OFFICIAL NOTICE OF SALE, BID FORM
and
PRELIMINARY OFFICIAL STATEMENT

$9,600,000*

CITY OF NEW BRAUNFELS, TEXAS

(Comal and Guadalupe Counties)

Combination Tax and Revenue Certificates of Obligation, Series 2026

The City will NOT designate the Certificates as “QUALIFIED TAX-EXEMPT OBLIGATIONS”

Bids Due
Monday, September 28, 2026
at
11:00 A.M., Central Time

____

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

(this page intentionally left blank)

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

The City will NOT designate the Certificates as "Qualified Tax-Exempt Obligations"

OFFICIAL NOTICE OF SALE

$9,600,000*
CITY OF NEW BRAUNFELS, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BID: The City Council of the City of New Braunfels, Texas (the "City" or "Issuer") is offering for sale at competitive bid $9,600,000* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates").

Bidders must submit bids for the Certificates electronically by internet as described below in "BIDS BY INTERNET".

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 11:00A.M., Central Time ("CDT"), on September 28, 2026. Bidders submitting a bid by internet **shall not be required to submit signed Official Bid Forms prior to the award**. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by no later than 9:00 A.M., CDT, on September 28, 2026 indicating their intent to submit a bid by internet.

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

The official time for the receipt of bids shall be the time maintained by PARITY (or by the financial advisor if there is a problem with the electronic bidding system). All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone 212-849-5021.

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

OPENING OF BIDS: Bids will be opened and publicly read at 11:00 A.M., Central Time, on Monday, September 28, 2026, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the "Financial Advisor") and the City Council shall provide final approval of the award at a City Council meeting later that evening. The Mayor of the City or his representative shall award the Certificates as described in the section entitled "AWARD AND SALE OF THE CERTIFICATES" below.

AWARD AND SALE OF THE CERTIFICATES: By 12:00 P.M. (noon) on the date set for receipt of bids, the Mayor of the City or his representative shall tentatively award the Certificates to the **low qualified bidder (the "Winning Bidder"), as described in the section entitled "CONDITIONS OF SALE – Basis of Award" herein subject to final approval of the City Council which will take action to adopt an ordinance (the "Ordinance")** authorizing the issuance and awarding sale of the Certificates or will reject all bids promptly at a scheduled meeting to commence at 6:00 P.M. Central Time on Monday, September 28, 2026. The City reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

____

* *Preliminary, subject to change. See "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS" herein.*

THE CERTIFICATES

DESCRIPTION OF CERTAIN TERMS OF THE CERTIFICATES: The Certificates will be dated September 15, 2026 (the "Dated Date") and interest on the Certificates shall accrue from the Dated Date and will be payable initially on February 1, 2027, and semiannually on each August 1 and February 1 thereafter until maturity or prior redemption. The Certificates will be issued as fully-registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Certificates will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof within a stated maturity. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.)

MATURITY SCHEDULE

The Certificates will be stated to mature on February 1 in each of the following years in the following amounts:

Stated Maturity	Principal Amount*	Stated Maturity	Principal Amount*
2027	$350,000	2037	$475,000
2028	315,000	2038	495,000
2029	330,000	2039	515,000
2030	345,000	2040	540,000
2031	360,000	2041	565,000
2032	380,000	2042	590,000
2033	395,000	2043	620,000
2034	415,000	2044	645,000
2035	430,000	2045	675,000
2036	450,000	2046	710,000

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE CERTIFICATES: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed $9,600,000. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per bond underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES: Bidders may provide that all of the Certificates be issued as serial maturities or may provide that any two or more consecutive annual principal amounts be combined into one or more term certificates, not to exceed five term certificates (the "Term Certificates").

MANDATORY SINKING FUND REDEMPTION: If the successful bidder designates principal amounts to be combined into one or more "Term Certificates", each such Term Certificate will be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such Term Certificate and continuing on February 1 in each year thereafter until the stated maturity date of that Term Certificate. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table under the caption "THE CERTIFICATES - Maturity Schedule" on page ii of the Notice of Sale. Certificates to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Certificates then subject to such mandatory sinking fund redemption.

The principal amount of the Term Certificates of a stated maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of Term Certificates of like stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

The Official Statement will incorporate the mandatory redemption provisions for the Certificates in the event the successful bidder elects to convert serial maturities into one or more Term Certificates.

OPTIONAL REDEMPTION: The City reserves the right, at its option, to redeem Certificates maturing on or after February 1, 2036, in whole or in part, in principal amount 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 of the redemption as further described in the Preliminary Official Statement.

** Preliminary, subject to change. See "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS" herein.*

AUTHORITY FOR ISSUANCE AND SECURITY FOR PAYMENT: The Certificates are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Chapter 1502, as amended, an ordinance (the "Ordinance") to be adopted by the City Council on September 28, 2026, and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" in the Preliminary Official Statement.)

The Certificates constitute direct obligations of the Issuer payable primarily from an annual ad valorem tax, within the limits prescribed by law, and further secured by a limited pledge (not to exceed $1,000) of the Surplus Revenues of the City's Solid Waste System (the "System"). (See "THE CERTIFICATES - Security for Payment" in the Preliminary Official Statement.)

PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas. In the Ordinance, the City covenants to provide a Paying Agent/Registrar at all times while the Certificates are outstanding, and any Paying Agent/Registrar selected by the City shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Certificates. In the Ordinance the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Security Register to the successor Paying Agent/Registrar.

In the event there is a change in the Paying Agent/Registrar, the City has agreed to notify each registered owner of the Certificates then outstanding by United States mail, first-class postage prepaid, at the address in the Security Register, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

BOOK-ENTRY-ONLY SYSTEM: The City intends to utilize the Book-Entry-Only System of DTC, with respect to the issuance of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.)

PRELIMINARY OFFICIAL STATEMENT AND OTHER TERMS AND COVENANTS IN THE ORDINANCE: Further details regarding the Certificates and certain covenants of the City contained in the Ordinance are set forth in the Preliminary Official Statement to which reference is made for all purposes.

CONDITIONS OF SALE

TYPES OF BIDS AND INTEREST RATES: The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Certificates from the Dated Date of the Certificates to the date of Initial Delivery (defined herein) of the Certificates. **No bid producing a cash premium on the Certificates that results in a dollar price of less than 102% will be considered; provided, however, that any bid is subject to adjustment as described under the caption "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS".** Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Certificates (calculated in the manner required by Texas Government Code, Chapter 1204, as amended) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 200 basis points (or 2% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Certificates of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

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

In order to provide the City and its consultants with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Initial Purchaser will be required to provide the City (on or before the 10th business day prior to the delivery of the Certificates) with a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ESTABLISHING THE ISSUE PRICE FOR THE CERTIFICATES: The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal Certificates), which require, among other things, that the City receives bids from at least three underwriters of municipal Certificates who have established industry reputations for underwriting new issuances of municipal Certificates (the "Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement, Bids will **not** be subject to cancellation and the winning bidder (i) agrees to promptly report to the City the first prices at which at least 10% of each maturity of the Certificates (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the- offering-price of each maturity of the Certificates that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the City with information that enables it to comply with the establishment of the issue price of the Certificates under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the City or to the City's municipal advisor, SAMCO Capital Markets, Inc. (the "City's Financial Advisor") the appropriate certification as to the Certificates' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions, at least 5 business days before the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale and Bidding Instructions:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party,

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

(iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "Sale Date" means the date that the Certificates are awarded by the City to the winning bidder.

All actions to be taken by the City under this Notice of Sale and Bidding Instructions to establish the issue price of the Certificates may be taken on behalf of the City by the City's Financial Advisor, and any notice or report to be provided to the City may be provided to the City's Financial Advisor.

The City will consider any bid submitted pursuant to this Notice of Sale and Bidding Instructions to be a firm offer for the purchase of the Certificates, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Certificates of that maturity, (B) to promptly notify the winning bidder of any sales of Certificates that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity. Sales of any Certificates to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale and Bidding Instruction.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the City when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "City of New Braunfels, Texas" **in the amount of $192,000 which is 2% of the par value of the Certificates** (the "Good Faith Deposit") is required. The Good Faith Deposit of the Initial Purchaser will be retained uncashed by the Issuer until the Certificates are delivered, and at that time it will be returned to the Initial Purchaser of the Certificates. The above-mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the Issuer prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Certificates has been made. In the event the Initial Purchaser should fail or refuse to take up and pay for the Certificates in accordance with its bid, **or if it is determined after the acceptance of its bid by the City that the Initial Purchaser was found not to satisfy the requirement described below under "FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT" and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then said check shall be cashed and accepted by the City as full and complete liquidated damages**.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:

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

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 - name of the governmental entity (City of New Braunfels, Texas) and (b) item 3 - the identification number assigned to this contract by the City (New Braunfels CO2026) and description of the goods or services (Purchase of the City of New Braunfels, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a non-publicly traded business entity contracting with the City to complete the Disclosure Form electronically at https://www.ethics.state.tx.us/main/file.htm, print, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC's "electronic portal" to the City. The executed Disclosure Form must be sent by email to the City's financial advisor at mmccliney@samcocapital.com and to the City's Bond Counsel at jbfowler@mphlegal.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.

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

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS:

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

(i) No Boycott of Israel (Chapter 2271, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

(ii) Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended): A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Discrimination Against Firearm Entities or Firearm Trade Associations (Chapter 2274, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

(iv) No Boycott of Energy Companies (Chapter 2276, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT:

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

The City will not accept a bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Certificates. If requested by the City, the bidder agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

THE CITY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER FOR ANY REASON. BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE CITY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW. Unless otherwise publicly available on the Municipal Advisory Council of Texas' website, the bidder shall submit a courtesy copy of its standing letter in connection with the submission of its bid.

To the extent the bidder and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE - Good Faith Deposit"). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH THE COVERED VERIFICATIONS SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE CITY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

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

OFFICIAL STATEMENT

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

COMPLIANCE WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION: The Issuer has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Certificates, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the Issuer deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of Rule 15c2-12 of the SEC (the "Rule"), except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Initial Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the Issuer of the initial offering yields of the Certificates.

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

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

COMPLIANCE WITH PRIOR UNDERTAKINGS: During the last five years, the Issuer has complied in all material respects with its previous continuing disclosure agreements made pursuant to the Rule.

OFFICIAL STATEMENT: The Issuer will furnish to the Initial Purchaser, within seven (7) business days after the sale date, an aggregate maximum of fifty (50) copies of the Official Statement (and 50 copies of any addenda, supplement or amendment thereto), together with information regarding interest rates and other terms relating to the reoffering of the Certificates, in accordance with the Rule. The Issuer agrees to provide, or cause to be provided, to the Initial Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in such printed or electronic format may be required for the Initial Purchaser to comply with the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Issuer consents to the distribution of such documents in electronic format. The Initial Purchaser may arrange at its own expense to have the Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Certificates. The Initial Purchaser will be responsible for providing information concerning the Issuer and the Certificates to subsequent purchasers of the Certificates, and the Issuer will undertake no responsibility for providing such information other than to make the Official Statement available to the Initial Purchaser as provided herein. The Issuer's obligation to supplement the Official Statement to correct representations determined to be materially misleading, after the date of the Official Statement, shall terminate upon the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Certificates. The Initial Purchaser by submitting a bid for the Certificates agrees to promptly file the Official Statement with the MSRB. Unless otherwise notified in writing by the Initial Purchaser, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the initial delivery of the Certificates to the Initial Purchaser.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the Issuer learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Certificates, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS – CONDITIONS TO DELIVERY," the Issuer will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the Issuer to do so will terminate on the date specified under "OFFICIAL STATEMENT" above.

CERTIFICATION OF THE OFFICIAL STATEMENT: At the time of payment for and delivery of the Initial Certificates, the Initial Purchaser will be furnished a certificate, executed by proper officials of the Issuer, acting in their official capacity, in the form specified in the Official Statement under the heading "OTHER PERTINENT INFORMATION – Certification of the Official Statement." The Preliminary Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Certificates will be authorized, ratified and approved by the City Council on the date of sale, and the Initial Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the Issuer.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL CERTIFICATE: Initial Delivery will be accomplished by the issuance of one fully registered Certificate, in the aggregate principal amount of $9,600,000*, payable to the Initial Purchaser (the "Initial Certificate"), signed by the Mayor and City Secretary, by their manual or facsimile signatures, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Initial Delivery will be at the designated office of the Paying Agent/Registrar. Upon delivery of the Initial Certificate, it shall be immediately canceled and one definitive certificate for each maturity in the aggregate principal amount of $9,600,000* payable to Cede & Co. will be delivered to DTC in connection with DTC's Book-Entry-Only System. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that the delivery of the Initial Certificate can be made on or about October 28, 2026, but if for any reason the City is unable to make delivery by October 28, 2026, then the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend his obligation to take up and pay for the Certificates an additional 30 days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided that such failure is due to circumstances beyond the City's reasonable control.

DTC DEFINITIVE CERTIFICATES: The Certificates will be issued in book-entry-only form. Cede & Co. is the nominee for DTC. All references herein and in the Official Statement to the holders or registered owners of the Certificates shall mean Cede & Co. and not the beneficial owners of the Certificates. Purchases of beneficial interests in the Certificates will be made in book-entry form in the denomination of $5,000 principal amounts or any integral multiple thereof. Under certain limited circumstances, there may be a cessation of the immobilization of the Certificates at DTC, or another securities depository, in which case, such beneficial interests would become exchangeable for definitive printed obligations of like principal amount.

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

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

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

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

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

---
* *Preliminary, subject to change.*

GENERAL CONSIDERATIONS

RATING: A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Initial Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION – Rating" in the Preliminary Official Statement). An explanation of the significance of such rating, when received, may be obtained from S&P. A rating reflects only the view of such company 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 such a rating will continue for any given period of time, or that it will not be revised downward or withdrawn entirely by the company assigning such rating if, in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

FUTURE DEBT ISSUANCE: The City has issued $1,955,000 Tax Notes, Series 2026 (the "Notes"). The Notes are expected to close on September 23, 2026.

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

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

ADDITIONAL COPIES: Subject to the limitations described under "OFFICIAL STATEMENT" herein, additional copies of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement may be obtained from SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209, Attention: Veronica Alonzo (210-832-9760, *valonzo@samcocapital.com*).

On the date of the sale, the City Council will, in the Ordinance awarding the sale of the Certificates, approve the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Initial Purchaser.

/s/ Michael French
Mayor
City of New Braunfels, Texas

ATTEST:

/s/ Gayle Wilkinson
City Secretary
City of New Braunfels, Texas

(this page intentionally left blank)

OFFICIAL BID FORM

Honorable Mayor and City Council
City of New Braunfels
550 Landa St.
New Braunfels, Texas 78130

September 28, 2026

Ladies and Gentlemen:

Reference is made to your Official Notice of Sale and Preliminary Official Statement dated September 21, 2026, which terms are incorporated by reference to this proposal (and which are agreed to as evidenced by our submission of this bid), we hereby submit the following bid for $9,600,000* City of New Braunfels, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026, dated September 15, 2026 (the "Certificates").

For your legally issued Certificates, as described in said Official Notice of Sale and Preliminary Official Statement, we will pay you a price of $__________ (being a price of no less than 102% of the par value) plus accrued interest from their Dated Date to the date of delivery to us, for Certificates maturing February 1 and bearing interest as follows:

Year of Stated Maturity	Principal Amount as Stated Maturity	Coupon %	Year of Stated Maturity	Principal Amount as Stated Maturity	Coupon %
2027	$ 350,000	____________	2037*	$ 475,000	____________
2028	315,000	____________	2038*	495,000	____________
2029	330,000	____________	2039*	515,000	____________
2030	345,000	____________	2040*	540,000	____________
2031	360,000	____________	2041*	565,000	____________
2032	380,000	____________	2042*	590,000	____________
2033	395,000	____________	2043*	620,000	____________
2034	415,000	____________	2044*	645,000	____________
2035	430,000	____________	2045*	675,000	____________
2036*	450,000	____________	2046*	710,000	____________

**Maturities available for Term Certificates.*

Our calculation (which is not part of this bid) of the interest cost in accordance with the above bid is:

TRUE INTEREST COST ______________________________________%

In the event that the Issuer's Municipal Advisor informs the winning bidder that less than three bids were received for the Certificates, the winning bidder shall promptly report which maturities, if any, will be Hold-the-Price maturities on or before 3 p.m. on the date of the bid opening. See "ESTABLISHING THE ISSUE PRICE FOR THE CERTIFICATES" in this Notice of Sale.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: The City reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Certificates, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Certificates shall not exceed $9,600,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the City to reflect such increase or decrease. The City will attempt to maintain total per Certificate underwriter spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

** Preliminary, subject to change.*

Of the principal maturities set forth in the table above, we have created term certificates as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificates if none is indicated). For those years which have been combined into a term certificate, the principal amount shown in the table above will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date will mature in such year. The term certificates created are as follows:

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

By its acceptance of this bid, we understand the City will provide the copies of the Final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale, and will cooperate to permit the undersigned to comply with Rule 15c2-12 of the Securities and Exchange Commission. The Purchaser by submitting this bid for the Certificates agrees to promptly file the Official Statement when received from the City with the Municipal Securities Rulemaking Board.

The Initial Certificate shall be registered in the name of _________________________________ (Syndicate Manager), which will upon payment for the Certificates, be canceled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System. We will advise DTC of registration instructions at least five business days prior to the date set for Initial Delivery.

Cashier's Check of the ____________________________ Bank, _______________, in the amount of $192,000 which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Notice of Sale. Upon delivery of the Certificates, said check shall be returned to the Initial Purchaser.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds at the Corporate Trust Division, BOKF, NA, Dallas, Texas, not later than 10:00 A.M., Central Time, on Wednesday, September 28, 2026, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale. It will be the obligation of the purchaser of the Certificates to complete and file the DTC Eligibility Questionnaire. The undersigned agrees to the provisions of the Official Notice of Sale under the heading "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" and, as evidenced thereof, agrees to complete, execute, and deliver to the City, by the Delivery Date, a certificate relating to the "issue price" of the Certificates in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the City. (See "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" in the Official Notice of Sale.)

As used in the following verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Official Bid Form shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or Official Notice of Sale, notwithstanding anything in this Official Bid Form or Official Notice of Sale to the contrary.

(i) No Boycott of Israel Verification (Chapter 2271, Texas Government Code, as amended). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

(ii) Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Boycott of Energy Companies (Chapter 2276, Texas Government Code, as amended). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

(iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Chapter 2274, Texas Government Code, as amended). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

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

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the Covered Verifications shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

By submitting this bid, the Purchaser understands and agrees that it must have a standing letter on file with the Texas Attorney General's Office in the form included to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (collectively, the "All Bond Counsel Letter"). In submitting this bid, the Purchaser represents to the City that it has filed a standing letter in the form included in the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Texas Attorney General's Office. The Purchaser hereby further agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the Delivery Date or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter. Unless otherwise publicly available on the Municipal Advisory Council of Texas' website, the Purchaser is submitting a courtesy copy of its standing letter in connection with the submission of its bid.

The Purchaser acknowledges that the City, in its sole discretion, has reserved the right to reject the bid of any bidder.

The Purchaser understands and agrees that to the extent the Purchaser and each syndicate member listed on this Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see "CONDITIONS OF THE SALE - Good Faith Deposit" in the Official Notice of Sale).

NOTWITHSTANDING ANYTHING CONTAINED HEREIN, THE REPRESENTATIONS AND COVENANTS CONTAINED IN THIS OFFICIAL BID FORM SHALL SURVIVE TERMINATION OF THE AGREEMENT OF THE PURCHASER TO PURCHASE THE CERTIFICATES UNTIL THE STATUTE OF LIMITATIONS HAS RUN.

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

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

Bidder: ______________________________

By: ______________________________
Authorized Representative

____
Telephone Number

____
E-mail Address

ACCEPTANCE CLAUSE

THE ABOVE AND FOREGOING BID IS IN ALL THINGS HEREBY ACCEPTED this 28th day of September 2026 by the City Council of the City of New Braunfels, Texas.

ATTEST:

____
Mayor, City of New Braunfels, Texas

____
City Secretary, City of New Braunfels, Texas

$9,600,000*
CITY OF NEW BRAUNFELS, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

ISSUE PRICE CERTIFICATE

(Sales where at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2026 issued by the City of New Braunfels, Texas ("Issuer") in the principal amount of $______ ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

(a) On the first day on which there was a binding contract in writing for the purchase of the Certificates by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Certificates with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Certificates, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates.

(b) The Purchaser had an equal opportunity to bid to purchase the Certificates and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

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

(d) The Purchaser has [___]/has not [___] purchased bond insurance for the Certificates. The bond insurance has been purchased from ___________________________ (the "Insurer") for a fee of $_______ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this ______________.

________________________, as Purchaser
By:_______________________________________
Name:_____________________________________

**Preliminary, subject to change.*

(this page intentionally left blank)

$9,600,000*
CITY OF NEW BRAUNFELS, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

ISSUE PRICE CERTIFICATE

(Sales where **less than 3 bids are received from underwriters**)

The undersigned, as the underwriter or the manager of the syndicate of Underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2026 issued by the City of New Braunfels, Texas ("Issuer") in the principal amount of $______ ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) Other than the Bonds maturing in _______________________ ("Hold-the-Price Maturities"), if any, the first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms ("Maturity") was sold on the Sale Date to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices (the "Initial Offering Prices"), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds ("Sale Date"), the Purchaser offered to the Public each Hold-the-Price Maturity at their respective Initial Offering Prices, as set forth in Schedule A hereto.

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser has [___]/has not [___] purchased bond insurance for the Bonds. The bond insurance has been purchased from __________________________ (the "Insurer") for a fee of $_______ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this ______________.

________________________, as Purchaser
By:_______________________________________
Name:____________________________________

(this page intentionally left blank)

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

(this page intentionally left blank)

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

NEW ISSUE BOOK-ENTRY-ONLY

Rating: S&P "Applied for"
(See "OTHER PERTINENT INFORMATION – Ratings" herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: September 21, 2026

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

$9,600,000*
CITY OF NEW BRAUNFELS, TEXAS
(A political subdivision of the State of Texas located in Comal and Guadalupe Counties)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: September 15, 2026 **Due: February 1, as shown on page 2**

The $9,600,000* City of New Braunfels, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates" or "Obligations") are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Chapter 1502, Texas Government Code, as amended, an ordinance (the "Ordinance") to be adopted on September 28, 2026 by the City Council of the City of New Braunfels, Texas (the "City" or "Issuer") 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 annual ad valorem taxes levied against all taxable property therein, within the limits prescribed by law, and are further secured by a lien on and pledge of the Surplus Revenues of the Issuer's solid waste system (the "System") not to exceed $1,000 as provided in the Ordinance. (See "THE CERTIFICATES - Security for Payment" and "TAX RATE LIMITATIONS" herein.)

