,261)	(410,879)	-	(14,625,140)
Vehicles	(1,614,996)	(5,101)	54,996	(1,565,101)
Furniture and equipment	(316,196)	(29,182)	-	(345,378)
Total accumulated depreciation	(23,007,381)	(715,749)	54,996	(23,668,134)
Business-type capital assets, net	$ 16,844,210	$ 812,172	$ -	$ 17,656,382

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government and administration	$ 136,148
Cultural and recreational	689,922
Public safety	347,753
Public works	1,246,600
Total depreciation expense - governmental activities	$ 2,420,423
Business-type activities:	
Water	$ 304,870
Sewer	410,879
Total depreciation expense - business-type activities	$ 715,749

(3) Detailed notes for all funds (continued)

Long-term debt

At September 30, 2025, the bonds payable consisted of the following individual issues:

Governmental activities:	Original Amount	Interest Rate	Balance Outstanding Oct. 1, 2024	Current Additions	Current Reductions	Balance Outstanding Sept. 30, 2025	Due Within One Year
Long-term debt:							
CO Bonds, Series 2015	$ 7,000,000	1.69%	$ 3,755,000	$ -	$ (340,000)	$ 3,415,000	$ 355,000
CO Bonds, Series 2020	6,510,000	2-5.0%	5,345,000	-	(255,000)	5,090,000	270,000
CO Combination Tax and Limited Pledge, Series 2021	6,715,000	2-4.0%	5,330,000	-	(240,000)	5,090,000	250,000
Tax Note, Series 2018	1,535,000	2.59%	260,000	-	(260,000)	-	-
Tax Note, Series 2019	2,800,000	1.53%	830,000	-	(410,000)	420,000	420,000
CO Combination Tax and Limited Pledge, Series 2024	9,555,000	3.375-5.0%	-	9,555,000	(2,290,000)	7,265,000	245,000
Premiums			301,730	441,075	(46,987)	695,818	46,987
SBITA Liability	103,048	4.00%	70,058	-	(34,330)	35,728	35,728
Total governmental activities			15,891,788	9,996,075	(3,876,317)	22,011,546	1,622,715
Business-type activities:							
Long-term debt:							
CO Combination Tax Revenue, Series 2020	2,795,000	.07-0.53%	2,435,000	-	(90,000)	2,345,000	90,000
Combination Tax and Subordinate Lien Revenue Certificates of Obligation, Series 2023	19,205,000	1.43-2.21%	18,675,000	-	(525,000)	18,150,000	530,000
CO Combination Tax Revenue, Series 2025	17,850,000	5.0-5.25%	-	17,850,000	-	17,850,000	175,000
Premium			-	450,536	-	450,536	15,018
Total business-type activities			21,110,000	18,300,536	(615,000)	38,795,536	810,018

The annual requirements for bonds for years subsequent to September 30, 2025 are as follows:

Year Ending	Governmental Activities			Business-Type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2026	$ 1,540,000	$ 661,726	$ 2,201,726	$ 795,000	$ 1,363,527	$ 2,158,527
2027	1,185,000	610,763	1,795,763	900,000	1,195,825	2,095,825
2028	1,230,000	560,738	1,790,738	920,000	1,175,976	2,095,976
2029	1,290,000	508,538	1,798,538	945,000	1,155,351	2,100,351
2030	1,350,000	458,713	1,808,713	965,000	1,134,008	2,099,008
2031-2035	6,510,000	1,643,481	8,153,481	5,185,000	5,316,355	10,501,355
2036-2040	5,765,000	842,038	6,607,038	5,945,000	4,469,838	10,414,838
2041-2045	2,410,000	170,900	2,580,900	6,915,000	3,588,378	10,503,378
2046-2050	-	-	-	8,195,000	2,310,226	10,505,226
2051-2053	-	-	-	7,580,000	750,168	8,330,168
	$ 21,280,000	$ 5,456,897	$ 26,736,897	$ 38,345,000	$ 22,459,652	$ 60,804,652

(3) Detailed notes for all funds (continued)

Restricted cash and investments – utility fund

Revenue bonds

Water and sewer revenue bonds constitute special obligations of the City solely secured by a lien on the pledge of the net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts. Management of the City believes that it is in compliance with all significant financial requirements as of September 30, 2025.

The City is fully funded in the bond reserve fund and is in compliance with its bond ordinance.

Defeased bonds outstanding

On July 11, 2007, the City issued Refunding Bonds, Series 2007 in the amount of $1,670,000 to provide resources to purchase U.S. Government State and Local Series Securities that were placed in an irrevocable trust for the purpose of generating resources for portions of future debt service payments of Certificate of Obligation, Series 2000. As a result, the bonds are considered to be defeased and the liability has been removed from the governmental and business-type activities columns in the statement of net position.

In the fiscal year 2013, the City refunded several bonds, Texas Waterworks and Sewer System Revenue Bonds, Series 2002, in the principal amount of $1,460,000 redeemed February 1, 2013, Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 1997, in the amount of $791,000 to be redeemed on October 16, 2012, Series 1997-A, in the aggregate principal amount of $390,000 redeemed on October 16, 2012, Series 2002 in the aggregate principal amount of $400,000, redeemed on October 16, 2012.

On March 6, 2024, the City defeased a portion of the Series 2015 Combination Tax and limited Pledge Revenue Certificates of Obligations in the principal amount of $1,000,000 to provide future savings to the City. The net present value of the cash flow savings is calculated out to be $1,362,913 over the life of the savings. The portion of the bonds paid is considered to be defeased and the liability has been removed from the governmental activities statement of net position.

(3) Detailed notes for all funds (continued)

Ingleside Development Corporation restricted for promotions

Restricted for promotions for Ingleside Development Corporation were as follows:

	Restricted for Promotions
Balance at 9/30/2024	$ 411,657
10% Sales tax	64,533
10% Investment income	15,374
Balance at 9/30/2025	$ 491,564

Interfund transactions and balances

The interfund balances at September 30, 2025 are generally short-term loans to cover temporary cash flows and reimbursements for various funds. During the fiscal year, management implemented a pooled cash structure and thereby eliminated direct interfund balances.

	Transfer In						
Transfer Out	General Fund	General Grants Fund	General Capital Project Fund	Debt Service Fund	Other Governmental Funds	Utility Funds	Total
General fund	$ -	$ -	$ 3,461,976	$ -	$ 1,614,999	$ -	$ 5,076,975
General grants fund	-	-	-	-	-	-	-
General capital project fund	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	1,556,005	1,556,005
Other governmental funds	90,000	-	140,382	-	101,173		331,555
Utility funds	900,000	-	-	-	90,945	1,776,689	2,767,634
Total	990,000	-	3,602,358	-	1,807,117	3,332,694	9,732,169
Less transfers	(5,076,975)	-	-	(1,556,005)	(331,555)	(2,767,634)	(9,732,169)
Net transfers	$ (4,086,975)	$ -	$ 3,602,358	$ (1,556,005)	$ 1,475,562	$ 565,060	$ -

The utility fund transfers to the general fund were for an allocated amount for administrative service charges, payments in lieu of taxes. The transfer from the debt service fund to the utility fund for payments related to the Series 2011 and Series 2020 Combination Revenue Bonds, Series 2023 Certificates of Obligations and 2025 Certificates of Obligations.

(3) Detailed notes for all funds (continued)

Disaggregation of receivables and payables

Receivables at September 30, 2025, were as follows:

	Property Taxes-Net	Municipal Court - Net	Due From Other Funds	Other	Total Receivables
Governmental activities:					
General fund, net	$ 451,592	$ 124,635	$ -	$ 397,763	$ 1,455,557
Major governmental funds	167,639	-	-	-	238,701
Nonmajor governmental funds	-	-	-	120	194,526
Total governmental funds	$ 619,231	$ 124,635	$ -	$ 397,883	$ 1,888,784

Payables at September 30, 2025, were as follows:

	Accounts	Loans, Leases, and Bonds Payable Current Year	Other	Total Current Payables
Governmental activities:				
General fund, net	$ 717,899	$ 1,622,715	$ 10,233	$ 2,350,847
Major governmental funds	129,849	-	-	129,849
Nonmajor governmental funds	118,403	-	-	118,403
Total governmental funds	$ 966,151	$ 1,622,715	$ 10,233	$ 2,599,099

Property taxes

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1 based on 100% of appraised value of property as listed on the previous January 1. Appraised values are determined by the San Patricio County Appraisal City; approved by the San Patricio County Appraisal Review Board; and certified by the Chief Appraiser. Property taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. The City does not offer a discount or early payment of taxes. The City's taxes are billed and collected by the San Patricio County Tax Office. Ad valorem taxes of $15,183,009 were assessed on property values totaling $3,028,004,261 using a tax rate of $0.642061 ($0.4407650 for general operations and $0.2012960 for debt service) per $100 assessed value. The 2023 tax rate is utilized for the 2024-2025 fiscal year.

Commitments and contingencies

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

The City has set up a tax litigation contingency balance of $2,692,869 due to a pending dispute by several oil and gas companies with the appraisal City. The companies are disputing the crude oil inventory property tax for 2022 ($1,398,721) and 2023 ($1,294,148). The City has paid out $419,037 of these funds as of September 30, 2025. The City has set these funds aside until they receive the final court decision on the remaining balance. If the City is required to reimburse the taxes, there is a possibility of a 9% interest rate on the remaining balance.

(3) Detailed notes for all funds (continued)

Commitments and contingencies (continued)

The City has the following construction contract commitments as of September 30, 2025.

	Contract Amount	Spent as of 9/30/2025	Remaining Commitment
Basketball Pavillion	$ 286,925	$ 171,676	$ 115,249

Texas Municipal Retirement System

Plan description

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

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 members may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member's contribution and interest.

(3) Detailed notes for all funds (continued)

Texas Municipal Retirement System (continued)

Benefits provided (continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. All permanent full-time employees and permanent part-time employees that are scheduled to work 1,000 hours or more per year are required to participate. Seasonal and temporary employees are not eligible to participate.

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement dates, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	67
Inactive employees entitled to but not yet receiving benefits	118
Active employees	107
Total	292

Contributions

The contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City matching ratios are either 1:1, 1.5:1, or 2:1, 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 were required to contribute 5% of their annual compensation during the fiscal year. The contribution rates for the City were 7.84% and 7.57% in calendar years 2025 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $699,216, which exceeded the required contributions.

Net pension (asset)/liability

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

(3) Detailed notes for all funds (continued)

Texas Municipal Retirement System (continued)

Actuarial assumptions

The total pension asset/liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.60% to 11.85% including inflation
Discount rate *	6.75%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Males rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, repsectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

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

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% of 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 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% 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 (APRs) 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 to satisfy the short-term and long-term funding needs of TMRS.

(3) Detailed notes for all funds (continued)

Texas Municipal Retirement System (continued)

Actuarial assumptions (continued)

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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
Total	100.00%	

Discount rate

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

(3) Detailed notes for all funds (continued)

Texas Municipal Retirement System (continued)

Changes in net pension (asset)/liability

The schedule below presents the changes in the net pension (asset)/liability as of December 31, 2024:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balance at 12/31/2023	$ 15,418,050	$ 15,842,084	$ (424,034)
Changes for the year:			
Service cost	941,319	-	941,319
Interest	1,087,754	-	1,087,754
Changes of benefit terms including substantively automatic status	626,360	-	626,360
Difference between expected and actual experience	159,349	-	159,349
Changes of assumptions	-	-	-
Contributions - employer	-	856,109	(856,109)
Contributions - employee	-	309,058	(309,058)
Net investment income	-	1,645,701	(1,645,701)
Benefit payments, including refunds of employee contributions	(800,390)	(800,390)	-
Administrative expenses	-	(10,557)	10,557
Other changes	-	(248)	248
Net changes	2,014,392	1,999,673	14,719
Balance at 12/31/2024	$ 17,432,442	$ 17,841,757	$ (409,316)

(3) Detailed notes for all funds (continued)

Texas Municipal Retirement System (continued)

Sensitivity of the net pension (asset)/liability to changes in the discount rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension (asset)/liability	$ (1,954,787)	$ (409,316)	$ (2,341,006)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the schedule of changes in fiduciary net position, by participant city. The report may be obtained at tmrs.com.

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

For the year ended September 30, 2025, the City recognized pension expense of $1,261,808.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 102,438	$ 8,552
Changes in actuarial assumptions	-	44,014
Difference between projected and actual investment earnings	-	180,135
Contributions made subsequent to the measurement date	494,554	-
Total	$ 596,992	$ 232,701

The City reported $494,554 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension (asset)/liability for the year ending September 30, 2026.

(3) Detailed notes for all funds (continued)

Texas Municipal Retirement System (continued)

Pension expense and deferred outflows/inflows of resources related to pensions (continued)

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

Year Ended September 30,	Amortization Expense
2025	$ 12,481
2026	226,435
2027	(253,907)
2028	(115,272)
2029	-
Thereafter	-
	$ (130,263)

Other postemployment benefits (SDBF OPEB)

Plan description

The City participates in a single-employer defined benefit plan, which operates like a group-term life insurance plan, operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits provided

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

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

(3) Detailed notes for all funds (continued)

Other postemployment benefits (continued)

The contribution rate for the City was 35% and 46% for calendar years 2025 and 2024, respectively. The City's contributions to TMRS for the SDBF program for the year ended September 30, 2025 were $24,067 and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement dates, the following employees were covered by the benefit terms:

	2024
Inactive employees or beneficiaries receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	16
Active employees	107
Total	165

Other postemployment benefits (OPEB) liability

The City's total OPEB liability of $261,356 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 and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.60% to 11.85% including inflation
Discount rate *	4.08%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Males rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, repsectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Bond GO Index" rate as of December 31, 2024.

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

(3) Detailed notes for all funds (continued)

Other postemployment benefits (continued)

Changes in the total OPEB liability:

Balance at 12/31/2023	$ 262,252
Changes for the year:	
Service cost	21,022
Interest on total OPEB liability	10,151
Changes of benefit terms	-
Difference between expected and actual experience	(12,039)
Changes of assumptions	(13,023)
Benefit payments	(7,007)
Net changes	(896)
Balance at 12/31/2024	$ 261,356

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liabilities 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:

	1% Decrease in Discount Rate (3.08%)	Current Single Rate Assumption (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	$ 307,058	$ 261,356	$ 225,193

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

For the year ended September 30, 2025, the City recognized OPEB expense of ($2,793).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 2,479	$ 31,106
Changes in actuarial assumptions	9,455	50,646
Difference between projected and actual investment earnings	-	-
Contributions made subsequent to the measurement date	16,207	-
Total	$ 28,141	$ 81,752

(3) Detailed notes for all funds (continued)

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

The City reported $16,207 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amortization Expense
2025	$ (37,823)
2026	(25,718)
2027	(1,891)
2028	(4,386)
2029	-
Thereafter	-
	$ (69,818)

Postemployment health care coverage

Plan description

The City of Ingleside administers a single-employer defined benefit OPEB plan, the "Retiree Health Plan". The plan provides OPEB through the City's group health insurance plan, which covers both active and retired members (see funding policy below). Contributions are established through City Policy as approved by City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Retiree Health plan does not issue a publicly available financial report.

Eligibility

1. An employee is eligible to retire with benefits under the OPEB plan upon reaching age 62 with at least 10 years of service with the City.

2. Employees of the City participate in TMRS. An employees may retire under TMRS if the employee meets the condition of
    i. age 60 with 5 years of creditable TMRS service, or
    ii. 20 years of creditable TMRS service; and

    employees who meet condition (ii) but not condition (i) above who retire under TMRS are not eligible to retire and receive OPEB Plan benefits. Furthermore, employees who are eligible for Medicare at the time of retirement are not eligible for plan benefits.

    Eligible retiring individuals must enroll for coverage within 30 days of their retirement with the City.

(3) Detailed notes for all funds (continued)

Postemployment health care coverage (continued)

Benefits

1. Primary Major Health (including Medical and Prescription Drug) coverage for benefit years prior to Medicare eligibility
2. No coverage for benefit years after Medicare eligibility.
3. Covered Retirees are eligible for coverage until the earlier of death or age 65.
4. Spouses of Covered Retirees are eligible for coverage until the earlier of death, retiree attains age 65, spouse attains age 65, or until required retiree contributions are discontinued.
5. Retiree Spouses/Dependents may be covered by the Retiree until retiree coverage ends; Retiree Spouses/Dependents are eligible for COBRA coverage following retiree's death if death occurs prior to age 65.

Postretirement Dental and Vision coverage is available prior to Medicare eligibility subject to same conditions described above for Postretirement Health benefits. Upon retirement, in addition to Postretirement Health benefits, a retiree can elect Dental benefits or Vision benefits, both Dental and Vision benefits, or neither benefit. A retiree can elect Dental and/or Vision benefits without electing Health benefits

The following are the rates for qualified retirees who wish to continue coverage:

	Monthly Retiree and Employer Premium		
Coverage	Retiree	City	Total
Health (medical and prescription drug)			
Option 1: Retiree	$ -	$ 877.28	$ 877.28
Option 1: Retiree plus spouse	485.86	1,694.45	2,180.31
Option 2: Retiree	-	733.58	733.58
Option 2: Retiree plus spouse	272.39	1,550.75	1,823.14
Dental			
Retiree	-	40.66	40.66
Retiree plus spouse	10.70	72.76	83.46
Vision			
Retiree	-	5.58	5.58
Retiree plus spouse	1.26	9.34	10.60

At the September 30, 2025 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	-
Active employees	100
Total	101

(3) Detailed notes for all funds (continued)

Postemployment health care coverage (continued)

Total OPEB liability

The total OPEB liability as of September 30, 2025 was determined by an actuarial valuation as of October 1, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.85% to 12.10% including inflation
Discount rate *	4.90%
Healthcare cost trends rates	8.00% for FY25 decreasing 0.50% per year to 5.00% in FY31 and decreasing to an ultimate rate of 4.75% for FY32 and later years
Mortality rates - Active Participants	Pub-2010 Public Safety Employee mortality table with an 10% load for males and Pub-2010 General Employee mortality table for females with Ultimate MP-2021 Projection Scale projected generationally from the year 2010.
Mortality rates - Retirees and Retiree Spouses	2019 Municipal Retirees of Texas mortality tables with a 3% load for males and a 5% load for females with Ultimate MP-2021 Projection Scale projected generationally from the year 2019.
Mortality rates - Disabled Retirees	2019 Municipal Retirees of Texas mortality tables with a 5% load and 3-year set-forward for females and a 3% load and 4-year set -forward for males, minimum mortality rates at all ages of 3% for females and 3.5% for males, and Ultimate MP-2021 Projection Scales projected generationally from the year 2019.

Changes in total OPEB liability

Balance at 09/30/2024	$ 204,005
Changes for the year:	
Service cost	28,942
Interest on total OPEB liability	8,479
Difference between expected and actual experience	(14,310)
Changes of assumptions	(16,089)
Benefit payments	(20,789)
Net changes	(13,767)
Balance at 09/30/2025	$ 190,238

(3) Detailed notes for all funds (continued)

Postemployment health care coverage (continued)

The following presents the total OPEB liability reported as of September 30, 2025 and measured as of September 30, 2025, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the fiscal year 2025 discount rate:

	1% Decrease in Discount Rate (3.90%)	Current Single Rate Assumption (4.90%)	1% Increase in Discount Rate (5.90%)
Total OPEB liability	$ 204,932	$ 190,238	$ 176,941

The following presents the total OPEB liability reported as of September 30, 2025 and measured as of September 30, 2025, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the fiscal year 2025 healthcare cost trend rates:

	1% Decrease	FY2024 Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	$ 168,063	$ 190,238	$ 216,451

The City recognized OPEB expense of $29,234 for the fiscal year ending September 30, 2025.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and acutal economic experience	$ -	$ 14,769
Changes in actuarial assumptions	2,273	12,067
Difference between projected and actual investment earnings	-	-
Contributions made subsequent to the measurement date	-	-
Total	$ 2,273	$ 26,836

(3) Detailed notes for all funds (continued)

Postemployment health care coverage (continued)

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

Year Ended September 30,	Amortization Expense
2026	$ (8,187)
2027	(8,187)
2028	(8,189)
2029	-
2030	-
Thereafter	-
	$ (24,563)

Risk management

The City is exposed to various risks of loss related to torts; theft of and damage or destruction of assets, errors and omissions, injuries to employees, and others; and natural disasters. The City's program for managing risks include: 1) participation in a public entity risk pool (Texas Municipal League) to cover liability claims such as workers compensation and general liability claims and to cover property damage claims; 2) purchasing commercial property insurance for protection from damages due to windstorms, hurricanes, hail storms and floods; and 3) providing employees with various safety programs. Except for deductibles, the City has maintained insurance for risk of loss to the public entity risk pool and commercial issuers.

Prior period adjustment

The City restated beginning net position for governmental activities and beginning fund balance for the general grants fund and hotel/motel tax fund to reflect the cumulative effect of a prior period adjustment related to an unrecorded receivable and the related revenue recognition in the prior year.

	Governmental Activities
Beginning net position	$ 67,710,654
Adjustment to record municipal court receivable, net	122,702
Adjustment to correct pooled cash	(1,017,073)
Adjustment to correct revenue recognition	331,626
Beginning net position, as restated	$ 67,147,909

(3) Detailed notes for all funds (continued)

Prior period adjustment (continued)

	General Grants Fund
Beginning fund balance	$ 2,223,390
Adjustment to correct revenue recognition	299,224
Beginning fund balance, as restated	$ 2,522,614

	Hotel/Motel Tax Fund
Beginning fund balance	$ 1,432,245
Adjustment to correct revenue recognition	32,402
Beginning fund balance, as restated	$ 1,464,647

Subsequent events

The City has evaluated subsequent events through March 24, 2026, the date in which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City Of Ingleside

CITY OF INGLESIDE, TEXAS

GENERAL FUND
COMPARATIVE BALANCE SHEETS

September 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and investments	$ 20,599,942	$ 21,432,962
Receivables and allowances:		
Assessments and fees (net)	219,367	195,857
Miscellaneous	178,396	134,056
Inventory	110,400	39,353
Due from other governmental agencies:		
Sales taxes receivable	481,567	469,345
Ad valorem taxes	466,762	416,502
Allowance for uncollectible	(15,170)	(13,536)
Due from other funds	93,532	93,532
Prepaid insurance	603	103,130
Total assets	$ 22,135,399	$ 22,871,201
LIABILITIES		
Accounts payable / accrued expenditures	$ 717,899	$ 713,180
Other payables	10,233	6,638
Due to other funds	188,237	188,271
Tax litigation contingency	2,273,832	2,273,832
Total liabilities	3,190,201	3,181,921
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues - property taxes	451,594	402,966
FUND BALANCES		
Nonspendable:		
Inventory	110,400	39,353
Prepaid items	603	103,130
Restricted fund balance		
Compensated absences	241,026	162,860
Municipal court	183,810	161,406
Committed fund balance		
Resolution - 25%	3,495,535	3,059,419
Unassigned	14,462,230	15,760,146
Total fund balances	18,493,604	19,286,314
Total liabilities, deferred inflows of resources, and fund balances	$ 22,135,399	$ 22,871,201

CITY OF INGLESIDE, TEXAS

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year September 30, 2025
(with comparative actual amount for 2024)