Interest on the Certificates will accrue from September 15, 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 in connection with constructing, improving, designing, acquiring, including acquiring land, easements and right of way and equipping the City's, (i) streets and drainage systems, and (ii) the payment of professional services in connection therewith including legal, fiscal and engineering, and the costs of issuing the Certificates. (See "THE CERTIFICATES – Use of Certificate Proceeds" herein.)

SEE FOLLOWING PAGE FOR STATED MATURIITES, 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 (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 McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel.) (See "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" herein). It is expected that the Certificates will be available for delivery through the facilities of DTC on or about October 28, 2026.

BIDS DUE MONDAY, SEPTEMBER 28, 2026 BY 11:00 A.M., CENTRAL TIME

____
*Preliminary, subject to change.

$9,600,000*
CITY OF NEW BRAUNFELS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

STATED MATURITY SCHEDULE*

CUSIP No. Prefix 642526[1]

Due (2/1)	Principal Amount	Interest Rate	Initial Reoffering Yield	CUSIP No. Suffix [1]	Due (2/1)	Principal Amount	Interest Rate	Initial Reoffering Yield	CUSIP No. Suffix [1]
2027	$ 350,000				2037	$ 475,000			
2028	315,000				2038	495,000			
2029	330,000				2039	515,000			
2030	345,000				2040	540,000			
2031	360,000				2041	565,000			
2032	380,000				2042	590,000			
2033	395,000				2043	620,000			
2034	415,000				2044	645,000			
2035	430,000				2045	675,000			
2036	450,000				2046	710,000			

(Interest to accrue from the Dated Date)

The Certificates maturing on or after February 1, 2036 are subject to optional redemption prior to their scheduled maturities at the option of the Issuer, 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 of redemption as further described herein. Additionally, the Purchaser may select certain maturities of the Certificates to be grouped together as a term certificate and such term certificates would be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions" herein.)

____

* Preliminary, subject to change.

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

CITY OF NEW BRAUNFELS TEXAS
550 Landa Street
New Braunfels, Texas 78130
Telephone: (830) 221-4000

ELECTED OFFICIALS

Name	Years Served	Term Expires May
Michael French Mayor Elect	Newly Elected	2029
Lawrence Spradley Mayor Pro Tem/District 4	7	2027
Toni Carter District 1	1	2028
Michael Capizzi District 2	1	2028
D. Lee Edwards District 3	2	2027
Mary Ann Labowski District 5	4	2029
Nikki Shaw District 6 Elect	Newly Elected	2029

ADMINISTRATION

Name	Position	Length of Service With the City (Years)
Robert Camareno	City Manager	18
Jordan Matney	Deputy City Manager	8
Jared Werner	Assistant City Manager	19
Sandy Paulos	Director of Finance	8
Gayle Wilkinson	City Secretary	5
Nathan Brown	Interim City Attorney	1 month

CONSULTANTS AND ADVISORS

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

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

Auditor .... Crowe LLP
Houston, Texas

For Additional Information Please Contact:

Ms. Sandy Paulos
Director of Finance
City of New Braunfels
550 Landa Street
New Braunfels, Texas 78130
Telephone: (830) 221-4000
spaulos@newbraunfels.gov

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

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

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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

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

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

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

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

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

TABLE OF CONTENTS

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

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the 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 New Braunfels, Texas (the "City" or "Issuer") is a municipal corporation, a home rule municipality and a political subdivision of the State of Texas located on Interstate Highway 35, 33 miles northeast of San Antonio. The City operates as a home rule city under the laws of the State of Texas. The 2026 approximate population is 128,000. The City serves as the county seat of Comal County. The economy is primarily based on tourism and manufacturing. (See APPENDIX B - "General Information Regarding the City of New Braunfels, Texas and Comal and Guadalupe Counties, Texas" herein.)
The Certificates	The Certificates are being issued pursuant to the Constitution and laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Chapter 1502, Texas Government Code, as amended, an ordinance (the "Ordinance") to be adopted on September 28, 2026, by the City Council and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Certificates is BOKF, NA, Dallas, Texas.
Security for the Certificates	The Certificates constitute direct and general obligations of the Issuer payable primarily from annual ad valorem taxes levied against all taxable property therein, within the limits prescribed by law, and are further secured by a lien on and pledge of the Surplus Revenues of the Issuer's solid waste system (the "System") not to exceed $1,000 as provided in the Ordinance. (See "THE CERTIFICATES - Security for Payment" and "TAX RATE LIMITATIONS" herein.)
Redemption Provisions	The Issuer reserves the right, at its sole option, to redeem Certificates stated to mature on and after February 1, 2036, on February 1, 2035 or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, at the price of par plus accrued interest to the date fixed for redemption. Additionally, the Purchaser may select certain maturities of the Certificates to be grouped together as a term certificate and such term certificates would be subject to mandatory sinking fund redemption. (See "THE CERTIFICATES - Redemption Provisions" herein.)
Tax Matters	In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof. (See "TAX MATTERS" for a discussion of the Opinion of Bond Counsel and "APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL" herein.)
Use of Proceeds of the Certificates	Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred in connection with constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's: (i) streets and drainage systems, and (ii) the payment of professional services in connection therewith including legal, fiscal and engineering, and the costs of issuing the Certificates. (See "THE CERTIFICATES - Use of Certificate proceeds" herein.)
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York described herein. No physical delivery of the Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner the Certificates may be transferred. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)
Ratings	A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available as soon as possible. (See "OTHER PERTINENT INFORMATION - Ratings" herein.)
Future Debt Issuance	The City has issued $1,955,000 Tax Notes, Series 2026 (the "Notes"). The Notes are expected to close on September 23, 2026.
Payment Record	The City has never defaulted on the payment of its ad valorem tax backed indebtedness.
Delivery	When issued, anticipated on or about October 28, 2026.
Legality	Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas.

(this page intentionally left blank)

PRELIMINARY OFFICIAL STATEMENT
Relating to
$9,600,000*
CITY OF NEW BRAUNFELS, TEXAS
(A political subdivision of the State of Texas located in Comal and Guadalupe Counties)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of New Braunfels, Texas (the "City" or "Issuer") of its $9,600,000* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates" or "Obligations") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas and operates as a home-rule municipality under the statutes and the Constitution of the State of Texas (the "State"). The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Chapter 1502, Texas Government Code, as amended, an ordinance (the "Ordinance") to be adopted on September 28, 2026 by the City Council and the City's Home Rule Charter. (See "THE CERTIFICATES - Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance. Included in this Official Statement are descriptions of the 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 from the Issuer or the Financial Advisor noted on page 3 hereof.

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

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

THE CERTIFICATES

General Description of the Certificates

The Certificates will be dated September 15, 2026 (the "Dated Date"). The Certificates are stated to mature on February 1 in the years and in the principal amounts and will bear interest at per annum rates as set forth on page 2 hereof. The Certificates will be issued only in fully registered form and in denominations of $5,000 or any integral multiple thereof within a stated maturity. The Certificates shall bear interest from the Dated Date on the unpaid principal amounts, and the amount of interest to be paid each payment period shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Certificates will be payable on February 1 and August 1 of each year commencing February 1, 2027 until stated maturity or prior redemption. Principal is payable at the designated office of the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas.

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

Authority for Issuance

The Certificates are being issued pursuant to the Certificate of Obligation Act of 1971, Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, the Ordinance and the City's Home Rule Charter.

Security for Payment

The Certificates constitute direct and general obligations of the Issuer payable primarily from ad valorem taxes levied annually against all taxable property therein, within the limits prescribed by law (See "TAX RATE LIMITATIONS" herein). In addition, the Certificates are further secured by a lien on and pledge of the Surplus Revenues of the Issuer's solid waste system (the "System") not to exceed $1,000 as provided in the Ordinance.

___

*Preliminary, subject to change.

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 in connection with constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's: (i) streets and drainage systems, and (ii) the payment of professional services in connection therewith including legal, fiscal and engineering, and the costs of issuing the Certificates.

SOURCES AND USES OF FUNDS

Sources of Funds		
Par Amount		$
Accrued Interest		
[Net] Original Issue Reoffering Premium		
	Total Sources of Funds	**$**
Uses of Funds		
Deposit to Project Fund		$
Costs of Issuance		
Purchaser's Discount		
Deposit to Certificate Fund		
	Total Uses of Funds	**$**

Redemption Provisions

Optional Redemption: The Issuer reserves the right, at its option, to redeem the Certificates maturing on and after February 1, 2036 on February 1, 2035, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Not less than thirty (30) days prior to a redemption date for the Certificates, the City shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Certificate or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar at the close of business on the 45th day prior to the redemption. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAILED TO RECEIVE SUCH NOTICE. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof which are to be so redeemed. If such notice of redemption is given and any other condition to redemption satisfied, all as provided above, the Certificates or portion thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

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

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 Certificates 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 direct participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates the Issuer has called for redemption will not be governed by the Ordinance and will not be conducted by the Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC direct participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Mandatory Redemption: The Purchaser may select certain maturities of the Certificates to be grouped together as a term certificate and such term certificates would be subject to mandatory sinking fund redemption.

Payment Record

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

Legality

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

Defeasance

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

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

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

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City’s obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the 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 Certificateholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

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

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

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

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

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

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 interest payable to the registered owner of a Certificate on any Interest Payment Date means the fifteenth (15th) day of the month next preceding such Interest Payment Date.

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

Future Registration

The Certificates are initially to be issued utilizing the Book-Entry-Only System of DTC. In the event such Book-Entry-Only System should be discontinued, printed certificates will be issued to the owners of the Certificates and thereafter, the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A 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 designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. New 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 initially utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer or Exchange of Certificates

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

Replacement Certificates

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

BOOK-ENTRY-ONLY SYSTEM

The following 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 DTC (defined below) 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 and the Financial Advisor believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

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

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

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

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or 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, 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, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or 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.

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

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

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

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

Use of Certain Terms in Other Sections of This Official Statement

In reading this Official Statement it should be understood that while the 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, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Effect of Termination of Book-Entry-Only System

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE ISSUER

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

Legal Investments

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

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

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

Investment Policies

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

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

Additional Provisions

Under Texas law, the Issuer is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the Issuer to: (a) receive and review the Issuer's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the Issuer and the business organization that are not authorized by the Issuer’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the Issuer’s entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the Issuer and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Issuer's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer, or other investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement;

(8) restrict the investment in mutual funds in the aggregate to no more than 80% of the Issuer's monthly average fund balance, excluding Certificate proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of Certificate proceeds, reserves and funds held for debt service and to no more than 15% of the Issuer's monthly average fund balance, excluding Certificate proceeds and reserves and other funds held for debt service and further restrict the investment in no-load money market mutual funds of any portion of Certificate proceeds reserves and funds held for debt service to no more than 15% of the entity's monthly average fund balance, excluding Certificate proceeds and reserves and other funds held for debt service; (9) require local government investment pools to confirm to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Issuer.

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

As of August 31, 2026 the City held investments as follows:

Investment Type	Amount	Percentage
CD's	$ 3,000,000	1.37%
Agencies	15,308,431	6.95%
LGIP	177,297,616	80.50%
Frost Bank	24,631,036	11.18%
Total	$ 220,237,083	100.00%

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

____

(1) Unaudited.

AD VALOREM TAX PROCEDURES

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

2025 LEGISLATIVE SESSION . . . The regular session of the 89th Texas Legislature convened on January 14, 2025 and concluded on June 2, 2025 (the "89th Regular Session "). The Texas Legislature (the "Legislature ") meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded two special sessions since the conclusion of the 89th Regular Session.

During the 89th Regular Session, the Legislature adopted a general appropriations act and legislation affecting ad valorem taxation procedures and the procedures of issuing debt affecting cities among other legislation affecting cities. Adopted legislation affecting ad valorem taxation procedures includes legislation that (i) changes the procedure for the adoption of and imposes limits on the amount of an M&O tax increase that may be adopted in response to declared disasters, (ii) makes technical modifications to the tax rate setting process, and (iii) makes intangible personal property exempt from ad valorem taxation. The City is reviewing the impact of the legislation approved during the 89th Regular Session and the two called special sessions and cannot make any representations regarding the likelihood of future legislative sessions or the full impact of the legislation approved during the 89th Regular Session or the two called special sessions at this time.

Valuation of Taxable Property

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

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

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

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

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

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption described in clause (1) above that was granted in tax year 2022 through December 31, 2027.

Local Option Freeze for the Elderly and Disabled

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

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Pursuant to voter approval at a Statewide election held on November 4, 2025, legislation passed by the Legislature and signed by the Governor during the 89th Regular Session will provide a person to an exemption from taxation by a taxing unit of $125,000 of the appraised value of the 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.

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.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the City, adopting its tax rate for the tax year. A taxing unit, such as the City, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established by the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised. There is currently no judicial precedent for how the statute will be applied but Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

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 (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real property) with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,883,169 for the 2026 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “TAX RATE LIMITATIONS – 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-approved tax rates less the actual tax rate, then multiplied by the taxing units current total 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).

"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" greater of zero and the rate expressed in dollars per $100 of taxable value calculated by dividing (i) the cumulative difference of the foregone revenue amount, calculated using the difference between a city's voter-approved tax rate and its actual tax rate for each of the preceding three tax years, by (ii) the "current total value" as defined in Section 26.012 of the Property Tax Code, and which may be applied to the City's tax rate when calculating the voter-approval tax rate.

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

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

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

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

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

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

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

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

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

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 Notes.

During the 89th Regular Session, the Legislature adopted Senate Bill 1851 ("SB 1851"), which will become effective in connection with the adoption of an ad valorem tax rate for tax year 2026 and thereafter. Under SB 1851, if the Texas Attorney General determines that a city has

(a) not had its records and accounts audited and an annual financial statement prepared based on the audit or (b) failed to file its financial statements and auditor's opinion on such financial statements with the city secretary or city clerk before the 180th day after the city's fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city's no-new-revenue tax rate for (i) the tax year that begins on or after the date for the Attorney General's determination or (ii) a subsequent tax year that begins before the date the city has had an annual audit completed and financial statements prepared or filed the financial statement and auditor's opinion on such financial statement with the city secretary or city clerk, as applicable. If a city were limited to levying an ad valorem tax rate that is not in excess of its no-new-revenue tax rate, such a limitation would impact the total amount of ad valorem tax revenue available to the City to pay for both operations and maintenance and debt service.

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

Debt Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

CITY APPLICATION OF TAX CODE

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

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

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

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

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

On May 29, 2007, the City Council authorized an ordinance creating a TIRZ that totaled 680.2 acres with a taxable "base" value of $5,546,250 and a current taxable value of $755,420,464 (Tax Year 2025), for a period of 25 years, ending December 31, 2032.

On December 9, 2019, the City Council authorized an ordinance creating the City's second TIRZ (TIRZ #2) – that totaled 74.4 acres with a taxable base value of $15,522,122 and a current taxable $30,403,695 (Tax Year 2025), for a period of 26 years, ending December 31, 2045.

On September 27, 2021, the City Council authorized an ordinance creating the City's third TIRZ (TIRZ #3), that totaled 183.6 acres with a taxable base value of $141,765,876 and a current taxable $177,912,825 (Tax Year 2025) for a period of 25 years, ending December 31, 2046.

On November 10, 2025, the City authorized an ordinance creating the City's fourth TIRZ (TIRZ #4), which encompasses 195.9 acres that include the Zipp Family Sports Park with a base value of $1,050,000 for a period of 25 years, ending December 31, 2050.

On October 27, 2025, the City authorized an ordinance creating the City's fifth TIRZ (TIRZ #5), which encompasses approximately 156.5 acres in the West End area of New Braunfels with a base value of $91,970,582 for a period of 25 years, ending December 31, 2050.

The City currently has **3 tax rebate agreements** and **1 tax abatement agreement** in place:

Rebates Agreements:

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

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

The Aumovio Autonomous Mobility (formerly Continental) agreement allows for a rebate of 15% of the proceeds of the City's ad valorem tax levied on improvement of the development for a period of ten years. In order to be eligible for the rebate payment, the company must meet minimum taxable value thresholds. As of the date of this official statement, two payments have been made under this agreement.

Abatement Agreements:

The Aumovio Autonomous Mobility (formerly Continental) agreement allows for a rebate of 65% of the proceeds of the City's ad valorem tax levied on improvement of the development through 2034 and 50% thereafter through the agreement period of 10 years. It is to begin once the project is complete.

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

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

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

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

TAX RATE LIMITATIONS

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

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

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

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and the sale of the Certificates and certain other matters. Failure by the City to observe the aforementioned representations or covenants, could cause the interest on the Certificates to become taxable retroactively to the date of issuance.

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

Under Existing Law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue 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 Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

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

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

Collateral Federal Income Tax Consequences

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

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

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

Interest on the Certificates may be includable in a corporation's "adjusted financial statement income" imposed by Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Certificates will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Opinions

Issuance of the Certificates is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Certificates are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the City. Issuance of the Certificates is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Certificates, to the effect that the Certificates are valid and binding obligations of the City payable from the sources and 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. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Certificates. In connection with the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are based upon a percentage of Certificates actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Certificates.

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.

No-Litigation Certificate

The City will furnish to the Purchaser a certificate, dated as of the date of delivery of the Certificates, executed by both the Mayor and Secretary of the City, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Certificates; restraining or enjoining the issuance, execution or delivery of the Certificates; affecting the provisions made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Certificates; or affecting the validity of the Certificates.

No Material Adverse Change

The obligations of the Purchaser to take and pay for the Certificates, and of the City to deliver the Certificates, are subject to the condition that, up to the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition (financial or otherwise) of the City from that set forth or contemplated in the Official Statement.

CYBERSECURITY RISKS

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The Issuer will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the Issuer of the general type included in this Official Statement including table 1 of the Official Statement and under the Tables numbered 1 through 10 of APPENDIX A and the financial statements in APPENDIX D. The Issuer will update and provide this information within 6 months after the end of each fiscal year ending in or after 2026. If audited financial statements are not available when the other information is provided, the Issuer will provide audited financial statements when and if they become available and will provide unaudited financial statements within 12 months after fiscal year end, unless audited financial statements are sooner provided. Financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation. The Issuer may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC").

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

Event Notices

The Issuer will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The Issuer will provide notice of any of the following events with respect to the Certificates: (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; (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 Issuer; (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of the trustee, if material; (15) incurrence of a financial obligation of the Issuer (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the Issuer, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the Issuer, any of which reflect financial difficulties. (Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement or a trustee.)

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

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

Limitations and Amendments

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

The Issuer may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Certificates.
The Issuer may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates, giving effect to (i) such provisions as so amended and (ii) any amendments or interpretations of the Rule.

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

Compliance with Prior Agreements

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

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

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

Litigation

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

Future Debt Issuance

The City has issued $1,955,000 Tax Notes, Series 2026 (the "Notes"). The Notes are expected to close on September 23, 2026.

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

Ratings

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

Financial Advisor

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

Winning Bidder

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

Forward-Looking Statements Disclaimer

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

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

Certification as to Official Statement

The City, acting by and through its City Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the City and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the City, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the City has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the City has no obligation to disclose any changes in the affairs of the City and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the City delivers the Certificates to the Purchaser at closing, unless extended by the Purchaser. All information with respect to the resale of the Certificates subsequent to the "end of the underwriting period" is the responsibility of the Purchaser.

Updating the Official Statement during Underwriting Period

If, subsequent to the date of the Official Statement to and including the date the Purchaser is no longer required to provide and Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the City learns or is notified by the Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the City will promptly prepare and supply to the Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Purchaser, unless the Purchaser elects to terminate its obligation to purchase the Certificates as described in the notice of sale accompanying this Official Statement. The obligation of the City to update or change the Official Statement will terminate when the City delivers the Certificates to the Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Purchaser provides written notice the City that less than all of the Certificates have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Certificates have been sold to ultimate customers. In the event the Purchaser provides written notice to the City that less than all of the Certificates have been sold to ultimate customers, the Purchaser agrees to notify the City in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

Concluding Statement

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

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

CITY OF NEW BRAUNFELS, TEXAS

ATTEST:

Mayor

City of New Braunfels, Texas

City Secretary
City of New Braunfels, Texas

APPENDIX A

FINANCIAL INFORMATION
THE CITY OF NEW BRAUNFELS, TEXAS

(this page intentionally left blank)

FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION **TABLE 1**

2026 Market Value of Taxable Property (100% of Market Value)	$	18,713,159,201
Less Exemptions:		
Local Optional Over-65 or Disabled Exemption	$	32,831,853
Veteran's Exemption		857,221,443
Freeport Exemption		55,895,584
Productivity Value Loss		300,036,585
Homestead		1,533,152,613
Historial/Non Req. Exemption Loss		18,466,118
Solar Exemption		16,387,843
10% Per Year Cap on Residential Homestead		291,644,974
TOTAL EXEMPTIONS		3,105,637,013
2026 Certified Assessed Value of Taxable Property	$	15,607,522,188

Source: Comal and Guadalupe County Appraisal Districts.

GENERAL OBLIGATION BONDED DEBT

(as of September 1, 2026)

General Obligation Debt Principal Outstanding			
General Obligation Bonds, Series 2014	$	2,295,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014A		2,375,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT)		1,735,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015		1,180,000	
General Obligation and Refunding Bonds, Series 2015		7,870,000	
General Obligation and Refunding Bonds, Series 2016		1,870,000	
General Obligation Refunding Bonds, Series 2017		1,650,000	
General Obligation Bonds, Series 2018		17,220,000	
Combination Tax and Revenue Certificates of Obligation, Series 2018		5,635,000	
General Obligation Bonds, Series 2019		14,370,000	
Combination Tax and Revenue Certificates of Obligation, Series 2019		3,420,000	
General Obligation Bonds, Series 2020		40,000,000	
Combination Tax and Revenue Certificates of Obligation, Series 2020		9,150,000	
Tax Notes, Series 2020		255,000	
General Obligation Refunding Bonds, Series 2020		5,845,000	
Tax Notes, Series 2021		865,000	
General Obligation Bonds, Series 2021		21,215,000	
General Obligation Refunding Bonds, Series 2021		13,410,000	
General Obligation Bonds, Series 2022		13,865,000	
Tax Notes, Series 2022		4,395,000	
General Obligation and Refunding Bonds, Series 2023		33,480,000	
Combination Tax and Revenue Certificates of Obligation, Series 2023		8,685,000	
Tax Notes, Series 2023		1,195,000	
Tax Notes, Series 2024		670,000	
Combination Tax and Revenue Certificates of Obligation, Series 2024		7,325,000	
General Obligation and Refunding Bonds, Series 2025		54,965,000	
Tax Notes, Series 2026 ***		1,955,000	*
Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates")		9,600,000	*
Total Gross General Obligation Debt	$	286,495,000	*
Less: Self Supporting Debt**			
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014B (AMT) (100% Airport)	$	1,735,000	
General Obligation and Refunding Bonds, Series 2015 (12.29% Solid Waste)		145,000	
Combination Tax and Revenue Certificates of Obligation, Series 2018 (100% Sales Tax)		5,635,000	
Combination Tax and Revenue Certificates of Obligation, Series 2019 (100% Sales Tax)		3,420,000	
Combination Tax and Revenue Certificates of Obligation, Series 2020 (37.38% Solid Waste & 62.62% TIRZ)		9,150,000	
General Obligation Refunding Bonds, Series 2021 (24.31% Sales Tax)		3,260,000	
Combination Tax and Revenue Certificates of Obligation, Series 2023 (100% Sales Tax)		8,685,000	
Combination Tax and Revenue Certificates of Obligation, Series 2024 (100% Sales Tax)		7,325,000	
The Certificates (100% Sales Tax)		9,600,000	
Total Self-Supporting Debt	$	48,955,000	
Total Net General Obligation Debt Outstanding	$	237,540,000	*
2026 Certified Net Assessed Valuation	$	15,607,522,188	
Ratio of Total Gross General Obligation Debt Principal to 2026 Certified Net Assessed Valuation		1.84%	*
Ratio of Net General Obligation Debt to 2026 Certified Net Assessed Valuation		1.52%	*

Population: 1990 - 27,334; 2000 - 36,494; 2010 - 57,740; est. 2026 - 128,000
Per Capita Certified Net Taxable Assessed Valuation - $121,934
Per Capita Gross General Obligation Debt Principal - $2,238
Per Capita Net General Obligation Debt Principal - $1,856

*Preliminary, subject to change.

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

**** Tax Notes, Series 2026 are scheduled to close on September 23, 2026.*

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

FYE (9/30)	Outstanding Debt Service **	The Certificates* Principal	Interest	Total	Combined Debt Service	Less: Self-Supporting Debt	Total Debt Service
2027	32,360,927	$ 350,000	$ 371,325	$ 721,325	33,082,252	5,252,253	27,829,999
2028	31,678,292	315,000	409,163	724,163	32,402,455	5,259,603	27,142,851
2029	30,226,704	330,000	394,650	724,650	30,951,354	5,183,081	25,768,273
2030	28,164,475	345,000	379,463	724,463	28,888,938	5,188,644	23,700,294
2031	27,746,350	360,000	363,600	723,600	28,469,950	5,174,628	23,295,322
2032	26,296,006	380,000	346,950	726,950	27,022,956	5,182,300	21,840,656
2033	23,786,844	395,000	329,513	724,513	24,511,357	3,527,769	20,983,588
2034	22,555,069	415,000	311,288	726,288	23,281,356	3,503,400	19,777,956
2035	20,898,619	430,000	292,275	722,275	21,620,894	3,244,275	18,376,619
2036	19,522,534	450,000	272,475	722,475	20,245,009	3,234,825	17,010,184
2037	17,625,938	475,000	251,663	726,663	18,352,600	3,246,022	15,106,578
2038	17,619,728	495,000	229,838	724,838	18,344,566	3,242,591	15,101,975
2039	15,253,825	515,000	207,113	722,113	15,975,938	2,660,638	13,315,300
2040	13,637,400	540,000	183,375	723,375	14,360,775	2,349,175	12,011,600
2041	9,752,322	565,000	158,513	723,513	10,475,834	2,042,463	8,433,372
2042	8,041,147	590,000	132,525	722,525	8,763,672	2,040,325	6,723,347
2043	6,851,975	620,000	105,300	725,300	7,577,275	2,043,300	5,533,975
2044	3,604,050	645,000	76,838	721,838	4,325,888	1,298,138	3,027,750
2045	3,023,750	675,000	47,138	722,138	3,745,888	722,138	3,023,750
2046	-	710,000	15,975	725,975	725,975	725,975	-
Total	$ 358,645,954	$ 9,600,000	$ 4,878,975	$ 14,478,975	$ 373,124,929	$ 65,121,541	308,003,389

[(a)] *Includes self-supporting debt.*
[(1)] *See TABLE 1 - General Obligation Bonded Debt for a detail of the City's self-supported debt outstanding.*
**Preliminary, subject to change.*
*** Includes Tax Notes, Series 2026.*

TAX ADEQUACY (Includes Self-Supporting Debt)

2026 Certified Assessed Value of Taxable Property....	$	15,607,522,188
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2027)....	$	33,082,252
Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements	$	0.2163

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 Assessed Value of Taxable Property....	$	15,607,522,188
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9-30-2027)....	$	27,829,999
Indicated Required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service Requirements	$	0.1820

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	$	3,151,181
2025 Interest and Sinking Fund Tax Levy at 98% Collections Produce*		29,655,890
Total Available for General Fund Debt	$	32,807,071
Less: General Obligation Debt Service Requirements, Fiscal Year Ended September 30, 2026**		27,721,925
Estimated Interest and Sinking Fund Balance at Fiscal Year Ending September 30, 2026	$	5,085,146

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

GENERAL OBLIGATION PRINCIPAL REPAYMENT SCHEDULE

(as of September 1, 2026)

Fiscal Year Ending Ending (9/30)	Principal Repayment Schedule Currently Currently Outstanding [a]	The Certificates*	Total*	Principal Unpaid at End of the Year	Percent of Principal Retired (%)
2027	$ 21,405,000	$ 350,000	$ 21,755,000	$ 264,740,000	7.6%
2028	21,680,000	315,000	21,995,000	242,745,000	15.3%
2029	21,200,000	330,000	21,530,000	221,215,000	22.8%
2030	20,060,000	345,000	20,405,000	200,810,000	29.9%
2031	20,495,000	360,000	20,855,000	179,955,000	37.2%
2032	19,865,000	380,000	20,245,000	159,710,000	44.3%
2033	18,140,000	395,000	18,535,000	141,175,000	50.7%
2034	17,660,000	415,000	18,075,000	123,100,000	57.0%
2035	16,695,000	430,000	17,125,000	105,975,000	63.0%
2036	15,925,000	450,000	16,375,000	89,600,000	68.7%
2037	14,580,000	475,000	15,055,000	74,545,000	74.0%
2038	15,115,000	495,000	15,610,000	58,935,000	79.4%
2039	13,270,000	515,000	13,785,000	45,150,000	84.2%
2040	12,130,000	540,000	12,670,000	32,480,000	88.7%
2041	8,660,000	565,000	9,225,000	23,255,000	91.9%
2042	7,290,000	590,000	7,880,000	15,375,000	94.6%
2043	6,400,000	620,000	7,020,000	8,355,000	97.1%
2044	3,375,000	645,000	4,020,000	4,335,000	98.5%
2045	2,950,000	675,000	3,625,000	710,000	99.8%
2046	-	710,000	710,000	-	100.0%
Total	$ 276,895,000	$ 9,600,000	$ 286,495,000		

[a] Includes self-supporting debt and Refunded Obligations. See TABLE 1 - General Obligation Bonded Debt for a detail of the City's self-supported debt outstanding. Includes Tax Notes, Series 2026.

**Preliminary, subject to change.*

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

Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Percent
2017	$ 6,898,322,770	$ 723,602,265	11.72%
2018	7,621,384,608	723,061,838	10.48%
2019	8,548,224,205	926,839,597	12.16%
2020	9,762,146,290	1,213,922,085	14.20%
2021	10,560,465,185	798,318,895	8.18%
2022	12,988,440,474	2,427,975,289	22.99%
2023	14,535,431,926	1,546,991,452	11.91%
2024	15,366,243,802	830,811,876	5.72%
2025	15,741,223,304	374,979,502	2.44%
2026	15,607,522,188	(133,701,116)	-0.85%

Source: Comal and Guadalupe Central Appraisal Districts.

PRINCIPAL TAXPAYERS 2026 **TABLE 4**

Name	Type of Business/Property	2026 Net Taxable Assessed Valuation	% of Total 2026 Assessed Valuation
Walmart Inc	Retail	199,875,000	1.28%
Central Texas Corridor Hospital Co LlC	Healthcare	125,750,000	0.81%
A L 95 Creekside Town Center LP	Shopping Center/Mall	112,802,602	0.72%
Kahlig Enterprises Inc	Car Dealership	74,343,617	0.48%
Continental Autonomous Mobility	Industrial Manufacturing	71,209,492	0.46%
CNC-SWAGAT Four LP	Residential Apartments	64,000,000	0.41%
HEB Grocery CO LP	Grocery Store	58,397,444	0.37%
Rush Enterprises	Truck Leasing	57,960,310	0.37%
BMEF Creekside LLC	Real Estate	56,525,190	0.36%
T4V3 LLC	Real Estate	55,500,000	0.36%
		$ 876,363,655	5.62%

Source: Comal and Guadalupe Central Appraisal Districts.

MUNICIPAL SALES TAX COLLECTIONS **TABLE 5**

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

Calendar Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2016	$ 28,850,406	93.78%	0.467
2017	30,144,638	89.51%	0.437
2018	31,814,187	85.50%	0.417
2019	33,485,702	80.24%	0.392
2020	35,099,655	74.41%	0.360
2021	42,677,242	85.01%	0.404
2022	44,624,144	83.00%	0.344
2023	44,900,091	82.06%	0.309
2024	45,412,668	72.27%	0.296
2025	46,432,168	72.13%	0.295
2026	37,690,698	(As of August 2026)	

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

CLASSIFICATION OF ASSESSED VALUATION **TABLE 6**

	2026	% of Total	2025	% of Total	2024	% of Total
Real, Residential, Single-Family	$ 11,436,147,565	61.11%	$ 11,589,479,412	61.46%	$ 11,613,991,429	62.00%
Real, Residential, Multi-Family	1,709,084,149	9.13%	1,643,897,192	8.72%	1,607,733,232	8.58%
Real, Vacant Lots/Tracts	339,452,393	1.81%	361,361,018	1.92%	413,505,553	2.21%
Real, Acreage (Land Only)	301,342,327	1.61%	344,074,050	1.82%	333,624,958	1.78%
Real, Farm and Ranch Improvements	120,423,671	0.64%	116,255,050	0.62%	100,863,047	0.54%
Real, Commercial	3,284,189,121	17.55%	3,299,515,960	17.50%	3,233,386,814	17.26%
Real, Industrial	163,408,435	0.87%	165,395,330	0.88%	184,701,402	0.99%
Real & Tangible, Personal Utilities	91,294,733	0.49%	71,403,777	0.38%	61,749,569	0.33%
Tangible Personal, Commercial	657,557,085	3.51%	630,834,595	3.35%	584,866,783	3.12%
Tangible Personal, Industrial	440,236,668	2.35%	459,695,714	2.44%	396,476,264	2.12%
Tangible Personal, Mobile Homes	33,146,400	0.18%	33,874,114	0.18%	34,435,005	0.18%
Residential Inventory	66,856,246	0.36%	68,219,143	0.36%	93,203,290	0.50%
Special Inventory	70,020,408	0.37%	72,026,496	0.38%	72,920,842	0.39%
Total Appraised Value	$ 18,713,159,201	100.00%	$ 18,856,031,851	100.00%	$ 18,731,458,188	100.00%
Less:						
Local Optional Over-65 or Disabled Exemption	$ 32,831,853		$ 29,420,506		$ 28,155,012	
Veterans' Exemption	857,221,443		583,246,913		532,593,013	
Freeport Exemption	55,895,584		54,121,965		72,199,859	
Productivity Value Loss	300,036,585		342,526,564		332,145,989	
Abatement Value Loss	-		-		-	
Low Income Housing	-		-		-	
Homestead	1,533,152,613		1,577,035,732		1,576,636,297	
Historical/Non Req. Exemption Loss	18,466,118		12,191,741		-	
Solar Exemption	16,387,843		13,578,557		12,655,848	
10% Per Year Cap on Res. Homesteads	291,644,974		502,686,569		810,828,368	
Net Taxable Assessed Valuation	$ 15,607,522,188		$ 15,741,223,304		$ 15,366,243,802	

Source: Comal and Guadalupe County Appraisal Districts.

TAX DATA **TABLE 7**

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	% of Collections Total	Year Ended
2016	$ 6,174,720,505	$ 0.498230	$ 30,764,310	98.87	101.14	9/30/2017
2017	6,898,322,770	0.488220	33,678,991	99.12	100.88	9/30/2018
2018	7,621,384,608	0.488220	37,209,124	99.77	100.22	9/30/2019
2019	8,548,224,205	0.488220	41,734,140	99.62	100.38	9/30/2020
2020	9,762,146,290	0.475376	46,406,901	99.49	100.52	9/30/2021
2021	10,560,465,185	0.475376	50,201,917	97.21	97.49	9/30/2022
2022	12,988,440,474	0.413935	53,763,701	93.41	93.77	9/30/2023
2023	14,535,431,926	0.408900	59,435,381	95.96	99.69	9/30/2024
2024	15,366,243,802	0.408928	62,836,873	98.98	98.16(1)	9/30/2025
2025	15,741,223,304	0.408936	64,371,529	90.45	90.53	9/30/2026*

*Collections as of May 31, 2026.

(1) The Total Tax Collections are lower due to rebates back to taxpayers from prior years' protest.

TAX RATE DISTRIBUTION **TABLE 8**

	2025	2024	2023	2022	2021
General Fund	$ 0.215048	$ 0.205000	$ 0.200000	$ 0.205000	$ 0.247393
I & S Fund	0.193888	0.203928	0.208900	0.208935	0.227983
Total Tax Rate	$ 0.408936	$ 0.408928	$ 0.408900	$ 0.413935	$ 0.475376

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Comal and Guadalupe County Appraisal Districts, the Issuer's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2025, and information supplied by the Issuer.

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2025 Assessed Valuation	% of Actual	2025 Tax Rate
Comal County	$ 40,617,252,566	100%	$ 0.269000
Comal Independent School District	28,152,047,119	100%	1.075000
Guadalupe County	24,628,565,191	100%	0.278000
Lake Dunlap WC&ID	508,667,311	100%	0.200000
Marion ISD	1,789,700,639	100%	1.120000
Navarro Independent School District	1,894,829,739	100%	1.223000
New Braunfels Independent School District	9,021,563,782	100%	1.038000

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

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

Issuer	Date of Authorization	Purpose	Authorization	Issued to Date	Unissued
City of New Braunfels	5/6/2023	Transportation	$ 99,330,000	$ 29,500,000	$ 59,485,000
		Parks and Recreation	12,155,000	12,155,000	$ -
		Library	28,560,000	23,000,000	$ 5,560,000
			$ 140,045,000	$ 64,655,000	$ 65,045,000
Comal County	None				
Comal Independent School District	None				
Guadalupe County	None				
Lake Dunlap WC&ID	None				
Marion ISD	11/4/2025	School Building and Buses	60,000,000	30,000,000	30,000,000
Navarro Independent School District	5/2/2026	School Building and Buses	65,000,000	-	$ 65,000,000
			$ 73,700,000	$ 38,700,000	$ 35,000,000
	5/4/2024	School Building			
		Stadium	$ 35,500,000	$ 35,500,000	$ -
		Athletic Improvements	$ 10,800,000	$ 10,800,000	$ -
			$ 120,000,000	$ 85,000,000	$ 100,000,000
New Braunfels Independent School District	5/4/2024	School Building and Security	$ 267,500,000	$ 159,055,000	$ 108,445,000
		Stadium	$ 42,500,000	$ 40,945,000	$ 1,555,000
		Technology	$ 3,000,000	$ -	$ 3,000,000
			$ 313,000,000	$ 200,000,000	$ 113,000,000

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	$ 37,716,746	$ 41,401,714	$ 44,973,563	$ 41,057,124	$ 27,386,112
Revenues	$ 107,168,788	$ 101,367,614	$ 96,400,857	$ 91,152,012	$ 86,288,867
Expenditures	110,099,057	105,202,136	98,512,818	86,135,955	72,758,903
Excess (Deficit) of Revenues Over Expenditures	$ (2,930,269)	$ (3,834,522)	$ (2,111,961)	$ 5,016,057	$ 13,529,964
Other Financing Sources (Uses):					
Operating Transfers In	$ 1,125,227	$ 1,288,676	$ 1,135,252	$ 897,760	$ 808,917
Operating Transfers Out	(2,200,082)	(1,776,149)	(3,803,228)	(2,094,219)	(885,226)
Proceeds from the Sale of Capital Assets	4,329,652	198,950	458,088	96,841	217,357
Proceeds from issuance of debt	-	438,077			
Proceeds from Loan Payable	-	-	750,000	-	-
Total Other Financing Sources (Uses):	$ 3,254,797	$ 149,554	$ (1,459,888)	$ (1,099,618)	$ 141,048
Fund Balance - End of Year	$ 38,041,274	$ 37,716,746	$ 41,401,714	$ 44,973,563	$ 41,057,124

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

The City anticipates fiscal year ending September 30, 2026 will have $36,500,331 in general fund balance. The anticipated drawdown is for the fire department, $1,472,544 transferred into the Facilities Maintenance Fund, $775,000 for police vehicles and police department equipment.

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

Information regarding the City's Pension Plan can be found in the 2025 Audit under Notes.

(this page intentionally left blank)

APPENDIX B

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

(this page intentionally left blank)

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

General Information

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

Transportation

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

Education

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

Economy

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

Recreation

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

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

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

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

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

COMAL COUNTY

General Information

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

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

Commercial

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

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

Major Employers

Employer	Number of Employees
Comal ISD	3,850
Schlitterbahn Water Park	2,172
TaskUs	1,418
New Braunfels ISD	1,352
City of New Braunfels	1,100
Wal-Mart Distribution Center	900
Comal County	872
Patrick S. Molak Corp.	664
Christus Santa Rosa New Braunfels	600
Rush Enterprises	600

Labor Force Statistics (1)

	2026 (2)	2025 (3)	2024 (3)	2023 (3)
Civilian Labor Force	99,877	99,981	98,925	94,436
Total Employed	95,331	96,298	95,346	91,074
Total Unemployed	4,546	3,683	3,579	3,362
%Unemployed	4.6%	3.7%	3.6%	3.6%
% Unemployed (Texas)	4.9%	4.2%	4.1%	4.0%

(1) Source: Texas Workforce Commission.
(2) As of June 2026.
(3) Average Annual Statistics.

GUADALUPE COUNTY

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

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

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

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

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

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

Labor Force Statistics [(1)]

	2026 [(2)]	2025 [(3)]	2024 [(3)]	2023 [(3)]
Civilian Labor Force	97,198	97,217	96,019	92,209
Total Employed	92,659	93,532	92,548	89,025
Total Unemployed	4,539	3,685	3,471	3,184
%Unemployed	4.7%	3.8%	3.6%	3.5%
% Unemployed (Texas)	4.9%	4.2%	4.1%	4.0%

(1) Source: Texas Workforce Commission.
(2) As of June 2026.
(3) Average Annual Statistics.

(this page intentionally left blank)

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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

**CITY OF NEW BRAUNFELS, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF $_______**

AS BOND COUNSEL FOR THE CITY OF NEW BRAUNFELS, TEXAS (the "City") of the certificates of obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the date specified in the text of the Certificates, until maturity or redemption, at the rates and payable on the date specified in the text of the Certificates and in the ordinance of the City adopted on ____________, 2026 authorizing the issuance of the Certificates (the "Ordinance").

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Certificates have been duly authorized, issued and delivered in accordance with law; and that said Certificates, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the City; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, on all taxable property within the City and the Certificates are additionally secured by and payable from a limited pledge of surplus revenue of the City's solid waste system all as provided in the Ordinance.

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

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

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

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

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or 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 City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City and the sufficiency of the revenues pledged by the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

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

Respectfully,

(this page intentionally left blank)

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.)

(this page intentionally left blank)

FINANCIAL SECTION

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of New Braunfels (the "City"), as of and for the year ended September 30, 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, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 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.

We did not audit the financial statements of the New Braunfels Utilities, a discrete component unit of the city ("NBU"), which represent 98 percent and 97 percent, respectively, of the assets and net position of the aggregate discretely presented component units as of July 31, 2025, and 97 percent of the revenues of the aggregate discretely presented component units for the year then ended. Our report includes a reference to other auditors who audited the financial statements of New Braunfels Utilities, a discrete component unit of the City, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Basis for Opinions

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

(Continued)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of changes and contributions related to the City and NBU's participation in various pension and OPEB plans as identified on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

(Continued)

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 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.

Crowe LLP

Crowe LLP

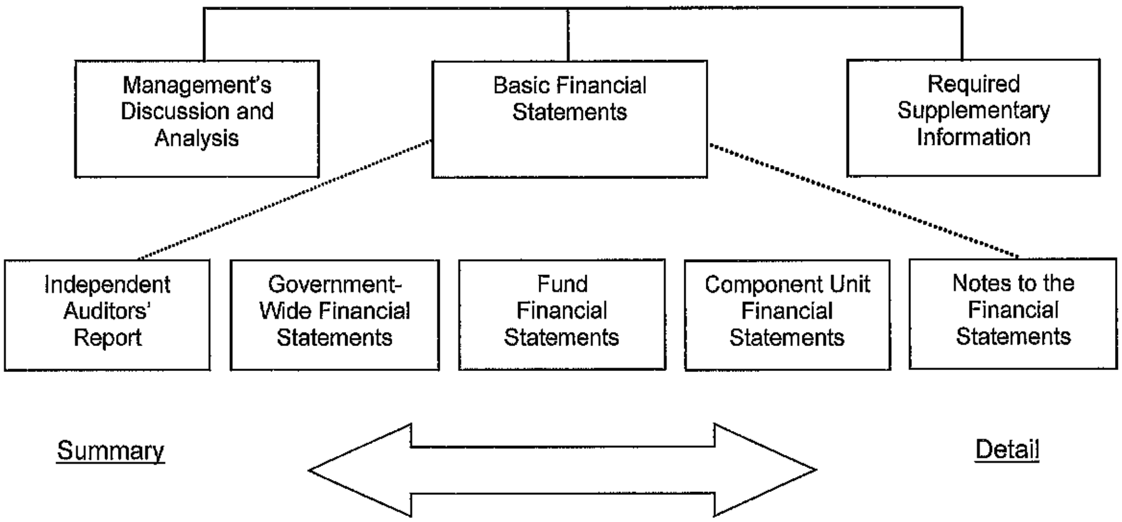
Houston, Texas
March 16, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of New Braunfels, Texas (the "City") for the year ending September 30, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



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

Government-Wide Statements

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

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

(Continued)

The City maintains 53 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service, 2019 capital improvement, 2023 capital improvement, parks improvement, and grant funds, which are considered to be major funds for reporting purposes. The hotel/motel tax fund is not a major fund, but the City has elected to present it as major due to its significance.