	2025				2024
	Budgeted Amounts		Actual	Variance with Final Budget- Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
Revenues					
Taxes					
Ad valorem-current	$ 8,787,720	$ 8,787,720	$ 10,266,572	$ 1,478,852	$ 10,569,219
Ad valorem-delinquent	40,600	40,600	89,203	48,603	308,131
Ad valorem-penalty and interest	54,000	54,000	58,693	4,693	62,773
Indust. District-in lieu of taxes	-	-	-	-	17,829
City sales (1%)	3,150,000	3,150,000	3,873,271	723,271	2,925,134
Beverage tax	25,500	25,500	23,165	(2,335)	28,687
Bingo tax	1,500	1,500	1,774	274	1,777
Franchise fees	1,370,900	1,370,900	1,388,288	17,388	1,521,247
In-lieu of franchise tax	10,000	10,000	-	(10,000)	-
Total taxes	13,440,220	13,440,220	15,700,966	2,260,746	15,434,797
Licenses and permits					
Dog licenses	750	750	600	(150)	2,369
Dog donation and adoption	500	500	929	429	660
Contractor licenses	8,000	8,000	8,745	745	9,030
Golf cart and electricians licenses	600	600	665	65	700
Building permits	150,000	150,000	156,118	6,118	313,948
Electrical permits	15,000	15,000	19,484	4,484	9,858
Plumbing permits	8,000	8,000	9,177	1,177	8,146
Pipeline permits	9,500	9,500	9,377	(123)	9,373
Other fees	22,000	1,626	11,312	9,686	34,367
Other permits	4,700	4,700	3,397	(1,303)	6,457
Mechanical permits	9,500	9,500	19,662	10,162	10,988
Beer and wine permits	2,500	2,500	5,120	2,620	2,923
Solicitors permits	-	-	75	75	-
Total licenses and permits	231,050	210,676	244,661	33,985	408,819
Charges for services					
Sanitation	1,540,000	1,540,000	1,688,490	148,490	1,609,278
Rural fire calls	13,400	13,400	-	(13,400)	13,458
Recycling	2,000	2,000	4,728	2,728	3,792
Latchkey and swimming pool charges	8,500	8,500	-	(8,500)	11,015
Park donations and skate park charges	-	-	-	-	1,000
Platting fees	8,000	8,000	-	(8,000)	10,950
Rezoning applications	2,000	2,000	-	(2,000)	106,902
Library fines	6,000	6,000	-	(6,000)	8,328
Other	1,700	1,700	12,232	10,532	21,552
Lot clearing	10,000	10,000	-	(10,000)	22,981
Total charges for services	1,591,600	1,591,600	1,705,450	113,850	1,809,256

(continued)

CITY OF INGLESIDE, TEXAS

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year September 30, 2025
(with comparative actual amount for 2024)

	2025				2024
	Budgeted Amounts		Actual	Variance with Final Budget- Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
Revenues (continued)					
Fines and penalties	$ 432,700	$ 432,700	$ 388,685	$ (44,015)	$ 579,806
Other					
Insurance claim reimbursements	10,000	10,000	101,578	91,578	-
Interest	1,750,000	1,750,000	420,526	(1,329,474)	2,208,589
SRO Officer	125,100	125,100	44,265	(80,835)	-
Donations	11,500	46,100	39,610	(6,490)	105,507
Building lease-humble fees	-	-	-	-	24,500
Copies	1,500	1,500	2,410	910	3,279
Humble youth	25,500	25,500	28,495	2,995	-
Municipal services	-	-	-	-	16,268
Miscellaneous	-	-	20,065	20,065	38,553
Arrest fees	50	50	2,745	2,695	4
Pound boarding and impoundment	1,000	1,000	2,165	1,165	865
Total other	1,924,650	1,959,250	661,859	(1,297,391)	2,397,565
Total revenues	17,620,220	17,634,446	18,701,621	1,067,175	20,630,243
Expenditures					
General administration					
Mayor and council	243,200	154,362	28,349	126,013	26,255
City manager	277,990	270,205	247,096	23,109	216,822
City secretary	382,200	382,200	272,783	109,417	339,260
Finance	437,180	437,180	398,156	39,024	425,451
Municipal court	613,880	633,348	441,942	191,406	524,889
City attorney	920,000	920,000	325,309	594,691	163,584
Human resources and communication	300,120	300,120	260,095	40,025	248,665
IT department	820,330	1,001,615	732,832	268,783	493,682
Economic development	242,790	197,820	173,010	24,810	216,188
Non-departmental	3,718,970	3,868,337	2,283,553	1,584,784	2,488,026
Total general administration	7,956,660	8,165,187	5,163,125	3,002,062	5,142,822

2025 2024

(continued)

CITY OF INGLESIDE, TEXAS

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the year September 30, 2025
(with comparative actual amount for 2024)

	Budgeted Amounts		Actual	Final Budget-Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
Expenditures (continued)					
Public safety					
Police	$ 4,608,680	$ 4,894,300	$ 3,467,220	$ 1,427,080	$ 3,429,566
Fire	339,710	363,710	299,075	64,635	253,759
Planning and community development	498,470	543,440	454,641	88,799	440,683
Code enforcement	292,600	292,600	157,314	135,286	164,852
Emergency management	49,790	49,790	6,769	43,021	37,604
Animal control	328,950	328,950	251,081	77,869	299,428
Total public safety	6,118,200	6,472,790	4,636,100	1,836,690	4,625,892
Public works					
Streets	4,990,680	4,990,680	1,195,255	3,795,425	1,221,301
Sanitation	1,400,000	1,400,000	1,375,214	24,786	1,328,395
Recycling	276,910	276,910	79,988	196,922	71,410
Facilities maintenance	373,660	373,660	280,170	93,490	178,892
Total public works	7,041,250	7,041,250	2,930,627	4,110,623	2,799,998
Culture and recreation					
Library	479,460	479,460	401,061	78,399	376,376
Parks and recreation	2,647,480	2,732,838	1,274,253	1,458,585	1,000,546
Total culture and recreation	3,126,940	3,212,298	1,675,314	1,536,984	1,376,922
Debt service					
Principal	-	-	34,330	(34,330)	32,990
Interest	-	-	2,177	(2,177)	3,517
Total debt service	-	-	36,507	(36,507)	36,507
Total expenditures	24,243,050	24,891,525	14,441,673	10,449,852	13,982,141
Excess (deficiency) of revenues over (under) expenditures	(6,622,830)	(7,257,079)	4,259,948	11,517,027	6,648,102
Other financing sources (uses)					
Gain on disposal of assets	-	-	51,390	51,390	-
Proceeds from right to use SBITAs	-	-	-	-	103,048
Transfers	990,000	990,000	990,000	-	990,000
Transfer out	-	-	(5,076,975)	(5,076,975)	(2,994,830)
Total other financing sources (uses)	990,000	990,000	(4,035,585)	(5,025,585)	(1,901,782)
Net change in fund balance	(5,632,830)	(6,267,079)	224,363	6,491,442	4,746,320
Fund balance, beginning	19,286,314	19,286,314	19,286,314	-	14,539,994
Prior period adjustment	-	-	(1,017,073)	(1,017,073)	-
Fund balance, beginning (restated)	19,286,314	19,286,314	18,269,241	(1,017,073)	14,539,994
Fund balance, ending	$ 13,653,484	$ 13,019,235	$ 18,493,604	$ 5,474,369	$ 19,286,314

CITY OF INGLESIDE, TEXAS

GRANT FUND
COMPARATIVE BALANCE SHEETS

September 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and investments	$ 2,503,280	$ 2,580,667
Grants receivable	71,062	133,894
Other receivable	-	-
Due from other funds	80,072	80,106
Total assets	$ 2,654,414	$ 2,794,667
LIABILITIES		
Accounts payable	$ 76,538	$ 431,536
Unearned revenue	32,857	92,420
Due to other funds	47,321	47,321
Total liabilities	156,716	571,277
FUND BALANCES		
Assigned	2,497,698	2,223,390
Total fund balances	2,497,698	2,223,390
Total liabilities, deferred inflows of resources, and fund balances	$ 2,654,414	$ 2,794,667

CITY OF INGLESIDE, TEXAS

GRANT FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET (GAAP BASIS) TO ACTUAL

For the year September 30, 2025
(with comparative actual amount for 2024)

	2025				2024
	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	Actual
REVENUES					
Intergovernmental revenue	$ -	$ 25,000	$ 553,318	$ 528,318	$ 3,731,106
Interest	-	-	80,131	80,131	-
Miscellaneous revenue	-	-	-	-	-
Total revenues	-	25,000	633,449	608,449	3,731,106
EXPENDITURES					
Development costs/grant costs	-	250,000	115,030	134,970	3,731,106
Capital outlay	-	-	543,335	543,335	-
Total expenditures	-	250,000	658,365	678,305	3,731,106
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(225,000)	(24,916)	1,286,754	-
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	-	-	-	-	-
Total other financing sources	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	(225,000)	(24,916)	1,286,754	-
FUND BALANCE - beginning of year	2,223,390	2,223,390	2,223,390	-	2,304,210
Prior period adjustment - error correction	-	-	299,224	-	(80,820)
FUND BALANCE - beginning of year, restated	2,223,390	2,223,390	2,522,614	-	2,223,390
FUND BALANCE - end of year	$ 2,223,390	$ 1,998,390	$ 2,497,698	$ 1,286,754	$ 2,223,390

City Of Ingleside

CITY OF INGLESIDE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND TEXAS MUNICIPAL RETIREMENT SYSTEM RELATED RATIOS

For the measurement year ended December 31,

	2024	2023	2022	2021
Total pension liability				
Service cost	$ 941,319	$ 701,127	$ 617,490	$ 598,239
Interest (on the total pension liability)	1,087,754	992,323	934,895	885,651
Changes of benefit terms	626,360	-	-	-
Difference between expected and actual experience	159,349	(30,768)	10,169	(126,360)
Changes of assumptions	-	(158,342)	-	-
Benefit payments, including refunds of employee contributions	(800,390)	(873,612)	(633,556)	(641,684)
Net change in total pension liability	2,014,392	630,728	928,998	715,846
Total pension liability - beginning	15,418,050	14,787,322	13,858,324	13,142,478
Total pension liability - ending	$ 17,432,442	$ 15,418,050	$ 14,787,322	$ 13,858,324
Plan fiduciary net position				
Contributions - employer	$ 856,109	$ 434,109	$ 397,843	$ 366,061
Contributions - employee	309,058	273,025	247,194	236,271
Net investment income	1,645,701	1,662,276	(1,129,658)	1,790,675
Benefit payments, including refunds of employee contributions	(800,390)	(873,612)	(633,556)	(641,684)
Administrative expense	(10,557)	(10,571)	(9,774)	(8,282)
Other	(248)	(74)	11,662	57
Net change in plan fiduciary net position	1,999,673	1,485,153	(1,116,289)	1,743,098
Plan fiduciary net position - beginning	15,842,085	14,356,931	15,473,220	13,730,121
Plan fiduciary net position - ending	$ 17,841,758	$ 15,842,084	$ 14,356,931	$ 15,473,219
Net pension (asset)/liability	$ (409,316)	$ (424,034)	$ 430,391	$ (1,614,895)
Plan fiduciary net position as a percentage of total pension asset/liability	102.35%	102.75%	97.09%	111.65%
Covered payroll	$ 5,839,445	$ 5,460,494	$ 4,943,878	$ 4,725,426
Net pension (asset)/liability as a percentage of covered payroll	-7.01%	-7.77%	8.71%	-34.17%

2020	2019	2018	2017	2016	2015
$ 598,357	$ 433,235	$ 403,544	$ 469,032	$ 432,218	$ 379,494
832,259	776,183	737,299	693,863	641,650	611,447
-	-	-	-	-	-
(20,945)	32,532	(127,367)	(7,298)	103,330	(7,763)
-	45,854	-	-	-	50,202
(595,544)	(483,688)	(420,849)	(537,848)	(306,320)	(271,220)
814,127	804,116	592,627	617,749	870,878	762,160
12,328,351	11,524,235	10,931,608	10,313,859	9,442,981	8,680,821
$ 13,142,478	$ 12,328,351	$ 11,524,235	$ 10,931,608	$ 10,313,859	$ 9,442,981
$ 429,751	$ 1,354,817	$ 864,208	$ 371,019	$ 344,375	$ 310,441
242,250	178,185	164,846	175,143	166,366	150,116
964,419	1,560,604	(292,875)	1,191,339	531,400	11,316
(595,544)	(483,688)	(420,849)	(537,848)	(306,320)	(271,220)
(6,236)	(8,818)	(5,665)	(6,172)	(6,001)	(6,893)
(243)	(265)	(296)	(313)	(323)	(340)
1,034,397	2,600,835	309,369	1,193,168	729,497	193,420
12,695,724	10,094,888	9,785,519	8,592,350	7,862,853	7,669,433
$ 13,730,121	$ 12,695,723	$ 10,094,888	$ 9,785,518	$ 8,592,350	$ 7,862,853
$ (587,643)	$ (367,372)	$ 1,429,347	$ 1,146,090	$ 1,721,509	$ 1,580,128
104.47%	102.98%	87.60%	89.52%	83.31%	83.27%
$ 4,844,999	$ 3,542,392	$ 3,296,927	$ 3,502,856	$ 3,327,314	$ 3,002,326
-12.13%	-10.37%	43.35%	32.72%	51.74%	52.63%

CITY OF INGLESIDE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION

For the year ended September 30,

Schedule of contributions:	2025	2024	2023	2022
Actuarially determined contributions	$ 492,383	$ 421,737	$ 448,187	$ 386,033
Contributions in relation to the actuarially determined contribution	675,151	821,508	448,187	386,033
Contribution deficiency (excess)	$ (182,768)	$ (399,771)	$ -	$ -
Covered payroll	$ 6,339,233	$ 5,653,569	$ 4,943,878	$ 4,854,063
Contributions as a percentage of covered payroll	10.65%	14.53%	9.07%	7.95%

2021	2020	2019	2018	2017	2016
$ 383,248	$ 407,491	$ 347,133	$ 351,369	$ 392,713	$ 358,704
383,248	407,491	347,133	351,369	392,713	358,704
$ -	$ -	$ -	$ -	$ -	$ -
$ 4,741,862	$ 4,453,451	$ 3,383,573	$ 3,209,951	$ 3,623,974	$ 3,370,001
8.08%	9.15%	10.26%	10.95%	10.84%	10.64%

CITY OF INGLESIDE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND
TEXAS MUNICIPAL RETIREMENT SYSTEM RELATED RATIOS

For the measurement year ended December 31,

	2024	2023	2022	2021
Total OPEB liability				
Service cost	$ 21,022	$ 19,112	$ 24,719	$ 25,990
Interest on the total OPEB liability	10,151	9,297	6,205	7,468
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(12,039)	4,173	(25,496)	(71,899)
Changes of assumptions	(13,023)	13,221	(103,294)	9,918
Benefit payments, including refunds of employee contributions	(7,007)	(7,099)	(6,921)	(7,088)
Net change in total OPEB liability	(896)	38,704	(104,787)	(35,611)
Total OPEB liability - beginning	262,252	223,548	363,946	363,946
Total OPEB liability - ending	$ 261,356	$ 262,252	$ 259,159	$ 328,335
Covered payroll	$ 5,839,445	$ 5,460,494	$ 4,943,878	$ 4,725,426
OPEB liability as a percentage of covered payroll	4.48%	4.80%	5.24%	6.95%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the eighth year of implementation of GASB 75. The City will develop the schedule prospectively.

2020	2019	2018	2017
$ 27,616	$ 15,941	$ 14,506	$ 13,661
8,099	9,818	7,166	6,873
-	-	-	-
2,089	(45,420)	41,827	-
46,893	46,031	(14,530)	15,088
(2,907)	(1,771)	(1,319)	(1,401)
81,790	24,599	47,650	34,221
282,156	257,557	209,907	175,686
$ 363,946	$ 282,156	$ 257,557	$ 209,907
$ 4,844,999	$ 3,542,392	$ 3,296,927	$ 3,502,856
7.51%	7.97%	7.81%	5.99%

CITY OF INGLESIDE, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY
RETIREMENT HEALTH INSURANCE

For the measurement year ended September 30,

	2025	2024
Total OPEB liability		
Service cost	$ 28,942	$ 27,203
Interest on the total OPEB liability	8,479	8,550
Changes of benefit terms	-	-
Difference between expected and actual experience	(14,310)	(6,727)
Changes of assumptions	(16,089)	3,789
Benefit payments, including refunds of employee contributions	(20,789)	(21,319)
Net change in total OPEB liability	(13,767)	11,496
Total OPEB liability - beginning	204,005	192,509
Total OPEB liability - ending	$ 190,238	$ 204,005
Covered-employee payroll	$ 4,549,677	$ 4,417,162
OPEB liability as a percentage of covered payroll	4.18%	4.62%

OTHER SUPPLEMENTARY INFORMATION

City Of Ingleside

CITY OF INGLESIDE, TEXAS

COMPARATIVE BALANCE SHEETS
CAPITAL PROJECT FUND

September 30, 2025
(with comparative totals for 2024)

	2025	2024
ASSETS		
Cash and investments	$ 10,241,036	$ 9,459,376
Total assets	$ 10,241,036	$ 9,459,376
LIABILITIES		
Accounts payable	$ 53,311	$ 1,384,509
Other payables	-	-
Due to other funds	46,210	46,210
Total liabilities	99,521	1,430,719
FUND BALANCES		
Restricted for public safety and works	10,141,515	8,028,657
Total fund balances	10,141,515	8,028,657
Total liabilities, deferred inflows of resources, and fund balances	$ 10,241,036	$ 9,459,376

CITY OF INGLESIDE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUND

For the year ended September 30, 2025
(with comparative totals for 2024)

	2025				2024
	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	Actual
REVENUES					
Interest	$ 500,000	$ 500,000	$ 475,509	$ (24,491)	$ 602,393
Other	-	155,790	-	(155,790)	-
Total revenues	500,000	655,790	475,509	(180,281)	602,393
EXPENDITURES					
Animal control	-	-	-	-	1,450,641
Community events	-	-	-	-	-
Economic development	-	-	-	-	-
Finance	29,022	29,022	14,520	14,502	29,152
IT department	20,000	20,000	865	19,135	13,000
Library	10,000	10,000	-	10,000	-
Municipal court	61,846	61,846	32,202	29,644	6,900
Nondepartmental	1,060,000	1,060,000	-	1,060,000	-
Parks	3,633,000	3,633,000	-	3,633,000	409,570
Recycling	40,000	40,000	-	40,000	39,706
Public works	-	875,790	72,795	802,995	34,972
Streets department - capital outlay	2,650,000	2,650,000	1,844,627	805,373	2,383,290
Total expenditures	7,503,868	8,379,658	1,965,009	6,414,649	4,367,231
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,003,868)	(7,723,868)	(1,489,500)	6,234,368	(3,764,838)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	4,210,000	4,210,000	3,602,358	(607,642)	187,830
Total other financing sources	4,210,000	4,210,000	3,602,358	(607,642)	187,830
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(2,793,868)	(3,513,868)	2,112,858	5,626,726	(3,577,008)
FUND BALANCE - beginning of year	8,028,657	8,028,657	8,028,657	-	11,605,665
FUND BALANCE - end of year	$ 5,234,789	$ 4,514,789	$ 10,141,515	$ 5,626,726	$ 8,028,657

CITY OF INGLESIDE, TEXAS

COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND

September 30, 2025
(with comparative totals for 2024)

	2025	2024
ASSETS		
Cash and investments	$ 10,626,715	$ 1,622,916
Receivables and allowances:		
Ad valorem taxes	173,271	143,214
Allowance for uncollectible taxes	(5,632)	(4,655)
Due from other funds	108,164	108,164
Total assets	$ 10,902,518	$ 1,869,639
LIABILITIES		
Accounts payable	$ -	$ -
Total liabilities	-	-
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	167,640	138,559
Total deferred inflows of resources	167,640	138,559
FUND BALANCES		
Restricted for debt service	10,734,878	1,731,080
Total fund balances	10,734,878	1,731,080
Total liabilities, deferred inflows of resources, and fund balances	$ 10,902,518	$ 1,869,639

CITY OF INGLESIDE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND

For the year ended September 30, 2025
(with comparative totals for 2024)

	2025				2024
	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	Actual
REVENUES					
Ad valorem taxes	$ 4,462,400	$ 4,462,400	4,721,549	$ 259,149	$ 4,342,409
Ad valorem - penalty and interest	15,000	15,000	23,822	8,822	22,852
Property taxes - settlement	(280,030)	(280,030)	-	280,030	-
Total ad valorem taxes	4,197,370	4,197,370	4,745,371	548,001	4,365,261
Interest	50,000	50,000	495,233	445,233	95,153
Total revenues	4,247,370	4,247,370	5,240,604	993,234	4,460,414
EXPENDITURES					
Debt service:					
Principal retirement	3,820,000	3,820,000	3,795,000	25,000	2,460,000
Interest and fiscal charges	807,380	807,380	440,801	366,579	492,390
Total expenditures	4,627,380	4,627,380	4,235,801	391,579	2,952,390
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(380,010)	(380,010)	1,004,803	1,384,813	1,508,024
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	-	-	(1,556,005)	(1,556,005)	(1,072,350)
Bond proceeds	-	-	9,555,000	9,555,000	-
Total other financing sources	-	-	7,998,995	7,998,995	(1,072,350)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(380,010)	(380,010)	9,003,798	(171,192)	435,674
FUND BALANCE - beginning of year	1,731,080	1,731,080	1,731,080	-	1,295,406
FUND BALANCE - end of year	$ 1,351,070	$ 1,351,070	$ 10,734,878	$ (171,192)	$ 1,731,080

CITY OF INGLESIDE, TEXAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

September 30, 2025

	Nonmajor Governmental Funds	Ingleside Development Corporation	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 9,924,697	$ 3,767,212	$ 13,691,909
Receivables and allowances:			
Sales tax receivable	114,145	80,261	194,406
Other	120	-	120
Prepaid expenses	63,660	-	63,660
Total assets	$ 10,102,622	$ 3,847,473	$ 13,950,095
LIABILITIES			
Accounts payable	$ 118,403	$ -	$ 118,403
Total liabilities	118,403	-	118,403
FUND BALANCES			
Restricted fund balance			
Public safety and works	8,481,881	-	8,481,881
Tourism and development	1,502,338	-	1,502,338
Promotions	-	491,564	491,564
Economic development	-	3,355,909	3,355,909
Total fund balances	9,984,219	3,847,473	13,831,692
Total liabilities, deferred inflows of resources, and fund balances	$ 10,102,622	$ 3,847,473	$ 13,950,095

CITY OF INGLESIDE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS

For the year ended September 30, 2025

	Nonmajor Governmental Funds	Ingleside Development Corporation	Total Nonmajor Governmental Funds
REVENUES			
Taxes	$ 859,494	$ 645,325	$ 1,504,819
Asset seizure & forfeitures	-	-	-
Interest	386,808	153,743	540,551
Total revenues	1,246,302	799,068	2,045,370
EXPENDITURES			
Current:			
Tourism/chamber support	214,850	-	214,850
Economic development and grants	-	53,864	53,864
Public works	167,762	-	167,762
Police	-	-	-
Parks	-	-	-
Capital outlay	2,533,679	42,956	2,576,635
Total expenditures	2,916,291	96,820	3,013,111
Excess (deficiency) of revenues over (under) expenditures	(1,669,989)	702,248	(967,741)
OTHER FINANCING SOURCES (USES)			
Transfer in	1,807,117	-	1,807,117
Transfer (out)	(141,173)	(190,382)	(331,555)
Total other financing sources (uses)	1,665,944	(190,382)	1,475,562
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,045)	511,866	507,821
Fund balance - beginning	9,955,862	3,335,607	13,291,469
Prior period adjustment - error correction	32,402	-	32,402
Fund balance - beginning, restated	9,988,264	3,335,607	13,323,871
Fund balance - ending	$ 9,984,219	$ 3,847,473	$ 13,831,692

CITY OF INGLESIDE, TEXAS

INGLESIDE DEVELOPMENT CORPORATION FUND
COMPARATIVE BALANCE SHEETS

September 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and investments	$ 3,767,212	$ 2,844,760
Sales tax receivable	80,261	78,224
Total assets	$ 3,847,473	$ 2,922,984
LIABILITIES		
Accounts payable	$ -	$ 575
Total liabilities	-	575
FUND BALANCES		
Restricted for promotions	491,564	411,657
Restricted for economic development	3,355,909	2,510,752
Total fund balances	3,847,473	2,922,409
Total liabilities and fund balances	$ 3,847,473	$ 2,922,984

CITY OF INGLESIDE, TEXAS

INGLESIDE DEVELOPMENT CORPORATION FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the year ended September 30, 2025 and 2024)

	2025				2024
	Budgeted Amounts			Final Budget	
	Original	Final	Actual	Variance	Actual
REVENUES					
Sales tax	$ 400,000	$ 400,000	$ 645,325	$ 245,325	$ 487,522
Interest	111,817	111,817	153,743	41,926	163,956
Miscelaneous	3,636	3,636	-	(3,636)	-
Total revenues	515,453	515,453	799,068	283,615	651,478
EXPENDITURES					
Advertising and training, development	221,000	221,000	24,670	196,330	33,761
Grants	75,000	75,000	29,194	45,806	13,100
Capital outlay	-	580,000	42,956	(537,044)	-
Total expenditures	296,000	876,000	96,820	(294,908)	46,861
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	219,453	(360,547)	702,248	1,062,795	604,617
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(51,545)	(51,545)	(190,382)	(138,837)	(463,198)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	167,908	(412,092)	511,866	923,958	141,419
FUND BALANCE - beginning of year	3,335,607	3,335,607	3,335,607	-	2,780,990
FUND BALANCE - end of year	$ 3,503,515	$ 2,923,515	$ 3,847,473	$ 923,958	$ 2,922,409