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

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

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

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

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

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

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

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $158,775,002 as of September 30, 2025 for the primary government. This compares with $139,901,405 from the prior fiscal year. A portion of the City's net position, $100,885,461, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, right-to-use equipment, subscription assets, and infrastructure), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position: The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	$ 223,666,058	$ 226,301,675	$ 16,597,671	$ 16,075,277	$ 240,263,729	$ 242,376,952
Capital assets, net	340,415,843	293,904,351	23,114,163	24,159,782	363,530,006	318,064,133
Total assets	564,081,901	520,206,026	39,711,834	40,235,059	603,793,735	560,441,085
DEFERRED OUTFLOWS ON RESOURCES						
Deferred charge on refunding	461,518	745,678	-	-	461,518	745,678
Deferred outflows - pensions	15,640,944	17,979,322	1,665,092	1,859,510	17,306,036	19,838,832
Deferred outflows - OPEB	426,153	902,336	33,436	73,065	459,589	975,401
Total deferred outflows of resources	16,528,615	19,627,336	1,698,528	1,932,575	18,227,143	21,559,911
LIABILITIES						
Long-term liabilities	409,913,056	396,631,953	6,034,116	6,027,332	415,947,172	402,659,285
Other liabilities	32,731,525	31,569,013	2,300,234	1,981,268	35,031,759	33,550,281
Total liabilities	442,644,581	428,200,966	8,334,350	8,008,600	450,978,931	436,209,566
DEFERRED INFLOWS ON RESOURCES						
Deferred gain on refunding	3,147,400	-	-	-	3,147,400	-
Deferred inflows - leases	1,335,590	566,681	1,648,816	1,694,969	2,984,406	2,261,650
Deferred inflows - grants	2,002,758	280,260	-	-	2,002,758	280,260
Deferred inflows - pensions	2,952,964	518,019	247,806	45,360	3,200,770	563,379
Deferred inflows - OPEB	811,423	2,522,151	120,188	262,585	931,611	2,784,736
Total deferred inflows of resources	10,250,135	3,887,111	2,016,810	2,002,914	12,266,945	5,890,025
NET POSITION						
Net investment in capital assets	77,771,298	57,282,700	23,114,163	24,132,303	100,885,461	81,415,003
Restricted	47,314,506	113,579,896	-	-	47,314,506	113,579,896
Unrestricted	2,629,996	(63,117,311)	7,945,039	8,023,817	10,575,035	(55,093,494)
Total net position	$ 127,715,800	$ 107,745,285	$ 31,059,202	$ 32,156,120	$ 158,775,002	$ 139,901,405

A portion of the primary government's net position, $47,314,506, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is $10,575,035.

(Continued)

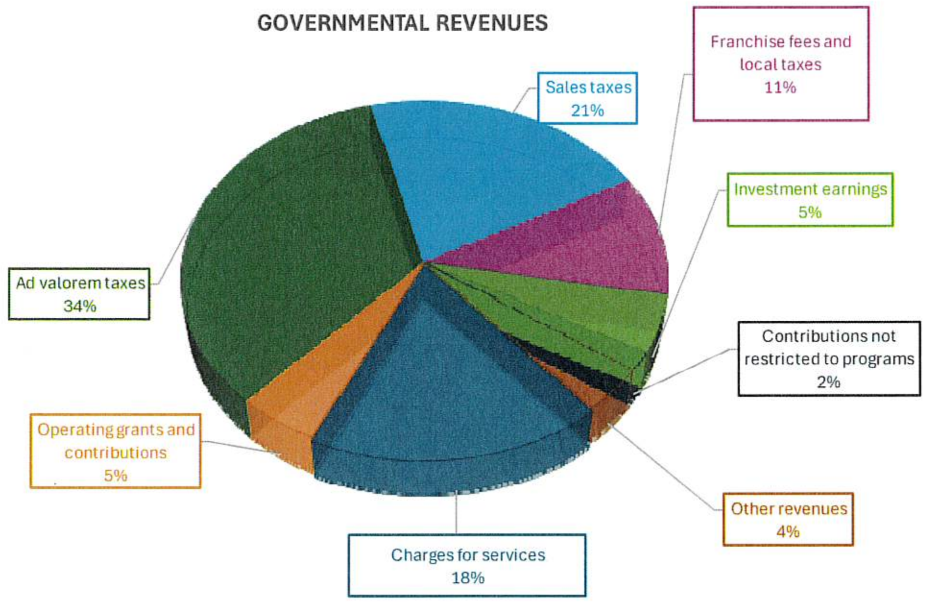
The City's total net position increased by $18,873,597 during the current fiscal year. Capital assets, net of accumulated depreciation and amortization, increased due to capital additions in excess of depreciation and amortization expense, as the City continued to add infrastructure to sustain growth. Long-term liabilities increased during the year due to the issuance of new long-term debt and other liabilities during the year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 31,484,697	$ 32,839,052	$ 20,442,952	$ 18,743,016	$ 51,927,649	$ 51,582,068
Operating grants and contributions	8,574,778	4,497,718	85,224	374,000	8,660,002	4,871,718
Capital grants and contributions	3,746,165	-	551,534	1,009,962	4,297,699	1,009,962
General revenues						
Property taxes	59,764,476	57,533,753	-	-	59,764,476	57,533,753
Sales taxes	36,544,096	35,837,335	-	-	36,544,096	35,837,335
Franchise fees and local taxes	19,009,382	19,022,205	-	-	19,009,382	19,022,205
Investment earnings	8,924,501	12,188,593	213,809	246,677	9,138,310	12,435,270
Contributions not restricted to programs	3,075,400	2,630,647	-	-	3,075,400	2,630,647
Other revenues	7,076,098	2,437,995	540,310	352,724	7,616,408	2,790,719
Gain on disposal of capital assets	-	-	-	2,250	-	2,250
Total revenues	178,199,593	166,987,298	21,833,829	20,728,629	200,033,422	187,715,927
Expenses						
General government	21,621,429	22,222,702	-	-	21,621,429	22,222,702
Finance and tax	6,304,544	2,237,077	-	-	6,304,544	2,237,077
Planning and environmental development	6,725,713	6,090,934	-	-	6,725,713	6,090,934
Public safety	74,121,636	69,162,016	-	-	74,121,636	69,162,016
Public works	25,967,837	25,917,148	-	-	25,967,837	25,917,148
Parks and recreation	11,700,995	10,963,013	-	-	11,700,995	10,963,013
Civic/convention center	-	-	1,520,522	1,309,114	1,520,522	1,309,114
Library	3,533,513	3,502,449	-	-	3,533,513	3,502,449
Interest and fiscal agent fees	9,977,538	10,268,375	-	-	9,977,538	10,268,375
Airport	380,648	390,572	4,665,779	5,402,713	5,046,427	5,793,285
Solid waste	-	-	11,834,336	11,560,331	11,834,336	11,560,331
Golf course	-	-	2,805,335	2,548,448	2,805,335	2,548,448
Total expenses	160,333,853	150,754,286	20,825,972	20,820,606	181,159,825	171,574,892
Increase in net position before transfers	17,865,740	16,233,012	1,007,857	(91,977)	18,873,597	16,141,035
Transfers in (out)	2,104,775	(2,885,460)	(2,104,775)	2,885,460	-	-
Change in net position	19,970,515	13,347,552	(1,096,918)	2,793,483	18,873,597	16,141,035
Beginning net position	107,745,285	94,397,733	32,156,120	29,362,637	139,901,405	123,760,370
Ending net position	$ 127,715,800	$ 107,745,285	$ 31,059,202	$ 32,156,120	$ 158,775,002	$ 139,901,405

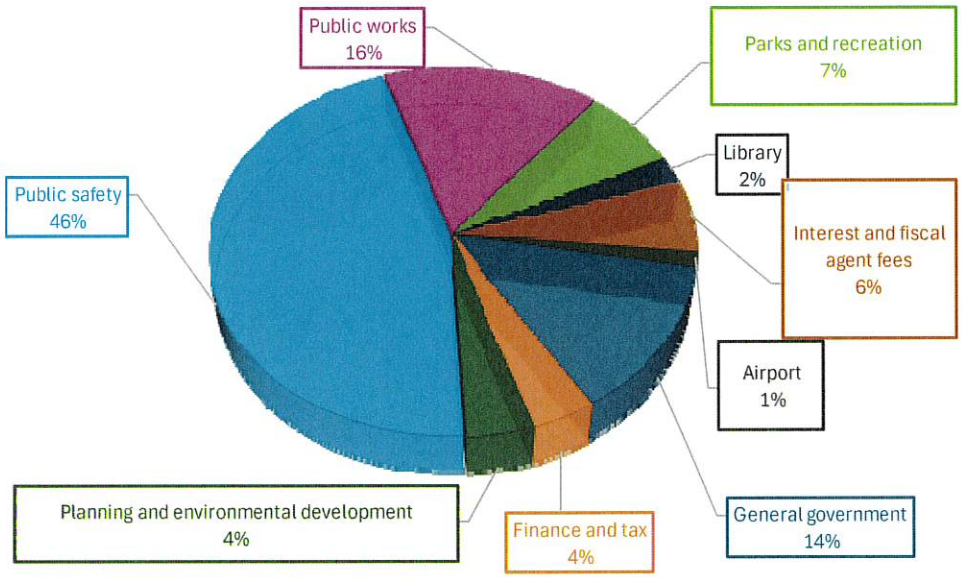
(Continued)

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

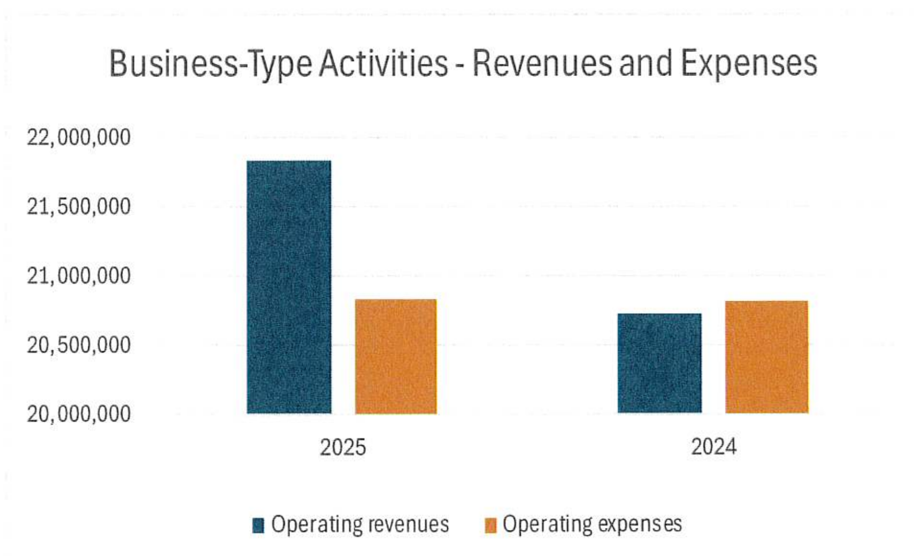


For the year ended September 30, 2025, revenues from governmental activities totaled $178,199,593. Overall governmental revenues increased by $11,212,295 primarily due to an increase in ad valorem taxes, sales taxes, operating grants and contributions, capital grants and contributions, and other revenues. Ad valorem property taxes increased due to an increase in property values, sales taxes increased due to higher consumer spending than the previous year, and capital grants and contributions increased due to contributions from the New Braunfels Economic Development Corporation for capital projects. Operating grants and contributions increased due to an increase in the usage of grant funds related to ARPA and additional grants received.

GOVERNMENTAL EXPENDITURES



For the year ended September 30, 2025, expenses from governmental activities totaled $160,333,853. Governmental expenses increased by a net $9,579,567. This net increase is primarily related to increases in finance and tax, public safety, and parks and recreation.



Overall business-type activities revenues increased by a net $1,105,200 from the prior period primarily related to increase in refuse collection fees due to an increase in rates in the current year.

Business-type activities expenses increased by an insignificant net amount of $5,366.

(Continued)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of $184,097,229. Of this, $251,476 is nonspendable, $145,429,847 is restricted for various purposes, $375,822 is committed, $2,190,402 is assigned, and $35,849,682 is unassigned.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was $35,849,682, while total fund balance reached $38,041,274. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33% of total general fund expenditures, while total fund balance represents 35% of that same amount. The general fund balance increased by $324,528 this year, primarily related to increases in ad valorem property taxes due to an increase in property values, sales taxes due to higher consumer spending than the previous year, licenses and permits due to an increase in development activity within the City, and charges for services due to an increase in ambulance service revenue collections. This increase was offset by increases in expenditures due to an increase in capital outlay expenditures and services.

It is important to note that this fund balance includes all of the fund balance in the general fund and equipment replacement subfund. The equipment replacement subfund contributes $2,190,402 to this stated fund balance. This fund allows the City to account for equipment replacement and improvements in a separate subfund and not include these activities in the primary general operating fund.

The fund balance of the hotel/motel tax fund experienced a decrease of $123,246, mostly due to a decrease in hotel/motel tax collections and an increase in service expenditures.

The fund balance in the debt service fund experienced a decrease of $262,073. This decrease is largely contributed to an increase in principal and interest payments and fees associated with the issuance of a general obligation and refunding bond in the current year.

The fund balance in the 2019 capital improvement fund had a decrease of $25,103,282, which was primarily a result of bond proceeds being used for capital projects.

The fund balance in the 2023 capital improvement fund had an increase of $28,115,879 which was primarily related to the issuance of new debt in the fiscal year. This increase was offset by the result of bond proceeds being used for capital projects.

The fund balance in the park improvement fund had an increase of $3,367,003, which was primarily a result of increases in collections of park development impact fees in fiscal year 2025.

The grants fund is used to track various special project expenditures and reimbursements for grant programs in the City. The fund experienced a decrease of $754,097 due to an excess of expenditures over revenue for contributions received in the prior year.

(Continued)

Proprietary Funds – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The Airport fund experienced a decrease in net position of $73,155 primarily related to increases in personnel cost and professional services. The Solid Waste fund experienced an increase in net position of $371,329 primarily related to an in increase in refuse collections due to an increase in rates in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The amended budget included a planned decrease in fund balance in the amount of $5,252,226. The actual fund balance for the year increased by $324,528. Actual revenues exceeded the amended budget by $4,541,731 spread across various revenue lines. The largest positive variances were in investment earnings and licenses and permits. The City's conservative revenue projections, as well as the diverse economy within the City, are both attributable to the positive variances. Actual expenditures exceeded the amended budget by $2,963,430, largely due to capital outlay associated with a SBITA.

CAPITAL ASSETS

At the end of fiscal year 2025, the City's governmental activities had invested $340,415,843 in a variety of capital assets and infrastructure (net of accumulated depreciation and amortization). This represents a net increase of $46,511,492.

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

LONG-TERM DEBT

At the end of the current year, the City had total general obligation bonds and certificates of obligation outstanding of $296,210,000. Of this amount, $253,790,000 was general obligation debt and $42,420,000 was certificates of obligation.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	New Braunfels Utilities
ASSETS					
Cash and cash equivalents	$ 182,641,705	$ 12,500,660	$ 195,142,365	$ 25,509,681	$ 128,591,425
Investments	20,134,407	1,000,000	21,134,407	-	21,535,078
Receivables, net	14,785,889	1,255,855	16,041,744	4,112,232	43,743,301
Leases receivable	1,342,616	1,712,620	3,055,236	-	-
Inventory	114,889	-	114,889	-	8,227,177
Prepaid items	-	-	-	-	3,012,179
Other current assets	-	-	-	-	18,476,916
Restricted assets					
Cash and cash equivalents	4,646,552	128,536	4,775,088	-	38,970,660
Investments	-	-	-	-	27,476,732
Capital assets:					
Nondepreciable/amortizable	108,023,782	3,788,277	111,812,059	-	210,360,900
Depreciable/amortizable capital assets, net	232,392,061	19,325,886	251,717,947	-	997,155,357
Other noncurrent assets	-	-	-	-	18,503,235
Total assets	564,081,901	39,711,834	603,793,735	29,621,913	1,516,052,960
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	461,518	-	461,518	-	-
Deferred outflows - pensions	15,640,944	1,665,092	17,306,036	-	12,587,085
Deferred outflows - OPEB	426,153	33,436	459,589	-	-
Total deferred outflows of resources	16,528,615	1,698,528	18,227,143	-	12,587,085
LIABILITIES					
Accounts payable and accrued liabilities	26,757,624	2,171,698	28,929,322	278,392	56,557,885
Deposit payable	-	128,536	128,536	-	15,717,293
Accrued interest	1,976,040	-	1,976,040	-	1,887,140
Unearned revenue	3,997,861	-	3,997,861	-	-
Generation and transmission cost recovery	-	-	-	-	23,833,237
Long-term liabilities					
Due within one year					
Bonds payable	22,930,000	-	22,930,000	-	9,530,000
Loan payable	750,000	-	750,000	-	-
Subscription payable	412,871	-	412,871	-	-
Lease payable	113,806	-	113,806	-	-
Compensated absences	11,565,755	503,850	12,069,605	-	3,190,117
Due in more than one year					
Bonds payable and premiums	310,812,312	-	310,812,312	-	553,891,982
Loan payable	5,549,639	-	5,549,639	-	-
Subcription payable	3,470,859	-	3,470,859	-	-
Net pension liability	44,488,611	4,620,699	49,109,310	-	24,612,467
Total OPEB liability - TMRS	1,654,235	163,145	1,817,380	-	-
Total OPEB liability - retiree benefits	6,879,883	690,439	7,570,322	-	-
Compensated absences	1,285,085	55,983	1,341,068	-	1,203,316
Other long-term liabilities	-	-	-	-	17,707,358
Total liabilities	442,644,581	8,334,350	450,978,931	278,392	708,130,795

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation	New Braunfels Utilities
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	$ 3,147,400	$ -	$ 3,147,400	$ -	$ -
Deferred inflows - pensions	2,952,964	247,806	3,200,770	-	1,876,336
Deferred inflows - OPEB	811,423	120,188	931,611	-	-
Deferred inflows - grants	2,002,758	-	2,002,758	-	-
Deferred inflows - leases	1,335,590	1,648,816	2,984,406	-	-
Total deferred inflows of resources	10,250,135	2,016,810	12,266,945	-	1,876,336
NET POSITION					
Net investment in capital assets	77,771,298	23,114,163	100,885,461	-	689,785,703
Restricted for					
Debt service	1,175,141	-	1,175,141	-	1,156,483
Capital projects	28,855,724	-	28,855,724	-	-
Cemetery perpetual care (nonexpendable)	250,286	-	250,286	-	-
Grants	137,894	-	137,894	-	-
Impact fees	-	-	-	-	6,311,515
Municipal court	236,396	-	236,396	-	-
Public safety	689,191	-	689,191	-	-
Governmental programming	503,367	-	503,367	-	-
Tourism	3,741,812	-	3,741,812	-	-
Economic development	10,353,909	-	10,353,909	-	-
Special donation	1,370,786	-	1,370,786	-	-
Unrestricted	2,629,996	7,945,039	10,575,035	29,343,521	121,379,213
Total net position	$ 127,715,800	$ 31,059,202	$ 158,775,002	$ 29,343,521	$ 818,632,914

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2025

					Net Revenue (Expense) and Changes in Net Position				
		Program Revenues			Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	Total	Economic Development Corporation	New Braunfels Utilities
Primary Government									
Governmental activities									
General government	$ 21,621,429	$ 9,393,147	$ 7,054,322	$ -	$ (5,173,960)	$ -	$ (5,173,960)	$ -	$ -
Finance and tax	6,304,544	-	-	-	(6,304,544)	-	(6,304,544)	-	-
Planning and environmental development	6,725,713			-	(6,725,713)	-	(6,725,713)	-	-
Public safety	74,121,636	2,236,401	-	-	(71,885,235)	-	(71,885,235)	-	-
Public works	25,967,837	14,615,576	1,520,456	-	(9,831,805)	-	(9,831,805)	-	-
Parks and recreation	11,700,995	5,239,573	-	3,746,165	(2,715,257)	-	(2,715,257)	-	-
Library	3,533,513		-	-	(3,533,513)	-	(3,533,513)	-	-
Airport	380,648	-	-	-	(380,648)	-	(380,648)	-	-
Civic Center	-	-	-	-	-	-	-	-	-
Solid Waste	-	-	-	-	-	-	-	-	-
Interest and fiscal agent fees	9,977,538	-	-	-	(9,977,538)	-	(9,977,538)	-	-
Total governmental activities	160,333,853	31,484,697	8,574,778	3,746,165	(116,528,213)	-	(116,528,213)	-	-
Business-type activities									
Airport	4,665,779	4,344,918	85,224	425,465	-	189,828	189,828	-	-
Solid waste	11,834,336	13,074,837	-	-	-	1,240,501	1,240,501	-	-
Golf course	2,805,335	2,469,873	-	51,890	-	(283,572)	(283,572)	-	-
Civic center	1,520,522	553,324	-	74,179	-	(893,019)	(893,019)	-	-
Total business-type activities	20,825,972	20,442,952	85,224	551,534	-	253,738	253,738	-	-
Total primary government	$ 181,159,825	$ 51,927,649	$ 8,660,002	$ 4,297,699	(116,528,213)	253,738	(116,274,475)	-	-