City Of Ingleside

CITY OF INGLESIDE, TEXAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

September 30, 2025

	Hotel-Motel Tax Fund	Assets Seizures and Forfeitures	Rolling Stock Major Equipment Reserve Fund
ASSETS			
Cash and investments	$ 1,351,482	$ 63,062	$ 3,768,816
Receivables:			
Sales tax receivable	33,884	-	-
Other	-	-	-
Prepaid expenses	-	-	63,660
Total assets	$ 1,385,366	$ 63,062	$ 3,832,476
LIABILITIES			
Accounts payable	$ -	$ -	$ 110,031
Total liabilities	-	-	110,031
FUND BALANCES			
Restricted:			
Public safety and public works	-	63,062	3,722,445
Tourism and development	1,385,366	-	-
Total fund balances	1,385,366	63,062	3,722,445
Total liabilities and fund balances	$ 1,385,366	$ 63,062	$ 3,832,476

Cove Park Tourism Fund	Street Maintenance Tax Fund	Street Reconstruction Fund	Houghton Capital Projects Fund	Total Nonmajor Governmental Funds
$ 116,972	$ 2,530,233	$ 3,955	$ 2,090,177	$ 9,924,697
-	80,261	-	-	114,145
-	-	120	-	120
-	-	-	-	63,660
$ 116,972	$ 2,610,494	$ 4,075	$ 2,090,177	$ 10,102,622
$ -	$ 8,372	$ -	$ -	$ 118,403
-	8,372	-	-	118,403
-	2,602,122	4,075	2,090,177	8,481,881
116,972	-	-	-	1,502,338
116,972	2,602,122	4,075	2,090,177	9,984,219
$ 116,972	$ 2,610,494	$ 4,075	$ 2,090,177	$ 10,102,622

CITY OF INGLESIDE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the year ended September 30, 2025

	Hotel-Motel Tax Fund	Assets Seizures and Forfeitures	Rolling Stock Major Equipment Reserve Fund
REVENUES			
Taxes	$ 214,169	$ -	$ -
Asset seizures and forfeitures	-	-	-
Interest	62,573	2,159	126,667
Total revenues	276,742	2,159	126,667
EXPENDITURES			
Current:			
Tourism/chamber support	214,850	-	-
Parks	-	-	-
Police	-	-	-
Public works	-	-	167,762
Capital outlay	-	-	2,116,619
Total expenditures	214,850	-	2,284,381
Excess (deficiency) of revenues over (under) expenditures	61,892	2,159	(2,157,714)
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	1,786,026
Transfer (out)	(141,173)	-	-
Total other financing sources (uses)	(141,173)	-	1,786,026
Excess (deficiency) of revenues and other sources over expenditures and other uses	(79,281)	2,159	(371,688)
Fund balance - beginning	1,432,245	60,903	4,094,133
Prior period adjustment - error correction	32,402	-	-
Fund balance - beginning, restated	1,464,647	60,903	4,094,133
Fund balance - ending	$ 1,385,366	$ 63,062	$ 3,722,445

Cove Park Tourism Fund	Street Maintenance Tax Fund	Street Reconstruction Fund	Houghton Capital Projects Fund	Total Nonmajor Governmental Funds
$ -	$ 645,325	$ -	$ -	$ 859,494
-	-	-	-	-
-	116,071	115	79,223	386,808
-	761,396	115	79,223	1,246,302
-	-	-	-	214,850
-	-	-	-	-
-	-	-	-	-
-	-	-	-	167,762
106,071	310,989	-	-	2,533,679
106,071	310,989	-	-	2,916,291
(106,071)	450,407	115	79,223	(1,669,989)
21,091	-	-	-	1,807,117
-	-	-	-	(141,173)
21,091	-	-	-	1,665,944
(84,980)	450,407	115	79,223	(4,045)
201,952	2,151,715	3,960	2,010,954	9,955,862
-	-	-	-	32,402
201,952	2,151,715	3,960	2,010,954	9,988,264
$ 116,972	$ 2,602,122	$ 4,075	$ 2,090,177	$ 9,984,219

CITY OF INGLESIDE, TEXAS

PROPRIETARY FUNDS – UTILITY FUNDS
COMPARATIVE STATEMENTS OF NET POSITION

September 30, 2025 and 2024

	Utility Fund 50	Utility Water Capital Fund 51	Utility Rolling Stock Fund 52	Impact Fees Fund 54	WW Treatment Plant Fund 56	2025 Total	2024 Total
ASSETS							
Current assets:							
Cash and investments	$ 6,840,150	$ 16,585,436	$ 1,043,110	$ 1,772,507	$ 3,139,182	$ 29,380,385	$ 7,630,077
Receivables and allowances							
Water and wastewater billings	547,894	-	-	-	-	547,894	587,063
Assessments	9,449	-	-	-	-	9,449	9,449
Other	303,006	66,389	-	-	-	369,395	226,741
Allowance for uncollectible accounts	-	-	-	-	-	-	(117,232)
Pension asset	108,336	-	-	-	-	108,336	55,125
Prepaid items	4,980	-	-	-	-	4,980	70,233
Inventory	217,337	-	-	-	-	217,337	84,930
Due from other funds	-	571,199	-	-	-	571,199	2,308,704
Total current assets	8,031,152	17,223,024	1,043,110	1,772,507	3,139,182	31,208,975	10,855,090
Non-current assets:							
Cash and cash investments:							
Revenue bond - construction	-	23,378,121	-	-	-	23,378,121	22,420,693
Meter deposit funds	217,415	-	-	-	-	217,415	213,570
Total non-current assets	217,415	23,378,121	-	-	-	23,595,536	22,634,263
Capital assets:							
Land	329,484	-	-	-	-	329,484	329,484
Construction in progress	-	3,123,351	-	-	-	3,123,351	5,423,261
Infrastructure	-	4,399,030	-	-	-	4,399,030	571,199
Buildings	475,079	-	-	-	-	475,079	475,079
Water system	10,096,719	-	-	-	-	10,096,719	10,096,719
Sewer system	20,749,783	-	40,149	-	-	20,789,932	20,789,932
Vehicles	1,781,973	-	-	-	-	1,781,973	1,836,969
Furniture and equipment	328,948	-	-	-	-	328,948	328,948
Total capital assets	33,761,986	7,522,381	40,149	-	-	41,324,516	39,851,591
Less accumulated depreciation	(23,666,127)	-	(2,007)	-	-	(23,668,134)	(23,007,381)
Net capital assets	10,095,859	7,522,381	38,142	-	-	17,656,382	16,844,210
Total assets	18,344,426	48,123,526	1,081,252	1,772,507	3,139,182	72,460,893	50,333,563
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows	77,609	-	-	-	-	77,609	192,512
Deferred outflows - OPEB	4,221	-	-	-	-	4,221	6,509
Deferred outflows - OPEB Health	689	-	-	-	-	689	394
Total deferred outflows of resources	82,519	-	-	-	-	82,519	199,415

(continued)

CITY OF INGLESIDE, TEXAS

PROPRIETARY FUNDS – UTILITY FUNDS
COMPARATIVE STATEMENTS OF NET POSITION

September 30, 2025 and 2024

	Utility Fund 50	Utility Water Capital Fund 51	Utility Rolling Stock Fund 52	Impact Fees Fund 54	WW Treatment Plant Fund 56	2025 Total	2024 Total
LIABILITIES							
Current liabilities:							
Accounts payable	$ 296,108	$ 36,887	$ -	$ -	$ 1,462,634	$ 1,795,629	$ 221,563
Accrued liabilities	2,343	-	-	-	-	2,343	2,343
Accrued interest	-	353,851	-	-	-	353,851	-
Compensated absences	27,756	-	-	-	-	27,756	31,145
Current portion of revenue bonds payable	-	810,018	-	-	-	810,018	615,000
Customer meter deposits	217,415	-	-	-	-	217,415	213,570
Due to other funds	571,199	-	-	-	-	571,199	2,308,704
Total current liabilities	1,114,821	1,200,756	-	-	1,462,634	3,778,211	3,392,325
Long-term liabilities:							
Revenue bonds payable	-	37,985,518	-	-	-	37,985,518	20,495,000
Net pension liability - OPEB	39,203	-	-	-	-	39,203	39,338
Net pension liability - OPEB Health	51,252	-	-	-	-	51,252	26,521
Total long-term liabilities	90,455	37,985,518	-	-	-	38,075,973	20,560,859
Total liabilities	1,205,276	39,186,274	-	-	1,462,634	41,854,184	23,953,184
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	80,025	-	-	-	-	80,025	16,290
Deferred inflows related to OPEB	12,263	-	-	-	-	12,263	15,467
Deferred inflows related to OPEB Health	3,489	-	-	-	-	3,489	700
Total deferred inflows of resources	95,777	-	-	-	-	95,777	32,457
NET POSITION							
Invested in capital assets	10,095,859	-	38,142	-	-	10,134,001	10,810,605
Committed for:							
Reserve 5% water/sewer increase	3,403,494	-	-	-	-	3,403,494	3,403,494
Resolution 25%	1,095,516	-	-	-	-	1,095,516	1,094,055
Restricted for:							
Capital projects, rolling stock and impact fees	-	6,937,252	1,043,110	1,772,507	1,676,548	11,429,417	9,179,332
Meter project	-	2,000,000	-	-	-	2,000,000	1,359,948
Unrestricted	2,531,023	-	-	-	-	2,531,023	699,903
Total net position	$ 17,125,892	$ 8,937,252	$ 1,081,252	$ 1,772,507	$ 1,676,548	$ 30,593,451	$ 26,547,337

CITY OF INGLESIDE, TEXAS

UTILITY FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES – BY FUND

For the year ended September 30, 2025
(with comparative totals for 2024)

	Utility Fund 50	Utility Water Capital Fund 51	Utility Rolling Stock Fund 52	Impact Fees Fund 54	WW Treatment Plant Fund 56	2025 Total	2024 Total
OPERATING REVENUES							
Charges for services:							
Water sales	$ 3,671,580	$ -	$ -	$ -	$ -	$ 3,671,580	$ 3,524,986
Sewer sales	3,222,573	-	-	-	-	3,222,573	2,700,338
Water taps	7,860	-	-	-	-	7,860	8,470
Sewer taps	10,544	-	-	-	-	10,544	14,370
Total charges for services	6,912,557	-	-	-	-	6,912,557	6,248,164
Other fees and charges:							
Delinquent account penalties	123,791	-	-	-	-	123,791	110,215
Water reimbursement	-	-	-	-	-	-	-
Other	129,019	-	-	-	-	129,019	112,770
Total other fees and charges	252,810	-	-	-	-	252,810	222,985
Total operating revenues	7,165,367	-	-	-	-	7,165,367	6,471,149
OPERATING EXPENSES							
Personnel costs	1,451,686	-	-	-	-	1,451,686	1,284,299
Contracted services	45,881	-	-	-	-	45,881	56,008
Supplies	212,128	-	-	-	-	212,128	119,492
Maintenance	231,673	-	-	-	-	231,673	179,299
Other operating expenses	711,118	-	124	-	-	711,242	636,006
Water purchased	1,161,019	-	-	-	-	1,161,019	1,249,980
Depreciation and amortization	714,746	-	1,004	-	-	715,750	856,981
Total operating expenses	4,528,251	-	1,128	-	-	4,529,379	4,382,065
Net operating income	2,637,116	-	(1,128)	-	-	2,635,988	2,089,084
NON-OPERATING REVENUES (EXPENSES)							
Impact fees	-	-	-	55,698	-	55,698	36,483
Gain on disposal of capital assets	5,133	5,952	-	-	-	11,085	-
Interest income	252,147	1,014,962	30,371	86,121	91,446	1,475,047	1,506,670
Interest and fiscal charges	-	(696,764)	-	-	-	(696,764)	(322,350)
Net non-operating revenues (expenses)	257,280	324,150	30,371	141,819	91,446	845,066	1,220,803
Income before transfers	2,894,396	324,150	29,243	141,819	91,446	3,481,054	3,309,887
TRANSFERS							
Transfers in	528,439	2,474,255	330,000	-	-	3,332,694	3,272,350
Transfers (out)	(2,305,000)	-	-	-	(462,634)	(2,767,634)	(3,100,000)
Total transfers in (out)	(1,776,561)	2,474,255	330,000	-	(462,634)	565,060	172,350
Change in net position	1,117,835	2,798,405	359,243	141,819	(371,188)	4,046,114	3,482,237
NET POSITION - BEGINNING	16,008,057	6,138,847	722,009	1,630,688	2,047,736	26,547,337	23,090,126
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	(25,026)
NET POSITION - BEGINNING (RESTATED)	16,008,057	6,138,847	722,009	1,630,688	2,047,736	26,547,337	23,065,100
NET POSITION - ENDING	$ 17,125,892	$ 8,937,252	$ 1,081,252	$ 1,772,507	$ 1,676,548	$ 30,593,451	$ 26,547,337

CITY OF INGLESIDE, TEXAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the year ended September 30, 2025

Function and Activity	Total	General Government	Public Safety	Public Works	Cultural and Recreational
Land	$ 3,954,478	$ 1,400,593	$ 86,936	$ 226,420	$ 2,240,529
Buildings and improvements	10,555,602	1,318,829	1,548,652	327,828	7,360,293
Machinery and equipment	17,409,840	488,786	7,073,086	6,193,139	3,654,829
Furniture and fixtures	2,450,371	335,733	73,993	1,354,548	686,097
Infrastructure	28,829,181	-	-	28,829,181	-
Construction in progress	1,041,146	-	-	540,313	500,833
SBITA - right of use	103,048	103,048	-	-	-
Total governmental funds capital assets	$ 64,343,666	$ 3,646,989	$ 8,782,667	$ 37,471,429	$ 14,442,581

City Of Ingleside

STATISTICAL SECTION

CITY OF INGLESIDE, TEXAS

GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year		General Government and Administration	Cultural and Recreational	Public Safety	Public Works	Economic Development	Interest and Fiscal Charges
2016		$ 1,879,570	$ 1,056,780	$ 2,239,522	$ 2,555,167	$ 698,756	$ 340,395
2017		2,388,323	1,101,793	1,676,018	5,721,769	713,634	325,180
2018		2,954,939	1,262,111	1,011,100	4,745,212	377,061	337,412
2019		3,424,021	1,351,605	4,041,309	1,035,754	267,900	351,127
2020		4,572,702	1,202,107	3,768,403	4,669,573	212,679	650,387
2021		3,799,210	2,109,607	2,771,097	2,663,319	470,728	440,905
2022	*	5,984,292	1,188,833	2,402,531	5,781,113	864,088	665,951
2023		4,477,534	349,297	4,701,963	4,688,127	253,667	523,174
2024		5,398,499	1,493,666	4,817,071	3,539,269	183,698	470,974
2025		6,239,583	2,005,232	5,673,125	3,879,449	214,850	837,066

* includes transfers out

Source: Current year government wide financials

TABLE 1

Water and Sewer	Total
$ 3,752,124	$ 12,522,314
3,457,596	15,384,313
3,374,655	14,062,490
3,989,524	14,461,240
4,314,557	19,390,408
3,938,602	16,193,468
4,327,450	21,214,258
4,376,220	19,369,982
4,704,415	20,607,592
5,226,143	24,075,448

CITY OF INGLESIDE, TEXAS

GOVERNMENT-WIDE REVENUES
LAST TEN FISCAL YEARS

TABLE 2

Fiscal Year	Program Revenues		General Revenues			
	Fees, Fines, Charges and For Services	Capital Grants and Contributions	Taxes	Investment Earnings	Other	Total
2016	$ 5,280,994	$ 500,559	$ 6,770,973	$ 26,029	$ 2,242,489	$ 14,821,044
2017	5,165,482	112,319	8,823,225	85,320	498,351	14,684,697
2018	5,449,214	3,878,023	11,275,676	174,256	1,311,369	22,088,538
2019	5,696,805	481,505	12,713,678	314,053	2,890,478	22,096,519
2020	7,126,494	74,082	13,938,179	218,109	2,348,283	23,705,147
2021	6,660,642	450,535	13,834,202	72,807	1,093,051	22,111,237
2022	6,902,834	492,495	15,011,366	279,382	5,268,588	27,954,665
2023	7,124,821	988,552	16,183,032	1,877,299	1,619,121	27,792,825
2024	8,280,405	3,731,106	21,551,106	5,013,355	1,263,330	39,839,302
2025	8,870,817	564,403	22,028,866	1,901,999	2,413,238	35,779,323

CITY OF INGLESIDE, TEXAS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 3

Fiscal Year	General Administration	Public Safety	Public Works	Culture and Recreation	Economic Development	Debt Service	Capital Outlay	Total
2016	$ 1,913,612	$ 2,900,123	$ 2,006,217	$ 1,065,459	$ 653,400	$ 656,812	$ -	$ 9,195,623
2017	2,427,413	2,971,052	5,551,151	1,110,472	738,250	1,170,922	-	13,969,260
2018	2,934,801	2,743,457	7,388,968	1,123,626	107,113	1,590,043	-	15,888,008
2019	3,558,498	3,060,601	6,116,548	1,214,530	151,128	1,608,061	-	15,709,366
2020	5,396,273	3,630,979	4,617,503	1,056,737	88,841	1,415,421	-	16,205,754
2021	3,680,952	4,123,388	4,057,439	1,882,821	337,245	1,910,225	-	15,992,070
2022	3,523,525	4,490,289	8,370,867	907,597	735,106	3,066,521	-	21,093,905
2023	4,462,518	4,271,025	8,999,487	2,057,856	253,667	1,933,174	-	21,977,727
2024	6,635,615	4,684,181	10,784,344	1,788,561	183,698	2,988,897	-	27,065,296
2025	5,425,562	4,636,100	3,286,214	1,675,314	53,864	4,569,603	4,964,597	24,611,254

CITY OF INGLESIDE, TEXAS

GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

TABLE 4

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental	Charges for Services	Fines and Penalties	Other	Total
2016	$ 6,704,597	$ 194,743	$ 500,559	$ 1,041,144	$ 165,607	$ 2,073,775	$ 10,680,425
2017	8,760,402	198,612	112,319	1,057,382	150,707	385,058	10,664,480
2018	11,206,173	321,088	3,878,023	1,112,261	140,135	1,017,072	17,674,752
2019	12,610,036	603,973	481,505	1,171,439	145,312	2,386,444	17,398,709
2020	13,858,797	1,315,162	74,082	1,225,497	152,598	784,395	17,410,531
2021	13,739,333	302,272	450,535	1,260,861	238,330	552,316	16,543,647
2022	14,924,325	304,042	492,495	1,308,020	264,762	855,593	18,149,237
2023	16,183,030	363,150	988,552	1,419,398	776,702	1,968,643	21,699,475
2024	21,009,581	408,819	3,731,106	1,809,256	564,375	3,760,338	31,283,475
2025	21,951,156	244,661	553,318	1,705,450	388,685	197,068	25,040,338

CITY OF INGLESIDE, TEXAS

ASSESSED VALUATIONS, TAX LEVIES, AND TAX RATE DISTRIBUTIONS
LAST TEN FISCAL YEARS

TABLE 5

Tax Roll Year	Assessed Values	Tax Rate Per $100	Tax Levy	Collection Ratios	
				Current	Total
2015	$ 902,925,422	0.6025	$ 5,819,761	99.78%	99.78%
2016	1,059,826,025	0.6025	6,385,452	100.36%	99.72%
2017	1,096,243,332	0.607653	6,609,329	98.26%	99.70%
2018	1,124,090,118	0.682515	6,779,027	98.61%	99.69%
2019	1,212,978,304	0.664422	8,279,288	98.45%	99.68%
2020	1,436,204,153	0.664422	9,552,452	98.28%	99.71%
2021	1,547,401,698	0.664422	10,282,689	99.00%	99.66%
2022	2,058,330,180	0.539547	11,106,887	98.77%	99.49%
2023	2,336,239,016	0.642061	14,981,099	98.73%	99.30%
2024	2,369,612,429	0.642061	15,156,527	98.65%	98.65%

Tax Roll Year	General Fund	Debt Service Fund	Total Tax Rate
2015	0.43100	0.17150	0.60250
2016	0.42816	0.17434	0.60250
2017	0.43080	0.17170	0.60250
2018	0.43383	0.17382	0.60765
2019	0.52165	0.16087	0.68252
2020	0.50811	0.15631	0.66442
2021	0.46680	0.19763	0.66442
2022	0.42291	0.11663	0.53955
2023	0.45769	0.18437	0.64206
2024	0.44077	0.20130	0.64206

CITY OF INGLESIDE, TEXAS

ASSESSED AND ESTIMATED MARKET VALUES OF TAXABLE PROPERTY
LAST TEN YEARS

TABLE 6

Year	Values	Market Values	Market Values
2015	$ 598,489,421	$ 687,735,980	87.0%
2016	901,438,164	1,144,490,637	78.8%
2017	1,059,826,025	1,059,826,025	100.0%
2018	1,096,243,332	1,096,243,332	100.0%
2019	1,124,090,118	1,124,090,118	100.0%
2020	1,212,978,304	1,212,978,304	100.0%
2021	1,436,204,153	1,698,697,160	84.5%
2022	1,872,782,856	2,379,699,917	78.7%
2023	2,058,330,180	2,628,218,346	78.3%
2024	2,369,612,429	3,028,004,261	78.3%

CITY OF INGLESIDE, TEXAS

SCHEDULE OF TAXES LEVIED, COLLECTED, AND RECEIVABLE
LAST TEN FISCAL YEARS

TABLE 7

Levy Year	Taxes Receivable Oct. 1, 2024	Tax Levy	Net Supplements and Adjustments	Collections	Taxes Receivable Sept. 30, 2025
2015 & prior	$ 129,728	$ -	$ -	$ (1,221)	$ 130,949
2016	19,798	-	-	6,719	13,079
2017	21,566	-	-	1,752	19,814
2018	21,615	-	-	681	20,934
2019	29,400	-	-	3,066	26,334
2020	34,496	-	3	6,643	27,856
2021	43,162	-	132	8,518	34,776
2022	70,422	-	(3,608)	10,077	56,737
2023	189,529	-	1,948	87,011	104,466
2024	-	13,766,334	1,390,193	14,951,438	205,089
Totals	$ 559,716	$ 13,766,334	$ 1,388,668	$ 15,074,684	$ 640,034

CITY OF INGLESIDE, TEXAS

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET DEBT PER CAPITA LAST TEN FISCAL YEARS

TABLE 8

Fiscal Year	Population	Net Taxable Assessed Value	Gross Bonded Debt	Less Sinking Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2016	9,758	$ 901,438,164	$ 9,350,000	$ 3,892	$ 9,346,108	1.04%	$ 958
2017	10,488	1,059,826,025	9,430,000	45,366	9,384,634	0.89%	895
2018	10,192	1,031,318,254	9,644,000	131,280	9,523,720	0.92%	934
2019	10,192	1,124,090,118	11,150,000	177,470	10,972,530	0.98%	1,077
2020	10,192	1,212,978,304	16,380,000	445,674	15,934,326	1.31%	1,563
2021	10,192	1,436,204,153	14,880,000	432,009	14,447,991	1.01%	1,418
2022	10,106	1,547,401,698	19,390,000	927,577	18,462,423	1.19%	1,827
2023	10,147	2,142,429,206	17,980,000	1,295,406	16,684,594	0.78%	1,644
2024	10,262	2,336,239,016	15,520,000	1,731,080	13,788,920	0.59%	1,344
2025	10,380	2,369,612,429	21,280,000	10,734,878	10,545,122	0.45%	1,016

CITY OF INGLESIDE, TEXAS

PROPERTY TAX RATES-ALL DIRECT AND OVERLAPPIUNG GOVERNMENTS
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

TABLE 9

Tax Roll Year	City of Ingleside	San Patricio County		Independent School District	
		County	Drainage District	Ingleside	Aransas Pass
2016	0.6025	0.4600	0.0541	1.0800	1.0714
2017	0.6077	0.4919	0.0579	1.0950	1.2224
2018	0.6077	0.5163	0.0654	1.1660	1.3610
2019	0.6825	0.5163	0.0696	1.0775	1.1600
2020	0.6644	0.5056	0.0655	1.0640	1.1115
2021	0.6644	0.4952	0.0613	0.9610	1.0085
2022	0.6644	0.4952	0.0599	0.9610	1.0085
2023	0.5395	0.4781	0.0535	0.9781	0.9911
2024	0.6421	0.4416	0.0492	0.8027	0.8088
2025	0.6421	0.4416	0.0551	0.8258	0.8088

CITY OF INGLESIDE, TEXAS

COMPUTATION OF LEGAL DEBT MARGIN
September 30, 2024

TABLE 10

As a Home Rule Charter City, the amount of debt, which can be issued by the City of Ingleside, Texas is not limited by law.