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2025

		Program Revenues			Net Revenue (Expense) and Changes in Net Position				
					Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	Total	Economic Development Corporation	New Braunfels Utilities
Component Units									
Economic Development Corporation	$ 13,719,984	$ 44,300	$ 298,200	$ -	$ -	$ -	$ -	$ (13,377,484)	$ -
New Braunfels Utilities	257,358,039	278,953,654	-	69,451,201	-	-	-	-	91,046,816
Total component units	$ 271,078,023	$ 278,997,954	$ 298,200	$ 69,451,201	-	-	-	(13,377,484)	91,046,816
General revenues									
Taxes and fees									
Property					59,764,476	-	59,764,476	-	-
Sales					36,544,096	-	36,544,096	9,867,863	-
Hotel/motel occupancy					4,381,013	-	4,381,013	-	-
Franchise					13,601,254	-	13,601,254	-	-
Mixed beverages					1,027,115	-	1,027,115	-	-
Investment earnings					8,924,501	213,809	9,138,310	672,237	9,090,685
Contributions not restricted to programs					3,075,400	-	3,075,400	-	-
Miscellaneous					7,076,098	540,310	7,616,408	282,509	-
Gain (loss) on sale of capital assets					-	-	-	-	(126,402)
Transfers					2,104,775	(2,104,775)	-	-	-
Total general revenues and transfers					136,498,728	(1,350,656)	135,148,072	10,822,609	8,964,283
Change in net position					19,970,515	(1,096,918)	18,873,597	(2,554,875)	100,011,099
Beginning net position					107,745,285	32,156,120	139,901,405	31,898,396	718,621,815
Ending net position					$ 127,715,800	$ 31,059,202	$ 158,775,002	$ 29,343,521	$ 818,632,914

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	General	Hotel/Motel Tax	Debt Service	2019 Capital Improvements	2023 Capital Improvement	Park Improvement
ASSETS						
Cash and cash equivalents	$ 29,285,562	$ 1,691,625	$ 3,295,804	$ 25,241,640	$ 58,936,532	$ 26,828,526
Investments	10,950,026	1,177,500	-	3,000,000	5,006,881	-
Receivables, net	8,568,175	950,891	569,061	-	94,515	-
Leases receivable	579,977	-	-	-	-	-
Due from other funds	440,234	-	-	-	-	-
Inventory	1,190	-	-	-	-	-
Restricted cash	-	-	-	-	-	-
Total assets	$ 49,825,164	$ 3,820,016	$ 3,864,865	$ 28,241,640	$ 64,037,928	$ 26,828,526
LIABILITIES						
Accounts payable and accrued liabilities	$ 10,205,255	$ 78,204	$ 71,431	$ 7,834,243	$ 3,468,169	$ 53,296
Due to other funds	375,718	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	10,580,973	78,204	71,431	7,834,243	3,468,169	53,296
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - leases receivable	559,260	-	-	-	-	-
Unavailable revenue - grants	-	-	-	-	83,439	-
Unavailable revenue - property taxes	643,657	-	642,253	-	-	-
Total deferred inflows of resources	1,202,917	-	642,253	-	83,439	-
FUND BALANCES						
Nonspendable	1,190	-	-	-	-	-
Restricted	-	3,741,812	3,151,181	20,407,397	60,486,320	26,775,230
Committed	-	-	-	-	-	-
Assigned	2,190,402	-	-	-	-	-
Unassigned	35,849,682	-	-	-	-	-
Total fund balances	38,041,274	3,741,812	3,151,181	20,407,397	60,486,320	26,775,230
Total liabilities, deferred inflows of resources, and fund balances	$ 49,825,164	$ 3,820,016	$ 3,864,865	$ 28,241,640	$ 64,037,928	$ 26,828,526

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	Grants	Nonmajor Governmental	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 60,644	$ 32,509,711	$ 177,850,044
Investments	-	-	20,134,407
Receivables, net	1,356,058	3,247,189	14,785,889
Leases receivable	-	762,639	1,342,616
Due from other funds	671,051	375,718	1,487,003
Inventory	-	-	1,190
Restricted cash	1,146,813	3,499,739	4,646,552
Total assets	$ 3,234,566	$ 40,394,996	$ 220,247,701
LIABILITIES			
Accounts payable and accrued liabilities	$ 390,841	$ 2,427,981	$ 24,529,420
Due to other funds	-	1,059,086	1,434,804
Unearned revenue	1,562,429	2,435,432	3,997,861
Total liabilities	1,953,270	5,922,499	29,962,085
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - leases receivable	-	776,330	1,335,590
Unavailable revenue - grants	1,220,652	698,667	2,002,758
Unavailable revenue - property taxes	-	1,564,129	2,850,039
Total deferred inflows of resources	1,220,652	3,039,126	6,188,387
FUND BALANCES			
Nonspendable	-	250,286	251,476
Restricted	60,644	30,807,263	145,429,847
Committed	-	375,822	375,822
Assigned	-	-	2,190,402
Unassigned	-	-	35,849,682
Total fund balances	60,644	31,433,371	184,097,229
Total liabilities, deferred inflows of resources, and fund balances	$ 3,234,566	$ 40,394,996	$ 220,247,701

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2025

Total fund balances for governmental funds	$ 184,097,229
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.	
Capital assets - nondepreciable/nonamortizable	108,023,782
Capital assets - depreciable/amortizable, net	232,392,061
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	2,850,039
Some liabilities, including bonds and leases payable, are not reported as liabilities in the governmental funds.	
Accrued interest	(1,976,040)
Bonds, notes, and other payables due in one year	(24,206,677)
Bonds, notes, and other payables due in more than one year	(295,170,498)
Premiums on bond issuance and deferred loss on bond refunding are recorded as other financing sources and uses in the fund financial statements when first issued, but are capitalized and amortized in the government-wide financial statements over the life of the bond.	
Premiums	(24,662,312)
Deferred gain on refunding	(3,147,400)
Deferred charge on refunding	461,518
Net pension liability and other postemployment benefits (OPEB) obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.	
Net pension liability	(44,488,611)
Total OPEB liability - TMRS	(1,654,235)
Total OPEB liability - retiree benefits	(6,879,883)
Deferred outflows and inflows of resources related to the net pension and total OPEB liability are not reported in the funds.	
Deferred outflows - pensions	15,640,944
Deferred inflows - pensions	(2,952,964)
Deferred outflows - OPEB	426,153
Deferred inflows - OPEB	(811,423)
Accrued liabilities for compensated absences are not due and payable in the current period and, therefore, have not been included in the fund financial statements.	(12,850,840)
The City uses an internal service fund to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service fund are included in governmental activities.	2,624,957
Net position of governmental activities	$ 127,715,800

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended September 30, 2025

	General	Hotel/Motel Tax	Debt Service	Formally Major General Obligations	Formally Major Roadway Impact Fees	2019 Capital Improvements
Revenues						
Taxes and fees	$ 77,132,777	$ 4,381,013	$ 27,642,096			$ -
Licenses and permits	10,043,126	-	-			-
Intergovernmental	77,338	-	-			289,597
Fines and forfeitures	1,843,431	-	-			-
Investment earnings	4,096,476	65,672	237,286			1,669,791
Parks and recreation	5,239,573	-	-			-
Miscellaneous	2,312,766	-	2,861,332			182,242
Other contributions	-	-	-			-
Charges for services	6,423,301	-	-			-
Total revenues	107,168,788	4,446,685	30,740,714			2,141,630
Expenditures						
Current						
General government	17,689,625	3,971,806	-			-
Finance and tax	1,970,588	-	-			-
Planning and environmental development	4,745,218	-	-			-
Public safety	59,362,750	-	-			22,508
Public works	11,543,221	-	-			18,951,342
Parks and recreation	10,915,594	-	-			8,945,062
Library	2,961,190	-	-			-
Airport	-	-	-			-
Solid Waste	-	-	-			
Debt service						-
Principal	809,831	-	22,040,000			-
Interest	101,040	-	10,259,355			-
Issuance cost and fiscal charges	-	-	361,234			-
Total expenditures	110,099,057	3,971,806	32,660,589			27,918,912
Excess (deficiency) of revenues over (under) expenditures	(2,930,269)	474,879	(1,919,875)			(25,777,282)
Other financing sources (uses)						
Transfers in	1,125,227	-	1,339,919			875,000
Transfers (out)	(2,200,082)	(598,125)	-			(201,000)
SBITAs	4,329,652	-	-			-
Payment to escrow	-	-	(20,345,000)			-
Premium from issuance of debt	-	-	1,717,883			-
Issuance of debt	-	-	18,945,000			-
Total other financing sources (uses)	3,254,797	(598,125)	1,657,802			674,000
Net change in fund balances	324,528	(123,246)	(262,073)			(25,103,282)
Fund balances, October 1, 2024 as previously presented	37,716,746	3,865,058	3,413,254	5,113,445	14,103,915	45,510,679
Change with financial reporting entity (major to nonmajor)	-	-	-	(5,113,445)	(14,103,915)	-
Fund balances, October 1, 2024 as adjusted	37,716,746	3,865,058	3,413,254	-	-	45,510,679
Ending fund balances	$ 38,041,274	$ 3,741,812	$ 3,151,181	$ -	$ -	$ 20,407,397

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
For the year ended September 30, 2025

	2023 Capital Improvement	Park Improvement	Grants	Nonmajor Governmental	Total Governmental Funds
Revenues					
Taxes and fees	$ -	$ -	$ -	$ 4,625,029	$ 113,780,915
Licenses and permits	-	4,435,728	-	136,722	14,615,576
Intergovernmental	560,962	-	4,482,315	3,164,566	8,574,778
Fines and forfeitures	-	-	-	392,970	2,236,401
Investment earnings	1,403,713	129,411	254,931	948,309	8,805,589
Parks and recreation	-	-	-	-	5,239,573
Miscellaneous	1,076	-	127,950	1,590,732	7,076,098
Other contributions	-	-	-	3,075,400	3,075,400
Charges for services	-	-	-	2,969,846	9,393,147
Total revenues	1,965,751	4,565,139	4,865,196	16,903,574	172,797,477
Expenditures					
Current					
General government	-	-	116,807	3,281,733	25,059,971
Finance and tax	-	-	3,414,541	542,967	5,928,096
Planning and environmental development	-	-		1,531,991	6,277,209
Public safety	-	-	1,774,607	5,560,046	66,719,911
Public works	11,456,421	225,511	209,577	10,219,652	52,605,724
Parks and recreation	3,519,999	972,625	58,006	3,565,564	27,976,860
Library	-	-	69,351	88,418	3,118,959
Airport	-	-	380,648	-	380,648
Solid Waste	-	-	-	-	-
Debt service					
Principal	-	-	-	3,346,743	26,196,574
Interest	-	-	-	966,100	11,326,495
Issuance cost and fiscal charges	377,353	-	-	-	738,587
Total expenditures	15,353,773	1,198,136	6,023,537	29,103,214	226,329,024
Excess (deficiency) of revenues over (under) expenditures	(13,388,022)	3,367,003	(1,158,341)	(12,199,640)	(53,531,547)
Other financing sources (uses)					
Transfers in	1,127,142	-	404,244	7,954,570	12,826,102
Transfers (out)	-	-	-	(7,910,546)	(10,909,753)
Subscription proceeds					4,329,652
Payment to escrow	-	-	-	-	(20,345,000)
Premium from issuance of debt	2,176,759	-	-	-	3,894,642
Issuance of debt	38,200,000	-	-	-	57,145,000
Total other financing sources (uses)	41,503,901	-	404,244	44,024	46,940,643
Net change in fund balances	28,115,879	3,367,003	(754,097)	(12,155,616)	(6,590,904)
Fund balances, October 1, 2024 as previously presented	32,370,441	23,408,227	814,741	24,371,627	190,688,133
Change with financial reporting entity (major to nonmajor)	-	-	-	19,217,360	-
Fund balances, October 1, 2024 as adjusted	32,370,441	23,408,227	814,741	43,588,987	190,688,133
Ending fund balances	$ 60,486,320	$ 26,775,230	$ 60,644	$ 31,433,371	$ 184,097,229

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Net changes in fund balances - total governmental funds	$ (6,590,904)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Depreciation/amortization expense	(15,341,076)
Capital outlay	61,852,568
The City uses an internal service fund to charge the costs of certain activities to individual funds. Net change in net position of the internal service fund is reported with governmental activities.	(1,460,822)
Revenues in the Statement of Activities that to do not provide current financial resources are not reported as revenues in the funds.	1,537,039
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.	
Payment to escrow	20,345,000
Issuance of bonds	(57,145,000)
Premium on issuance of bonds	(3,894,642)
Lease payments	113,806
Subscription payments	445,922
Principal payments	24,575,000
Subscription proceeds	(4,329,652)
Note principal payment	1,061,846
Deferred gain on refunding	(3,147,400)
Amortization of deferred charge on refunding	(284,160)
Amortization of premiums on bonds	5,521,565
Accrued interest on long-term debt	(2,461)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(2,110,653)
Change in net pension liability	2,473,144
Change in total OPEB liability - TMRS	(11,135)
Change in total OPEB liability - retiree benefits	(98,692)
Change in deferred outflows - pensions	(2,338,378)
Change in deferred inflows - pensions	(2,434,945)
Change in deferred outflows - OPEB	(476,183)
Change in deferred inflows - OPEB	1,710,728
Change in net position of governmental activities	$ 19,970,515

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business-Type Activities				Governmental Activities
	Airport	Solid Waste	Nonmajor Enterprise	Total Funds	Internal Service
ASSETS					
Current assets					
Cash and cash equivalents	$ 2,618,352	$ 8,094,047	$ 1,788,261	$ 12,500,660	$ 4,791,661
Investments	-	1,000,000	-	1,000,000	-
Receivables, net of allowances	148,819	1,090,010	17,026	1,255,855	-
Lease receivable	1,712,620	-		1,712,620	-
Inventory	-	-		-	113,699
Restricted cash	48,319	-	80,217	128,536	-
Total current assets	4,528,110	10,184,057	1,885,504	16,597,671	4,905,360
Noncurrent assets					
Capital assets					
Nondepreciable/amortizable	3,653,277	-	135,000	3,788,277	-
Net depreciable capital assets	5,748,330	5,816,284	7,761,272	19,325,886	-
Total noncurrent assets	9,401,607	5,816,284	7,896,272	23,114,163	-
Total assets	13,929,717	16,000,341	9,781,776	39,711,834	4,905,360
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	169,005	1,170,486	325,601	1,665,092	-
Deferred outflows - OPEB	43	22,966	10,427	33,436	-
Total deferred outflows of resources	169,048	1,193,452	336,028	1,698,528	-
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	1,292,627	610,264	268,807	2,171,698	2,228,204
Deposits payable	48,319	-	80,217	128,536	-
Compensated absences	81,875	281,517	140,458	503,850	-
Total current liabilities	1,422,821	891,781	489,482	2,804,084	2,280,403
Noncurrent liabilities					
Compensated absences	9,097	31,280	15,606	55,983	-
Net pension liability	460,409	3,126,574	1,033,716	4,620,699	-
Total OPEB liability - TMRS	16,958	110,622	35,565	163,145	-
Total OPEB liability - retiree benefits	57,436	475,687	157,316	690,439	-
Total noncurrent liabilities	543,900	3,744,163	1,242,203	5,530,266	-
Total liabilities	1,966,721	4,635,944	1,731,685	8,334,350	2,280,403
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - leases	1,648,816	-	-	1,648,816	-
Deferred inflows - pensions	35,876	155,798	56,132	247,806	-
Deferred inflows - OPEB	5,225	95,843	19,120	120,188	-
Total deferred inflows of resources	1,689,917	251,641	75,252	2,016,810	-
NET POSITION					
Net investment in capital assets	9,401,607	5,816,284	7,896,272	23,114,163	-
Unrestricted	1,040,520	6,489,924	414,595	7,945,039	2,624,957
Total net position	$ 10,442,127	$ 12,306,208	$ 8,310,867	$ 31,059,202	$ 2,624,957

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-Type Activities						Governmental Activities
			Formally Major				
	Airport	Solid Waste	Golf Course	Civic/Con. Center	Nonmajor Enterprise	Total Funds	Internal Service
Operating revenues							
Charges for services	$ 4,344,918	$ 13,074,837			$ 3,023,197	$ 20,442,952	$ 7,810,934
Miscellaneous	31,385	466,831			42,094	540,310	1,338,378
Total operating revenues	4,376,303	13,541,668			3,065,291	20,983,262	9,149,312
Operating expenses							
Personnel services	1,050,700	4,000,522			1,932,175	6,983,397	10,364,856
Purchased services	296,131	3,101,450			405,775	3,803,356	552,616
Professional services	599,387	1,076,815			182,085	1,858,287	-
Supplies	2,114,367	1,950,619			646,876	4,711,862	-
Depreciation/Amortization	605,194	1,704,930			1,158,946	3,469,070	-
Total operating expenses	4,665,779	11,834,336			4,325,857	20,825,972	10,917,472
Operating income (loss)	(289,476)	1,707,332			(1,260,566)	157,290	(1,768,160)
Nonoperating revenues							
Investment earnings	11,185	194,975			7,649	213,809	118,912
Intergovernmental revenue	85,224	-			-	85,224	-
Total nonoperating revenues	96,409	194,975			7,649	299,033	118,912
Income (loss) before transfers	(193,067)	1,902,307			(1,252,917)	456,323	(1,649,248)
Transfers							
Capital contributions	425,465	-			126,069	551,534	-
Transfers in	99,910	-			-	99,910	188,426
Transfers (out)	(405,463)	(1,530,978)			(268,244)	(2,204,685)	-
Total transfers	119,912	(1,530,978)			(142,175)	(1,553,241)	188,426
Change in net position	(73,155)	371,329			(1,395,092)	(1,096,918)	(1,460,822)
Net position, October 1, 2024 as previously presented	10,515,282	11,934,879	4,547,842	5,158,117	-	32,156,120	4,085,779
Change with financial reporting entity (major to nonmajor)	-	-	(4,547,842)	(5,158,117)	9,705,959	-	-
Ending Net Position	$ 10,442,127	$ 12,306,208	$ -	$ -	$ 8,310,867	$ 31,059,202	$ 2,624,957

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-Type Activities				Governmental Activities
	Airport	Solid Waste	Nonmajor Enterprise	Total Funds	Internal Service
Cash flows from operating activities					
Receipts from customers	$ 4,250,238	$ 13,312,899	$ 3,078,694	$ 20,641,831	$ -
Receipts for interfund services provided and used	-	-	-	-	9,149,312
Payments to suppliers	(2,534,807)	(6,253,376)	(1,240,691)	(10,028,874)	(9,103,744)
Payments for personnel services	(1,029,285)	(3,810,578)	(1,888,805)	(6,728,668)	(956,629)
Net cash provided (used) by operating activities	686,146	3,248,945	(50,802)	3,884,289	(911,061)
Cash flows from noncapital financing activities					
Transfers from other funds	99,910	-	-	99,910	188,426
Operating grants	85,224	-	-	85,224	-
Transfer to other funds	(405,463)	(1,530,978)	(268,244)	(2,204,685)	-
Net cash provided (used) by noncapital financing activities	(220,329)	(1,530,978)	(268,244)	(2,019,551)	- 188,426
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(573,210)	(472,797)	(853,389)	(1,899,396)	-
Net cash provided (used) by capital and related financing activities	(573,210)	(472,797)	(853,389)	(1,899,396)	-
Cash flows from investing activities					
Investment purchases	-	(1,000,000)	-	(1,000,000)	-
Interest on investments	11,185	194,975	7,649	213,809	118,912
Net cash provided (used) by investing activities	11,185	(805,025)	7,649	(786,191)	118,912
Net (decrease) increase in cash and cash equivalents	(96,208)	440,145	(1,164,786)	(820,849)	(603,723)
Beginning cash and cash equivalents	2,762,879	7,653,902	3,033,264	13,450,045	- 5,395,384
Ending cash and cash equivalents	$ 2,666,671	$ 8,094,047	$ 1,868,478	$ 12,629,196	$ 4,791,661
Ending cash and cash equivalents					
Unrestricted cash and cash equivalents	$ 2,618,352	$ 8,094,047	$ 1,788,261	$ 12,500,660	$ 4,791,661
Restricted cash and cash equivalents	48,319	-	80,217	128,536	-
	$ 2,666,671	$ 8,094,047	$ 1,868,478	$ 12,629,196	$ 4,791,661

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-Type Activities				Governmental Activities
	Airport	Solid Waste	Nonmajor Enterprise	Total Funds	Internal Service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ (289,476)	$ 1,707,332	$ (1,260,566)	$ 157,290	$ (1,768,160)
Adjustments to reconcile operating income to net cash provided (used in) by operating activities:					
Depreciation and amortization	605,194	1,704,930	1,158,946	3,469,070	-
Changes in operating assets and liabilities					
(Increase) decrease in assets					
Accounts receivable	(148,797)	(228,769)	11,591	(365,975)	119
Lease receivable	22,732	-	-	22,732	-
Inventories	-	-	-	-	(779)
Deferred outflows - pensions	28,838	121,042	44,538	194,418	-
Deferred outflows - OPEB	5,878	24,672	9,079	39,629	-
Increase (decrease) in:					
Accounts payable and accrued liabilities	472,340	(124,492)	(5,955)	341,893	836,810
Due to other funds	-	-	-	-	20,949
Net pension liability	(30,500)	(128,018)	(47,105)	(205,623)	-
Total OPEB liability - TMRS	137	576	212	925	-
Total OPEB liability - retiree benefits	1,219	5,115	1,882	8,216	-
Accrued compensated absences	53,089	129,171	21,008	203,268	-
Customer deposits	2,738	-	1,812	4,550	-
Deferred inflows - leases	(46,153)	-	-	(46,153)	-
Deferred inflows - pensions	30,029	126,040	46,377	202,446	-
Deferred inflows - OPEB	(21,122)	(88,654)	(32,621)	(142,397)	-
Net cash provided by (used in) operating activities	$ 686,146	$ 3,248,945	$ (50,802)	$ 3,884,289	$ (911,061)
Noncash capital activities					
Capital assets contributed during the year	$ 425,465	$ -	$ 126,069	$ 551,534	$ -

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2025

	Custodial	Private-Purpose Trust
ASSETS		
Current assets		
Cash	$ -	$ 1,364,156
Total assets	-	1,364,156
NET POSITION		
Restricted for debt service	-	1,364,156
Total net position	$ -	$ 1,364,156

See notes to financial statements.

CITY OF NEW BRAUNFELS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2025

	Custodial	Private-Purpose Trust
Additions		
Special assessment collections	$ 612,043	$ -
Contributions	-	612,043
Investment earnings	-	60,677
Total additions	612,043	672,720
Deductions		
Contribution to trust	612,043	-
Payment to developer	-	179,554
Payment to bond holders	-	557,353
Payment to fiscal agents	-	70,410
Miscellaneous	-	188
Total deductions	612,043	807,505
Net decrease in Fiduciary net position	-	(134,785)
Beginning net position	-	1,498,941
Ending net position	$ -	$ 1,364,156

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Discretely Presented Component Units

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units

The blended component units discussed below are included as part of the reporting entity because their boards are substantially the same as the primary government's board, and the management of the primary government has the operational responsibility for the component units. The blended component units, although legally separate entities are, in substance, part of the City's operations and financial data from these units are combined with financial data of the City in preparing the government-wide financial statements. The City board also serves as the governing body for all its blended component units.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City also has the following related organization:

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The City reports the following governmental funds:

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds: The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects funds are considered nonmajor funds for reporting purposes, except for the 2019 capital improvement fund, 2023 capital improvement fund, and the park improvement fund.

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

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

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

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

The City reports the following proprietary funds:

Enterprise Funds: The *enterprise funds* are used to account for the operations that provide airport, solid waste, golf course, and civic/convention center operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The airport and solid waste funds are considered major funds for reporting purposes.

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

The City reports the following fiduciary funds:

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Assets Depreciation	Estimated Useful Life
Streets/Drainage Infrastructure	20 years
Buildings	30 years
Building Improvements	20 years
Equipment	5-7 years
Fleet	5-7 years
SBITAs	SBITA term
Leases	Lease term

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

Deferred outflows/inflows of resources are amortized as follows:

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

A liability for these obligations, which are collectively referred to as compensated absences, is calculated and reported in the government wide and proprietary fund financial statements as incurred following the provisions of GASB Statement No. 101, *Compensated Absences*. A liability for compensated absences is recognized when leave time: 1) has been earned for services previously rendered by employees, 2) accumulates and may be carried over into subsequent years, and 3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee) during employment or upon separation from employment. The liability for compensated absences includes salary-related benefits, where applicable.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Leases

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	General	Hotel/Motel Tax	Debt Service	2019 Capital Improvement	2023 Capital Improvement	Park Improvement	Grants	Nonmajor Governmental	Total Governmental Funds
Nonspendable									
Cemetery perpetual care	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 250,286	$ 250,286
Inventory	1,190	-	-	-	-	-	-	-	1,190
Total nonspendable	1,190	-	-	-	-	-	-	250,286	251,476
Restricted									
Tourism	-	3,741,812	-	-	-	-	-	-	3,741,812
Debt service	-	-	3,151,181	-	-	-		-	3,151,181
Grants	-	-	-	-	-	-	60,644	77,250	137,894
Special donation	-	-	-	-	-	-		1,370,786	1,370,786
Stormwater development	-	-	-	-	-	-	-	952,811	952,811
Edwards Aquifer	-	-	-	-	-	-	-	430	430
Capital projects	-	-	-	20,407,397	60,486,320	26,775,230	-	17,576,364	125,245,311
Public safety	-	-	-	-	-	-	-	689,191	689,191
Municipal court	-	-	-	-	-	-	-	236,396	236,396
Governmental programming	-	-	-	-	-	-	-	503,367	503,367
Economic development	-	-	-	-	-	-	-	9,400,668	9,400,668
Total restricted	-	3,741,812	3,151,181	20,407,397	60,486,320	26,775,230	60,644	30,807,263	145,429,847
Committed									
Facilities Maintenance	-	-	-	-	-	-	-	325,501	325,501
Enterprise equipment	-	-	-	-	-	-	-	50,321	50,321
Total committed	-	-	-	-	-	-	-	375,822	375,822
Assigned									
Equipment replacement	2,190,402	-	-	-	-	-	-	-	2,190,402
Total assigned	2,190,402	-	-	-	-	-	-	-	2,190,402
Unassigned									
Unassigned	35,849,682	-	-	-	-	-	-	-	35,849,682
Total unassigned	35,849,682	-	-	-	-	-	-	-	35,849,682
Total fund balances	$ 38,041,274	$ 3,741,812	$ 3,151,181	$ 20,407,397	$ 60,486,320	$ 26,775,230	$ 60,644	$ 31,433,371	$184,097,229

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Minimum Fund Balance Policy - The City will maintain an operating reserve for use in the event of unanticipated, extraordinary expenditures and/or the loss of a major revenue source. In the general fund, the operating reserve and specified contingencies shall be established at a minimum of 25 percent of the general fund budgeted expenditures for the current fiscal year. Special Revenue Funds are established in accordance with generally accepted accounting principles (GAAP) to account for revenues that are restricted or committed for specific purposes pursuant to state law, grant agreements, ordinances, or contractual requirements. The City shall manage Special Revenue Funds to ensure that resources are expended solely for their intended purpose and in compliance with all applicable legal and regulatory requirements. Because revenues in Special Revenue Funds are dedicated to specific uses, fund balances may fluctuate based on the timing of receipts and related expenditures and are not intended to accumulate for general reserve purposes. Accordingly, Special Revenue Funds are not subject to a minimum fund balance or reserve requirement unless explicitly required by statute, grant terms, or formal action of the City Council. The funds can only be appropriated by an affirmative vote of five of the seven City Council members.

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement: GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal year beginning after December 15, 2023, and all reporting periods thereafter. The City adopted this standard for fiscal year ended September 30, 2025. The impact on the financial statements as a result of implementation of this standard was immaterial. The footnotes to the financial statements have been amended in accordance with the standard.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess and disclose information regarding certain concentrations or constraints and related events that may have a substantial impact and negatively affect the level of service a government provides. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The adoption of the standard has no impact on the City's financial statements.

Revenues and Expenditures/Expenses:

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

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

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

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

(Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

Two meetings of the City Council are then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must have been given.

Prior to the start of the fiscal year, the budget is legally enacted through passage of an ordinance by the City Council.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt project length budgets. The 2019 capital improvements fund, 2023 capital improvements fund, and park improvement funds are major funds for reporting purposes and are considered capital projects funds that do not present an annual operating budget. The Parking fund was a new fund created during the year, and therefore did not have an annual adopted budget. Budgetary legal level of control is set at the fund, department, and/or project level. Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. As required by law, such amendments are made before the fact and are reflected in the official minutes of the City Council. Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year end) are completed. Such encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. In accordance with generally accepted accounting principles, the City presents the budget to actual financial statements within the Required Supplementary Information and Other Supplementary Information to demonstrate that the City is within the legal level of budgetary control. The Non-departmental department reported expenditures in excess of appropriations at the legal level of control in the amount of $3,641,105, which was related to capitalization of a SBITA during the year. There was an other financing sources (uses) related to the liability assumed with the SBITA, which nets the expenditure to zero at the fund level.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Investments: As of September 30, 2025, the City had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
Primary Governmental and Component Unit - EDC			
U.S. agency securities	$ 10,394,461	1.17	AA+
U.S. treasury notes	2,498,945	0.54	AA+
Certificates of Deposit	8,500,000	0.90	N/A
Demand deposit and money market	75,075,882	0.00	N/A
External investment pools			
TexPool	100,107,963	0.11	AAAm
Texas CLASS	26,247,799	0.23	AAAm
Texas FIT	23,736,491	0.21	AAAf
Total	$ 246,561,541		
Portfolio weighted average maturity		0.36	
Component Unit - NBU			
U.S. agency securities	$ 32,958,464	0.66	AA+
U.S. treasury notes	16,053,347	2.32	AA+
Escrow funds	21,405,765	0.00	N/A
Demand deposit and money market	58,300,876	0.00	N/A
Investment pools	87,855,443	0.00	AAAm
Total	$ 216,573,895		
Portfolio weighted average maturity		0.60	

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

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

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

As of September 30, 2025, the City had the following recurring fair value measurements:

Investments by Fair Value Level	September 30, 2025	Active Markets Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Primary Government			
U.S. agency securities	$ 10,394,461	$ -	$ 10,394,461
U.S. agency treasury notes	2,498,945	2,498,945	-
Total - Primary Government	$ 12,893,406	$ 2,498,945	$ 10,394,461
Component Unit - NBU			
U.S. agency securities	$ 32,958,464	$ -	$ 32,958,464
U.S. agency treasury notes	16,053,347	16,053,347	-
Total - NBU	$ 49,011,811	$ 16,053,347	$ 32,958,464

U. S. Government agency bonds and notes are classified in Level 1 of the fair value hierarchy and are valued using the market approach.

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

Credit risk - The City's policy requires that investment pools must be rated no lower than 'AAA' or 'AAAm.' As of September 30, 2025, the City's investments in investment pools were rated 'AAAm' by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. These investments were rated not less than 'AA+' by both Moody's and Standard & Poor's.

Custodial credit risk - deposits. In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's cash and investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2025, fair values of pledged securities and FDIC coverage exceeded bank balances.

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

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

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

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

	Governmental Funds						
	General	Hotel/Motel Tax	Debt Service	2023 Capital Improvement	Grants	Nonmajor Funds	Total
Ad valorem taxes	$ 744,929	$ -	$ 716,757	$ -	$ -	$ 1,564,129	$ 3,025,815
Accounts	11,359,738	950,891	-	94,515	1,356,058	1,683,060	15,444,262
Less allowances	(3,536,492)	-	(147,696)	-	-	-	(3,684,188)
Total	$ 8,568,175	$ 950,891	$ 569,061	$ 94,515	$ 1,356,058	$ 3,247,189	$ 14,785,889

	Proprietary Funds			
	Airport	Solid Waste	Nonmajor Enterprise	Total
Accounts	$ 148,819	$ 1,090,010	$ 17,026	$ 1,255,855
Total	$ 148,819	$ 1,090,010	$ 17,026	$ 1,255,855

	Component Unit	
	EDC	NBU
Customer accounts	$ -	$ 39,935,415
Interest	-	504,632
Accounts	1,927,748	-
Other	2,184,484	3,303,254
Total	$ 4,112,232	$ 43,743,301

Lease Receivable: The City is a lessor for several agreements related to the lease of space and land. These leases, which are reported within governmental activities, have remaining terms of up to 88 years. The City receives annual payments of $14,500 to $36,000 for these leases. The City recognized $39,528 in lease revenue and $10,972 in interest revenue related to these leases in the current year. As of September 30, 2025, the City's receivable for these lease payments was $1,342,616. The City also has a deferred inflow of resources associated with these leases that will be recognized over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was $1,335,590.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The remaining principal and interest payments along with the amortization of the deferred inflow of resources from the agreements are as follows:

Governmental Activities

Fiscal Year Ended September 30,	Lease Receipts Principal	Lease Receipts Interest	Lease Receipts Total	Amortization of Deferred Inflows
2026	$ 5,059	$ 45,441	$ 50,500	$ 9,323
2027	5,637	45,403	51,040	30,239
2028	6,344	45,244	51,588	30,239
2029	7,090	45,055	52,145	30,239
2030	7,875	44,834	52,709	30,239
2031-2035	52,715	219,602	272,317	151,196
2036-2040	79,622	208,137	287,759	151,196
2041-2045	114,223	190,172	304,395	151,196
2046-2050	158,500	163,817	322,317	151,196
2051-2055	214,936	126,688	341,624	151,196
2056-2060	286,634	75,789	362,423	149,804
2061-2065	35,916	36,584	72,500	37,105
2066-2070	39,437	33,063	72,500	37,105
2071-2075	43,303	29,197	72,500	37,105
2076-2080	47,548	24,952	72,500	37,105
2081-2085	52,209	20,291	72,500	37,105
2086-2090	57,327	15,173	72,500	37,105
2091-2095	54,446	9,554	64,000	36,714
2096-2100	24,156	5,844	30,000	14,354
2101-2105	26,537	3,463	30,000	14,354
2106-2110	23,102	900	24,002	11,475
	$ 1,342,616	$ 1,389,203	$ 2,731,819	$ 1,335,590

The Airport is a lessor of land space for a variety of different parties. The combined lease term for these leases is 59 years. The Airport receives variable amounts for annual payments related to these leases. The Airport recognized $22,732 in lease revenue and $35,622 in interest revenue during the current fiscal year related to these leases. As of September 30, 2025, the Airport's receivable for lease payments was $1,712,620. The Airport fund also has a deferred inflow of resources related to these leases that will be recognized as revenue over the lease term. As of year end, this balance of the deferred inflow of resources was $1,648,816.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The remaining principal and interest payments along with the amortization of the deferred inflow of resources from the agreements are as follows:

Business-Type Activities

Fiscal Year Ended September 30,	Lease Receipts Principal	Lease Receipts Interest	Lease Receipts Total	Amortization of Deferred Inflows
2026	$ 20,122	$ 38,645	$ 58,767	$ 46,153
2027	20,851	38,341	59,192	46,153
2028	20,046	38,027	58,073	44,766
2029	20,679	37,703	58,382	44,494
2030	21,485	37,362	58,847	44,494
2031-2035	120,702	181,015	301,717	222,469
2036-2040	146,314	169,311	315,625	222,469
2041-2045	177,471	154,278	331,749	222,469
2046-2050	215,326	135,114	350,440	222,469
2051-2055	200,179	112,470	312,649	178,643
2056-2060	167,945	92,232	260,177	119,818
2061-2065	213,160	68,808	281,968	113,635
2066-2070	229,441	39,158	268,599	82,654
2071-2075	135,647	9,222	144,869	35,527
2076-2079	3,252	155	3,407	2,603
	$ 1,712,620	$ 1,151,841	$ 2,864,461	$ 1,648,816

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Governmental activities				
Capital assets not being depreciated/ amortized				
Land	$ 51,327,478	$ 2,257,905	$ -	$ 53,585,383
Construction in progress	38,043,750	33,837,972	(17,443,323)	54,438,399
Total capital assets not being depreciated/amortized	89,371,228	36,095,877	(17,443,323)	108,023,782
Other capital assets				
Road network	162,667,020	22,620,153	-	185,287,173
Infrastructure	25,040,967	-	-	25,040,967
Buildings	145,048,736	2,620,851	-	147,669,587
Improvements other than buildings	64,276,347	5,296,192	-	69,572,539
Machinery and equipment	30,428,548	1,903,051	-	32,331,599
Fleet	33,794,424	5,992,038	-	39,786,462
Right-to-use equipment	-	438,077	-	438,077
Subscription	-	4,329,652	-	4,329,652
Total other capital assets	461,256,042	43,200,014	-	504,456,056
Less accumulated depreciation/ amortization for				
Road network	(110,804,033)	(1,493,117)	-	(112,297,150)
Infrastructure	(13,768,628)	(512,379)	-	(14,281,007)
Buildings	(51,098,052)	(3,957,603)	-	(55,055,655)
Improvements other than buildings	(42,431,440)	(2,367,992)	-	(44,799,432)
Machinery and equipment	(16,271,852)	(3,058,601)	-	(19,330,453)
Fleet	(22,348,914)	(3,211,916)	-	(25,560,830)
Right-to-use equipment	-	(87,615)	-	(87,615)
Subscription	-	(651,853)	-	(651,853)
Total accumulated depreciation	(256,722,919)	(15,341,076)	-	(272,063,995)
Other capital assets, net	204,533,123	27,858,938	-	232,392,061
Governmental activities capital assets, net	$ 293,904,351	$ 63,954,815	$ (17,443,323)	$ 340,415,843
		Less associated debt		(344,039,487)
		Plus deferred loss on refunding		461,518
		Less deferred gain on refunding		(3,147,400)
		Less construction payables		(12,308,763)
		Plus unspent bond proceeds		96,389,587
		Net investment in capital assets		$ 77,771,298

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

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation was charged to governmental functions as follows:

General government	$ 1,203,742
Finance and tax	330,056
Planning and environmental development	895,527
Public safety	10,300,941
Public works	1,254,503
Parks and recreation	933,951
Library	422,356
Total governmental activities depreciation expense	$ 15,341,076

Construction in progress and remaining commitments under related contracts for governmental fund projects at year end are as follows:

Project	Authorized Contract	Contract Expenditures	Remaining Contract
Goodwin Lane/Conrads Lane Improvements	$ 22,817,977	$ 11,677,041	$ 11,140,936
Sporks Park - Phase 1	30,956,110	29,769,372	1,186,738
Citywide Intersection Improvements	2,895,643	2,768,037	127,606
Mission Hill Park - Phase 2	8,582,500	2,687,429	5,895,071
Total	$ 65,252,230	$ 46,901,879	$ 18,350,351

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	$ 2,836,693	$ -	$ -	$ 2,836,693
Construction in progress	130,360	1,222,447	(401,223)	951,584
Total capital assets not being depreciated	2,967,053	1,222,447	(401,223)	3,788,277
Other capital assets				
Building	21,444,046	-	-	21,444,046
Improvements other than building	22,206,310	461,116	-	22,667,426
Furniture and fixtures	20,189	-	(20,189)	-
Machinery and equipment	4,073,008	75,366	-	4,148,374
Fleet	16,980,467	1,065,745	-	18,046,212
Airspace easement	37,515	-	-	37,515
Right-to-use equipment	109,148	-	(109,148)	-
Total other capital assets	64,870,683	1,602,227	(129,337)	66,343,573
Less accumulated depreciation/ amortization for				
Building	(13,446,110)	(607,041)	-	(14,053,151)
Improvements other than building	(17,247,451)	(672,520)	-	(17,919,971)
Furniture and fixtures	(20,189)	-	20,189	-
Machinery and equipment	(1,965,251)	(461,317)	-	(2,426,568)
Fleet	(10,891,418)	(1,697,171)	-	(12,588,589)
Airspace easement	(28,563)	(846)	-	(29,409)
Right-to-use equipment	(78,973)	(30,175)	109,148	-
Total accumulated depreciation	(43,677,955)	(3,469,070)	129,337	(47,017,688)
Other capital assets, net	21,192,728	(1,866,843)	-	19,325,885
Business-type activities capital assets, net	$ 24,159,781	$ (644,396)	$ (401,223)	$ 23,114,162

Depreciation was charged to business-type functions as follows:

Airport	$ 605,194
Solid waste	1,704,930
Golf course	739,573
Civic center	419,373
Total business-type activities depreciation expense	$ 3,469,070

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Component unit				
Capital assets not being depreciated				
Land and improvements	$ 56,876,015	$ 4,443,714	$ -	$ 61,319,729
Construction in progress	156,621,714	183,671,086	(191,251,629)	149,041,171
Total capital assets not being depreciated	213,497,729	188,114,800	(191,251,629)	210,360,900
Other capital assets				
Buildings	144,757,523	50,699,383	-	195,456,906
Infrastructure	928,864,900	95,918,697	(3,418,093)	1,021,365,504
Equipment	146,071,127	31,855,566	(633,232)	177,293,461
Wells and springs	3,954,872	8,334,269	-	12,289,141
Total other capital assets	1,223,648,422	186,807,915	(4,051,325)	1,406,405,012
Less accumulated depreciation/ amortization for				
Buildings	(43,161,957)	(3,722,821)	-	(46,884,778)
Infrastructure	(264,244,572)	(25,389,194)	3,107,400	(286,526,366)
Equipment	(67,761,192)	(7,827,698)	633,232	(74,955,658)
Wells and springs	(777,475)	(105,378)	-	(882,853)
Total accumulated depreciation	(375,945,196)	(37,045,091)	3,740,632	(409,249,655)
Other capital assets, net	847,703,226	149,762,824	(310,693)	997,155,357
Component Unit capital assets, net	$ 1,061,200,955	$ 337,877,624	$ (191,562,322)	$ 1,207,516,257

Depreciation was charged to the NBU as follows:

Electric	$ 9,775,379
Water	13,109,628
Wastewater	14,160,084
Total component units depreciation expense	$ 37,045,091

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

	Beginning Balances	Additions	(Reductions)	Ending Balances		Amounts Due Within One Year
Governmental activities						
Bonds, notes, and other payables						
General obligation bonds/notes	$235,385,000	$ 57,145,000	$ (38,740,000)	$253,790,000		$ 18,355,000
Certificates of obligation	46,995,000	-	(4,575,000)	42,420,000		2,915,000
Contract revenue obligations	14,475,000	-	(1,605,000)	12,870,000		1,660,000
Bond premium	26,289,235	3,894,642	(5,521,565)	24,662,312		-
	323,144,235	61,039,642	(50,441,565)	333,742,312	*	22,930,000
Other liabilities						
Notes payable	7,361,485	-	(1,061,846)	6,299,639	*	750,000
Leases payable	227,612	-	(113,806)	113,806	*	113,806
Subscription payable	-	4,329,652	(445,922)	3,883,730	*	412,871
Net pension liability	46,961,755	-	(2,473,144)	44,488,611		-
Total OPEB liability - TMRS	1,643,100	11,135	-	1,654,235		-
Total OPEB liability - retiree benefits	6,781,191	98,692	-	6,879,883		-
Compensated absences	10,740,187	2,110,652	-	12,850,839		11,565,755
Total governmental activities	$396,859,565	$ 67,589,773	$ (54,536,283)	$409,913,055		$ 35,772,432
	Long-term debt due in more than one year			$374,140,623		
	*Debt associated with governmental capital assets			$344,039,487		

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities					
Leases payable	$ 27,479	$ -	$ (27,479)	$ -	$ -
Net pension liability	4,826,322	-	(205,623)	4,620,699	-
Total OPEB liability - TMRS	162,220	925	-	163,145	-
Total OPEB liability - retiree benefits	682,223	8,216	-	690,439	-
Compensated absences	356,567	203,266	-	559,833	503,850
Total business-type activities	$ 6,054,811	$ 212,407	$ (233,102)	$ 6,034,116	$ 503,850
	Long-term debt due in more than one year			$ 5,530,266	

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component unit					
Bonds payable	$474,928,062	$ 82,665,776	$ (16,760,000)	$540,833,838	$ 9,530,000
Bond premium	26,022,455	-	(3,434,311)	22,588,144	-
Net pension liability	26,716,411	-	(2,103,944)	24,612,467	-
Compensated absences	3,418,288	2,509,815	(1,534,670)	4,393,433	3,190,117
Total component units	$531,085,216	$ 85,175,591	$ (23,832,925)	$592,427,882	$ 12,720,117
	Long-term debt due in more than one year			$579,707,765	

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

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

Governmental Activities:

Series	Final Maturity	Original Issue	Interest Rate	Balance
General Obligation Bond/Notes				
2014 General Obligation Bonds	2034	$ 13,970,000	2.00-5.00%	$ 3,015,000
2015 General Obligation and Refunding Bonds	2035	29,260,000	2.00-5.00%	10,880,000
2016 General Obligation Refunding Bonds	2036	37,360,000	2.00-5.00%	1,870,000
2017 General Obligation Refunding Bonds	2029	5,255,000	1.91%	2,180,000
2018 General Obligation Bonds	2038	21,620,000	3.00-5.00%	18,280,000
2018A Tax Note	2026	2,300,000	2.35-2.87%	360,000
2019 General Obligation Bonds	2039	19,985,000	2.00-5.00%	15,245,000
2020 General Obligation Bonds	2040	47,770,000	3.00-5.00%	42,055,000
2020 Tax Note	2027	1,675,000	2.00-4.00%	510,000
2020 General Obligation Refunding Bonds	2031	10,100,000	3.00-4.00%	6,750,000
2021 Tax Note	2028	2,835,000	2.00-3.00%	1,280,000
2021 General Obligation Bonds	2031	27,140,000	2.00-5.00%	22,225,000
2021 General Obligation Refunding Bonds	2033	21,785,000	2.00-5.00%	15,175,000
2022 Tax Note	2029	9,415,000	4.00-5.00%	5,730,000
2022 General Obligation Bonds	2042	15,695,000	3.50-5.00%	14,305,000
2023 Tax Notes	2030	1,960,000	5.00%	1,460,000
2024 Tax Notes	2031	3,015,000	5.00-6.00%	780,000
2023 General Obligation Bonds and Refunding	2043	38,015,000	4.00-5.00%	34,545,000
2025 General Obligation and Refunding Bonds	2045	57,145,000	5.00%	57,145,000
Total General Obligation Bank/Notes				253,790,000
Certificates of Obligation				
2014A Certificates of Obligation	2034	$6,845,000	2.00-5.00%	2,725,000
2014B Certificates of Obligation	2034	3,280,000	2.00-5.00%	1,915,000
2015 Certificates of Obligation	2035	5,395,000	2.00-5.00%	1,450,000
2018 Certificates of Obligation	2038	8,120,000	2.00-5.00%	5,995,000
2019 Certificates of Obligation	2039	4,755,000	2.00-5.00%	3,625,000
2020 Certificates of Obligation	2040	14,470,000	3.00-5.00%	10,130,000
2023 Certificates of Obligation	2043	9,660,000	4.00-5.00%	9,000,000
2024 Certificates of Obligation	2044	7,875,000	4.00-5.00%	7,580,000
Total Certificates of Obligation				42,420,000
Tax Increment Contract Revenue Obligations				
2012 Tax Increment Contract Revenue Improvement and Refunding Obligations	2032	$ 11,670,000	2.93%	4,950,000
2014 Tax Increment Contract Revenue Notes	2032	17,000,000	3.68%	7,920,000
Total Tax Increment Contract Revenue Obligations				12,870,000
Total Governmental Activities Long-Term Debt				$ 309,080,000

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Component Unit – NBU:

Series	Original Issue	Interest Rate	Balance
Revenue Bonds			
2004 Utility System Revenue - Capital Appreciation	$ 2,572,596	3.10-5.16%	$ 1,023,838
2015 Utility System Revenue	26,870,000	2.00-4.00%	8,650,000
2016 Utility System Revenue and Refunding	62,235,000	2.00-5.00%	47,980,000
2018 Utility System Revenue	45,200,000	2.00-5.00%	34,660,000
2020 Utility System Revenue Refunding	88,100,000	3.00-5.00%	77,355,000
2021 Utility System Revenue Refunding	68,250,000	3.00-5.00%	63,970,000
2022 Utility System Revenue Refunding	73,855,000	5.00%	70,570,000
2022A Utility System Revenue Bonds	40,000,000	0.6%-2.9%	38,700,000
2024 Utility System Revenue and Refunding	118,745,000	5.00%	116,700,000
2025 Utility System Revenue and Refunding	82,590,000	4.75-5.00%	81,225,000
Total Component Unit - NBU			$ 540,833,838

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

Fiscal	Governmental Activities				Tax Increment Contract		
Year Ended	General Obligation Bonds		Certificates of Obligation		Review Obligations		
September 30,	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	$ 18,355,000	$ 9,880,281	$ 2,915,000	$ 1,699,283	$ 1,660,000	$ 436,491	$ 34,946,055
2027	18,140,000	9,297,208	3,050,000	1,566,344	1,715,000	380,241	34,148,793
2028	18,235,000	8,490,492	3,190,000	1,427,175	1,775,000	322,116	33,439,783
2029	17,590,000	7,679,316	3,340,000	1,279,887	1,835,000	261,934	31,986,137
2030	16,295,000	6,916,574	3,485,000	1,134,150	1,895,000	199,693	29,925,417
2031-2035	79,075,000	24,525,810	12,845,000	3,830,200	3,990,000	204,361	124,470,371
2036-2040	61,650,000	10,895,635	9,370,000	1,743,787	-	-	83,659,422
2041-2045	24,450,000	2,292,193	4,225,000	306,050	-	-	31,273,243
	$ 253,790,000	$ 79,977,509	$ 42,420,000	$ 12,986,876	$ 12,870,000	$ 1,804,835	$ 403,849,220

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

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The City has entered into various notes payable financing arrangements with interest rates of 0%. The annual requirements to amortize the note payables outstanding at year end were as follows:

Fiscal Year Ended September 30,	Governmental Activities Principal	Interest	Total
2026	$ 750,000	$ -	$ 750,000
2027	500,000	-	500,000
2028	500,000	-	500,000
2029	3,049,639	-	3,049,639
2030	500,000	-	500,000
2031-2035	1,000,000	-	1,000,000
	$ 6,299,639	$ -	$ 6,299,639

The City recognizes a lease related to the use of medical equipment. An initial lease liability was recorded in the amount of $341,419. As of September 30, 2025, the value of the lease liability was $113,806. The City is required to make annual principal and interest payments of $119,543. The lease has an interest rate of 2.50%. The equipment has a 3-year estimated useful life. The value of the right-to-use lease assets at the end of the current fiscal year was $350,462 and had accumulated amortization of $87,615.

The future principal and interest payments as of September 30, 2025 are as follows:

Fiscal Year Ended September 30,	Governmental Activities Principal	Interest	Total
2026	$ 113,806	$ 5,737	$ 119,543
	$ 113,806	$ 5,737	$ 119,543

The City recognized an initial liability of $4,329,652 for a subscription-based information technology arrangement (SBITA) in the current year. As of September 30, 2025, the value of the lease liability was $3,883,730. The City is required to make annual principal and interest payments ranging from $346,685 to $576,067. The lease has an interest rate of 2.33%. The SBITA has a 10-year estimated useful life. The value of the SBITA assets at the end of the current fiscal year was $3,677,799 and had accumulated amortization of $651,853.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The future principal and interest payments as of September 30, 2025 are as follows:

Fiscal Year Ended September 30,	Governmental Activities Principal	Interest	Total
2026	$ 412,871	$ 90,569	$ 503,440
2027	432,271	80,940	513,211
2028	452,314	70,860	523,174
2029	473,026	60,312	533,338
2030	494,423	49,281	543,704
2031-2035	1,618,825	76,584	1,695,409
	$ 3,883,730	$ 428,546	$ 4,312,276

New Debt: On September 1, 2025, the City issued $57,145,000 of general obligation and refunding bonds, Series 2025 (the "Bonds"). Proceeds from the sale of the Bonds will be used for the purpose of (i) providing street improvements; (ii) constructing, acquiring, improving, renovating, developing, and equipping land and buildings for park and recreational purposes, parkland, and other costs to include Mission Hill Park; (iii) constructing, renovating, improving, and equipping existing and/or additional City library facilities including acquisition of any necessary sites and related water, wastewater, drainage, streets, sidewalks, parking infrastructure, and other related costs to include a Southeast Library Branch; (iv) refunding certain maturities of the City's currently outstanding obligations. $820,000 of General Obligation Bonds, Series 2024, $1,735,000 of Certificate of Obligations, Series 2015, $2,760,000 of General Obligation and Refunding Bonds, Series 2015, and $15,030,000 of General Obligation and Refunding Bonds, Series 2016 were partially refunded with the Bonds. As a result, the refunded bonds are considered defeased and therefore the related liability has been removed from the Statement of Net Position. The refunding portion of the bonds had a net present value savings of $621,005. The reacquisition price was less than the net carrying amount of the old debt by $3,147,400. The Bonds will mature in 2045 and carry an interest rate of 5.00%. The payment made to escrow was less than the carrying value of the old debt by $3,147,400. This amount is being reported as a deferred inflow of resources and is being amortized over the life of the new debt. The transaction provided a present value economic gain of $335,741.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

Fiscal Year Ended September 30,	Bonds Payable Principal	Interest	Total
2026	$ 9,530,000	$ 22,645,676	$ 32,175,676
2027	9,918,838	22,236,467	32,155,305
2028	10,375,000	21,806,766	32,181,766
2029	10,845,000	21,331,391	32,176,391
2030	11,390,000	20,844,251	32,234,251
2031-2035	64,245,000	96,904,528	161,149,528
2036-2040	79,365,000	82,969,199	162,334,199
2041-2045	96,210,000	65,418,655	161,628,655
2046-2050	110,905,000	44,885,744	155,790,744
2051-2055	126,385,000	19,860,400	146,245,400
2056	11,665,000	554,088	12,219,088
	$ 540,833,838	$ 419,457,165	$ 960,291,003

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

Interfund Receivables and Payables: Interfund balances at September 30, 2025 consisted of the following:

Receivable Fund	Payable Fund	Total
General	Nonmajor governmental	$ 440,234
Nonmajor governmental	General	375,718
Grants	Nonmajor governmental	671,051
		$ 1,487,003

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

	Transfers In	Transfers Out	Explanation
General	$ 141,713	$ 141,713	Airport Fund - Admin Svcs
	78,244	78,244	Civic/Convention Center - Admin Svcs
	815,270	815,270	Solid Waste - Admin Svcs & Street Impact
	90,000	90,000	Golf Course - Admin Svcs
Total General Fund	1,125,227	1,125,227	
Debt Service	263,750	263,750	Airport - Debt Service
	100,000	100,000	Golf Course - Debt Service
	378,044	378,044	Solid Waste - Debt Service
	598,125	598,125	Hotel/Motel Tax Fund - Civic/Convention Center Fund
Total Debt Service Fund	1,339,919	1,339,919	
2019 Bond Program	875,000	875,000	Roadway Impact Fees - Goodwin/Conrads Lane Project
Total 2019 Bond Program Fund	875,000	875,000	
2023 General Obligation Fund	1,127,142	1,127,142	Roadway Impact Fees - Citywide Intersections Project
Total 2023 General Obligation Fund	1,127,142	1,127,142	
2022 Tax Note Fund	2,646	2,646	Tax Note 2018A
	201,000	201,000	2019 Bond Fund - Fire Station Renovation
Total 2022 Tax Note Fund	203,646	203,646	
Grant	85,047	85,047	General Fund - Drainage Area Master Plan
	175,000	175,000	General Fund - Safe Streets Grant Contribution
	23,986	23,986	General Fund - Cash Match for Grants
	120,211	120,211	General Fund - Project Reconciliation
Total Grant Fund	404,244	404,244	
Transit Fund	1,004,362	1,004,362	General Fund - Public Transit Contract Contribution
Total Transit Fund	1,004,362	1,004,362	
Fire Apparatus Replacement Fund	260,000	260,000	General Fund - Loan Replacement and Closeout
Total Fire Apparatus Replacement Fund	260,000	260,000	
Child Safety Fund	400,490	400,490	General Fund - SRO Program Contribution
Total Child Safety Fund	400,490	400,490	
Edwards Aquifer HCP	130,081	130,081	General Fund - Admin Support for EAHCP Program
Total Edwards Aquifer HCP Fund	130,081	130,081	
CDBG Fund	143	143	General Fund - Project Reconciliation
Total CDBG Fund	143	143	
NB Development Authority	5,805,848	5,805,848	TIRZ #1 - Transfer to NBDA
Total NB Development Authority Fund	5,805,848	5,805,848	
River Activities	150,000	150,000	Solid Waste Fund - River Litter Pick-up
Total River Activities Fund	150,000	150,000	
Airport	99,910	99,910	Facility Maintenance Fund - Airport Ground Lease
Total Airport Fund	99,910	99,910	
Fleet Services	762	762	General Fund
	187,664	187,664	Solid Waste - Vehicle Purchase Contribution
Total Fleet Services	188,426	188,426	
Total	$ 13,114,438	$ 13,114,438	

(Continued)

NOTE 4 - OTHER INFORMATION

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

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

The City's health insurance program is a self-insured minimum premium cash flow plan (the "Plan"). The City makes pre-determined monthly contributions to the Plan to fully cover the cost of employee-only coverage. The City and each covered employee make a pre-determined monthly contribution to the Plan if they cover one or more dependents. All claims are reviewed and processed by an independent insurance company. The insurance company pays claims based on the Plan, and the City reimburses the insurance company for the amount of each claim paid. The insurance company charges the City a fee for each claim processed. Funding covers both the cost of claims and administrative expenses. The City paid $7,520,727 in health claims and paid $1,024,486 for administrative costs for the year ended September 30, 2025. The City contributed $6,241,724 and City employees contributed $1,574,552 to the Plan for the year ended September 30, 2025.

The transactions of the Plan are reported in the City's internal service fund. The City pays a specified monthly amount for each employee and a portion of an employee's dependent coverage which averages to approximately $793. The largest portion of this amount is dedicated to the direct payment of claims. The remaining part of the monthly amount is dedicated to the payments of administrative fees and commercial insurance for excess claims. The commercial insurance coverage becomes effective when the claims exceed the maximum amount per employee.

Estimated health claims that have been incurred but not reported are accrued at year end. The estimated liability for health claims is $2,166,704 at September 30, 2025. The estimated liability for health claims is based upon historical claims experience.

The changes in the claim liability for the years ended September 30, 2025 and 2024 are as follows:

	2025	2024
Claims payable, beginning of year	$ 1,309,724	$ 630,644
Plus: incurred claims	7,104,834	7,500,938
Less: claims paid	(6,247,854)	(6,821,858)
Claims payable, end of year	$ 2,166,704	$ 1,309,724

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

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

At September 30, 2025, the City is involved in various lawsuits. These lawsuits generally involve claims relating to general liability, automobile liability, civil rights actions, and various contractual matters. In the opinion of management, any liability resulting from such litigation would not have a material adverse effect on the City's financial statements.

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

Pension Plan:

Texas Municipal Retirement System

Plan Description: The City participates as one of 938 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

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

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

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

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

	2025	2024
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Employees Covered by Benefit Terms: At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	374
Inactive employees entitled to, but not yet receiving, benefits	515
Active employees	776
Total	1,665

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.55% and 18.32% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2025 were $12,219,638, which were equal to the required contributions.

Net Pension Liability: The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The TPL in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% 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.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35%	7.1%
Core fixed income	6%	5.0%
Non-core fixed income	6%	6.8%
Hedge funds	5%	6.4%
Private equity	13%	8.5%
Private debt	13%	5.2%
Real estate	12%	6.7%
Infrastructure	6%	6.0%
Other private markets	4%	7.3%
Total	100%	

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

NOTE 4 - OTHER INFORMATION (Continued)

Changes in the NPL:

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	$ 12,018,684	$ -	$ 12,018,684
Interest	17,819,158	-	17,819,158
Changes in current period benefits	-	-	-
Difference between expected and actual experience	4,975,676	-	4,975,676
Changes in assumption	-	-	-
Contributions - employer	-	11,172,021	(11,172,021)
Contributions - employee	-	4,456,080	(4,456,080)
Net investment income	-	22,008,273	(22,008,273)
Benefit payments, including refunds of employee contributions	(10,190,596)	(10,190,596)	-
Administrative expense	-	(140,796)	140,796
Other changes	-	(3,293)	3,293
Net Changes	24,622,922	27,301,689	(2,678,767)
Balance at December 31, 2023	263,073,488	211,285,411	51,788,077
Balance at December 31, 2024	$ 287,696,410	$ 238,587,100	$ 49,109,310

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	$ 93,458,067	$ 49,109,310	$ 12,965,078

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

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: For the fiscal year ended September 30, 2025, the City recognized pension expense of $14,569,116.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 8,340,584	$ -
Changes in actuarial assumptions	-	(413,145)
Difference between projected and actual investment earnings	-	(2,787,625)
Contributions subsequent to the measurement date	8,965,452	-
Total	$ 17,306,036	$ (3,200,770)

$8,965,452 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended September 30,	Pension Expense
2026	$ 3,159,344
2027	4,633,013
2028	(1,770,971)
2029	(881,572)
Total	$ 5,139,814

Other Postemployment Benefits:

TMRS Supplemental Death Benefit

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

NOTE 4 - OTHER INFORMATION (Continued)

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

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

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

Participation in the SDBF as of December 31, 2024 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	300
Inactive employees entitled to, but not yet receiving benefits	126
Active employees	776
Total	1,202

Total OPEB Liability: The City's total OPEB liability of $1,817,380 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 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	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	4.08%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the floor.

* The discount rate is based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than 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.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Changes for the year:	
Service cost	$ 89,122
Interest	68,781
Difference between expected and actual experience	6,872
Changes of assumptions	(101,788)
Benefit payments*	(50,927)
Net changes	12,060
Beginning balance	1,805,320
Ending balance	$ 1,817,380

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

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

The discount rate increased from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

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

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City's total OPEB liability	$ 2,177,485	$ 1,817,380	$ 1,536,679

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the fiscal year ended September 30, 2025, the City recognized TMRS OPEB expense of $82,859.

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
Differences between expected and actual experience	$ 5,797	$ (50,485)
Changes in assumptions	206,092	(555,369)
Contributions subsequent to the measurement date	39,150	-
Total	$ 251,039	$ (605,854)

$39,150 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2026.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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

Fiscal Year ended September 30,	Expense Amount
2026	$ (63,266)
2027	(107,241)
2028	(137,239)
2029	(69,949)
2030	(10,475)
Thereafter	(5,795)
Total	$ (393,965)

Retiree Health Plan:

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

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

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

Total OPEB Liability: The City's total OPEB liability of $7,570,322 was measured as of September 30, 2025 and was determined by an actuarial valuation as of that date.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the September 30, 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	2.50%
Salary increases	5.00%
Discount rate	4.46%
Prior year discount rate	3.97%

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

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

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

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

Changes in the Total OPEB Liability:

	Total OPEB Liability
Changes for the year:	
Service cost	$ 282,304
Interest	307,617
Changes of assumptions	(418,913)
Differences between expected and actual experience	(69,721)
Benefit payments	5,621
Net changes	106,908
Beginning balance	7,463,414
Ending balance	$ 7,570,322

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

	1% Decrease in Discount Rate (3.46%)	Discount Rate Rate (4.46%)	1% Increase in Discount Rate (5.46%)
City's total OPEB liability	$ 8,569,868	$ 7,570,322	$ 6,704,331

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's total OPEB liability	$ 6,561,861	$ 7,570,322	$ 8,763,051

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the fiscal year ended September 30, 2025, the City recognized retiree OPEB expense (income) of $(1,253,487).

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
Differences between actual and expected experience	$ 92,104	$ (46,482)
Changes in actuarial assumptions	116,445	(279,275)
Total	$ 208,549	$ (325,757)

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

Year ended September 30	OPEB Expense Amount
2026	$ (58,604)
2027	(58,604)
Total	$ (117,208)

Aggregate OPEB Expense and Liability: The total OPEB expense (income) for both the TMRS SBDF and Retiree Health plans for fiscal year 2025 was $(1,170,628) and the total OPEB liability for the two plans was a combined $9,387,702.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

New Braunfels Utilities Defined Benefit Pension Plan:

Plan Description: NBU participates as one of 913 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.tmrs.com.

All eligible employees of NBU are required to participate in TMRS.

Benefits Provided: TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of NBU, 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 NBU-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

Employees Covered by Benefit Terms: At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	165
Inactive employees entitled to, but not yet receiving, benefits	119
Active employees	414
Total	698

Contributions: Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the NBU-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the NBU. 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 NBU were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the NBU were 19.2% and 18.4% in calendar years 2025 and 2024, respectively. The NBU's contributions to TMRS for the fiscal year ended July 31, 2025 were $7,884,826, which were equal to the required contributions.

Net Pension Liability: The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions: The TPL in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35%	7.1%
Core fixed income	6%	5.0%
Non-core fixed income	6%	6.8%
Hedge funds	5%	6.4%
Private equity	13%	8.5%
Private debt	13%	5.2%
Real estate	12%	6.7%
Infrastructure	6%	6.0%
Other private markets	4%	7.3%
Total	100%	

NOTE 4 - OTHER INFORMATION (Continued)

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

Changes in the NPL:

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year			
Service cost	$ 6,882,838	$ -	$ 6,882,838
Interest	9,588,408	-	9,588,408
Changes in current period benefits	-	-	-
Difference between expected and actual experience	3,054,189	-	3,054,189
Changes in assumption	-	-	-
Contributions - employer	-	7,127,701	(7,127,701)
Contributions - employee	-	2,637,103	(2,637,103)
Net investment income	-	11,942,837	(11,942,837)
Benefit payments, including refunds of employee contributions	(5,732,815)	(5,732,815)	-
Administrative expense	-	(76,473)	76,473
Other changes	-	(1,789)	1,789
Net Changes	13,792,620	15,896,564	(2,103,944)
Balance at December 31, 2023	141,475,470	114,759,059	26,716,411
Balance at December 31, 2024	$ 155,268,090	$ 130,655,623	$ 24,612,467

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

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate Rate (6.75%)	1% Increase in Discount Rate (7.5%)
NBU's net pension liability	$ 47,608,890	$ 24,612,467	$ 5,813,172

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

NOTE 4 - OTHER INFORMATION (Continued)

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: For the fiscal year ended July 31, 2025, NBU recognized pension expense of $8,706,554.

At July 31, 2025, NBU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 7,933,100	$ -
Changes in actuarial assumptions	-	(370,528)
Difference between projected and actual investment earnings	-	(1,505,808)
Contributions subsequent to the measurement date	4,653,985	-
Total	$ 12,587,085	$ (1,876,336)

$4,653,985 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended July 31,	Pension Expense
2026	$ 2,459,579
2027	3,360,781
2028	(273,209)
2029	158,253
2030	351,360
Total	$ 6,056,764

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

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

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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

NBU's contributions for 2025, 2024, and 2023 were $89,595, $87,731, and $63,962, respectively, and equaled the required contributions for those years. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was deemed not material and has no impact on NBU's financial reporting.

Tax Abatements:

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

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

	Sales Tax Reconciliation		
	General	Economic Dev.Corporation	Total
Payments from comptroller	$ 34,813,387	$ 11,604,462	$ 46,417,849
Abatement payments	(20,054)	(1,739,828)	(1,759,882)
Net sales tax collected	$ 34,793,333	$ 9,864,634	$ 44,657,967

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

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

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

NOTE 4 - OTHER INFORMATION (Continued)

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

- The Developer agrees to construct a manufacturing facility of approximately 240,000 square-feet for the purpose of promoting economic development in the City and stimulating business and commercial activity. The City has granted the Developer a tax limitation for a period of 15 years. In order to be eligible to receive the limitation, the Developer agrees to make an investment of $80 million that increases total taxable assessed value of at least $35 million by January 2017 and $50 million by January 2018. In addition, the Developer must meet certain employment conditions. The City will make annual payments to the Developer from property tax revenues at an amount equal to 80 percent, 60 percent, and 50 percent of total taxable assessed value for years one through five, six through eight, and nine through fifteen, respectively. For the years ending September 30, 2025 and 2024, the total amount of taxes abated were $145,979 and $164,616, respectively.

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

	Property Tax Reconciliation		
	Maintenance and Operations	Interest and Sinking	Total
Property taxes collected*			
Current	$ 30,816,949	$ 27,792,580	$ 58,609,529
Delinquent	(269,534)	(243,082)	(512,616)
Penalties and Interest	216,671	195,407	412,078
Property taxes collected	30,764,086	27,744,905	58,508,991
Less: adjustments**	(1,492,110)	(1,485,550)	(2,977,660)
Net property taxes collected	$ 29,271,976	$ 26,259,355	$ 55,531,331

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the year ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes and fees	$ 78,649,056	$ 78,649,056	$ 77,132,777	$ (1,516,279)
Licenses and permits	5,743,650	4,115,150	10,043,126	5,927,976
Intergovernmental	10,000	10,000	77,338	67,338
Fines and forfeitures	1,185,000	1,185,000	1,843,431	658,431
Investment earnings	2,015,000	2,000,000	4,096,476	2,096,476
Parks and recreation	5,144,100	5,132,000	5,239,573	107,573
Miscellaneous	4,326,751	5,872,351	2,312,766	(3,559,585)
Charges for services	5,618,500	5,663,500	6,423,301	759,801
Total revenues	102,692,057	102,627,057	107,168,788	4,541,731
Expenditures				
General government				
City Council	76,225	76,225	72,971	3,254
City Secretary	620,230	576,730	568,791	7,939
City Administration	1,221,792	1,176,792	1,166,747	10,045
City Attorney	1,251,677	1,340,177	1,340,138	39
Human Resources	1,485,958	1,485,958	1,440,727	45,231
Communications	989,381	974,381	941,008	33,373
Information Technology	3,350,201	3,350,201	3,266,247	83,954
Economic Development	863,999	863,999	682,893	181,106
Non-Departmental	4,554,998	4,204,998	8,210,103	(4,005,105) *
Finance and tax				
Finance	2,033,223	2,033,223	1,970,588	62,635
Planning and development services				
Planning and development services	5,312,674	4,887,673	4,745,218	142,455
Public safety				
Police	29,246,374	29,598,374	29,541,353	57,021
Fire	27,758,667	28,800,429	28,788,835	11,594
Municipal court	1,018,594	1,033,594	1,032,562	1,032
Public works				
Public Works	10,140,641	9,070,641	8,762,885	307,756
Transportation and Capital Services	3,390,823	2,854,323	2,780,336	73,987
Parks and recreation				
Parks and Recreation	11,438,467	11,438,467	10,915,594	522,873
Library				
Library Services	3,351,704	2,999,704	2,961,190	38,514

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the year ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Debt service				
Principal	250,000	364,000	809,831	(445,831)
Interest	-	5,738	101,040	(95,302)
Total expenditures	108,355,628	107,135,627	110,099,057	(2,963,430)
Deficiency of revenues over expenditures	(5,663,571)	(4,508,570)	(2,930,269)	1,578,301
Other financing sources (uses)				
Transfers in	1,375,227	1,125,227	1,125,227	-
Transfers (out)	(1,638,883)	(1,868,883)	(2,200,082)	(331,199)
SBITAs	-	-	4,329,652	4,329,652
Total other financing sources (uses)	(263,656)	(743,656)	3,254,797	3,998,453
Net change in fund balance	$ (5,927,227)	$ (5,252,226)	324,528	$ 5,576,754
Beginning fund balance			37,716,746	
Ending fund balance			$ 38,041,274	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. This schedule includes budget and actual amounts for the general fund subfund.
3. *Expenditures exceeded appropriations at the legal level of control. This was related to capitalization of a SBITA during the year. There was an other financing sources (uses) related to the liability assumed with the SBITA, which nets the expenditure to zero at the fund level.

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - HOTEL/MOTEL TAX FUND
For the year ended September 30, 2025

	Hotel Tax Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes and fees	$ 4,836,147	$ 4,836,147	$ 4,381,013	$ (455,134)
Investment earnings	15,000	15,000	65,672	50,672
Total revenues	4,851,147	4,851,147	4,446,685	(404,462)
Expenditures				
General government	4,363,076	4,593,076	3,971,806	621,270
Total expenditures	4,363,076	4,593,076	3,971,806	621,270
Excess of revenues over expenditures	488,071	258,071	474,879	216,808
Other financing sources (uses)				
Transfers (out)	(1,181,207)	(951,207)	(598,125)	353,082
Total other financing sources (uses)	(1,181,207)	(951,207)	(598,125)	353,082
Net change in fund balance	$ (693,136)	$ (693,136)	(123,246)	$ 569,890
Beginning fund balance			3,865,058	
Ending fund balance			$ 3,741,812	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND
For the year ended September 30, 2025

	Grants Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 10,446,009	$ 10,446,009	$ 4,482,315	$ (5,963,694)
Investment earnings	-	200,000	254,931	54,931
Miscellaneous	200,000	-	127,950	127,950
Total revenues	10,646,009	10,646,009	4,865,196	(5,780,813)
Expenditures				
General Government	463,000	463,000	116,807	346,193
Finance and tax	4,467,470	4,467,470	3,414,541	1,052,929
Public safety	3,058,249	3,058,249	1,774,607	1,283,642
Public Works	505,000	505,000	209,577	295,423
Parks and Recreation	647,800	647,800	58,006	589,794
Library	70,000	70,000	69,351	649
Airport	1,235,000	1,235,000	380,648	854,352
Total expenditures	10,446,519	10,446,519	6,023,537	4,422,982
Excess (deficiency) of revenues over (under) expenditures	199,490	199,490	(1,158,341)	(1,357,831)
Other financing sources (uses)				
Transfers in	160,000	160,000	404,244	244,244
Total other financing sources (uses)	160,000	160,000	404,244	244,244
Net change in fund balance	$ 359,490	$ 359,490	(754,097)	$ (1,113,587)
Beginning fund balance			814,741	
Ending fund balance			$ 60,644	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2025

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 12,018,684	$ 10,284,246	$ 9,191,722	$ 8,444,387	$ 8,207,720	$ 7,548,546	$ 7,075,714	$ 6,602,665	$ 6,283,281	$ 5,732,589
Interest (on the total pension liability)	17,819,158	16,350,722	14,948,539	13,696,706	12,604,862	11,540,144	10,661,364	9,783,894	8,990,600	8,602,512
Difference betw een expected and actual experience	4,975,676	3,791,121	3,623,841	3,350,245	1,661,149	1,420,919	227,139	1,216,121	887,337	420,652
Change of assumptions	-	(713,613)	-	-	-	615,649	-	-	-	(437,911)
Benefit payments, including refunds of employee contributions	(10,190,596)	(7,459,564)	(7,615,018)	(7,023,616)	(5,809,554)	(5,552,933)	(4,810,400)	(4,868,903)	(4,267,920)	(4,316,359)
Net change in total pension liability	24,622,922	22,252,912	20,149,084	18,467,702	16,664,177	15,572,325	13,153,817	12,733,777	11,893,298	10,001,483
Beginning total pension liability	263,073,488	240,820,576	220,671,492	202,203,790	185,539,613	169,967,288	156,813,471	144,079,694	132,186,396	122,184,913
Ending total pension liability	$ 287,696,410	$ 263,073,488	$ 240,820,576	$ 220,671,492	$ 202,203,790	$ 185,539,613	$ 169,967,288	$ 156,813,471	$ 144,079,694	$ 132,186,396
Plan fiduciary net position										
Contributions - employer	$ 11,172,021	$ 9,745,456	$ 8,665,664	$ 7,857,115	$ 7,636,802	$ 7,028,523	$ 6,539,492	$ 6,162,903	$ 5,961,496	$ 5,365,044
Contributions - employee	4,456,060	3,973,033	3,555,531	3,252,382	3,172,560	2,901,000	2,719,934	2,546,656	2,424,270	2,213,355
Net investment income	22,008,273	21,331,522	(14,140,250)	21,870,293	11,464,015	19,681,894	(3,794,347)	14,955,206	6,574,073	138,605
Benefit payments, including refunds of employee contributions	(10,190,596)	(7,459,564)	(7,615,018)	(7,023,616)	(5,809,554)	(5,552,933)	(4,810,400)	(4,868,903)	(4,267,920)	(4,316,359)
Administrative expense	(140,796)	(135,355)	(122,128)	(101,026)	(74,206)	(111,060)	(73,269)	(77,461)	(74,212)	(84,411)
Other	(3,293)	(967)	145,735	692	(2,895)	(3,337)	(3,829)	(3,926)	(3,998)	(4,169)
Net change in plan fiduciary net position	27,301,689	27,454,125	(9,510,466)	25,855,840	16,406,722	23,942,087	577,581	18,714,475	10,613,709	3,312,065
Beginning plan fiduciary net position	211,285,411	183,831,286	193,341,752	167,485,912	151,079,190	127,137,103	126,559,522	107,845,047	97,231,338	93,919,273
Ending Plan Fiduciary Net Position	$ 238,587,100	$ 211,285,411	$ 183,831,286	$ 193,341,752	$ 167,485,912	$ 151,079,190	$ 127,137,103	$ 126,559,522	$ 107,845,047	$ 97,231,338
Net Pension Liability	$ 49,109,310	$ 51,788,077	$ 56,989,290	$ 27,329,740	$ 34,717,878	$ 34,460,423	$ 42,830,185	$ 30,253,949	$ 36,234,647	$ 34,955,058
Plan fiduciary net position as a percentage of total pension liability	82.93%	80.31%	76.34%	87.62%	82.83%	81.43%	74.80%	80.71%	74.85%	73.56%
Covered Payroll	$ 63,656,284	$ 56,765,325	$ 50,811,068	$ 46,423,126	$ 45,321,482	$ 41,430,000	$ 38,856,198	$ 36,318,289	$ 34,599,565	$ 31,619,357
Net pension liability as a percentage of covered payroll	77.15%	91.23%	112.16%	58.87%	76.60%	83.18%	110.23%	83.30%	104.73%	110.55%

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS MUNICIPAL RETIREMENT SYSTEM
NEW BRAUNFELS UTILITIES
For the year ended September 30, 2025

	Measurement Year*									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 6,882,838	$ 5,663,924	$ 4,870,192	$ 4,465,895	$ 4,031,193	$ 3,421,657	$ 3,034,811	$ 2,328,445	$ 2,063,217	$ 1,852,821
Interest (on the total pension liability)	9,588,408	8,757,241	7,974,728	7,191,514	6,625,838	6,104,485	5,697,720	5,349,632	4,623,082	4,534,158
Changes in current period benefits	-	-	-	-	-	-	-	6,881,135	-	-
Difference between expected and actual experience	3,054,189	3,364,943	3,043,437	4,166,579	1,586,860	1,260,367	638,332	424,537	(33,315)	(452,450)
Change of assumptions	-	(563,012)	-	-	-	205,839	-	-	-	288,151
Benefit payments, including refunds of employee contributions	(5,732,815)	(5,305,139)	(4,079,746)	(4,766,186)	(3,395,517)	(3,751,212)	(3,325,058)	(3,272,818)	(2,533,258)	(2,689,654)
Net change in total pension liability	13,792,620	11,917,957	11,808,611	11,057,800	8,848,374	7,241,136	6,045,805	11,710,931	4,119,726	3,533,026
Beginning total pension liability	141,475,470	129,557,513	117,748,902	106,691,102	97,842,728	90,601,592	84,555,787	72,844,856	68,725,130	65,192,104
Ending total pension liability	$155,268,090	$141,475,470	$129,557,513	$117,748,902	$106,691,102	$ 97,842,728	$ 90,601,592	$ 84,555,787	$ 72,844,856	$ 68,725,130
Plan fiduciary net position										
Contributions - employer	$ 7,127,701	$ 5,769,106	$ 4,886,836	$ 4,578,667	$ 3,946,380	$ 3,502,065	$ 3,194,908	$ 2,046,699	$ 1,811,489	$ 1,827,177
Contributions - employee	2,637,103	2,231,146	1,942,527	1,794,562	1,604,227	1,407,263	1,259,258	1,151,967	1,018,513	944,629
Net investment income	11,942,837	11,648,442	(7,702,247)	11,986,679	6,336,072	11,028,572	(2,169,446)	8,830,361	4,017,620	87,534
Benefit payments, including refunds of employee contributions	(5,732,815)	(5,305,139)	(4,079,746)	(4,766,186)	(3,395,518)	(3,751,212)	(3,325,058)	(3,272,818)	(2,533,258)	(2,689,654)
Administrative expense	(76,473)	-	(66,597)	(55,428)	(40,984)	(62,302)	(41,917)	(45,751)	(45,360)	(53,311)
Other	(1,789)	(74,508)	79,470	380	(1,599)	(1,871)	(2,190)	(2,319)	(2,444)	(2,634)
Net change in plan fiduciary net position	15,896,564	14,269,047	(4,939,757)	13,538,672	8,448,578	12,122,515	(1,084,445)	8,708,139	4,266,560	113,741
Beginning plan fiduciary net position	114,759,059	100,490,012	105,429,769	91,891,097	83,442,519	71,320,004	72,404,449	63,696,310	59,429,750	59,316,009
Ending Plan Fiduciary Net Position	$130,655,623	$114,759,059	$100,490,012	$105,429,769	$ 91,891,097	$ 83,442,519	$ 71,320,004	$ 72,404,449	$ 63,696,310	$ 59,429,750
Net Pension Liability	$ 24,612,467	$ 26,716,411	$ 29,067,501	$ 12,319,133	$ 14,800,005	$ 14,400,209	$ 19,281,588	$ 12,151,338	$ 9,148,546	$ 9,295,380
Plan fiduciary net position as a percentage of total pension liability	84.15%	81.12%	77.56%	89.54%	86.13%	85.28%	78.72%	85.63%	87.44%	86.47%
Covered Payroll	$ 37,672,894	$ 31,873,518	$ 27,750,383	$ 25,636,594	$ 22,917,524	$ 20,103,751	$ 17,989,394	$ 16,443,818	$ 14,550,190	$ 13,494,694
Net pension liability as a percentage of covered payroll	65.33%	83.82%	104.75%	48.05%	64.58%	71.63%	107.18%	73.90%	62.88%	68.88%

*GASB Statement No. 68 requires that the information on this schedule corresponds with the period covered as of December 31, the measurement date of the Utilities' net pension liability.

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CONTRIBUTIONS –
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the year ended September 30, 2025

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 12,219,638	$ 10,940,689	$ 8,665,644	$ 8,326,013	$ 7,753,182	$ 7,429,745	$ 6,937,744	$ 6,439,837	$ 6,102,303	$ 6,066,843
Contributions in relation to the actuarially determined contribution	12,219,638	10,940,689	8,665,644	8,326,013	7,753,182	7,429,745	6,937,744	6,439,837	6,102,303	6,066,843
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 66,615,154	$ 61,794,420	$ 50,811,068	$ 48,929,763	$ 45,447,930	$ 43,646,238	$ 40,641,797	$ 38,208,179	$ 35,884,508	$ 35,348,062
Contributions as a percentage of covered payroll	18.34%	17.70%	17.05%	17.02%	17.06%	17.02%	17.07%	16.85%	17.01%	17.16%

Notes to Required Supplementary Information:

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

2. Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12.00% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

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

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CONTRIBUTIONS –
TEXAS MUNICIPAL RETIREMENT SYSTEM - NEW BRAUNFELS UTILITIES
For the year ended September 30, 2025

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 7,801,611	$ 6,524,342	$ 5,360,354	$ 4,731,381	$ 4,333,080	$ 3,776,143	$ 3,343,248	$ 2,700,430	$ 1,941,283	$ 1,842,516
Contributions in relation to the actuarially determined contribution	7,884,826	6,612,073	5,424,316	4,774,121	4,371,468	3,811,074	3,374,501	2,730,439	1,969,363	1,838,178
Contribution deficiency (excess)	$ (83,215)	$ (87,731)	$ (63,962)	$ (42,740)	$ (38,388)	$ (34,931)	$ (31,253)	$ (30,009)	$ (28,080)	$ 4,338
Covered payroll	$ 40,605,916	$ 35,092,788	$ 29,942,959	$ 26,710,661	$ 24,621,104	$ 21,832,301	$ 19,038,042	$ 17,387,972	$ 15,539,867	$ 14,029,305
Contributions as a percentage of covered payroll	19.42%	18.84%	18.12%	17.87%	17.75%	17.46%	17.73%	15.70%	12.67%	13.10%

Notes to Required Supplementary Information:
GASB Statement No. 68 requires that the information on this schedule corresponds with the period covered as of July 31, the fiscal year end of the Utilities.

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS –
RETIREE BENEFITS PROGRAM
For the year ended September 30, 2025

	Measurement Year*							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 282,304	$ 254,168	$ 239,370	$ 590,331	$ 610,062	$ 516,533	$ 444,312	$ 431,371
Interest (on the total OPEB liability)	307,617	319,321	274,816	298,003	295,949	365,899	312,824	363,757
Difference between expected and actual experience	(69,721)	184,208	(44,728)	873,734	12,307	446,312	61,055	237,182
Change of assumptions	(418,913)	232,888	251,551	(8,288,715)	(880,937)	69,594	846,197	-
Benefit payments	5,621	8,899	(9,965)	(61,412)	(133,148)	24,719	(149,364)	(392,489)
Net change in total OPEB liability	106,908	999,484	711,044	(6,588,059)	(95,767)	1,423,057	1,515,024	639,821
Beginning total OPEB liability	7,463,414	6,463,930	5,752,886	12,340,945	12,436,712	11,013,655	9,498,631	8,858,810
Ending total OPEB liability	$ 7,570,322	$ 7,463,414	$ 6,463,930	$ 5,752,886	$ 12,340,945	$ 12,436,712	$ 11,013,655	$ 9,498,631
Covered-employee payroll	$ 48,130,274	$ 45,838,356	$ 42,578,634	$ 40,551,080	$ 34,251,577	$ 33,253,958	$ 31,691,195	$ 30,768,150
Total OPEB liability as a percentage of covered-employee payroll	15.73%	16.28%	15.18%	14.19%	36.03%	37.40%	34.75%	30.87%

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

Notes to Required Supplementary Information:

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

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

2018	3.73%	2022	4.59%
2019	3.17%	2023	4.75%
2020	2.28%	2024	3.97%
2021	2.31%	2025	4.46%

2. Changes in benefit terms: None

3. Other information: No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits for the pension/OPEB plan.

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS –
TEXAS MUNICIPAL RETIREMENT SYSTEM – SUPPLEMENTAL DEATH BENEFITS FUND
For the year ended September 30, 2025

	Measurement Year*							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	$ 89,122	$ 79,459	$ 137,190	$ 120,700	$ 95,175	$ 66,288	$ 73,827	$ 58,109
Interest (on the total pension liability)	68,781	66,785	44,998	45,051	50,500	55,022	50,176	48,695
Difference between expected and actual experience	6,872	(15,920)	(29,190)	(20,677)	(30,249)	(69,364)	(29,490)	-
Change of assumptions	(101,788)	91,243	(874,271)	78,072	313,359	299,899	(111,517)	124,268
Benefit payments **	(50,927)	(51,081)	(40,649)	(37,139)	(13,596)	(12,429)	(11,657)	(10,895)
Net change in total OPEB liability	12,060	170,486	(761,922)	186,007	415,189	339,416	(28,661)	220,177
Beginning total OPEB liability	1,805,320	1,634,834	2,396,756	2,210,749	1,795,560	1,456,144	1,484,805	1,264,628
Ending total OPEB liability	$ 1,817,380	$ 1,805,320	$ 1,634,834	$ 2,396,756	$ 2,210,749	$ 1,795,560	$ 1,456,144	$ 1,484,805
Covered-employee payroll	$ 63,658,284	$ 56,756,325	$ 50,811,068	$ 46,423,126	$ 45,321,482	$ 41,430,000	$ 38,856,198	$ 38,856,198
Total OPEB liability as a percentage of covered-employee payroll	2.85%	3.18%	3.22%	5.16%	4.88%	4.33%	3.75%	4.09%

* Only eight years of information is currently available. The City will continue to build this schedule over the next two-year period.
** Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

(Continued)

CITY OF NEW BRAUNFELS, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS –
TEXAS MUNICIPAL RETIREMENT SYSTEM – SUPPLEMENTAL DEATH BENEFITS FUND
For the year ended September 30, 2025

Notes to Required Supplementary Information:

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

2. Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate *	4.08%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. Make 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 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

3. Other information: No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits.

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

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial study for the period ending December 31, 2023.

There were no benefit changes during the year

(this page intentionally left blank)

Financial Advisory Services
Provided By:

SAMCO Capital