Under Article XI, Section 5 of the State of Texas Constitution and the City Charter, the maximum tax rate for all purposes is $2.50 per $100 of assessed valuation. Within this $2.50 maximum, there is no legal limit upon the amount of taxes which can be levied for debt service.

Taxable assessed value, 2024 tax roll	$ 2,336,239,016
Maximum tax rate per $100 assessed valuation	x 2.50
Maximum available assessed tax revenue for all purposes including debt service	58,405,975
Actual amount expended for general obligation debt service during the year ended September 30, 2025	$ 3,795,000

CITY OF INGLESIDE, TEXAS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
September 30, 2024

TABLE 11

Name of Governmental Unit		Net Bonded Debt Outstanding Amount	Applicable to City of Ingleside Percent	Applicable to City of Ingleside Amount
City of Ingleside		$ 13,788,920	100.00%	$ 13,788,920
Counties:				
San Patricio County at 12/31/2024	*	92,235,000	10.10%	9,315,735
School Districts at 8/31/25:				
Ingleside ISD 205-903	**	59,190,000	34.16%	20,219,304
Aransas Pass 205-901	**	12,860,000	1.56%	200,616
Special Districts at 08/31/25:				
Water District	**	15,225,000	5.12%	779,520
SPC Drainage District	**	-	0.00%	-
Total Direct and Overlapping Debt		$193,298,920		$ 44,304,095

Note:

* information is per San Patricio County Annual Comprehensive Financial Report for year ended 12/31/2024

** information is per Texas Bond Review Board data

CITY OF INGLESIDE, TEXAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR ALL LONG-TERM DEBT TO GENERAL GOVERNMENTAL EXPENDITURES
OF ALL GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
LAST TEN FISCAL YEARS

TABLE 12

Fiscal Year	Principal	Interest and Other	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures
2016	$ 405,000	$ 251,812	$ 656,812	$ 9,195,624	7.14%
2017	920,000	250,922	1,170,922	13,969,260	8.38%
2018	1,310,000	280,042	1,590,042	15,888,008	10.01%
2019	1,305,000	303,061	1,608,061	15,709,366	10.24%
2020	1,280,000	135,420	1,415,420	16,205,754	8.73%
2021	1,500,000	410,225	1,910,225	15,992,069	11.94%
2022	2,500,000	566,521	3,066,521	21,093,904	14.54%
2023	1,410,000	523,174	1,933,174	21,977,728	8.80%
2024	2,492,900	495,907	2,988,807	27,065,296	11.04%
2025	3,829,330	740,273	4,569,603	24,611,254	18.57%

CITY OF INGLESIDE, TEXAS

REVENUE BOND COVERAGE - WATER AND SEWER BONDS
LAST TEN FISCAL YEARS

TABLE 13

Year Ended	Operating Income	Operating Expenses	Net Operating Income(Loss)*	Bond Debt Requirement	Coverage Ratio
9/30/2016	$ 4,074,242	$ 2,924,339	$ 1,149,903	$ 493,583	2.33%
9/30/2017	3,957,393	2,627,231	1,330,162	484,258	2.75%
9/30/2018	4,196,818	2,514,360	1,682,458	467,371	3.60%
9/30/2019	4,380,054	3,103,157	1,276,897	423,066	3.02%
9/30/2020	5,748,400	3,430,777	2,317,623	504,696	4.59%
9/30/2021	5,161,451	3,051,618	2,109,833	424,743	4.97%
9/30/2022	5,330,052	3,440,466	1,889,587	402,581	4.69%
9/30/2023	5,705,423	4,376,220	1,329,203	932,029	2.42%
9/30/2024	6,471,149	4,382,065	2,089,084	936,622	2.23%
9/30/2025	7,165,367	3,813,629	3,351,738	2,158,527	1.55%

* operating expenses and net operating income (loss) are exclusive of depreciation expense and payments in lieu of taxes.

CITY OF INGLESIDE, TEXAS

DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

TABLE 14

Fiscal Year	1 Estimated Population	2 Median Household Income	2 Per Capita Income	2 Median Age	3 Average School Enrollment	4 San Patricio County Unemployment Rate
2016	10,488	$ 51,667	$ 23,145	35.5	2,060	7.60%
2017	10,488	51,667	23,145	35.5	2,060	7.60%
2018	10,242	51,667	26,881	35.5	2,060	5.80%
2019	10,242	58,856	26,881	33.3	1,976	5.30%
2020	10,192	64,877	27,070	32.5	2,136	10.40%
2021	10,192	64,877	27,070	32.5	2,136	10.70%
2022	10,106	63,639	28,309	37.6	1,998	5.70%
2023	10,147	73,191	32,271	36.9	2,023	4.30%
2024	10,262	77,620	33,752	36.4	2,010	4.30%
2025	10,380	77,453	34,154	37.5	2,010	520.00%

1 - Ingleside Census Data
2 - The Retail Coach
3 - Ingleside Independent School District
4 - Texas Workforce Commission

CITY OF INGLESIDE, TEXAS

PRINCIPAL TAXPAYERS
September 30, 2024

TABLE 15

Principal Taxpayer	Type of Property	2024* Assessed Taxable Valuation	Percent of Total
Enbridge Ingleside Oil Terminal	Oil and Gas	$ 765,822,307	32.32%
Kiewit Offshore Services, Ltd.	Oil and Gas	136,093,960	5.74%
Enbridge Ingleside Facilities	Oil and Gas	136,027,690	5.74%
EOG Resources Marketing, LLC.	Oil and Gas	133,815,960	5.65%
Flint Hills Res Ingleside LLC	Oil and Gas	99,301,950	4.19%
Vitol, Inc.	Oil and Gas	54,546,820	2.30%
Conoco Phillips Company	Oil and Gas	47,495,220	2.00%
Conoco Phillips Alaska, Inc.	Oil and Gas	45,686,570	1.93%
Air Liquide America, LP (1)	Oil and Gas	42,378,450	1.79%
Air Liquide America, LP	Oil and Gas	64,348,300	2.72%
Total of Top 10 Taxpayers		1,525,517,227	64.38%
All Other Taxpayers		844,095,202	35.62%
Total Assessed Valuation		$ 2,369,612,429	100.00%

Note:
* - the 2024 tax roll is for the fiscal year ending September 30, 2025.

CITY OF INGLESIDE, TEXAS

INSURANCE AND BOND COVERAGE
September 30, 2025

TABLE 16

POLICY	COVERAGE	EXPIRATION
Texas Municipal League Intergovernmental Risk Risk Pool #8939	$6,000,000 limit, $5,000 deductible, General Liability Actual Cash Value or Agreed Schedule Value $3,000,000 limit, $5,000 deductible, Automobile Liability	October 1, 2026
	Per schedule, Auto Physical Damage	
	$4,000,000 limit, $5,000 deductible, Errors and Omissions	
	$1,442,358 limit, $2,500 deductible, Mobile Equipment	
	$34,831,367 limit. $2,500 deductible, Fire Extended Coverage Vandalism and Malicious Mischief on all City Buildings and Contents	
	Worker's Compensation, limit statutory includes volunteer firefighters, elected and appointed officials	October 1, 2026
	$100,000 limit, no deductible, Public Employee Dishonesty Blanket Bond	
Western Surety Company Issued: January 28, 2026	$10,000 Limit, $0 Deductible, Coverage Form P Blanket Bond, Commercial Crime Coverage	
Western Surety Company Issued: January 29, 2026	$600,000-PE Position Schedule (12), Public Official Position Schedule Bond	
TWIA - Windstorm Mt. Hawley Insurance Co.	$2,500,000 part of $5,000,000,000 1% limit of Total Insurable Per location at the time of loss or damage subject to a minimum of $100,000 per occurrence for all covered perils 3% limit of Total Insurable Per Location at time of loss or damage subject to a minimum of $250,000 Per Occurrence Names Storm	May 26,2026
TWIA - Windstorm Starstone Specialty Insurance Co.	$2,500,000 part of $5,000,000 per occurrence, 50% proportionate share	

CITY OF INGLESIDE, TEXAS

MISCELLANEOUS STATISTICAL DATA
September 30, 2025

TABLE 17

Date of Incorporation	June 18, 1951
Date of City Charter Adoption	November 6, 1979
Form of Government	Council-Manager
Area-Square Miles	18.01
Miles of Streets Paved	73
Fire Protection:	
Number of Stations	1
Number of Employees Full time	0.5
Number of Volunteers	31
Police Protection:	
Number of Stations	1
Number of Employees Full time	34
Cultural and Recreation:	
Parks - Number of Acres	235.7
Number of Playgrounds	5
Number of Swimming Pools	1
Number of Community Centers	1
Number of Senior Citizens Centers	1
Number of Public Libraries	1
Number of Youth Centers	1
Education:	
Number of Schools	4
Number of School Teachers	138
Number of Nurses, Counselors, and Librarians	12
Number of Students	2,359
Average Daily Attendance	2,211
Municipal Water System:	
Number of Customers	3,296
Daily Average Consumption	.973 MGD
Storage Capacity	2.9 M Gallons
Number of Fire Hydrants	295
City Employees	
Full Time	133
Part Time-(FTE 8.9)	9
Seasonal	13
Number of Street Lights	370

CITY OF INGLESIDE, TEXAS

WATER PURCHASES AND SALES
LAST TEN FISCAL YEARS

TABLE 18

Fiscal Year Ended	Gallons Purchased	Gallons Sold	City Usage, Losses, Etc.	Purchased Not Sold
9/30/2016	345,050,000	318,339,000	26,711,000	7.74%
9/30/2017	334,454,000	287,917,800	46,536,200	13.91%
9/30/2018	331,849,000	294,768,500	37,080,500	11.17%
9/30/2019	342,119,000	309,312,175	32,806,825	9.59%
9/30/2020	353,376,000	323,592,000	29,784,000	8.43%
9/30/2021	317,596,000	276,513,900	41,082,100	12.94%
9/30/2022	337,764,000	298,036,600	39,727,400	11.76%
9/30/2023	354,392,000	298,834,300	55,557,700	15.68%
9/30/2024	355,108,000	309,559,900	45,548,100	12.83%
9/30/2025	311,826,000	274,950,400	36,875,600	11.83%

CITY OF INGLESIDE, TEXAS

NUMBER OF ACTIVE ACCOUNTS AT CLOSE OF YEAR
LAST TEN FISCAL YEARS

TABLE 19

Fiscal Year End	Water Accounts	Sewer Accounts
9/30/2016	3,132	2,996
9/30/2017	3,169	3,035
9/30/2018	3,167	3,030
9/30/2019	3,179	3,038
9/30/2020	3,202	3,059
9/30/2021	3,228	3,079
9/30/2022	3,252	3,099
9/30/2023	3,280	3,124
9/30/2024	3,290	3,135
9/30/2025	3,296	3,141

Top Ten Utility Customers	Total Billed
Kiewit Offshore Services	$ 399,547
2032 TX 361, LLC (The Cove Apts.)	304,260
Enbridge Ingleside Terminal	266,970
Contingo Apartments, LLC.	259,641
D4IN, LLC (The Parc at Ingleside)	204,835
BAH Ingleside Village, LLC (Ingleside Village Apts.)	186,853
Ingleside Independent School District	162,263
Juniper Ingleside, LLC (Seaside Landing Apts.)	139,532
2696 Hwy 361, LLC. (Bay City Flats Apts.)	120,478
Ingleside Housing Authority	110,298
Total	$ 2,154,677
Total Water Sales	$ 3,502,006
Total Sewer Sales	3,080,773
Total Sales	$ 6,582,779

City Of Ingleside

COMPLIANCE SECTION

City Of Ingleside

INDEPENDENT AUDITOR'S 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*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ingleside, Texas (the "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 24, 2026.

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.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-II-001 through 2025-II-005 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-II-006 through 2025-II-009 to be significant deficiencies.

7330 San Pedro Ave | Suite 901 | San Antonio, TX 78216 | (210) 341-2581 | Fax: (210) 341-2588 | abipcpa.com

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 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.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Antonio, Texas
March 24, 2026

CITY OF INGLESIDE, TEXAS

FINDINGS AND RECOMMENDATIONS

For the fiscal year ended September 30, 2025

I. Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	X Yes	___ No
• Significant deficiencies identified not considered to be material weaknesses?	X Yes	___ No

II. Financial Statement Findings

Finding 2025-II-001 – Overall (Repeat Finding)
Type of Finding – Material Weakness

Criteria: The general ledger must be timely and accurately maintained, reviewed and reconciled on a monthly basis to provide management with reports that are useful for monitoring operations and to assist in decision making.

Condition/Cause: The City had an ineffective reconciliation process during the fiscal year and ineffective fiscal year end close procedures which resulted in a significant number of misstatements to the general ledger accounts. This in addition to insufficient oversight, resulted in numerous audit adjustment entries to correct the material misstatements identified through audit procedures.

Recommendation: We recommend that the City reconciles the general ledger during the year and at year end to ensure that the accounting function of the City is adequate to meet its financial reporting needs.

Response: City staff will reconcile the general ledger monthly to ensure that the accounting function of the City is adequate to meet its financial needs.

Finding 2025-II-002 – Pooled Cash, Bank Reconciliations, and Investment Accounting
Type of Finding – Material Weakness

Criteria: Bank accounts and investment accounts should be accurately maintained, with timely reconciliations and proper recording of interest and adjustments. Pooled cash should be monitored and allocated correctly to ensure that cash and investment balances in the general ledger and financial statements are complete, accurate, and reliable.

Condition/Cause: The City's pooled cash system and investment accounting were not adequately managed. Bank reconciliations were inconsistent, sometimes combining multiple accounts, and account openings and closings were not properly reflected. Some investment accounts were not updated for interest income or other adjustments.

II. Financial Statement Findings (continued)

Finding 2025-II-002 – Pooled Cash, Bank Reconciliations, and Investment Accounting
Type of Finding – Material Weakness (continued)

Recommendation: The City should implement a formal process to:

- Reconcile each bank account individually and update pooled cash records accurately.
- Ensure investment accounts are timely and properly updated for interest income and other adjustments.
- Document and review account openings, closings, and pooled cash allocations to maintain accurate general ledger balances.

Response: City staff will reconcile all bank accounts individually, update pooled cash and investment accounts for interest and adjustments, and implement procedures to ensure that cash and investment balances are accurately reported in the general ledger and financial statements.

Finding 2025-II-003 – Capital Asset Additions and Disposals (Repeat Finding)
Type of Finding – Material Weakness

Criteria: The City should maintain an up-to-date and accurate schedule of capital assets and accumulated depreciation.

Condition/Cause: The City does not maintain an up-to-date and accurate schedule of capital assets and accumulated depreciation. The City did not identify and record all capital asset additions and disposals to the capital asset schedule during the fiscal year.

Recommendation: We recommend the City utilize a capital asset management system to track all capital assets and accumulated depreciation and to maintain an updated and accurate schedule of capital assets.

Response: City staff will maintain a current, accurate and complete schedule of capital assets.

Finding 2025-II-004 – Unrecorded Debt
Type of Finding – Material Weakness

Criteria: All transactions including debt and related assets, fees and interest should be recorded to the general ledger when they occur.

Condition/Cause: The City issued new debt in October 2024 and June 2025 and the long-term debt, loan origination fees, related bond fund and interest earned were not recorded in the financials.

Recommendation: We recommend that procedures are put in place to ensure that all transactions are correctly recorded at the time of occurrence.

Response: City staff will maintain a current, accurate and complete schedule debt including any new issuances.

II. Financial Statement Findings (continued)

Finding 2025-II-005 – Prior Year Audit Adjustments and Fund Balance Roll-Forward
Type of Finding – Material Weakness

Criteria: Audit adjustments identified in the prior year should be recorded in the financial statements, and fund balances should be accurately rolled forward from the prior year to the current year to ensure the reliability of financial reporting.

Condition/Cause: Prior year audit adjustments were not recorded, and the fund balance roll-forward process was incomplete, resulting in unreconciled differences between beginning and ending fund balances. This caused inaccuracies in the financial statements and reduced management's ability to rely on reported fund balances for decision-making.

Recommendation: The City should ensure that all prior year audit adjustments are recorded in the current year and that fund balances are properly rolled forward and reconciled at year-end. Implementing formal review procedures will help ensure accuracy and completeness of financial reporting.

Response: City staff will promptly record prior year audit adjustments promptly and reconcile fund balances during the year end close process to ensure accurate reporting of beginning and ending balances.

Finding 2025-II-006– Construction Retainage Payable (Repeat Finding)
Type of Finding – Significant Deficiency

Criteria: All accruals should be correctly recorded to the general ledger so that all expenses are captured when incurred.

Condition/Cause: The City did not properly reconcile construction retainage payable at year end. The retainage payable and the associated expense accounts were misstated.

Recommendation: We recommend that the City should have procedures to review and reconcile construction contract activity and properly state retainage payables at year-end.

Response: City staff will adopt and implement policies and procedures to review and reconcile construction contract activity and will properly record retainage.

Finding 2025-II-007 – Grant Revenue and Receivables (Repeat Finding)
Type of Finding – Significant Deficiency

Criteria: For reimbursement grants, revenue should reconcile to expenses and any uncollected revenue should be recorded as accounts receivable.

Condition/Cause: The City did not properly record, and match revenue related to reimbursable expenses for federal and state grants during the fiscal year. Grants receivable and accounts payable in the grant fund were understated.

Recommendation: We recommend the City monitor their grant projects to properly record all grant expenses and to match revenue from reimbursable expenses in the period the expenses are incurred.

Status: City staff will reconcile grant expenses and related revenue to ensure that the grant revenue and receivables are correctly recorded.

II. Financial Statement Findings (continued)

Finding 2025-II-008 – Prepaid Expenses (Repeat Finding)
Type of Finding – Significant Deficiency

Criteria: All transactions including prepaid expenses should be recorded to the general ledger when they occur.

Condition/Cause: The City understated their prepaid insurance and associated expenses.

Recommendation: We recommend the City establish procedures to reconcile the expense accruals at year end to the general ledger accounts. The City should also review expenditures to ensure they are recorded in the proper period.

Response: City staff will establish procedures to reconcile expense accruals to the general ledger and to review expenditures each month to ensure they are recorded in the proper period.

Finding 2025-II-009 – Utility Receivables (Repeat Finding)
Type of Finding – Significant Deficiency

Criteria: Timing should be considered when correctly recording transactions to the general ledger.

Condition/Cause: The City had utility bill dates in October 2025 that were for September 2025 service dates. These amounts should be recorded as receivables at year end.

Recommendation: We recommend the City implement a fiscal year end close reconciliation process that will ensure that all year end accruals are accurate and complete.

Response: City staff will implement a fiscal year end close reconciliation process that will ensure that all year end accruals are accurate and complete.

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CITY OF INGLESIDE, TEXAS

PRIOR YEAR AUDIT FINDINGS

For the fiscal year ended September 30, 2025

Finding 2024-II-001 – Overall
Type of Finding – Material Weakness

Criteria: The general ledger must be timely and accurately maintained, reviewed and reconciled on a monthly basis to provide management with reports that are useful for monitoring operations and to assist in decision making.

Condition/Cause: The City had an ineffective reconciliation process during the fiscal year and ineffective fiscal year end close procedures which resulted in a significant number of misstatements to the general ledger accounts. This in addition to insufficient oversight, resulted in numerous audit adjustment entries to correct the material misstatements identified through audit procedures.

Recommendation: We recommend that the City reconciles the general ledger during the year and at year end to ensure that the accounting function of the City is adequate to meet its financial reporting needs.

Status: This remains a finding, see finding 2025-II-001.

Finding 2024-II-002 – Grant Revenue and Receivables
Type of Finding – Material Weakness

Criteria: For reimbursement grants, revenue should reconcile to expenses and any uncollected revenue should be recorded as accounts receivable.

Condition/*Cause*: The City did not properly record, and match revenue related to reimbursable expenses for federal and state grants during the fiscal year. Grants receivable and accounts payable in the grant fund were understated.

Recommendation: We recommend the City monitor their grant projects to properly record all grant expenses and to match revenue from reimbursable expenses in the period the expenses are incurred.

Status: This remains a finding, see finding 2025-II-007

Finding 2024-II-003 – Capital Asset Additions and Disposals
Type of Finding – Material Weakness

Criteria: The City should maintain an up-to-date and accurate schedule of capital assets and accumulated depreciation.

Condition/*Cause*: The City does not maintain an up-to-date and accurate schedule of capital assets and accumulated depreciation. The City did not identify and record all capital asset additions and disposals to the capital asset schedule during the fiscal year.

Recommendation: We recommend the City utilize a capital asset management system to track all capital assets and accumulated depreciation and to maintain an updated and accurate schedule of capital assets.

Status: This remains a finding, see finding 2025-II-003.

CITY OF INGLESIDE, TEXAS

PRIOR YEAR AUDIT FINDINGS

For the fiscal year ended September 30, 2025

Finding 2024-II-004 – Construction Retainage Payable
Type of Finding – Material Weakness

Criteria: All accruals should be correctly recorded to the general ledger so that all expenses are captured when incurred.

Condition/*Cause*: The City did not properly reconcile construction retainage payable at year-end. The retainage payable and the associated expense accounts were misstated.

Recommendation: We recommend that the City should have procedures to review and reconcile construction contract activity and properly state retainage payables at year-end.

Status: This remains a finding, see finding 2025-II-006.

Finding 2024-II-005 – Prepaid Expenses
Type of Finding – Material Weakness

Criteria: All transactions including prepaid expenses should be recorded to the general ledger when they occur.

Condition/*Cause*: The City understated their prepaid insurance and associated expenses at September 30, 2024.

Recommendation: We recommend the City establish procedures to reconcile the expense accruals at year-end to the general ledger accounts. The City should also review expenditures to ensure they are recorded in the proper period.

Status: This remains a finding, see finding 2025-II-008.

Finding 2024-II-006 – Utility Receivables
Type of Finding – Significant Deficiency

Criteria: Timing should be considered when correctly recording transactions to the general ledger.

Condition/*Cause*: The City had utility bill dates in October 2024 that were for September 2024 service dates. These amounts should be recorded as receivables at year-end.

Recommendation: We recommend the City implement a fiscal year-end close reconciliation process that will ensure that all year-end accruals are accurate and complete.

Status: This remains a finding, see finding 2025-II-009.

Finding 2024-III-001 – Schedule of Expenditures of Federal Awards (SEFA)
Type of Finding – Material Weakness

Criteria: The City is required to properly account for all federal spending and to prepare an accurate and complete SEFA for each fiscal year.

Condition/*Cause*: The Assistant Director of Finance, who is responsible for preparing the SEFA, did not prepare and provide a reconciled SEFA for audit for FY24. During our audit, we were able to assist the Assistant Director of Finance in producing the SEFA after numerous journal entries to the grant fund.

CITY OF INGLESIDE, TEXAS

PRIOR YEAR AUDIT FINDINGS

For the fiscal year ended September 30, 2025

Finding 2024-III-001 – Schedule of Expenditures of Federal Awards (SEFA)
Type of Finding – Material Weakness (continued)

Recommendation: We recommend that the City reviews their grant management policies and procedures. A reconciliation of grant expenses should be completed monthly. In addition, complete and accurate files should be maintained for each grant so that an accurate and complete SEFA can be prepared at year-end that ties to the general ledger.

Status: Single Audit was not required in the current year as federal expenditure did not exceed the $1 million threshold.

City Of Ingleside

Financial Advisory Services
Provided By: