

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON
\$33,000,000*
CITY OF ROBINSON, TEXAS
(A political subdivision of the State of Texas located in McLennan County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025**

Sealed Bids Due Tuesday, August 5, 2025 at 11:00 AM, Central Time

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Robinson, Texas (the “City”), is offering for sale its \$33,000,000* Combination Tax and Revenue Certificates of Obligation, Series 2025 (the “Certificates”). Bids may be submitted by either of three alternative procedures: (i) written bids; (ii) electronic bids; or (iii) telephone bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the City nor its Financial Advisor, Specialized Public Finance Inc. (the “Financial Advisor”), assumes any responsibility or liability for a prospective bidding procedure.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Notice of Sale and Bidding Instructions, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System (“PARITY”).

WRITTEN BIDS DELIVERED IN PERSON . . . Signed, sealed bids, plainly marked “Bid for Certificates,” should be addressed to “Mayor and City Council, City of Robinson, Texas,” and delivered to the City’s Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 by 11:00 AM, central time on August 5, 2025 (the “date of the bid opening”). All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to the Ipreo LLC’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

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 Notice of Sale and Bidding Instructions, and shall be binding upon the bidder as if made by a signed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale and Bidding Instructions shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale and Bidding Instructions shall control. Further information about PARITY, including any fee charged, may be obtained from PARITY Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “Basis for Award” herein. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and Bidding Instructions and the Official Bid Form.

BIDS BY TELEPHONE . . . Bidders must submit SIGNED, sealed Official Bid Forms to Jennifer Ritter, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone on the date of the sale.

Telephone bids will be accepted at (512) 275-7300, between 10:30 AM and 11:00 AM, central time.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after 11:00 AM, central time on August 5, 2025.

Specialized Public Finance Inc. assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone option is exercised.

The City is not responsible if the telephone number is busy, which prevents a bid or bids from being submitted on a timely basis.

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be publicly opened and read in the office of the Financial Advisor at 11:00 AM, central time on Tuesday, August 5, 2025.

*See “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amortization.” Preliminary, subject to change.

SIGNED OFFICIAL BID FORM . . . The bidder whose bid is the winning bid in accordance with this Notice of Sale will be notified immediately and must submit via email a signed Official Bid Form in connection with the sale, by 11:30 AM CDT on the date of the sale to Monica Melvin, Specialized Public Finance Inc. at monica@spfmuni.com.

AWARD OF THE CERTIFICATES . . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 6:00 PM, central time, on August 5, 2025, and, if the City accepts a bid for the Certificates, adopt an ordinance authorizing the Certificates, approving the Official Statement, and authorizing the use of the accompanying Preliminary Official Statement in connection with the sale of the Certificates.

WITHDRAWAL OF THE BIDS . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to 11:00 AM central time on August 5, 2025. Thereafter, all bids shall remain firm for twelve hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

EXTENSION OF SALE DATE . . . The City reserves the right to extend the date and/or time for the receipt of bids by giving notice by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, central time on Monday, August 4, 2025 of the new date and time of receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale and Bidding Instructions.

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated August 26, 2025 (the “Dated Date”). Interest will accrue from the date of delivery to the initial purchaser (the “Date of Initial Delivery”) and will be due on February 15, 2026, and each August 15 and February 15 thereafter until maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on August 15 in each year as follows:

MATURITY SCHEDULE*

Maturity (August 15)	Principal Amount	Maturity (August 15)	Principal Amount
2026	\$ 245,000	2036	\$ 1,805,000
2027	245,000	2037	1,895,000
2028	415,000	2038	1,990,000
2029	600,000	2039	2,090,000
2030	975,000	2040	2,190,000
2031	1,115,000	2041	2,300,000
2032	1,255,000	2042	2,415,000
2033	1,400,000	2043	2,540,000
2034	1,960,000	2044	2,660,000
2035	2,110,000	2045	2,795,000

*See “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amortization.” Preliminary, subject to change.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – Optional Redemption” in the Preliminary Official Statement). Additionally, the Certificates may be subject to mandatory redemption in the event the Purchaser elects to group two or more consecutive serial maturities of the Certificates into a single maturity (the “Term Certificates”).

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as serial Certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more Term Certificates.

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, the City’s Home Rule Charter, and the ordinance to be passed by the City Council of the City (the “Ordinance”) (see “THE CERTIFICATES – Authority for Issuance” in the Preliminary Official Statement).

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the book-entry-only system of The Depository Trust Company (“DTC”) (see “THE CERTIFICATES – Book-Entry-Only System” in the Preliminary Official Statement).

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see “THE CERTIFICATES – Paying Agent/Registrar” in the Preliminary Official Statement).

SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from a combination of the levy and collection of a continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and a limited pledge of \$1,000 of the net revenues of the City’s Waterworks and Sewer System as provided in the Ordinance (see “THE CERTIFICATES – Security and Source of Payment” in the Preliminary Official Statement).

Further details regarding the Certificates are set forth in the Preliminary Official Statement.

CONDITIONS OF THE SALE

TYPE 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 101% of their par value and not more than 112% of their par value.** 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 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. The maximum coupon rate shall not exceed 5.25%. For Certificates having stated maturities on and after August 15, 2035, no reoffering yield producing a dollar price less than 97.5% for any individual maturities will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS FOR AWARD . . . Subject to the City’s right to reject any or all bids and to waive any irregularities except time of filing, the sale of the Certificates will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost (as hereinafter defined) rate to the City based on the maturity schedule in the Official Bid Form. The “True Interest Cost” rate is that rate which, when used to compute the total present value as of the Date of Initial Delivery of all debt service payments on the Certificates on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid. In the event of a bidder’s error in interest cost rate calculations, the interest rates and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

POST BID MODIFICATION OF PRINCIPAL AMORTIZATION . . . After selecting the winning bid, the aggregate principal amount of the Certificates and the principal amortization schedule may be adjusted as determined by the City and its Financial Advisor in \$5,000 increments to reflect the actual interest rates. Such adjustments will not change the aggregate principal amount of the Certificates by more than 15% from the amount set forth herein. The dollar amount bid for the Certificates by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Certificates finally determined to be issued. The City will use its best efforts to communicate to the winning bidder any such adjustment within three (3) hours after the opening of bids. Purchaser’s compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Certificates as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. The bid price for such an adjustment will reflect changes in the dollar amount of par amount of the Certificates from the selling compensation that would have been received based on the purchase price in the winning bid and the initial reoffering terms. Any such adjustment of the aggregate principal amount of the Certificates and/or the maturity schedule for the Certificates made by the City or its Financial Advisor shall be subsequent to the award of the Certificates to the winning bidder as determined pursuant to “CONDITIONS OF THE SALE – Basis for Award” herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

In order to provide the City with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the City 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).

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

PROCESS FOR COMPLETING THE DISCLOSURE FORM . . . Reference should be made to the Disclosure Form, to the rules of the TEC with respect to the Disclosure Form (the “Disclosure Rules”) and the Interested Party Disclosure Act. Instructional information

regarding such matters are set forth at <https://www.ethics.state.tx.us/filinginfo/1295/>. For purposes of completing the Disclosure Form the Purchaser will need the following information: (a) item 2 – name of governmental entity: City of Robinson, Texas and (b) item 3 – the identification number assigned to this contract by the City: City of Robinson 2025 Certificates, and a description of the services to be provided under the contract: Purchase of Certificates. The Interested Party Disclosure Act and the Disclosure Rules require a business entity contracting with the City to complete the form at the TEC Internet “portal” that may be accessed at the url set forth above, and then print, sign and deliver the Disclosure Form in physical form to the City. Following the award of the Certificates, the City will acknowledge receipt of the completed Disclosure Form through the TEC website, as required by the law.

PREPARATIONS AND 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 ACKNOWLEDGED AND SUBMITTED TO THE CITY. No exceptions may be made to that requirement. The Interested Party Disclosure Act 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 award will be made by the City of the Certificates until a completed Disclosure Form is received. The City reserves the right to reject any bid that is not accompanied by 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 have an obligation nor undertake responsibility for advising any bidder with respect to 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 promptly upon notification from the City that its bid is the conditional winning bid.

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

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

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

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

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

REPRESENTATION REGARDING TEXAS ATTORNEY GENERAL STANDING LETTER AND BRINGDOWN VERIFICATION . . . By submission of a bid for the Certificates, each bidder represents and verifies that it is aware of the Office of the Texas Attorney General’s (the “Texas Attorney General”) All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Texas Office of the Texas Attorney General using the following link: (<https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf>) and the Texas Attorney General’s supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas Attorney General using the following link: (<https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-06-2023.pdf>). Each bidder represents and verifies that the bidder has (i) on file a standing letter (“Standing Letter”) acceptable to the Texas Attorney General addressing the representations and verifications described under the heading “Verifications of Statutory Representations and Covenants,” and (ii) will, upon request of the City or Bond Counsel on behalf of the City, provide the City and Bond Counsel with a copy of its Standing Letter. Each bidder further represents and verifies that its Standing Letter remains in effect as of the date of the Agreement and that the Texas Attorney General has not notified the bidder that a determination has been made that the bidder boycotts energy companies or has a policy that discriminates against firearm entities or firearm trade associations under the laws of the State of Texas. Upon request of the City or Bond Counsel on the City’s

behalf, each bidder shall provide additional written certifications to the City and Bond Counsel (which may be by email) to the effect that the Texas Attorney General may continue to rely on the Standing Letter and the statutory representations and covenants contained in the Agreement through the closing date (currently scheduled for August 26, 2025) (the “Bringdown Verification”). The City reserves the right, and each bidder hereby expressly authorizes the City, to provide such Bringdown Verification to the Texas Attorney General.

To the extent the Purchaser and any 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 CHAPTERS 2252, 2271, 2274, AND 2276, TEXAS GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE “COVERED VERIFICATIONS”) SHALL SURVIVE UNTIL BARRED BY THE APPLICABLE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS 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.

By submitting a bid, the winning bidder agrees to execute such further written documentation, at the request of the City, as may be necessary or required for the City to establish compliance with the above verifications and representations, which may include the provision of a comfort letter or legal opinion as to the accuracy of such verifications and representations executed by a high-level employee of the winning bidder, such as its general counsel or chief compliance officer.

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.

GOOD FAITH DEPOSIT . . . The winning bidder will be required to provide a deposit in the amount of \$660,000 to the City as bid security (the “Good Faith Deposit”) by 5:00 p.m. central time on August 5, 2025. The bid security may be provided to the City (i) via wire transfer (the City or its financial advisor, Specialized Public Finance Inc., will provide wire instructions to the winning bidder), or (ii) in the form of a certified or cashier’s check made payable to the order of City in the amount of the deposit set forth above. The wire option will be retained by the City and: (a) will be applied, without allowance for interest, against the purchase price when the Certificates are delivered to and paid for by such winning bidder or (b) will be retained by the City as liquidated damages if the winning bidder defaults with respect to the terms of its bid (except as set forth above in “Verifications of Statutory Representations and Covenants” and “Representation Regarding Texas Attorney General Standing Letter and Bringdown Verification”) or (c) will be returned to the winning bidder if the Certificates are not issued by the City for any reason which does not constitute a default by the winning bidder. If the check option is utilized, the check will be (a) returned uncashed to the winning bidder when the Certificates are delivered to and paid for by such winning bidder, (b) cashed by the City as liquidated damages if the winning bidder defaults with respect to the terms of its bid (except as set forth in “Verifications of Statutory Representations and Covenants” and “Representation Regarding Texas Attorney General Standing Letter and Bringdown Verification”) or (c) returned uncashed to the winning bidder if the Certificates are not issued by the City for any reason which does not constitute a default by the winning bidder.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Certificates are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Certificates shall be paid by the City.

DELIVERY OF CERTIFICATES . . . Delivery will be accomplished by the issuance of one Initial Certificate either in typed or printed form, in the aggregate principal amount of \$33,000,000*, payable in stated installments to the initial Purchaser or its designee, signed by the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC’s book-entry-only system. Delivery will be at the principal office of the Paying Agent/Registrar. 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 Purchaser will be given six business days’ notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about August 26, 2025, and it is understood and agreed that the Purchaser will accept delivery of and make payment for the Certificates by 10:00 AM, CT, on August 26, 2025, or thereafter on the date the Certificates are tendered for delivery, up to and including September 9, 2025. If for any reason the City is unable to make delivery on or before

*See “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amortization.” Preliminary, subject to change.

September 9, 2025, the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit check or wire transfer will be returned, and both the City and the 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 such failure is due to circumstances beyond the City's reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Purchaser to take up and pay for the Certificates is subject to the Purchaser's receipt of (a) the legal opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel for the City ("Bond Counsel"), (b) the no-litigation certificate, and (c) the City's certification as to the Official Statement, all as further described in the Official Statement.

ESTABLISHMENT OF ISSUE PRICE (HOLDING-THE-OFFERING PRICE RULE WILL APPLY IF COMPETITIVE SALE REQUIREMENTS ARE NOT SATISFIED)

(a) The winning bidder shall assist the City in establishing the issue price of the Certificates and shall execute and deliver to the City by Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. 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 municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

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

- (1) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in this Notice of Sale and Bidding Instructions.

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

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

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

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail or other third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Certificates.

(f) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail or other third-party distribution agreement (to which the bidder is a party) relating to the initial sale of

the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters 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 retail or other third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such retail or other third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(g) 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 Instructions. Further, for purposes of this section of the Notice of Sale and Bidding Instructions:

- (1) “public” means any person other than an underwriter or a related party,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Certificates to the public),
- (3) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) “sale date” means the date that the Certificates are awarded by the City to the winning bidder.

LEGAL OPINION . . . The Certificates are offered for delivery when, as and if issued, subject to the approval of the Attorney General of the State. Delivery of and payment for the Certificates is subject to the receipt by the Purchaser of an opinion of Bond Counsel, to the effect that the Certificates are valid and binding obligations of the City and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” in the Official Statement.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the City to deliver the Certificates and of the Purchaser to accept delivery of and pay for the Certificates are subject to the condition that at the time of delivery of and receipt of payment for the Certificates, there shall have been no material adverse change in the condition of the City from those set forth in or contemplated by the “Preliminary Official Statement” as it may have been supplemented or amended through the date of sale.

NO-LITIGATION CERTIFICATE . . . On the date of delivery of the Certificates to the Purchaser, the City will deliver to the Purchaser a certificate, as of the same date, to the effect that to the best of the City’s knowledge no litigation of any nature is pending or, to the best of the certifying officials’ knowledge or belief, threatened against the City, contesting or affecting the Certificates; restraining or enjoining the authorization, execution, or delivery of the Certificates; affecting the provision 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 or the title of the present officials of the City.

CERTIFICATION OF OFFICIAL STATEMENT . . . At the time of payment for and delivery of the Initial Certificate, the City will execute and deliver to the Purchaser a certificate in the form set forth in the Official Statement.

GENERAL

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor’s fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Purchaser, at the Purchaser’s written request and sole expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to qualify as a foreign corporation or execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of this Notice of Sale

and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not anticipate issuing additional ad valorem tax supported debt within the next eight months.

MUNICIPAL BOND RATING AND INSURANCE . . . The Certificates and certain of the outstanding general obligation debt of the City have been rated “AA” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”).

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The City has prepared the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be “final” as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the knowledge of the City, 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. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The City will furnish to the Purchaser, acting through a designated representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Certificates. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Certificates.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of certain specified events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Preliminary Official Statement under “CONTINUING DISCLOSURE OF INFORMATION.” The Purchaser’s obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has complied with its continuing disclosure agreement for the last five years.

The Ordinance authorizing the issuance of the Certificates will approve the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Purchaser.

Greg May
Mayor
City of Robinson, Texas

Misty Cryer
City Secretary
City of Robinson, Texas

July 25, 2025

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Robinson, Texas
111 West Lyndale Street
Robinson, Texas 76706

August 5, 2025

Members of the City Council:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated July 25, 2025, of \$33,000,000* City of Robinson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2025, both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of \$33,000,000*, we will pay you a price of \$_____, representing approximately _____% of the par value. Such Certificates mature August 15, in each of the years and in the amounts and interest rates shown below:

Maturity (August 15)	Principal Amount	Interest Rate	Maturity (August 15)	Principal Amount	Interest Rate
2026	\$ 245,000	%	2036	\$ 1,805,000	%
2027	245,000	%	2037	1,895,000	%
2028	415,000	%	2038	1,990,000	%
2029	600,000	%	2039	2,090,000	%
2030	975,000	%	2040	2,190,000	%
2031	1,115,000	%	2041	2,300,000	%
2032	1,255,000	%	2042	2,415,000	%
2033	1,400,000	%	2043	2,540,000	%
2034	1,960,000	%	2044	2,660,000	%
2035	2,110,000	%	2045	2,795,000	%

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

Term Certificate Maturing August 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST _____%

The Initial Certificate shall be registered in the name of _____, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the book-entry-only system.

*See "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amortization." Preliminary, subject to change.

A wire transfer or a cashiers or certified check to the City in the amount of \$660,000 will be made available in accordance with the Notice of Sale and Bidding Instructions made a part hereof. Should we fail or refuse to make payment for the Certificates in accordance with the terms and conditions set forth in the Notice of Sale and Bidding Instructions, the proceeds of this deposit shall be retained by the City as complete liquidated damages against us (other than for a reason permitted in the Notice of Sale and Bidding Instructions or for a violation of the statutory representation and covenants required in "Verifications of Statutory Representations and Covenants" in the Notice of Sale and Bidding Instructions which shall not be liquidated or otherwise limited).

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 in the Corporate Trust Division, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, not later than 10:00 AM, central time, on August 26, 2025, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

For purposes of contracting for the sale of the Certificate, the entity signing the bid form as Purchaser or Manager 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.

The undersigned agrees to complete, execute, and deliver to the City, not later than the close of business on the business day following the award of the sale of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to or required by the City.

All syndicate members listed on the bid form must either submit a Disclosure Form or certify they are exempt from filing the Disclosure Form. Additionally, all syndicate members listed on the bid form (i) must have on file a Standing Letter acceptable to the Texas Attorney General addressing the representations and verifications described under the heading "CONDITIONS OF THE SALE – Verifications of Statutory Representations and Covenants," (ii) will, upon request of the City or Bond Counsel on behalf of the City, provide the City and Bond Counsel with a copy of its Standing Letter, and (iii) will, upon request of the City or Bond Counsel on the City's behalf, provide a Bringdown Verification.

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

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

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

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

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

By submission of this Official Bid Form, the bidder represents and verifies that it is aware of the Office of the Texas Attorney General's (the "Texas Attorney General") All Bond Counsel Letter, dated November 1, 2023, that is available on the website of the Office of the Texas Attorney General using the following link: (<https://www.texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-01-2023.pdf>) and the Texas Attorney General's supplemental All Bond Counsel Letter, dated November 16, 2023, that is available on the website of the Texas

Attorney General using the following link: (<https://texasattorneygeneral.gov/sites/default/files/files/divisions/public-finance/ABCLetter-11-06-2023.pdf>). The bidder represents and verifies that the bidder has (i) on file a standing letter ("Standing Letter") acceptable to the Texas Attorney General addressing the representations and verifications described in the Notice of Sale and Bidding Instructions under the heading "CONDITIONS OF THE SALE – Verifications of Statutory Representations and Covenants," and (ii) will, upon request of the City or Bond Counsel on behalf of the City, provide the City and Bond Counsel with a copy of its Standing Letter. The bidder further represents and verifies that its Standing Letter remains in effect as of the date of the Agreement and that the Texas Attorney General has not notified the bidder that a determination has been made that the bidder boycotts energy companies or has a policy that discriminates against firearm entities or firearm trade associations under the laws of the State of Texas. Upon request of the City or Bond Counsel on the City's behalf, the bidder shall provide additional written certifications to the City and Bond Counsel (which may be by email) to the effect that the Texas Attorney General may continue to rely on the Standing Letter and the statutory representations and covenants contained in the Agreement through the closing date (currently scheduled for August 26, 2025) (the "Bringdown Verification"). The City reserves the right, and each bidder hereby expressly authorizes the City, to provide such Bringdown Verification to the Texas Attorney General.

In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Certificates to a bidder unless the winning bidder either: (i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC"), or (ii) certifies below that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the City, upon notification of conditional verbal acceptance, the undersigned will 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 (Misty Cryer, City Secretary, citysecretary@robinsontexas.org) Financial Advisor (Jennifer Ritter, jennifer@spfmuni.com) and Bond Counsel (Kristen Savant, kristen.savant@nortonrosefulbright.com). The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the City from providing final written award of the enclosed bid.

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 verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") 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 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.

The undersigned agrees to execute such further written documentation, at the request of the City, as may be necessary or required for the City to establish compliance with the above verifications and representations, which may include the provision of a comfort letter or legal opinion as to the accuracy of such verifications and representations executed by a high-level employee of the undersigned, such as its general counsel or chief compliance officer.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Name of Purchaser or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Robinson, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 5th day of August, 2025.

ATTEST:

City Secretary
City of Robinson, Texas

Mayor
City of Robinson, Texas

\$33,000,000*
CITY OF ROBINSON, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025
ISSUE PRICE CERTIFICATE

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

1. Reasonably Expected Initial Offering Price.

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

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

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

2. Defined Terms.

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is August 5, 2025.

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

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

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____

Dated: _____

*See "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amortization." Preliminary, subject to change.

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

[This page intentionally left blank.]

PRELIMINARY OFFICIAL STATEMENT

Dated July 25, 2025

Rating:
S&P: "AA"
(See "OTHER INFORMATION
– Rating" herein)

NEW ISSUE – Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS – Tax Exemption" herein.



\$33,000,000*

CITY OF ROBINSON, TEXAS

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

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025

Dated Date: August 26, 2025

Due: August 15, as shown on page 2

Interest to accrue from the Date of Initial Delivery (defined below)

PAYMENT TERMS . . . Interest on the \$33,000,000* City of Robinson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2025 (the "Certificates") will accrue from the Date of Initial Delivery (defined below) and will be payable on February 15 and August 15 of each year commencing February 15, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES – Book-Entry-Only System"). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE CERTIFICATES – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, the City's Home Rule Charter, and an ordinance to be passed by the City Council of the City (the "Ordinance"). The Certificates constitute direct obligations of the City of Robinson, Texas (the "City"), payable from a combination of the levy and collection of a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a limited pledge of \$1,000 of the net revenues of the City's Waterworks and Sewer System as provided in the Ordinance (see "THE CERTIFICATES – Authority for Issuance" and "THE CERTIFICATES – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: designing, constructing, extending, expanding, upgrading, resurfacing, equipping, and improving various City streets, roads, overpasses, bridges and intersections, including curbs, gutters, sidewalks, traffic signage and signals, lighting, ADA accessibility, landscaping, drainage, and utility infrastructure relocation and extensions related thereto, and the acquisition of land and rights-of-way or other easements therefor, (ii) acquiring fire-fighting equipment and vehicles, including a ladder truck, (iii) constructing, acquiring, purchasing, renovating, enlarging, equipping and improving water and wastewater system property and facilities, including improvements to water treatment facilities, and the acquisition of land and rights-of-way or other easements therefor, and (iv) professional services rendered in relation to such projects and the financing thereof.

CUSIP PREFIX: 770825
MATURITY SCHEDULE
See Page 2 Hereof

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Purchaser (as hereinafter defined) and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see "APPENDIX C – Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Certificates will be available for initial delivery through DTC on August 26, 2025 (the "Date of Initial Delivery").

BIDS DUE ON TUESDAY, AUGUST 5, 2025, AT 11:00 AM, CENTRAL TIME

*Preliminary, subject to change.

MATURITY SCHEDULE*

8/15 Maturity	Principal Amount	Rate	Initial Yield	CUSIP Numbers ⁽¹⁾
2026	\$ 245,000			
2027	245,000			
2028	415,000			
2029	600,000			
2030	975,000			
2031	1,115,000			
2032	1,255,000			
2033	1,400,000			
2034	1,960,000			
2035	2,110,000			
2036	1,805,000			
2037	1,895,000			
2038	1,990,000			
2039	2,090,000			
2040	2,190,000			
2041	2,300,000			
2042	2,415,000			
2043	2,540,000			
2044	2,660,000			
2045	2,795,000			

(Interest Accrues from the Date of Initial Delivery)

*Preliminary, subject to change.

- (1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor, the Purchaser or their agents or counsel assume responsibility for the accuracy of such numbers.

REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – Optional Redemption”). Additionally, the Certificates may be subject to mandatory redemption in the event the Purchaser elects to designate two or more consecutive serial maturities as one or more Term Certificates.

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For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the “Rule”), this document constitutes an “official statement” of the City with respect to the Certificates that has been deemed “final” by the City as of its date except for the omission of the information permitted by Subsection (b)(1) of the Rule.

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

The information set forth or included in this Official Statement has been provided by the City or obtained from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinion or that they will be realized. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the City’s undertaking to provide certain information on a continuing basis.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (“DTC”) OR ITS BOOK-ENTRY-ONLY SYSTEM.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

TABLE OF CONTENTS

PRELIMINARY OFFICIAL STATEMENT SUMMARY.4	CONTINUING DISCLOSURE OF INFORMATION27
CITY OFFICIALS, STAFF AND CONSULTANTS6	OTHER INFORMATION29
ELECTED OFFICIALS6	LEGAL MATTERS29
CITY OFFICIALS6	
CONSULTANTS AND ADVISORS.....6	
INTRODUCTION.....7	APPENDICES
THE CERTIFICATES7	GENERAL INFORMATION REGARDING THE CITYA
AD VALOREM PROPERTY TAXATION13	EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT B
TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT18	FORM OF BOND COUNSEL’S OPINION C
TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY19	
TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY 19	
TABLE 4 – TEN LARGEST TAXPAYERS19	
TABLE 5 – TAX ADEQUACY20	
TABLE 6 – ESTIMATED OVERLAPPING DEBT20	
DEBT INFORMATION21	
TABLE 7 – PRO-FORMA DEBT SERVICE REQUIREMENTS .21	
TABLE 8 – INTEREST AND SINKING FUND BUDGET PROJECTION.....22	
FINANCIAL INFORMATION.....23	
TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY23	
TABLE 10 – MUNICIPAL SALES TAX HISTORY23	
INVESTMENTS.....24	
TABLE 11 – CURRENT INVESTMENTS.....26	
TAX MATTERS26	

The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

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

THE CITY	<p>The City of Robinson, Texas (the “City”) is a political subdivision located in McLennan County and is a political subdivision of the State of Texas (the “State”). It is a home-rule city, and as such it operates under a City Council/Manager form of government in which the Mayor and six Councilmembers are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer.</p> <p>The City is approximately 40 square miles in area (see “INTRODUCTION – Description of the City”).</p>
THE CERTIFICATES	<p>The Certificates are issued as \$33,000,000* Combination Tax and Revenue Certificates of Obligation, Series 2025. The Certificates are currently expected to be issued as serial Certificates maturing on August 15 in the years 2026 through and including 2045, unless the initial purchaser of the Certificates (the “Purchaser”) designates two or more consecutive serial maturities as one or more Term Certificates (see “THE CERTIFICATES – Description of the Certificates”).</p>
PAYMENT OF INTEREST	<p>Interest on the Certificates accrues from the Date of Initial Delivery (as defined on the cover page hereof) and is payable commencing on February 15, 2026, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE CERTIFICATES – Description of the Certificates” and “THE CERTIFICATES – Optional Redemption”).</p>
AUTHORITY FOR ISSUANCE	<p>The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, the City’s Home Rule Charter, and an ordinance authorizing the issuance of the Certificates to be passed by the City Council (the “Ordinance”) (see “THE CERTIFICATES – Authority for Issuance”).</p>
SECURITY	<p>The Certificates constitute direct obligations of the City, payable from a combination of the levy and collection of a continuing direct annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a limited pledge of \$1,000 of the net revenues of the City’s Waterworks and Sewer System, as provided in the Ordinance. See “THE CERTIFICATES – Security and Source of Payment.”</p>
REDEMPTION	<p>The City reserves the right, at its option, to redeem Certificates having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – Optional Redemption”). Additionally, the Certificates may be subject to mandatory redemption in the event the Purchaser elects to designate two or more consecutive serial maturities as one or more Term Certificates.</p>
TAX EXEMPTION	<p>In the opinion of Bond Counsel, subject to the matters described in “TAX MATTERS” herein, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law and will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. See “TAX MATTERS – Tax Exemption” for a discussion of the opinion of Bond Counsel.</p>

*Preliminary, subject to change.

USE OF PROCEEDS	Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: designing, constructing, extending, expanding, upgrading, resurfacing, equipping, and improving various City streets, roads, overpasses, bridges and intersections, including curbs, gutters, sidewalks, traffic signage and signals, lighting, ADA accessibility, landscaping, drainage, and utility infrastructure relocation and extensions related thereto, and the acquisition of land and rights-of-way or other easements therefor, (ii) acquiring fire-fighting equipment and vehicles, including a ladder truck, (iii) constructing, acquiring, purchasing, renovating, enlarging, equipping and improving water and wastewater system property and facilities, including improvements to water treatment facilities, and the acquisition of land and rights-of-way or other easements therefor, and (iv) professional services rendered in relation to such projects and the financing thereof.
MUNICIPAL BOND RATING	The Certificates and certain of the outstanding general obligation debt of the City have been rated “AA” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) (see “OTHER INFORMATION – Rating”).
BOOK-ENTRY-ONLY SYSTEM.....	The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see “THE CERTIFICATES – Book-Entry-Only System”).
PAYMENT RECORD	The City has never defaulted in the payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End Of Year ⁽²⁾	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita	% of Total Tax Collections
2021	12,660	\$ 1,002,374,751	\$ 79,177	\$ 16,325,000	1.63%	\$ 1,289	100.62%
2022	12,934	1,090,338,284	84,300	15,310,000	1.40%	1,184	99.77%
2023	12,987	1,310,360,071	100,898	14,255,000	1.09%	1,098	98.83%
2024	12,987	1,465,743,069	112,862	17,755,000	1.21%	1,367	99.34%
2025	12,987	1,546,746,701	119,100	42,370,000 ⁽³⁾	2.74%	3,262	96.57% ⁽⁴⁾

(1) Source: The Municipal Advisory Council.

(2) Excludes self-supporting debt. Self-supporting debt is debt that is secured by the City’s ad valorem tax but whose debt service payments are paid from the City’s Water and Sewer Utility Revenues and TIRZ Revenues and includes all of outstanding amounts of the Series 2016 Certificates and a portion of each of the Series 2013 Certificates, the Series 2015 Certificates, the Series 2019 Certificates, the Series 2017 Refunding Bonds, the Series 2021 Refunding Bonds, the Series 2023 Certificates, the Series 2024 Certificates and the Certificates for an aggregate total outstanding self-supporting debt of \$37,625,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City’s Water and Sewer Utility Revenues are paid from the levy and collection of the City’s ad valorem tax. In the event Water and Sewer Utility Revenues and/or TIRZ Revenues are not sufficient to pay debt service on such obligations, or the City’s policy with respect to self-supporting debt changes, the City is obligated to levy and collect an ad valorem tax, within the limits prescribed by law, sufficient to pay such debt service. Preliminary, subject to change.

(3) Projected; includes the Certificates. Preliminary, subject to change.

(4) Partial collections as of May 31, 2025.

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires	Occupation
Greg May Mayor	2026	Car Dealer
Jeremy Stivener Mayor Pro-Tem	2026	Business Manager
Jimmy Rogers Councilmember	2027	Superintendent
James Mastergeorge Councilmember	2026	U.S. Air Force, Retired
Charlie Burch Councilmember	2027	Retired
Brittany McLean Councilmember	2027	Accountant
Donnie Finn Councilmember	2026	Retired Teacher/School Administrator

CITY OFFICIALS

Name	Position
Craig Lemin	City Manager
Karen Sanchez	Finance Director
Misty Cryer	City Secretary

CONSULTANTS AND ADVISORS

Auditors Pattillo, Brown & Hill, L.L.P.
Waco, Texas

Bond Counsel Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor..... Specialized Public Finance Inc.
Austin, Texas

For additional information regarding the City, please contact:

Craig Lemin City Manager City of Robinson 111 West Lyndale Robinson, Texas 76706 (254) 662-1415 (254) 662-1035 Fax	or	Jennifer Ritter Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78746 (512) 275-7300 (512) 275-7305 Fax
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**PRELIMINARY OFFICIAL STATEMENT
RELATING TO
\$33,000,000*
CITY OF ROBINSON, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$33,000,000* City of Robinson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2025 (the “Certificates”). The Certificates are being issued pursuant to an ordinance to be approved by the City Council of the City of Robinson, Texas (the “City”) on August 5, 2025 (the “Ordinance”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City’s Financial Advisor, Specialized Public Finance Inc., Austin, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Final Official Statement pertaining to the Certificates will be deposited with the Municipal Securities Rulemaking Board, at www.emma.msrb.org; 1300 I St. NW, Ste 1000, Washington, DC 20005. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the City’s undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State of Texas (the “State”), duly organized and existing under the laws of the State, including the City’s home-rule charter (the “Charter”) initially adopted by the voters in 1999. The City operates under a City Council/Manager form of government, with a Mayor and six Councilmembers. The City Council formulates operating policy for the City, while an appointed City Manager is the chief administrative officer. It is the duty of the City Manager to implement the policies and directives of the Council. Some of the services that the City provides are: public safety (police and volunteer fire protection), highways and streets, water and sanitary sewer utilities, public improvements, planning and zoning, and general administrative services. The estimated 2025 population is 12,987. The City covers approximately 40 square miles.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated August 26, 2025 (the “Dated Date”) and mature on August 15 in each of the years and in the amounts shown on page two hereof. Interest on the Certificates will accrue from the Date of Initial Delivery (as defined on the cover page hereof), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2026 until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the book-entry-only system described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “Book-Entry-Only System” herein.

Interest on the Certificates shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class, postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar, or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Certificates will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation and surrender to the Paying Agent/Registrar at its designated payment/transfer office; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under “THE CERTIFICATES – Book-Entry-Only System” herein. If the date for any payment on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to 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.

*Preliminary, subject to change.

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, the City's Home Rule Charter, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Certificates. The Certificates are further secured by a limited pledge of \$1,000 of the net revenues of the City's Waterworks and Sewer System (the "System") as provided in the Ordinance.

TAX RATE LIMITATION . . . 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, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on all ad valorem tax debt. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to \$2.50 per \$100 taxable assessed valuation for all purposes. The City Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service calculated at the time of issuance based on 90% tax collections.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after August 15, 2035, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

In the event any of the Certificates are structured as "Term Certificates," such Term Certificates will be subject to mandatory redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Certificates will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice.

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 will state that said redemption may, 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 satisfied or sufficient moneys are not received, 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 such Certificates have not been redeemed.

Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "THE CERTIFICATES – Book-Entry-Only System" herein.

DEFEASANCE . . . The Ordinance provides for the defeasance of Certificates when the payment of the principal of and premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or an authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by the City's financial advisor, the Paying Agent/Registrar, an independent public accountant or other qualified third party to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, 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 have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (d) any other then authorized securities or obligations under applicable law that may be used to defease obligations such as the Certificates. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

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 may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

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

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee's 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 believes the source of such information to be reliable, but takes 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 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 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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates 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 certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation

("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, 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, 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 does not take any responsibility for the accuracy thereof.

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 with respect to the Certificates, printed Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE CERTIFICATES – Transfer, Exchange and Registration" below.

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.

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange 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, exchange and transfer.

Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New 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 mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, 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 any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See “THE CERTIFICATES – Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates.

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificates called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of Certificates.

RECORD DATE FOR INTEREST PAYMENT . . . The record date (“Record Date”) for the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“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 Holder of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

CERTIFICATEHOLDERS’ REMEDIES . . . The Ordinance does not establish specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest or redemption price 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 under the Ordinance, 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, 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 obligations contained in the Certificates or the Ordinance and the City’s obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles and 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 April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) (“*Wasson*”) that sovereign 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. The Texas Supreme Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of

contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. 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. If sovereign immunity is determined to exist, then the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages, Certificateholders may not be able to bring such a suit against the City for breach of the Certificate or Ordinance covenants. 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. 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 creditors’ rights 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.

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

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: designing, constructing, extending, expanding, upgrading, resurfacing, equipping, and improving various City streets, roads, overpasses, bridges and intersections, including curbs, gutters, sidewalks, traffic signage and signals, lighting, ADA accessibility, landscaping, drainage, and utility infrastructure relocation and extensions related thereto, and the acquisition of land and rights-of-way or other easements therefor, (ii) acquiring fire-fighting equipment and vehicles, including a ladder truck, (iii) constructing, acquiring, purchasing, renovating, enlarging, equipping and improving water and wastewater system property and facilities, including improvements to water treatment facilities, and the acquisition of land and rights-of-way or other easements therefor, and (iv) professional services rendered in relation to such projects and the financing thereof.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Certificates will be applied approximately as follows:

Sources:	
Principal	\$
Bid Premium	
Total Sources	\$
Uses:	
Deposit to Project Fund	\$
Purchaser’s Discount	
Deposit to Debt Service Fund	
Costs of Issuance	
Total Uses	\$

AD VALOREM PROPERTY TAXATION

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

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

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

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

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

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,000,000 (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 district 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 2024 tax year, through December 31, 2026 (unless extended by the State 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. For the 2025 tax year, the maximum property value was increased to \$5,160,000.

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. Cities, counties and school districts that adopted an optional homestead exemption described in (1), above, for the 2022 tax year are prohibited from repealing or reducing the exemption through December 31, 2027. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

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

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and

inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Subject to voter approval at a Statewide election to be held on November 4, 2025, legislation passed by the State legislature and signed by the Governor during the 89th Regular Session (as defined herein) would provide a person with an exemption from taxation by a taxing unit of \$125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

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

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

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

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code to clarify that “damage” for purposes of such statute is limited to “physical damage.” For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

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 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.

For a discussion of how the various exemptions described above are applied by the City, see “AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code” herein.

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

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount,” as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal

district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$61,349,201 for the 2025 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

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

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

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

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

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

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

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

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

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

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

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

“unused increment rate” means the greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2022 through 2024 divided by the current total value.

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

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

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

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

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

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

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

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

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

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

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

2025 REGULAR AND SPECIAL LEGISLATIVE SESSIONS . . . The 89th Texas legislature convened on January 14, 2025, and adjourned on June 2, 2025 (the “89th Regular Session”). When the Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor called for a special session which began on July 21, 2025, and may last no longer than 30 days. The Governor identified eighteen (18) agenda items that will be considered in the first special session. Among the items being considered is “legislation reducing the property tax burden on Texans and legislation imposing spending limits on entities authorized to impose property taxes.” The City is unable to predict the substance of such legislation or the effect, if any, it will

have on the City's finances or operations. Furthermore, the City can make no representations or predictions regarding any actions the legislature took during the 89th Regular Session, or any actions the legislature may take in any special session.

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

CITY APPLICATION OF TAX CODE . . . The City does grant an exemption to the market value of the residence homestead of persons 65 years of age or older of \$10,000. The City also does grant an exemption of \$10,000 for disabled persons.

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

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 the McLennan County Tax Assessor-Collector's Office collects taxes for the City.

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

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

The City has taken action to tax freeport property.

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

The City does participate in Tax Increment Reinvestment Zones.

The City has adopted a tax abatement policy.

TAX INCREMENT REINVESTMENT ZONES. . . During fiscal year 2019, the City formed the Tax Increment Financing Reinvestment Zone #1 ("TIRZ #1") to facilitate development and encourage private investment while establishing high development standards within the City. TIRZ #1 encompasses approximately 4,695 acres. The City has dedicated 75% of the City's tax increment (as defined in Chapter 311 of the Texas Tax Code) within TIRZ #1 to authorized project costs.

In December 2021, the City formed Tax Increment Reinvestment Zone #2 ("TIRZ #2") to promote the development of the area within TIRZ #2. TIRZ #2 encompasses approximately 474 acres. The City has dedicated 70% of the City's tax increment (as defined in Chapter 311 of the Texas Tax Code) within TIRZ #2 to authorized project costs.

TAX ABATEMENT AGREEMENTS . . . Griffin Solar, LLC In accordance with Chapter 312 of the Texas Property Tax Code, the City entered into a tax abatement agreement with Griffin Solar, LLC ("Griffin") on February 5, 2019. Griffin owns land within TIRZ #1. Griffin has agreed to the construction/installation of facilities, equipment, fixtures, and personal property to create a renewable energy project using solar panels (solar farm) for the generation of electricity. The total capital investment of Griffin will be \$5,500,000. The City agreed to a limited tax abatement over a period of five years. The tax abatement provided is only for City property taxes and is only for increases in taxable value created by the improvements and additions made by the Griffin. Any increases to the taxable value of the real property by virtue of natural appreciation or due to change in use are not eligible for abatement. The percentage abated is as follows:

Year 1	55%
Year 2	50%
Year 3	50%
Year 4	45%
Year 5	40%

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ENCOMPASS HEALTH TEXAS REAL ESTATE, LLC . . . The City also entered into a tax abatement agreement with Encompass Health Texas Real Estate, LLC (“Encompass”) on February 18, 2020 in accordance with Chapter 312 of the Texas Property Tax Code. Encompass Rehabilitation plans to lease the land and real estate improvements from Encompass for the operation of a rehabilitation hospital and will make taxable personal property additions to the land for use in those operations. The City agreed to a limited tax abatement over a period of seven years. The tax abatement provided is only for the increase in the value of the property created by the project and includes the increased market value of the land itself. Encompass agreed to have the project completed no later than September 30, 2021. Encompass agreed to start hospital operations no later than 150 days after completion. Encompass also agreed to create 85 new full-time jobs no later than 12 months after the start of operations. The percentage abated is as follows:

Year 1	70%
Year 2	70%
Year 3	65%
Year 4	65%
Year 5	60%
Year 6	60%
Year 7	55%

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2024/25 Market Valuation Established by McLennan Central Appraisal District (excluding totally exempt property)		\$	1,814,379,845
Less Exemptions/Reductions at 100% Market Value:			<u>267,633,144</u>
2024/25 Taxable Assessed Valuation		\$	1,546,746,701
City Debt Payable from Ad Valorem Taxes (as of 6/1/2025)	\$	48,170,000	
The Certificates		<u>33,000,000</u>	⁽¹⁾
Total Debt Payable from Ad Valorem Taxes	\$	81,170,000	
Less: Self-Supporting Debt		<u>(37,625,000)</u>	⁽²⁾
Net Debt Payable from Ad Valorem Taxes	\$	43,545,000	
Interest and Sinking Fund (as of 6/1/2025)	\$	1,848,385	
Ratio Tax Supported Debt to Taxable Assessed Valuation			2.82%
2025 Estimated Population - 12,987			
Per Capita Taxable Assessed Valuation - \$119,100			
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$3,353			

(1) Preliminary, subject to change.

(2) Self-supporting debt is debt that is secured by the City’s ad valorem tax but whose debt service payments are paid from the City’s Water and Sewer Utility Revenues and TIRZ Revenues and includes all of outstanding amounts of the Series 2016 Certificates and a portion of each of the Series 2013 Certificates, the Series 2015 Certificates, the Series 2019 Certificates, the Series 2017 Refunding Bonds, the Series 2021 Refunding Bonds, the Series 2023 Certificates, the Series 2024 Certificates and the Certificates for an aggregate total outstanding self-supporting debt of \$37,625,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City’s Water and Sewer Utility Revenues are paid from the levy and collection of the City’s ad valorem tax. In the event Water and Sewer Utility Revenues and/or TIRZ Revenues are not sufficient to pay debt service on such obligations, or the City’s policy with respect to self-supporting debt changes, the City is obligated to levy and collect an ad valorem tax, within the limits prescribed by law, sufficient to pay such debt service. Preliminary, subject to change.

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TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9-30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Debt Outstanding at End of Year ⁽²⁾	Ratio Debt to Taxable Assessed Valuation	Debt Per Capita
2021	12,660	\$ 1,002,374,751	\$ 79,177	\$ 16,325,000	1.63%	\$ 1,289
2022	12,934	1,090,338,284	84,300	15,310,000	1.40%	1,184
2023	12,987	1,310,360,071	100,898	14,255,000	1.09%	1,098
2024	12,987	1,465,743,069	112,862	17,755,000	1.21%	1,367
2025	12,987	1,546,746,701	119,100	42,370,000 ⁽³⁾	2.74% ⁽³⁾	3,262 ⁽³⁾

(1) Source: The Municipal Advisory Council.

(2) Excludes self-supporting debt. Self-supporting debt is debt that is secured by the City's ad valorem tax but whose debt service payments are paid from the City's Water and Sewer Utility Revenues and TIRZ Revenues and includes all of outstanding amounts of the Series 2016 Certificates and a portion of each of the Series 2013 Certificates, the Series 2015 Certificates, the Series 2019 Certificates, the Series 2017 Refunding Bonds, the Series 2021 Refunding Bonds, the Series 2023 Certificates, the Series 2024 Certificates and the Certificates for an aggregate total outstanding self-supporting debt of \$37,625,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City's Water and Sewer Utility Revenues are paid from the levy and collection of the City's ad valorem tax. Preliminary, subject to change.

(3) Projected; includes the Certificates. In the event Water and Sewer Utility Revenues and/or TIRZ Revenues are not sufficient to pay debt service on such obligations, or the City's policy with respect to self-supporting debt changes, the City is obligated to levy and collect an ad valorem tax, within the limits prescribed by law, sufficient to pay such debt service. Preliminary, subject to change.

TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2021	\$ 0.5337	\$ 0.3718	\$ 0.1619	\$ 8,254,987	99.10%	100.62%
2022	0.5070	0.3607	0.1463	5,622,850	98.88%	99.77%
2023	0.4600	0.3354	0.1246	6,027,656	98.83%	98.83%
2024	0.4424	0.3287	0.1137	6,461,657	98.81%	99.34%
2025	0.4499	0.3274	0.1225	6,959,339	96.57% ⁽¹⁾	96.57% ⁽¹⁾

(1) Partial collections as of May 31, 2025.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Matus Construction Group LLC	\$ 25,762,837	1.67%
Oncor Electric Delivery Co	13,433,280	0.87%
Pilot Travel Centers LLC #432	8,500,000	0.55%
Beauford-Breton Investments LLC	8,012,037	0.52%
Setzer Properties WCO	7,950,000	0.51%
8175 Robinson Industrial LLC	5,963,630	0.39%
Encompass Health Texas Real Estate	5,668,079	0.37%
Freeflight Acquisition Corporation	5,467,580	0.35%
Young FM 1989 Trust	4,516,620	0.29%
TGBTG Property	4,460,000	0.29%
	<u>\$ 89,734,063</u>	<u>5.80%</u>

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "THE CERTIFICATES – Tax Rate Limitation").

TABLE 5 – TAX ADEQUACY⁽¹⁾

2025 Principal and Interest Requirements	\$1,919,107
\$0.1267 Tax Rate at 98% Collection Produces	\$1,920,534
Average Annual Principal and Interest Requirements, 2025-2045	\$3,195,848
\$0.2109 Tax Rate at 98% Collection Produces	\$3,196,847
Maximum Annual Principal and Interest Requirements, 2035	\$4,074,650
\$0.2689 Tax Rate at 98% Collection Produces	\$4,076,018

(1) Includes the Certificates and excludes self-supporting debt. Self-supporting debt is debt that is secured by the City's ad valorem tax but whose debt service payments are paid from the City's Water and Sewer Utility Revenues and TIRZ Revenues and includes all of outstanding amounts of the Series 2016 Certificates and a portion of each of the Series 2013 Certificates, the Series 2015 Certificates, the Series 2019 Certificates, the Series 2017 Refunding Bonds, the Series 2021 Refunding Bonds, the Series 2023 Certificates, the Series 2024 Certificates and the Certificates for an aggregate total outstanding self-supporting debt of \$37,625,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City's Water and Sewer Utility Revenues are paid from the levy and collection of the City's ad valorem tax. In the event Water and Sewer Utility Revenues and/or TIRZ Revenues are not sufficient to pay debt service on such obligations, or the City's policy with respect to self-supporting debt changes, the City is obligated to levy and collect an ad valorem tax, within the limits prescribed by law, sufficient to pay such debt service. Preliminary, subject to change.

TABLE 6 – ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	Total Tax Supported Debt as of 6/30/2025	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 6/30/2025
Lorena Independent School District	\$ 21,026,510	0.38%	\$ 79,901
McLennan County	79,970,000	4.37%	3,494,689
McLennan County JCD	38,150,000	4.37%	1,667,155
Midway Independent School District	157,480,000	1.43%	2,251,964
Robinson Independent School District	18,959,992	87.49%	16,588,097
Waco Independent School District	449,280,000	0.62%	2,785,536
City of Robinson	43,545,000 ⁽¹⁾	100.00%	43,545,000 ⁽¹⁾
Total Direct and Overlapping Tax Supported Debt			\$ 70,412,342
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			4.55%
Per Capita Overlapping Tax Supported Debt			\$ 5,422

Source: The Texas Municipal Advisory Council of Texas.

(1) Includes the Certificates and excludes self-supporting debt. Self-supporting debt is debt that is secured by the City's ad valorem tax but whose debt service payments are paid from the City's Water and Sewer Utility Revenues and TIRZ Revenues and includes all of outstanding amounts of the Series 2016 Certificates and a portion of each of the Series 2013 Certificates, the Series 2015 Certificates, the Series 2019 Certificates, the Series 2017 Refunding Bonds, the Series 2021 Refunding Bonds, the Series 2023 Certificates, the Series 2024 Certificates and the Certificates for an aggregate total outstanding self-supporting debt of \$37,625,000. The remaining portions of the debt service on the series listed in the previous sentence that are not paid by the City's Water and Sewer Utility Revenues are paid from the levy and collection of the City's ad valorem tax. In the event Water and Sewer Utility Revenues and/or TIRZ Revenues are not sufficient to pay debt service on such obligations, or the City's policy with respect to self-supporting debt changes, the City is obligated to levy and collect an ad valorem tax, within the limits prescribed by law, sufficient to pay such debt service. Preliminary, subject to change.

DEBT INFORMATION

TABLE 7 – PRO-FORMA DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt			The Certificates ⁽¹⁾			Total Debt Service Requirements	Less: Self-Supporting Debt	Total Tax Supported Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total			
2025	\$ 3,090,000	\$ 1,976,850	\$ 5,066,850	\$ -	\$ -	\$ -	\$ 5,066,850	\$ 3,147,743	\$ 1,919,107
2026	3,070,000	1,883,063	4,953,063	245,000	1,599,583	1,844,583	6,797,646	3,772,340	3,025,306
2027	3,270,000	1,772,413	5,042,413	245,000	1,637,750	1,882,750	6,925,163	3,720,063	3,205,100
2028	3,115,000	1,645,213	4,760,213	415,000	1,625,500	2,040,500	6,800,713	3,450,963	3,349,750
2029	3,250,000	1,522,850	4,772,850	600,000	1,604,750	2,204,750	6,977,600	3,493,250	3,484,350
2030	3,385,000	1,393,600	4,778,600	975,000	1,574,750	2,549,750	7,328,350	3,759,350	3,569,000
2031	3,520,000	1,258,800	4,778,800	1,115,000	1,526,000	2,641,000	7,419,800	3,761,000	3,658,800
2032	3,655,000	1,118,500	4,773,500	1,255,000	1,470,250	2,725,250	7,498,750	3,758,250	3,740,500
2033	3,245,000	972,700	4,217,700	1,400,000	1,407,500	2,807,500	7,025,200	3,196,050	3,829,150
2034	2,715,000	837,450	3,552,450	1,960,000	1,337,500	3,297,500	6,849,950	2,835,950	4,014,000
2035	2,835,000	719,750	3,554,750	2,110,000	1,239,500	3,349,500	6,904,250	2,829,600	4,074,650
2036	1,975,000	596,800	2,571,800	1,805,000	1,134,000	2,939,000	5,510,800	2,214,400	3,296,400
2037	1,630,000	507,750	2,137,750	1,895,000	1,043,750	2,938,750	5,076,500	1,779,400	3,297,100
2038	1,705,000	432,050	2,137,050	1,990,000	949,000	2,939,000	5,076,050	1,778,300	3,297,750
2039	1,790,000	352,800	2,142,800	2,090,000	849,500	2,939,500	5,082,300	1,779,200	3,303,100
2040	1,215,000	269,550	1,484,550	2,190,000	745,000	2,935,000	4,419,550	1,671,900	2,747,650
2041	1,275,000	208,800	1,483,800	2,300,000	635,500	2,935,500	4,419,300	1,670,650	2,748,650
2042	1,335,000	151,250	1,486,250	2,415,000	520,500	2,935,500	4,421,750	1,678,600	2,743,150
2043	1,395,000	91,000	1,486,000	2,540,000	399,750	2,939,750	4,425,750	1,673,000	2,752,750
2044	700,000	28,000	728,000	2,660,000	272,750	2,932,750	3,660,750	914,200	2,746,550
2045	-	-	-	2,795,000	139,750	2,934,750	2,934,750	624,750	2,310,000
	\$ 48,170,000	\$ 17,739,187	\$ 65,909,187	\$ 33,000,000	\$ 21,712,583	\$ 54,712,583	\$ 120,621,771	\$ 53,508,958	\$ 67,112,813

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

TABLE 8 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Tax Supported Debt Service Requirements, Fiscal Year Ending 9-30-2025 ⁽¹⁾		\$	5,066,850
2024 Interest and Sinking Fund Tax Levy @ 97% Collection	\$	1,838,432	
Self-Supporting Debt Service		3,147,743	
Fiscal Year 2024 Interest and Sinking Fund Balance		<u>204,034</u>	<u>5,190,209</u>
Estimated Balance, 9-30-2025		\$	123,359

(1) Excludes self-supporting debt.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS . . . None.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next eight months.

OTHER OBLIGATIONS . . . The City currently has a lease agreement totaling \$214,000 for police vehicles and street equipment. See “Notes to the Financial Statements” in APPENDIX B.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System (“TMRS”), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see “APPENDIX B – Excerpts from the City’s Annual Financial Report.”)

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FINANCIAL INFORMATION

TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2024	2023	2022	2021	2020
Revenues:					
Taxes	\$ 7,949,930	\$ 7,533,906	\$ 6,215,706	\$ 5,728,882	\$ 5,283,339
Licenses, Permits and Fines	396,272	149,877	903,278	855,784	862,119
Intergovernmental	16,495	14,951	14,675	2,024	656,626
Charges for Services	35,318	17,374	33,427	32,674	20,661
Miscellaneous	372,184	228,382	76,950	48,681	73,968
Total Revenues	\$ 8,770,199	\$ 7,944,490	\$ 7,244,036	\$ 6,668,045	\$ 6,896,713
Expenditures:					
General Government	\$ 2,191,140	\$ 1,937,516	\$ 1,840,592	\$ 1,687,070	\$ 1,422,712
Community Development	546,462	448,994	520,246	347,135	370,779
Parks and Recreation	42,134	20,224	14,818	16,516	8,521
Public Safety	3,840,680	3,548,038	3,876,879	3,030,888	2,926,539
Public Works	1,950,775	1,691,308	1,374,317	1,237,278	1,225,503
Miscellaneous	364,213	204,333	173,436	156,230	380,678
Total Expenses	\$ 8,935,404	\$ 7,850,413	\$ 7,800,288	\$ 6,475,117	\$ 6,334,732
Excess (Deficiency) of Revenues over Expenditures	\$ (165,205)	\$ 94,077	\$ (556,252)	\$ 192,928	\$ 561,981
Budgeted Transfers In	\$ 692,933	\$ 642,481	\$ 546,000	\$ 459,000	\$ 442,452
Other Financing Sources	-	-	461,874	-	-
Budgeted Transfers Out	-	-	-	(14,950)	-
Net Increase (Decrease)	\$ 527,728	\$ 736,558	\$ 451,622	\$ 636,978	\$ 1,004,433
Fund Equity at Beginning of Year	6,341,292	5,604,734	5,153,112	4,516,134	3,511,701 ⁽¹⁾
Adjustments to Fund Balance	-	-	-	-	-
Fund Equity at End of Year	\$ 6,869,020	\$ 6,341,292	\$ 5,604,734	\$ 5,153,112	\$ 4,516,134

Source: City's audited financial statements.

(1) Restated.

TABLE 10 – MUNICIPAL SALES TAX HISTORY

The City imposes and levies a one percent (1%) Local Sales and Use Tax within the City pursuant to the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2021	\$ 1,964,705	25.05%	\$ 0.1960	\$ 155
2022	2,200,959	39.14%	0.2019	170
2023	2,419,632	40.60%	0.1847	186
2024	2,622,237	40.58%	0.1789	202
2025	1,461,859 ⁽¹⁾	21.01%	0.0945	113

(1) Unaudited collections as of June 30, 2025.

FINANCIAL POLICIES

Basis of Accounting . . . The City's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability occurred, if measurable, except for unmatured interest on general long-term debt.

Proprietary Fund revenues and expenses are recognized on the full accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the accounting period in which they are incurred.

Fund Balances . . . Fund balances will be maintained in an amount adequate to assure that any legal requirements are met and that adequate funds are available to meet cash flow requirements. It is the City's intention to maintain in the General Fund and Water and Sewer Fund 15% of the next year's budgeted expenditures. Sixty days' of operating expenditures are to be maintained in the Debt Service Fund. Cash balances are to be monitored yearly during budgeting preparation.

Enterprise Fund Transfers to the General Fund . . . The City has adopted a financial policy whereby an annual transfer is made from the enterprise funds (generally, the water and sewer departments) to the General Fund. The transfer is considered a payment in lieu of taxes and is equal to 5% of the gross revenues of the enterprise fund (prior to 1996, the transfer was 4% of gross revenues).

Use of Debt Proceeds . . . The City's policy is to use debt proceeds for capital expenditures only. Such monies are never to be used to fund normal City operations.

Budgetary Procedures . . . The City Charter establishes the fiscal year as the twelve-month period beginning each October 1. Each year by the middle of June the departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year. After review by the Finance Department and the City Manager, a budget of estimated revenues and expenditures is submitted to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state statutes. The City Council will adopt a budget prior to October 1. If the Council fails to adopt a budget then the budget proposed by the City Manager is deemed to have been adopted.

During the fiscal year, budgetary control is maintained by the monthly review of departmental appropriation balances. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year. Therefore, funds that are budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State 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 its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in the State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025 Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or

its successor or the National Credit Union Share Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) certificates of deposit 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 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 that is selected by the City; (b) 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; (c) 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 (d) the City appoints the depository institution selected under (a) 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; (10) 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; (11) securities lending programs if (i) the value of the securities loaned under the program must be not less than 100% collateralized, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) 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 (8) above, clauses (13) through (15) 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; and (iv) the agreement to lend securities has a term of one year or less, (12) 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, (13) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and are invested exclusively in obligations described in this paragraph or (b) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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

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

INVESTMENT POLICIES . . . Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City must adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments 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." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

TABLE 11 – CURRENT INVESTMENTS

As of May 31, 2025, the City’s investable funds were invested in the following categories:

<u>Description</u>	<u>Book Value</u>	<u>Percentage</u>
TexPool	\$ 11,757,088	36.75%
TexSTAR	12,866,963	40.22%
Certificates of Deposit	<u>7,366,935</u>	<u>23.03%</u>
	<u>\$ 31,990,986</u>	<u>100.00%</u>

As of such date, the market value of the investment portfolio was approximately 100.00% of its purchase price.

TAX MATTERS

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

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

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

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

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

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also

affect the value and marketability of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN CERTIFICATES . . . The initial public offering price of certain Certificates (the “Discount Certificates”) may be less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificate. A portion of such original issue discount allocable to the holding period of such Discount Certificate by the initial purchaser will, upon the disposition of such Discount Certificate (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (“MSRB”), who will make such information available to the general public, without charge, through its Electronic Municipal Markets Access (EMMA) system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the City of the general type included in this Official Statement in Tables 1 through 5 and 7 through 11 (the “Annual Financial Information”). The City will additionally provide financial statements of the City (the “Financial Statements”), that will be (i) prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in APPENDIX B and (ii) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City will update and provide the Annual Financial Information within six months after the end of each fiscal year and the

Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2025. The City may provide the Financial Statements earlier, including at the time it provides its Annual Financial Information, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”).

The City’s current fiscal year end is September 30th, the Annual Financial Information must be provided by the last day of March in each year, and the Financial Statements must be provided by September 30th of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City (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 a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under “Annual Reports.”

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. Additionally, the City intends the words used in clauses (15) and (16) of the preceding paragraph and the definition of “financial obligation” in these clauses to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. The Ordinance defines “Financial Obligation” as a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION. . . In connection with its continuing disclosure agreement entered into with respect to the Certificates, the City will file all required information and documentation with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

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

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell 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 City (such as nationally recognized Bond Counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has complied with its continuing disclosure agreement for the last five years.

OTHER INFORMATION

RATING . . . The Certificates and certain of the outstanding general obligation debt of the City have been rated “AA” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Certificates.

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

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 City 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.

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, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, 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 INFORMATION – Rating” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with 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 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.

LEGAL MATTERS

LEGAL OPINION . . . Issuance of the Certificates is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Initial Certificate is a valid and binding obligation of the City. Issuance of the Certificates is also subject to the legal opinion of Norton Rose Fulbright US LLP (“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 above under “TAX MATTERS – Tax Exemption.” Such opinion 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. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form or the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. 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 City Secretary of the City, to the effect that no litigation of any nature has been filed or is then pending or to their knowledge 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.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements.

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

INITIAL PURCHASER . . . After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the "Purchaser") to purchase the Certificates at the interest rates shown on page two hereof at a price of approximately _____% of par. The Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and

the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

MISCELLANEOUS . . . The financial data and other information contained herein 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 resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. 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. The Ordinance authorizing the issuance of the Certificates will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . At the time of payment for and delivery of the Certificates, the Purchaser will be furnished a certificate executed by authorized officials of the City acting in their official capacity, to the effect that: (a) the descriptions and statements of or pertaining to the City contained in the final Official Statement, and any addenda, supplement or amendment thereto, for the Certificates, on the date of such final Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such final Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in such final Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City, since September 30, 2024, the date of the last financial statements of the City appearing in the final Official Statement as APPENDIX B.

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.

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

APPENDIX A

General Information Regarding the City

THE CITY

The City of Robinson is a residential suburb of the City of Waco and is located southeast of IH 35 and bisected by State Highway 77. Air transportation is provided by commuter airline via the nearby Waco airport.

THE COUNTY

McLennan County is a manufacturing center. Recent figures estimate total retail sales for McLennan County at \$3.4 billion and total wages at \$3.7 billion. Examples of items produced in McLennan County include rocket motors, glass products, health care products, batteries and lumber.

McLennan County has several institutions of higher learning. Baylor University had a 2023 enrollment of approximately 15,155. Also in McLennan County are Texas State Technical Institute and McLennan County Community College.

LABOR MARKET PROFILE

	McLennan County	
	June 2025	June 2024
Total Civilian Labor Force	134,268	131,088
Total Employment	129,090	125,445
Total Unemployment	5,178	5,643
Percent Unemployed	3.9%	4.3%
	State of Texas	
	June 2025	June 2024
Total Civilian Labor Force	15,844,159	15,637,330
Total Employment	15,199,591	14,941,356
Total Unemployment	644,568	695,974
Percent Unemployed	4.1%	4.5%

Source: Texas Workforce Commission.

APPENDIX B

Excerpts from the City of Robinson, Texas Annual Financial Report For the Year Ended September 30, 2024

The information contained in this APPENDIX consists of excerpts from the City of Robinson, Texas Annual Financial Report for the Year Ended September 30, 2024, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.



Annual Financial Report

**for the Fiscal Year Ended
September 30, 2024**

CITY OF ROBINSON, TEXAS

YEAR ENDED SEPTEMBER 30, 2024

TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL SECTION	
Independent Auditor's Report	1 – 3
Management Discussion and Analysis	4 – 9
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities.....	11 – 12
Fund Financial Statements:	
Governmental Funds	
Balance Sheet	13 – 14
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16 – 17
Reconciliation of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds to the Statement of Activities	18
Proprietary Funds	
Statement of Net Position.....	19
Statement of Revenues, Expenses, and Changes in Fund Net Position	20
Statement of Cash Flows.....	21 – 22
Notes to the Financial Statements.....	23 – 45
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budget Basis) and Actual – General Fund.....	46
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	47 – 48
Schedule of Contributions – Texas Municipal Retirement System	49 – 50
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System.....	51 – 52

Combining Schedules

Combining Balance Sheet – Nonmajor Governmental Funds	53 - 54
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	55 - 56
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budget Basis) and Actual – Debt Service Fund.....	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budget Basis) and Actual – Nonmajor Governmental Funds.....	58 – 62

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and Members of City Council
City of Robinson, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Robinson, Texas as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Robinson, Texas' 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Robinson, Texas' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025 on our consideration of the City of Robinson, Texas' 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 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 City of Robinson, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 18, 2025

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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 Robinson, Texas (the "City") for the year ended September 30, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 Financial 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 method used by most private-sector companies. All of the current year revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of 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 in order 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** – Most of the City's basic services are reported here including general government, public safety, public works, parks and recreation, and community development. Interest payments on the City's debt are also reported here. Sales tax, property 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 water distribution, wastewater collection/treatment, and sanitation collection.

The government-wide financial statements can be found after the MD&A.

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. The two categories of City funds are governmental and proprietary.

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 City'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.

The City maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, which are considered to be major funds for reporting purposes.

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

Proprietary Funds. The City maintains one type of proprietary fund, enterprise funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection/treatment, and sanitation collection services. The basic proprietary 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, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and the schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

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 by \$48,062,040 as of year end. The largest portion of the City's net position (75%) reflects its investments in capital assets (e.g., land, City hall, fleet equipment, streets, and drainage systems, as well as the public works facilities) less any debt used to acquire those assets that is still outstanding. 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		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 21,355,017	\$ 11,962,926	\$ 25,250,789	\$ 16,278,761	\$ 46,605,806	\$ 28,241,687
Capital assets	24,432,967	23,085,024	36,468,316	36,006,220	60,901,283	59,091,244
Total assets	<u>45,787,984</u>	<u>35,047,950</u>	<u>61,719,105</u>	<u>52,284,981</u>	<u>107,507,089</u>	<u>87,332,931</u>
Deferred outflows of resources	833,957	1,263,396	219,017	347,003	1,052,974	1,610,399
Long-term liabilities	27,445,424	19,071,532	28,628,357	20,748,846	56,073,781	39,820,378
Other liabilities	3,023,104	3,862,816	1,063,276	1,383,998	4,086,380	5,246,814
Total liabilities	<u>30,468,528</u>	<u>22,934,348</u>	<u>29,691,633</u>	<u>22,132,844</u>	<u>60,160,161</u>	<u>45,067,192</u>
Deferred inflows of resources	123,300	97,674	214,562	224,677	337,862	322,351
Net position:						
Net investment in capital assets	10,048,523	8,195,188	25,952,464	16,205,602	36,000,987	24,400,790
Restricted	1,156,228	813,490	-	-	1,156,228	813,490
Unrestricted	4,825,362	4,270,646	6,079,463	14,068,861	10,904,825	18,339,507
Total net position	<u>\$ 16,030,113</u>	<u>\$ 13,279,324</u>	<u>\$ 32,031,927</u>	<u>\$ 30,274,463</u>	<u>\$ 48,062,040</u>	<u>\$ 43,553,787</u>

A portion of the primary government's net position, \$1,156,228, represents resources that are subject to external restriction on how they may be used.

Total assets are \$107,507,089, an increase of 23%. Total assets increased compared to the prior year primarily due to increases in property and sales taxes as well as proceeds from new debt issuances. Total liabilities are \$60,160,161, an increase of 33% compared to prior year. The increase is mainly due to the aforementioned debt issuances which were partially offset by debt payments made during the fiscal year. Total deferred outflows of resources are \$1,052,974, a decrease of 35% compared to the prior year. Total deferred inflows of resources are \$337,862, an increase of 4% compared to the prior year. The changes in deferred outflows and inflows of resources are due to the net differences between projected and actual investment earnings on pension plan assets.

Statement of Activities

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

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 470,051	\$ 349,497	\$ 9,452,317	\$ 9,419,566	\$ 9,922,368	\$ 9,769,063
Operating grants and contributions	11,941	13,164	-	-	11,941	13,164
Capital grants and contributions	1,354,900	1,567,645	-	-	1,354,900	1,567,645
General revenues:						
Property tax	6,570,735	6,056,521	-	-	6,570,735	6,056,521
Sales tax	2,622,237	2,419,632	-	-	2,622,237	2,419,632
Franchise tax	627,618	643,501	-	-	627,618	643,501
Hotel occupancy tax	18,939	19,546	-	-	18,939	19,546
Investment earnings	558,090	545,476	1,146,342	518,242	1,704,432	1,063,718
Gain on sale of assets	78,949	42,133	-	-	78,949	42,133
Miscellaneous	4,914	16,617	366,816	191,487	371,730	208,104
Total revenues	<u>12,318,374</u>	<u>11,673,732</u>	<u>10,965,475</u>	<u>10,129,295</u>	<u>23,283,849</u>	<u>21,803,027</u>
Expenses:						
General government	2,294,754	2,080,182	-	-	2,294,754	2,080,182
Public safety	4,159,080	3,997,608	-	-	4,159,080	3,997,608
Public works	2,484,178	2,304,533	-	-	2,484,178	2,304,533
Parks and recreation	58,409	36,441	-	-	58,409	36,441
Community development	565,005	479,420	-	-	565,005	479,420
Interest on long-term debt	699,092	496,824	-	-	699,092	496,824
Utility	-	-	8,515,078	7,327,799	8,515,078	7,327,799
Total expenses	<u>10,260,518</u>	<u>9,395,008</u>	<u>8,515,078</u>	<u>7,327,799</u>	<u>18,775,596</u>	<u>16,722,807</u>
Transfers	<u>692,933</u>	<u>642,481</u>	<u>(692,933)</u>	<u>(642,481)</u>	<u>-</u>	<u>-</u>
Change in net position	2,750,789	2,921,205	1,757,464	2,159,015	4,508,253	5,080,220
Net position, beginning	<u>13,279,324</u>	<u>10,358,119</u>	<u>30,274,463</u>	<u>28,115,448</u>	<u>43,553,787</u>	<u>38,473,567</u>
Net position, ending	<u>\$ 16,030,113</u>	<u>\$ 13,279,324</u>	<u>\$ 32,031,927</u>	<u>\$ 30,274,463</u>	<u>\$ 48,062,040</u>	<u>\$ 43,553,787</u>

For the year, revenues from governmental activities totaled \$12,318,374, an increase of 6% compared to the prior year. This increase is largely due to an increase in property tax revenues from an increase in the assessed values of properties within the City and an increase in the tax rate, along with an increase in sales tax revenues from an increase in taxable sales within the City. Expenses from governmental activities totaled \$10,260,518, an increase of 9% compared to the prior year. This increase was mainly due to an increase in payroll cost from increases in wages and an increase in depreciation expense due to more capital assets being depreciated.

Revenues from business-type activities totaled \$10,965,475, an increase of 8% compared to the prior year. This increase was largely related to an increase in charges for services, due to an increase in customer consumption. Expenses from business-type activities totaled \$8,515,078, an increase of 16% compared to the prior year. The increase in expenses was partially a result of the City beginning payments related to a new water purchase agreement.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The Debt Service Fund has a total ending fund balance of \$204,034, an increase of \$100,939. The increase is attributable to an increase in property tax revenue.

The Capital Projects Fund ended the year with total fund balance of \$10,200,422, an increase of \$9,352,263. This increase resulted from issuance of the City's Series 2024 Certificates of Obligation.

Proprietary Funds: The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Position of the Utility Fund at the end of the year amounted to \$6,079,463. Net Position increased by a net amount of \$1,757,464. The increase was caused by growth in water sales that exceeded increases in expenses.

General Fund Budgetary Highlights - Actual revenues collected exceeded management's original estimate of the General Fund's revenues by \$85,210, mostly caused by larger than expected grant revenues, tax revenues and investment earnings. Revenue budget amendments during the year included an increase to sales tax and fines and court costs revenues. Expenditures were less than appropriations by \$438,039 due to reduced personnel and benefits costs due to staff turnovers during the year. Significant budget amendments included increases to public safety vehicle maintenance and increases to general government, public safety, and public works fuel costs.

CAPITAL ASSETS

The following are the City's investment in capital assets for its governmental and business-type activities as of September 30, 2024:

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 254,092	\$ 254,092	\$ 1,855,413	\$ 1,855,413	\$ 2,109,505	\$ 2,109,505
Construction in progress	9,472,851	8,360,749	7,256,656	5,736,254	16,729,507	14,097,003
Buildings, improvements and infrastructure	18,859,777	18,677,441	50,936,642	50,569,722	69,796,419	69,247,163
Right-to-use assets	37,423	50,054	62,638	62,638	100,061	112,692
Machinery and equipment	5,662,684	4,646,343	2,681,622	2,681,622	8,344,306	7,327,965
Accumulated depreciation	(9,853,860)	(8,903,655)	(26,324,655)	(24,899,429)	(36,178,515)	(33,803,084)
Total	<u>\$ 24,432,967</u>	<u>\$ 23,085,024</u>	<u>\$ 36,468,316</u>	<u>\$ 36,006,220</u>	<u>\$ 60,901,283</u>	<u>\$ 59,091,244</u>

Additional information on the City of Robinson capital assets can be found in the notes to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had long-term debt obligations as follows. The full amount of bonded debt is backed by the full faith and credit of the government.

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Certificates of obligation	\$ 21,100,000	\$ 12,660,000	\$ 20,695,000	\$ 12,190,000	\$ 41,795,000	\$ 24,850,000
General obligations	1,170,000	1,375,000	5,095,000	5,890,000	6,265,000	7,265,000
Leases and SBITAs	38,525	50,011	38,443	49,767	76,968	99,778
Notes payable	106,119	266,066	-	109,190	106,119	375,256
Tax notes	110,000	220,000	-	-	110,000	220,000
Premiums	2,084,424	1,195,960	2,015,139	1,561,661	4,099,563	2,757,621
Compensated absences	211,187	159,634	86,889	77,443	298,076	237,077
Total	<u>\$ 24,820,255</u>	<u>\$ 15,926,671</u>	<u>\$ 27,930,471</u>	<u>\$ 19,878,061</u>	<u>\$ 52,750,726</u>	<u>\$ 35,804,732</u>

Additional information on the City of Robinson long term-debt can be found in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City adopted a budget for fiscal year ending September 30, 2025 that included general fund expenditures of \$9,903,882 and combined expenditures/expenses for all funds of \$23,698,647. The property tax rate for fiscal year ended September 30, 2025 was approved at \$0.449934 per \$100 assessed property value. This tax rate is \$0.007555 more than the prior year tax rate.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City of Robinson finance department at 111 W. Lyndale, Robinson, Texas 76706. This information can also be accessed on the City's website at www.robinsontexas.org.

BASIC FINANCIAL STATEMENTS

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CITY OF ROBINSON, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,063,385	\$ 1,829,646	\$ 6,893,031
Investments	2,794,903	4,313,748	7,108,651
Taxes receivable (net)	694,198	-	694,198
Accounts receivable	20,577	1,498,783	1,519,360
Internal balances	(47,541)	47,541	-
Inventory	-	35,272	35,272
Restricted assets:			
Cash and cash equivalents	12,829,495	17,525,799	30,355,294
Capital and right-to-use assets:			
Non-depreciable	9,726,943	9,112,069	18,839,012
Net depreciable capital assets	14,706,024	27,356,247	42,062,271
Total Assets	<u>45,787,984</u>	<u>61,719,105</u>	<u>107,507,089</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	24,202	-	24,202
Pension related	772,009	219,017	991,026
OPEB related	37,746	-	37,746
Total Deferred Outflows of Resources	<u>833,957</u>	<u>219,017</u>	<u>1,052,974</u>
LIABILITIES			
Accounts payable	791,336	459,882	1,251,218
Accrued liabilities	3,269	-	3,269
Customer deposits payable	1,525	517,580	519,105
Unearned revenue	2,111,687	-	2,111,687
Accrued interest payable	115,287	85,814	201,101
Noncurrent liabilities:			
Due within one year			
Long-term liabilities	1,535,510	1,855,238	3,390,748
Due in more than one year			
Long-term liabilities	23,284,745	26,075,233	49,359,978
Net pension liability	2,459,967	697,886	3,157,853
Total OPEB liability	165,202	-	165,202
Total Liabilities	<u>30,468,528</u>	<u>29,691,633</u>	<u>60,160,161</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on refunding	-	198,069	198,069
Pension related	58,134	16,493	74,627
OPEB related	65,166	-	65,166
Total Deferred Inflows of Resources	<u>123,300</u>	<u>214,562</u>	<u>337,862</u>
NET POSITION			
Net investment in capital assets	10,048,523	25,952,464	36,000,987
Restricted for:			
Public safety	343,793	-	343,793
Debt service	149,931	-	149,931
Cable access channel	36,880	-	36,880
Tourism	218,185	-	218,185
Capital replacement	407,439	-	407,439
Unrestricted	4,825,362	6,079,463	10,904,825
Total Net Position	<u>\$ 16,030,113</u>	<u>\$ 32,031,927</u>	<u>\$ 48,062,040</u>

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

CITY OF ROBINSON, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 2,294,754	\$ -	\$ -
Public safety	4,159,080	274,730	11,941
Public works	2,484,178	195,321	-
Parks and recreation	58,409	-	-
Community development	565,005	-	-
Interest and fiscal charges	699,092	-	-
Total governmental activities	<u>10,260,518</u>	<u>470,051</u>	<u>11,941</u>
Business-type activities:			
Utility	<u>8,515,078</u>	<u>9,452,317</u>	<u>-</u>
Total business-type activities	<u>8,515,078</u>	<u>9,452,317</u>	<u>-</u>
Total primary government	<u>18,775,596</u>	<u>9,922,368</u>	<u>11,941</u>

General revenues:

Property taxes
Sales taxes
Hotel taxes
Franchise tax
Investment earnings
Gain on sale of assets
Other revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (2,294,754)	\$ -	\$ (2,294,754)
-	(3,872,409)	-	(3,872,409)
1,354,900	(933,957)	-	(933,957)
-	(58,409)	-	(58,409)
-	(565,005)	-	(565,005)
-	(699,092)	-	(699,092)
<u>1,354,900</u>	<u>(8,423,626)</u>	<u>-</u>	<u>(8,423,626)</u>
-	-	937,239	937,239
-	-	937,239	937,239
<u>1,354,900</u>	<u>(8,423,626)</u>	<u>937,239</u>	<u>(7,486,387)</u>
	6,570,735	-	6,570,735
	2,622,237	-	2,622,237
	18,939	-	18,939
	627,618	-	627,618
	558,090	1,146,342	1,704,432
	78,949	-	78,949
	4,914	366,816	371,730
	692,933	(692,933)	-
	<u>11,174,415</u>	<u>820,225</u>	<u>11,994,640</u>
	2,750,789	1,757,464	4,508,253
	<u>13,279,324</u>	<u>30,274,463</u>	<u>43,553,787</u>
	<u>\$ 16,030,113</u>	<u>\$ 32,031,927</u>	<u>\$ 48,062,040</u>

CITY OF ROBINSON, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	General Fund	Debt Service	Capital Projects
ASSETS			
Cash and cash equivalents	\$ 3,874,383	\$ 251,576	\$ -
Investments	2,794,903	-	-
Taxes receivable (net)	628,256	61,183	-
Accounts receivable	20,577	-	-
Restricted assets:			
Cash and cash equivalents	64,112	-	12,765,383
Total assets	<u>7,382,231</u>	<u>312,759</u>	<u>12,765,383</u>
LIABILITIES			
Accounts payable	332,410	-	458,926
Accrued liabilities	3,269	-	-
Due to other funds	-	47,541	-
Unearned revenue	5,652	-	2,106,035
Deposits payable	1,525	-	-
Total liabilities	<u>342,856</u>	<u>47,541</u>	<u>2,564,961</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	170,355	61,184	-
Total inflows of resources	<u>170,355</u>	<u>61,184</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Debt service	-	204,034	-
Construction	-	-	10,200,422
Public safety	27,232	-	-
Cable access channel	36,880	-	-
Tourism	-	-	-
Capital replacement	-	-	-
Unassigned	6,804,908	-	-
Total fund balances	<u>6,869,020</u>	<u>204,034</u>	<u>10,200,422</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 7,382,231</u>	 <u>\$ 312,759</u>	 <u>\$ 12,765,383</u>

Other Governmental Funds	Total Governmental Funds
\$ 937,426	\$ 5,063,385
-	2,794,903
4,759	694,198
-	20,577
-	12,829,495
<u>942,185</u>	<u>21,402,558</u>
-	791,336
-	3,269
-	47,541
-	2,111,687
-	1,525
<u>-</u>	<u>2,955,358</u>
-	231,539
<u>-</u>	<u>231,539</u>
-	204,034
-	10,200,422
316,561	343,793
-	36,880
218,185	218,185
407,439	407,439
-	6,804,908
<u>942,185</u>	<u>18,215,661</u>
<u>\$ 942,185</u>	<u>\$ 21,402,558</u>

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CITY OF ROBINSON, TEXAS

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

SEPTEMBER 30, 2024

Total Fund Balances - Governmental Funds	\$ 18,215,661
Amount reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	34,286,827
Accumulated depreciation	(9,853,860)
Long-term liabilities, including bonds payable, that are not due and payable in the current period, and, therefore are not reported as liabilities in the funds.	
Leases and SBITAs	(38,525)
General obligation bonds	(1,170,000)
Certificates of obligation	(21,100,000)
Tax notes	(110,000)
Accrued interest payable on long-term debt	(115,287)
Notes payable	(106,119)
Compensated absences	(211,187)
Net pension liability	(2,459,967)
Total OPEB liability	(165,202)
Unavailable property tax revenue is not available to pay for current period expenditures and therefore, are deferred in the governmental funds.	231,539
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred loss on refunding	24,202
Premium on bonds	(2,084,424)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	772,009
Deferred outflows - OPEB related	37,746
Deferred inflows - pension related	(58,134)
Deferred inflows - OPEB related	(65,166)
Net Position of Governmental Activities	<u>\$ 16,030,113</u>

CITY OF ROBINSON, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Debt Service	Capital Projects
REVENUES			
Property taxes	\$ 4,700,075	\$ 1,664,689	\$ -
Sales taxes	2,622,237	-	-
Hotel occupancy tax	-	-	-
Franchise tax	627,618	-	-
Fines and court costs	236,269	-	-
Licenses and permits	160,003	-	-
Charges for services	35,318	-	-
Intergovernmental	16,496	-	1,354,900
Investment earnings	367,270	59,064	97,843
Miscellaneous	4,914	-	-
Total revenues	<u>8,770,200</u>	<u>1,723,753</u>	<u>1,452,743</u>
EXPENDITURES			
Current:			
General government:			
Mayor and city council	246,886	-	-
Administration	1,467,207	-	-
Finance	259,083	-	-
Court	217,964	-	-
Public safety:			
Police	3,840,680	-	-
Public works:			
Physical plant	220,025	-	-
Highways and streets	1,730,751	-	-
Parks and recreation	42,134	-	-
Community development:			
Planning	508,460	-	-
Tourism	-	-	-
Community media	38,002	-	-
Capital outlay	182,337	-	2,100,480
Debt service:			
Principal	171,433	1,085,000	-
Interest and fiscal charges	10,443	537,814	191,026
Total expenditures	<u>8,935,405</u>	<u>1,622,814</u>	<u>2,291,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(165,205)</u>	<u>100,939</u>	<u>(838,763)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	-	-	9,210,000
Premium on issuance of bonds	-	-	981,026
Transfers in	692,933	-	-
Insurance recoveries	-	-	-
Total other financing sources (uses)	<u>692,933</u>	<u>-</u>	<u>10,191,026</u>
CHANGE IN FUND BALANCE	527,728	100,939	9,352,263
FUND BALANCE - BEGINNING	<u>6,341,292</u>	<u>103,095</u>	<u>848,159</u>
FUND BALANCE - ENDING	<u>\$ 6,869,020</u>	<u>\$ 204,034</u>	<u>\$ 10,200,422</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 192,855	\$ 6,557,619
-	2,622,237
18,939	18,939
-	627,618
28,658	264,927
-	160,003
-	35,318
5,248	1,376,644
33,913	558,090
-	4,914
<u>279,613</u>	<u>12,226,309</u>
-	246,886
-	1,467,207
-	259,083
3,764	221,728
-	3,840,680
-	220,025
-	1,730,751
-	42,134
-	508,460
20,000	20,000
-	38,002
49,510	2,332,327
-	1,256,433
-	739,283
<u>73,274</u>	<u>12,922,999</u>
<u>206,339</u>	<u>(696,690)</u>
-	9,210,000
-	981,026
-	692,933
78,949	78,949
<u>78,949</u>	<u>10,962,908</u>
285,288	10,266,218
<u>656,897</u>	<u>7,949,443</u>
<u>\$ 942,185</u>	<u>\$ 18,215,661</u>

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CITY OF ROBINSON, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Total net change in Fund Balances - Governmental Funds	\$ 10,266,218
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the current year capital outlays is to increase net position.	2,310,822
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(962,879)
The issuance of long-term debt (e.g. bonds, loans, leases) 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 the net position.	
Issuance of bonds	(9,210,000)
Premium on issuance of bonds	(981,026)
Principal paid on long-term debt	1,348,995
Revenues and expenditures in the statement of activities that do not provide or use current financial resources are not reported as revenues and expenses in the governmental funds.	
Property taxes	13,116
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Accrued interest on long-term debt	(47,531)
Amortization of deferred loss on refunding	(4,840)
Compensated absences	(51,553)
Changes in pension liabilities and related deferred outflows/inflows	72,448
Changes in OPEB liabilities and related deferred outflows/inflows	(2,981)
Total change in net position of Governmental Activities	<u>\$ 2,750,789</u>

CITY OF ROBINSON, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND

SEPTEMBER 30, 2024

	Business-Type Activities Utility
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,829,646
Investments	4,313,748
Accounts receivable (net of allowance of \$117,701)	1,498,783
Due from other funds	47,541
Inventory	35,272
Restricted assets:	
Cash and cash equivalents	17,525,799
Total current assets	<u>25,250,789</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	9,112,069
Depreciable capital assets	53,680,902
Less: accumulated depreciation	<u>(26,324,655)</u>
Total noncurrent assets	<u>36,468,316</u>
Total assets	<u>61,719,105</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>219,017</u>
Total deferred outflows of resources	<u>219,017</u>
LIABILITIES	
Current liabilities:	
Accounts payable	459,882
Accrued interest payable	85,814
Customer deposits	517,580
Due within one year:	
Bonds payable	1,765,000
Compensated absences	78,200
Leases payable	46
SBITAs payable	<u>11,992</u>
Total current liabilities	<u>2,918,514</u>
Noncurrent liabilities:	
Bonds payable	26,040,139
Compensated absences	8,689
Net pension liability	697,886
SBITAs payable	<u>26,405</u>
Total noncurrent liabilities	<u>26,773,119</u>
Total liabilities	<u>29,691,633</u>
DEFERRED INFLOWS OF RESOURCES	
Gain on refunding	198,069
Pension related	<u>16,493</u>
Total deferred inflows of resources	<u>214,562</u>
NET POSITION	
Net investment in capital assets	25,952,464
Unrestricted	<u>6,079,463</u>
Total net position	<u>\$ 32,031,927</u>

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

CITY OF ROBINSON, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities <u>Utility</u>
OPERATING REVENUES	
Charges for services	\$ 9,298,788
Penalties and interest	153,529
Other revenue	<u>366,816</u>
Total revenues	<u>9,819,133</u>
OPERATING EXPENSES	
Payroll costs	1,524,650
Professional services	2,664,920
Maintenance	1,158,376
Supplies and materials	303,863
Depreciation and amortization	1,425,226
Miscellaneous expense	<u>441,370</u>
Total expenses	<u>7,518,405</u>
Operating income (loss)	<u>2,300,728</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest earnings	1,146,342
Interest and fiscal charges	<u>(996,673)</u>
Total non-operating revenues (expenses)	<u>149,669</u>
Income (loss) before transfers	2,450,397
TRANSFERS	
Transfers out	<u>(692,933)</u>
CHANGE IN NET POSITION	1,757,464
NET POSITION - BEGINNING	<u>30,274,463</u>
NET POSITION - END OF YEAR	<u>\$ 32,031,927</u>

CITY OF ROBINSON, TEXAS**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities Utility
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 9,850,550
Payments to employees	(3,227,250)
Payments to suppliers	<u>(4,213,333)</u>
Net cash provided (used) by operating activities	<u>2,409,967</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to other funds	(692,933)
Payments from other funds	<u>12,269</u>
Net cash provided (used) by noncapital financing activities	<u>(680,664)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of bonds	10,179,755
Acquisition and construction of capital assets	(903,466)
Principal paid on bonds, notes and leases	(1,940,883)
Interest and fiscal charges paid on bonds, notes and leases	<u>(1,214,400)</u>
Net cash provided (used) by capital and related financing activities	<u>6,121,006</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>465,550</u>
Net cash provided (used) by investing activities	<u>465,550</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,315,859
CASH AND CASH EQUIVALENTS, BEGINNING	<u>11,039,586</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 19,355,445</u>

CITY OF ROBINSON, TEXAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Business-type Activities
		Utility Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$	2,300,728
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization		441,370
(Increase) decrease in:		
Accounts receivable		24,623
Inventory		(12,269)
Deferred outflows of resources		127,986
Increase (decrease) in:		
Accounts payable		(296,993)
Accrued liabilities		(30,523)
Customer deposits		6,794
Compensated absences		9,446
Net pension liability		(172,899)
Deferred inflows of resources		11,704
Total adjustments		109,239
Net cash provided (used) by operating activities	\$	2,409,967

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CITY OF ROBINSON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Robinson, Texas (the "City") was incorporated under the laws of the State of Texas (the "State") on March 28, 1955 as a general law City. By approval of the voters, a new home rule charter was adopted on May 1, 1999 and the City has operated under the Mayor-Council form of government.

The City provides the following services: general administration, public safety (police), public works, parks and recreation, community development, and water and wastewater services.

The City is an independent political subdivision of 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. 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 the 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.

Blended Component Unit

During fiscal year 2019, the City passed an ordinance creating a tax increment reinvestment zone (TIRZ) in accordance with Section 311 of the Texas Tax Code. This entity was created to provide the financing and management tool needed to facilitate development of commercial and residential sites. The TIRZ is managed by a seven-member board of directors. The City Council and Mayor functions as the organizations' board of directors and is able to impose its will on the TIRZ. The TIRZ is included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. As the developer of the commercial and residential sites completes infrastructure improvements within the TIRZ, the City takes title to the infrastructure and is responsible for reimbursing the developer for the infrastructure costs. Separate financial statements of the TIRZ are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the primary government and its blended component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

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 government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, inventories of materials and supplies are considered expenditures when used and debt service expenditures, as well as expenditures related to accumulated unpaid sick pay, are recorded only when payment is due.

Property and taxpayer-assessed taxes estimated to be collectible within sixty days after balance sheet date, interest, and expenditure driven grants are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

The **Debt Service Fund** accounts for the property tax revenues received which were specifically levied for the purpose of covering debt service requirements.

The **Capital Projects Fund** accounts for bond and other debt proceeds that are used for various construction and capital improvement projects within the City.

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund type:

Special Revenue Funds account for resources that are restricted for purposes specified by contracts or grant agreements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility function 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund are charges to customers for sales and services and the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the utility 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.

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

D. Cash, Deposits and Investments

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.

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at 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. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivables in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is based on historical collection experience.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the McLennan Central Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The McLennan County Tax Assessor/Collector bills and collects the City's property taxes, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Overtime, substantially all property taxes are collected.

F. Inventories and Prepaid Items

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

Certain costs applicable to future accounting periods are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Restricted Assets

Certain bond proceeds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the governmental and enterprise funds are restricted by bond covenants for repayment of debt and to finance construction projects.

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), 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 estimated acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

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

<u>Asset Type</u>	<u>Number of Years</u>
Buildings and improvements	5-50
Machinery and equipment	3-10
Vehicles	5-10
Infrastructure	20-50
Utility system	5-50
Right-to-use assets	3-10

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation time and compensatory time. Vacation amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

J. Deferred Outflows/Inflows of Resources

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

- Deferred charges on refunding – 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.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet – These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

K. 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Leases

The City has entered into various lease agreements as lessee. 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, if available. 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 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 or lease asset.

Lessee. The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. 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. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements

The City is a lessee for subscription-based IT arrangements (SBITAs). The City recognizes liability and an intangible right-to-use asset in the government-wide financial statements.

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

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon 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.
- The agreement term includes the noncancellable period of the SBITA.
- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. These right to use assets are reported with other capital assets and liabilities are reported with long-term debt on the statement of net position.

L. Pensions

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

M. Other Post-Employment Benefits

For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City-specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

N. Net Position and Fund Balance

In the government-wide and proprietary fund financial statements, the City reports restrictions of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any unspent proceeds from capital-related debt issuances. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

In the fund financial statements, governmental funds report fund balance categorized as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes prepaid items.

Restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long-term debt, construction programs and other federal and state grants.

Committed fund balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the City Council. This classification includes campus activity funds, local special revenue funds and potential litigation, claims and judgments.

Assigned fund balance includes fund balance amounts that are self-imposed by the City to be used for a particular purpose. Fund balance can be assigned by the City Council, the City Manager, or the Finance Director. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned fund balance includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Control

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General, Debt Service, Hotel/Motel Occupancy Tax, Municipal Court Technology, Municipal Court Building Security, Child Safety, and Juvenile Case Manager Funds. The Capital Projects Fund is appropriated on a project-length basis. All annual appropriations lapse at fiscal year-end. The legal level of budgetary control is the fund level.

III. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, municipal bonds, managed public fund investment pools, and certificates of deposit. The Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "Act"), provide for the creation of public funds investment pools, such as Texas Short-term Reserve Fund ("TexStar"), Local Government Investment Cooperative ("LOGIC"), TexasDAILY, and Lone Star Investment Pool ("Lone Star"), through which political subdivisions and other entities may invest public funds.

TexPool and TexSTAR have a redemption notice period of one day and may redeem daily. The investment pool'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 the pool's liquidity.

The City's investments as of September 30, 2024 are:

	Carrying Value	Weighted Average Maturity (days)
Investment Pool:		
TexPool	9,459,247	26
TexSTAR	9,169,525	26
Certificates of deposit	7,108,651	195
Total	<u>\$ 25,737,423</u>	

Interest rate risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk: The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2024, the City's investment in investment pools were rated AAAM and AAA by Standard & Poor's.

Custodial credit risk — deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2024, the market values of pledged securities and FDIC insurance exceeded bank balances.

Custodial credit risk — investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

Taxes Receivable

The City's taxes receivable as of September 30, 2024 consisted of the following:

	General Fund	Debt Service	Nonmajor Governmental	Total
Property taxes	\$ 179,321	\$ 64,403	\$ -	\$ 243,724
Sales tax	423,862	-	-	423,862
Franchise tax	34,039	-	-	34,039
Hotel/motel tax	-	-	4,759	4,759
Gross receivables	637,222	64,403	4,759	706,384
Less: allowance for uncollectible accounts	(8,966)	(3,220)	-	(12,186)
Net receivables	<u>\$ 628,256</u>	<u>\$ 61,183</u>	<u>\$ 4,759</u>	<u>\$ 694,198</u>

Capital Assets

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

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 254,092	\$ -	\$ -	\$ 254,092
Construction in progress	<u>8,360,749</u>	<u>1,112,102</u>	<u>-</u>	<u>9,472,851</u>
Total capital assets not being depreciated	<u>8,614,841</u>	<u>1,112,102</u>	<u>-</u>	<u>9,726,943</u>
Capital assets being depreciated:				
Buildings, improvements and infrastructure	18,677,441	182,337	-	18,859,778
Machinery and equipment	4,646,343	1,016,339	-	5,662,682
Right to use equipment	5,872	-	44	5,916
Right to use software	<u>62,132</u>	<u>-</u>	<u>-</u>	<u>62,132</u>
Total assets being depreciated	<u>23,391,788</u>	<u>1,198,676</u>	<u>44</u>	<u>24,590,508</u>
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	(5,352,958)	(692,191)	-	(6,045,149)
Machinery and equipment	(3,836,981)	(258,013)	286,284	(3,808,710)
Right to use equipment	280,760	(249)	(286,284)	(5,773)
Right to use software	<u>(12,426)</u>	<u>(12,426)</u>	<u>-</u>	<u>(24,852)</u>
Total accumulated depreciation	<u>(8,921,605)</u>	<u>(962,879)</u>	<u>-</u>	<u>(9,884,484)</u>
Total capital assets being depreciated, net	<u>14,470,183</u>	<u>235,797</u>	<u>44</u>	<u>14,706,024</u>
Governmental activities capital assets, net	<u>\$ 23,085,024</u>	<u>\$ 1,347,899</u>	<u>\$ 44</u>	<u>\$ 24,432,967</u>
	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,855,413	\$ -	\$ -	\$ 1,855,413
Construction in progress	<u>5,736,254</u>	<u>1,520,402</u>	<u>-</u>	<u>7,256,656</u>
Total capital assets, not being depreciated	<u>7,591,667</u>	<u>1,520,402</u>	<u>-</u>	<u>9,112,069</u>
Capital assets being depreciated:				
Buildings, improvements and infrastructure	50,569,722	337,277	29,643	50,936,642
Machinery and equipment	2,681,622	-	-	2,681,622
Right to use equipment	506	-	-	506
Right to use software	<u>62,132</u>	<u>-</u>	<u>-</u>	<u>62,132</u>
Total assets being depreciated	<u>53,313,982</u>	<u>337,277</u>	<u>29,643</u>	<u>53,680,902</u>
Less accumulated depreciation for:				
Buildings, improvements and infrastructure	(23,094,744)	(1,327,312)	-	(24,422,056)
Machinery and equipment	(1,791,882)	(85,399)	-	(1,877,281)
Right to use equipment	(377)	(88)	-	(465)
Right to use software	<u>(12,426)</u>	<u>(12,427)</u>	<u>-</u>	<u>(24,853)</u>
Total accumulated depreciation	<u>(24,899,429)</u>	<u>(1,425,226)</u>	<u>-</u>	<u>(26,324,655)</u>
Total capital assets being depreciated, net	<u>28,414,553</u>	<u>(1,087,949)</u>	<u>29,643</u>	<u>27,356,247</u>
Business-type activities capital assets, net	<u>\$ 36,006,220</u>	<u>\$ 432,453</u>	<u>\$ 29,643</u>	<u>\$ 36,468,316</u>

Depreciation expense for the year ended September 30, 2024 was charged to functions/programs of the primary government as follows:

<u>Governmental activities:</u>	
General government	\$ 103,246
Public safety	329,343
Culture and recreation	514,015
Public works	16,275
Total	<u>\$ 962,879</u>
<u>Business-type activities:</u>	
Utility	\$ 1,425,226
Total	<u>\$ 1,425,226</u>

Interfund Receivables, Payables, And Transfers

Interfund transfers made during the fiscal year were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Utility Fund	General Fund	\$ 692,933
Total		<u>\$ 692,933</u>

The transfers to General Fund are to reimburse overhead expenses from throughout the year.

Interfund receivables and payables as of September 30, 2024 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Utility Fund	Debt Service	\$ 47,541
Total		<u>\$ 47,541</u>

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.

Long-Term Debt

Long-term debt activity for the year ended September 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Refunded/ Retired</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Long-term debt:					
General obligation bonds	\$ 1,375,000	\$ -	\$ (205,000)	\$ 1,170,000	\$ 220,000
Certificates of obligation	12,660,000	9,210,000	(770,000)	21,100,000	995,000
Tax notes	220,000	-	(110,000)	110,000	110,000
Mortgage note	114,107	-	(7,988)	106,119	8,322
Notes payable	151,959	-	(151,959)	-	-
Leases payable	379	-	(251)	128	128
SBITAs payable	49,632	-	(11,235)	38,397	11,992
Issuance premium	<u>1,195,960</u>	<u>981,026</u>	<u>(92,562)</u>	<u>2,084,424</u>	<u>-</u>
Total long-term debt	<u>15,767,037</u>	<u>10,191,026</u>	<u>(1,348,995)</u>	<u>24,609,068</u>	<u>1,345,442</u>
Compensated absences	<u>159,634</u>	<u>51,553</u>	<u>-</u>	<u>211,187</u>	<u>190,068</u>
Total governmental	<u>\$ 15,926,671</u>	<u>\$ 10,242,579</u>	<u>\$ (1,348,995)</u>	<u>\$ 24,820,255</u>	<u>\$ 1,535,510</u>
Business-type activities:					
Long-term debt:					
General obligation bonds	\$ 5,890,000	\$ -	\$ (795,000)	\$ 5,095,000	\$ 795,000
Certificates of obligation	12,190,000	9,580,000	(1,075,000)	20,695,000	970,000
Notes payable	109,190	-	(109,190)	-	-
Leases payable	135	-	(89)	46	46
SBITAs payable	49,632	-	(11,235)	38,397	11,992
Issuance premium	<u>1,561,661</u>	<u>599,755</u>	<u>(146,277)</u>	<u>2,015,139</u>	<u>-</u>
Total long-term debt	<u>19,800,618</u>	<u>10,179,755</u>	<u>(2,136,791)</u>	<u>27,843,582</u>	<u>1,777,038</u>
Compensated absences	<u>77,443</u>	<u>9,446</u>	<u>-</u>	<u>86,889</u>	<u>78,200</u>
Total business-type	<u>\$ 19,878,061</u>	<u>\$ 10,189,201</u>	<u>\$ (2,136,791)</u>	<u>\$ 27,930,471</u>	<u>\$ 1,855,238</u>

Certificates of Obligation

The City issues Certificates of Obligation to provide for the acquisition and construction of major capital facilities.

In the current year, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2023, in the amount of \$9,580,000. The bond has an interest rate of 5% and matures in 2043. The proceeds will be used for construction of public works, water and sewer system facilities, and the acquisition of necessary rights-of-way and land in connection with projects, and is secured by the City's utility system revenue.

In the current year, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2024, in the amount of \$9,210,000. The bond has an interest rate of 4-5% and matures in 2044. The proceeds will be used for construction of streets, roads, overpasses, bridges, intersections, and acquisition of land and rights-of-way, and are secured by the City's ad valorem tax revenue.

Tax Notes

The City issues tax notes to provide funds for the acquisition of equipment. Tax notes have been issued for both governmental and business-type activities. Tax notes are direct obligations and pledge the full faith and credit of the government.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

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, it could result in a substantial liability to the City. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS. As of September 30, 2024, an arbitrage liability of \$107,179 was recorded in accounts payable of the Capital Projects Fund.

Compensated Absences

The compensated absence liabilities are generally liquidated by the General and Utility Funds depending on the assignment of an employment at termination.

Long-term debt currently outstanding and reported as liabilities of the City's governmental activities are:

Description	Interest Rate	Amounts Outstanding
Governmental activities:		
Certificates of Obligation, Series 2013	3-3.5%	\$ 2,625,000
Certificates of Obligation, Series 2015	3-4%	3,130,000
Certificates of Obligation, Series 2019	4%	6,135,000
Certificates of Obligation, Series 2024	4-5%	9,210,000
General Obligation Bonds, Series 2017	2-4%	1,170,000
Tax Notes, Series 2018	2.97%	110,000
Mortgage Note, Series 2015	3.91%	106,119
Total governmental activities		<u>\$ 22,486,119</u>

Long-term debt currently outstanding and reported as liabilities of the City's business-type activities are:

Description	Interest Rate	Amounts Outstanding
Business-type activities:		
Certificates of Obligation, Series 2013	3-3.5%	\$ 2,460,000
Certificates of Obligation, Series 2015	3-4%	3,935,000
Certificates of Obligation, Series 2016	3-4%	4,045,000
Certificates of Obligation, Series 2019	4%	1,095,000
Certificates of Obligation, Series 2023	5%	9,160,000
General Obligation Bonds, Series 2017	2-4%	1,030,000
General Obligation Bonds, Series 2021	3%	4,065,000
Total business-type activities		<u>\$ 25,790,000</u>

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

Year Ended September 30,	Governmental Activities		Certificates of Obligation Business-Type Activities		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2025	\$ 995,000	\$ 872,595	\$ 970,000	\$ 901,588	\$ 1,965,000	\$ 1,774,183
2026	1,020,000	851,400	1,020,000	862,713	2,040,000	1,714,113
2027	1,170,000	812,500	1,070,000	821,863	2,240,000	1,634,363
2028	1,215,000	765,300	1,120,000	778,313	2,335,000	1,543,613
2029	1,160,000	715,500	1,285,000	732,050	2,445,000	1,447,550
2030-2034	6,910,000	2,755,250	8,005,000	2,728,600	14,915,000	5,483,850
2035-2039	5,395,000	1,392,550	4,540,000	1,216,600	9,935,000	2,609,150
2040-2044	3,235,000	405,100	2,685,000	343,500	5,920,000	748,600
Total	<u>\$ 21,100,000</u>	<u>\$ 8,570,195</u>	<u>\$ 20,695,000</u>	<u>\$ 8,385,227</u>	<u>\$ 41,795,000</u>	<u>\$ 16,955,422</u>

Year Ended September 30,	Governmental Activities		General Obligations Business-Type Activities		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2025	\$ 220,000	\$ 42,350	\$ 795,000	\$ 157,050	\$ 1,015,000	\$ 199,400
2026	225,000	35,750	805,000	133,200	1,030,000	168,950
2027	235,000	29,000	795,000	109,050	1,030,000	138,050
2028	240,000	19,600	540,000	82,000	780,000	101,600
2029-2032	250,000	10,000	2,160,000	162,500	2,410,000	172,500
Total	<u>\$ 1,170,000</u>	<u>\$ 136,700</u>	<u>\$ 5,095,000</u>	<u>\$ 643,800</u>	<u>\$ 6,265,000</u>	<u>\$ 780,500</u>

Year Ended September 30,	Governmental Activities Tax Notes	
	Principal	Interest
2025	\$ 110,000	\$ 3,267
Total	<u>\$ 110,000</u>	<u>\$ 3,267</u>

Year Ended September 30,	Governmental Activities Mortgage Note	
	Principal	Interest
2025	\$ 8,322	\$ 4,083
2026	8,657	3,749
2027	9,005	3,400
2028	9,359	3,047
2029-2033	52,797	9,229
2034-2035	17,979	628
Total	<u>\$ 106,119</u>	<u>\$ 24,136</u>

Should the City default on its outstanding bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the City.

Leases

The City was a lessee for the acquisition and use of equipment which is recorded with capital assets. An initial lease liability and right to use asset for equipment are recorded for fiscal year 2022. The City will continue to make principal and interest payments on leases through the fiscal year 2025. The interest rates on the equipment that is leased ranges from 0.387% to 2.473%. In fiscal year 2024, the City made interest payments on the leases totaling \$9.

Principal and interest requirements to maturity for the leases are as follows:

Year Ended September 30,	Governmental Activities		Leases Business-Type Activities		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2025	\$ 128	\$ 1	\$ 46	\$ 1	\$ 174	\$ 2

SBITAs

In March 2022, the City entered into a 60 month subscription for the use of ClearGov - Civic Edition. An initial subscription liability was recorded in the amount of \$124,264. The City is required to make annual fixed payments at an interest rate of 3.3050%. In fiscal year 2024, the City made interest payments on the subscription totaling \$3,280.

Principal and interest requirements to maturity for the subscription are as follows:

Year Ended September 30,	Governmental Activities		SBITAs Business-Type Activities		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2025	\$ 11,992	\$ 1,269	\$ 11,992	\$ 1,269	\$ 23,984	\$ 2,538
2026	12,786	873	12,786	873	25,572	1,746
2027	13,619	450	13,619	450	27,238	900
Total	\$ 38,397	\$ 2,592	\$ 38,397	\$ 2,592	\$ 76,794	\$ 5,184

DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 936 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report that can be obtained at www.TMRS.org.

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

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, with in the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Beginning in 2009, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2009, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating, transfers
Annuity increase to retirees	30% of CPI repeating

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	51
Active employees	<u>71</u>
Total	<u>156</u>

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.46% and 15.27% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$739,691, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They 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 in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2022	\$ 18,207,890	\$ 14,341,173	\$ 3,866,717
Changes for the year:			
Service cost	732,399	-	732,399
Interest	1,237,192	-	1,237,192
Difference between expected and actual experience	(3,916)	-	(3,916)
Changes in assumptions	(92,231)	-	(92,231)
Contributions - employer	-	620,468	(620,468)
Contributions - employee	-	308,471	(308,471)
Net investment income	-	1,664,001	(1,664,001)
Benefit payments, including refunds of employee contributions	(490,640)	(490,640)	-
Administrative expense	-	(10,559)	10,559
Other changes	-	(73)	73
Net changes	<u>1,382,804</u>	<u>2,091,668</u>	<u>(708,864)</u>
Balance at 12/31/2023	<u>\$ 19,590,694</u>	<u>\$ 16,432,841</u>	<u>\$ 3,157,853</u>

The City's net pension liability is generally liquidated by the General Fund and Proprietary Funds depending on an employee's assignment at termination.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (5.75%)	Current Single Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	\$ 5,878,796	\$ 3,157,853	\$ 903,687

Pension Expense, Deferred Outflows, and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of \$629,268.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 68,470	\$ 5,805
Changes in actuarial assumptions	-	68,822
Difference between projected and actual investment earnings	364,396	-
Contributions subsequent to the measurement date	558,160	-
Total	<u>\$ 991,026</u>	<u>\$ 74,627</u>

The City reported \$558,160 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2025	\$ 111,632
2026	120,560
2027	265,241
2028	(139,194)

DEFINED OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN – TMRS SUPPLEMENTAL DEATH BENEFITS FUND

Plan Description

The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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 other employment benefit and is a fixed amount of \$7,500.

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

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>71</u>
Total	<u><u>101</u></u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.38% for 2023 and 0.35% for 2024, of which 0.11% and 0.11%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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 prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2024 and 2023 were \$17,564 and \$14,541, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability

The City's Net OPEB Liability (TOL) was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Salary increases	3.6% to 11.85% including inflation
Discount rate	3.77%

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.77% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2022	\$ 148,929
Changes for the year:	
Service cost	9,695
Interest	6,130
Difference between expected and actual experience	(2,109)
Changes of assumptions	7,404
Benefit payments	(4,847)
Net changes	16,273
Balance at 12/31/2023	\$ <u>165,202</u>

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Total OPEB Liability	\$ 195,902	\$ 165,202	\$ 140,684

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$8,649.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 16,487
Changes in actuarial assumptions	24,953	48,679
Contributions subsequent to the measurement date	12,793	-
Total	<u>\$ 37,746</u>	<u>\$ 65,166</u>

The City reported \$12,793 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2025	\$ (7,677)
2026	(6,979)
2027	(11,080)
2028	(12,633)
2029	(1,848)
Thereafter	4

COMMITMENTS AND CONTINGENCIES

City of Waco Water Purchase Agreement

In October 2012, the City entered into an agreement with the City of Waco ("Waco") for the provision of water from Waco's raw water supply and treatment system. Per this agreement, Waco will reserve an amount of its raw water supply in Lake Waco to make treated water available for sale to the City in an amount of up to 500,000 gallons per day. The terms of the agreement are effective through September 2045 with the option to renew for a second 20-year term with amounts and rates being agreed to in writing by both parties. Purchases by the City in accordance with this agreement totaled \$680,979 for the year ended September 30, 2024.

Brazos River Authority Water Purchase Agreement

In October 2023, the City entered into an agreement with Brazos River Authority ("BRA") for the purchase of water from the BRA system. Purchases made under this agreement constitute operating expenses of the City's utility fund and are funded by the City's utility system revenue. Per this agreement, BRA will make its system water available to the City for purchase in an amount of up to 2,323 acre-feet per fiscal year, at an initial rate of \$93.50 per acre-foot which is evaluated annually by BRA's board of directors (the "Board"). The terms of the agreement are effective through August 2050 and may be extended by the Board upon written request from the City. For the year ended September 30, 2024, the City purchased water from BRA in accordance with this agreement in the amount of \$448,339.

Interlocal Agreement

The City entered into an interlocal agreement (the "Agreement") with McLennan County (the "County") to fund a project on the Waco Industrial Foundation property. The project will add 2,700 linear feet of roadway to serve potential industrial and commercial users on the Waco Industrial Foundation property. The City has agreed to design and pay for the construction of the project. The City will make a reimbursement request to the County for \$500,000 after at least \$500,000 of City funds have been spent on the project. The County has agreed to allocate \$500,000 to the funding of the project and reimburse the City upon the City's request for reimbursement in the amount of \$500,000. Upon completion of the project, the roadway shall be considered a City street.

Development Agreement

The City has also entered into a development agreement (the "Agreement") with the Waco Industrial Foundation ("WIF") to fund the project described above. The City has agreed to design and pay for the construction of the project, accept the completed street as a City street, and maintain the street and parkway. WIF has agreed to pay \$1,000,000 of the project cost. WIF will pay on half of said amount (\$500,000) to the City on the submission of a certification by the project engineer that the project is 50% complete. The remaining balance (\$500,000) will be paid to the City on the submission of a certification by the project engineer that the project is 100% complete. Upon receiving the certification, WIF shall pay the \$1,000,000 to the City within 30 days.

State and Federal Programs

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

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CHAPTER 380 AGREEMENT

In accordance with Chapter 380 of the Local Government Code, the City entered into an infrastructure incentive agreement (the "Agreement") with Waco Infinity Properties, Ltd. (the "Company") on January 8, 2020. The Company agreed to a required level of capital investments (the "Facility") of \$15,000,000 and a required level of 62 jobs. The Company agreed to complete the construction of the Facility no later than January 15, 2022. The City agreed to extend City water and wastewater service sufficient to serve the Facility. The Agreement includes pro-rata pay-back and extensions of time based upon certain criteria noted within the Agreement.

TAX ABATEMENTS

Griffin Solar, LLC

In accordance with Chapter 312 of the Texas Property Tax Code (the "Tax Code"), the City entered into a tax abatement agreement with Griffin Solar, LLC (the "Company") on February 5, 2019. On January 7, 2019, the City established Reinvestment Zone No. 001 (the "Reinvestment Zone") in accordance with Section 312.204 of the Tax Code. The Company owns land within the Reinvestment Zone. The Company has agreed to the construction/installation of facilities, equipment, fixtures, and personal property to create a renewable energy project using solar panels (solar farm) for the generation of electricity. The total capital investment of the Company will be \$5,500,000.

The City agreed to a limited tax abatement over a period of five years. The tax abatement provided is only for City property taxes and is only for increases in taxable value created by the improvements and additions made by the Company. Any increases to the taxable value of the real property by virtue of natural appreciation or due to change in use are not eligible for abatement. The percentage abated will be as follows:

Year 1 55%
Year 2 50%
Year 3 50%
Year 4 45%
Year 5 40%

Encompass Health Texas Real Estate, LLC

The City also entered into a tax abatement agreement with Encompass Health Texas Real Estate, LLC (the "Company") on February 18, 2020 in accordance with Chapter 312 of the Texas Property Tax Code (the "Tax Code"). The City established Tax Increment Reinvestment Zone No. 1 (the "Reinvestment Zone") in accordance with Section 312.001 and Chapter 311 of the Tax Code. Encompass Rehabilitation plans to lease the land and real estate improvements from the Company for the operation of a rehabilitation hospital and will make taxable personal property additions to the land (the "Project") for use in those operations.

The City agreed to a limited tax abatement over a period of seven years. The tax abatement provided is only for the increase in the value of the property created by the Project and includes the increased market value of the land itself. The Company agreed to have the Project completed no later than September 30, 2021. The Company agreed to start hospital operations no later than 150 days after completion. The Company also agreed to create 85 new full-time jobs no later than 12 months after the start of operations. The percentage abated will be as follows:

Year 1 70%
Year 2 70%
Year 3 65%
Year 4 65%
Year 5 60%
Year 6 60%
Year 7 55%

SIGNIFICANT FORTHCOMING STANDARDS

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* - The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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CITY OF ROBINSON, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (BUDGET BASIS) AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 4,738,379	\$ 4,738,379	\$ 4,700,075	\$ (38,304)
Sales taxes	2,355,000	2,525,000	2,622,237	97,237
Franchise tax	610,000	610,000	627,618	17,618
Fines and court costs	225,056	238,556	236,269	(2,287)
Licenses and permits	154,500	154,500	160,003	5,503
Charges for services	39,000	39,000	35,318	(3,682)
Intergovernmental	2,000	4,555	16,496	11,941
Investment earnings	320,000	350,000	367,270	17,270
Miscellaneous	25,000	25,000	4,914	(20,086)
Total revenues	<u>8,468,935</u>	<u>8,684,990</u>	<u>8,770,200</u>	<u>85,210</u>
EXPENDITURES				
General government:				
Mayor and city council	207,621	206,959	246,886	(39,927)
Administration	1,475,887	1,507,065	1,467,207	39,858
Finance	263,280	265,134	259,083	6,051
Court	256,661	257,588	217,964	39,624
Public safety:				
Police	4,380,504	4,324,135	3,840,680	483,455
Public works:				
Physical plant	177,200	193,200	220,025	(26,825)
Highways and streets	1,745,860	1,795,838	1,730,751	65,087
Parks and recreation	36,000	36,000	42,134	(6,134)
Community development:				
Planning	536,313	547,828	508,460	39,368
Community media	68,192	42,292	38,002	4,290
Debt service:				
Principal	12,405	12,405	171,433	(159,028)
Interest	-	-	10,443	(10,443)
Capital outlay	<u>231,475</u>	<u>185,000</u>	<u>182,337</u>	<u>2,663</u>
Total expenditures	<u>9,391,398</u>	<u>9,373,444</u>	<u>8,935,405</u>	<u>438,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(922,463)</u>	<u>(688,454)</u>	<u>(165,205)</u>	<u>523,249</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>692,933</u>	<u>692,933</u>	<u>692,933</u>	<u>-</u>
Total other financing sources (uses)	<u>692,933</u>	<u>692,933</u>	<u>692,933</u>	<u>-</u>
CHANGE IN FUND BALANCE	(229,530)	4,479	527,728	523,249
FUND BALANCE - BEGINNING	<u>6,341,292</u>	<u>6,341,292</u>	<u>6,341,292</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 6,111,762</u>	<u>\$ 6,345,771</u>	<u>\$ 6,869,020</u>	<u>\$ 523,249</u>

CITY OF ROBINSON, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement year December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability				
Service cost	\$ 427,127	\$ 507,643	\$ 534,386	\$ 507,769
Interest (on the total pension liability)	596,739	658,597	731,986	796,743
Change in benefit terms including substantively automatic status	-	-	165,185	-
Difference between expected and actual experience	47,109	80,188	(25,250)	(9,746)
Changes in assumptions	-	235,840	-	-
Benefit payments, including refunds of employee contributions	<u>(213,910)</u>	<u>(241,202)</u>	<u>(209,012)</u>	<u>(327,885)</u>
Net change in total pension liability	857,065	1,241,066	1,197,295	966,881
Total pension liability - beginning	<u>8,418,239</u>	<u>9,275,304</u>	<u>10,516,370</u>	<u>11,713,665</u>
Total pension liability - ending (a)	<u>\$ 9,275,304</u>	<u>\$ 10,516,370</u>	<u>\$ 11,713,665</u>	<u>\$ 12,680,546</u>
Plan fiduciary net position				
Contributions - employer	\$ 375,799	\$ 424,489	\$ 417,221	\$ 503,273
Contributions - employee	213,870	225,906	221,869	224,819
Net investment income	368,153	10,587	513,170	1,182,593
Benefit payments, including refunds of employee contributions	(213,910)	(241,202)	(209,012)	(327,885)
Administrative expenses	(3,842)	(6,447)	(5,790)	(6,122)
Other	<u>(316)</u>	<u>(319)</u>	<u>(312)</u>	<u>(311)</u>
Net change in plan fiduciary net position	739,754	413,014	937,146	1,576,367
Plan fiduciary net position - beginning	<u>6,433,374</u>	<u>7,173,128</u>	<u>7,586,142</u>	<u>8,523,288</u>
Plan fiduciary net position - ending (b)	<u>\$ 7,173,128</u>	<u>\$ 7,586,142</u>	<u>\$ 8,523,288</u>	<u>\$ 10,099,655</u>
Net Pension Liability (a) - (b)	<u>\$ 2,102,176</u>	<u>\$ 2,930,228</u>	<u>\$ 3,190,377</u>	<u>\$ 2,580,891</u>
Plan fiduciary net position as a percentage of total pension liability	77.34%	72.14%	72.76%	79.65%
Covered payroll	\$ 3,055,286	\$ 3,227,227	\$ 3,169,550	\$ 3,211,696
Net pension liability as a percentage of covered payroll	68.80%	90.80%	100.66%	80.36%

2018	2019	2020	2021	2022	2023
\$ 546,405 859,870	\$ 555,340 913,848	\$ 579,510 972,976	\$ 611,073 1,047,662	\$ 661,220 1,139,942	\$ 732,399 1,237,192
-	-	-	-	-	-
(72,773) -	(78,668) 35,371	(21,784) -	102,372 -	66,979 -	(3,916) (92,231)
<u>(429,859)</u>	<u>(646,732)</u>	<u>(477,287)</u>	<u>(402,771)</u>	<u>(435,350)</u>	<u>(490,640)</u>
903,643	779,159	1,053,415	1,358,336	1,432,791	1,382,804
<u>12,680,546</u>	<u>13,584,189</u>	<u>14,363,348</u>	<u>15,416,763</u>	<u>16,775,099</u>	<u>18,207,890</u>
<u>\$ 13,584,189</u>	<u>\$ 14,363,348</u>	<u>\$ 15,416,763</u>	<u>\$ 16,775,099</u>	<u>\$ 18,207,890</u>	<u>\$ 19,590,694</u>
\$ 503,695 246,763 (302,991)	\$ 494,628 249,992 1,566,165	\$ 506,140 260,705 894,233	\$ 526,787 273,149 1,689,942	\$ 561,996 288,203 (1,098,717)	\$ 620,468 308,471 1,664,001
(429,859) (5,847) (304)	(646,732) (8,833) (264)	(477,287) (5,779) (226)	(402,771) (7,808) 54	(435,350) (9,490) 11,324	(490,640) (10,559) (73)
11,457	1,654,956	1,177,786	2,079,353	(682,034)	2,091,668
<u>10,099,655</u>	<u>10,111,112</u>	<u>11,766,068</u>	<u>12,943,854</u>	<u>15,023,207</u>	<u>14,341,173</u>
<u>\$ 10,111,112</u>	<u>\$ 11,766,068</u>	<u>\$ 12,943,854</u>	<u>\$ 15,023,207</u>	<u>\$ 14,341,173</u>	<u>\$ 16,432,841</u>
<u>\$ 3,473,077</u>	<u>\$ 2,597,280</u>	<u>\$ 2,472,909</u>	<u>\$ 1,751,892</u>	<u>\$ 3,866,717</u>	<u>\$ 3,157,853</u>
74.43%	81.92%	83.96%	89.56%	78.76%	83.88%
\$ 3,525,192	\$ 3,571,321	\$ 3,813,878	\$ 3,902,125	\$ 4,177,186	\$ 4,406,734
98.52%	72.73%	64.84%	44.90%	92.57%	71.66%

CITY OF ROBINSON, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal year ended September 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 427,127	\$ 507,643	\$ 475,662	\$ 497,313
Contribution in relation to the actuarially determined contribution	<u>375,799</u>	<u>424,381</u>	<u>475,662</u>	<u>497,313</u>
Contribution deficiency	51,328	83,262	-	-
Covered payroll	3,227,227	3,169,550	3,151,770	3,403,468
Contributions as a percentage of covered payroll	11.64%	13.39%	15.09%	14.61%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	22 Years (longest amortization)
Asset Valuation Method	10 year smoothed fair value: 12% soft corridor
Inflation	2.5%
Salary increases	3.60% to 11.85% including
Investment rate of return	6.75%
Retirement Age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period 2018-2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other information: Notes	There were no benefit changes during the year.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 483,135	\$ 513,473	\$ 515,762	\$ 540,406	\$ 625,056	\$ 739,691
<u>483,135</u>	<u>513,473</u>	<u>515,762</u>	<u>540,406</u>	<u>625,056</u>	<u>739,691</u>
-	-	-	-	-	-
3,459,428	3,758,763	3,724,357	3,970,838	4,373,361	4,910,675
13.97%	13.66%	13.85%	13.61%	14.29%	15.06%

CITY OF ROBINSON, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement year December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service cost	\$ 10,599	\$ 13,043	\$ 11,071	\$ 13,780
Interest (on the total OPEB liability)	3,796	4,115	4,638	4,363
Difference between expected and actual experience	-	(5,771)	(6,980)	(1,495)
Changes in assumptions	9,294	(8,623)	24,648	25,284
Benefit payments, including refunds of employee contributions	<u>(964)</u>	<u>(1,058)</u>	<u>(1,071)</u>	<u>(1,117)</u>
Net change in total OPEB liability	22,725	1,706	32,306	40,815
Total OPEB liability - beginning	<u>95,594</u>	<u>118,319</u>	<u>120,025</u>	<u>152,331</u>
Total OPEB liability - ending (a)	<u>\$ 118,319</u>	<u>\$ 120,025</u>	<u>\$ 152,331</u>	<u>\$ 193,146</u>
Covered-employee payroll	\$ 3,211,696	\$ 3,525,192	\$ 3,571,321	\$ 3,724,357
Total OPEB liability as a percentage of covered-employee payroll	3.68%	3.40%	4.27%	5.19%

Notes to schedule:

1. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
2. The actuarial assumptions and other inputs used to calculate the total OPEB liability are described in the notes to the financial statements.
3. 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.

<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 17,950	\$ 19,351	\$ 9,695
4,011	4,068	6,130
(5,019)	(13,611)	(2,109)
6,304	(70,444)	7,404
<u>(3,122)</u>	<u>(3,705)</u>	<u>(4,847)</u>
20,124	(64,341)	16,273
<u>193,146</u>	<u>213,270</u>	<u>148,929</u>
\$ <u>213,270</u>	\$ <u>148,929</u>	\$ <u>165,202</u>
\$ 3,902,125	\$ 4,117,186	\$ 4,406,734
5.47%	3.62%	3.75%

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COMBINING SCHEDULES

CITY OF ROBINSON, TEXAS**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2024

	Hotel/Motel Occupancy Tax	Municipal Court Technology	Municipal Court Building Security	Child Safety
ASSETS				
Cash and cash equivalents	\$ 213,426	\$ 28,894	\$ 36,809	\$ 166,148
Taxes receivable (net)	<u>4,759</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>218,185</u>	<u>28,894</u>	<u>36,809</u>	<u>166,148</u>
LIABILITIES				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted:				
Public safety	-	28,894	36,809	166,148
Tourism	218,185	-	-	-
Capital replacements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>218,185</u>	<u>28,894</u>	<u>36,809</u>	<u>166,148</u>
Total liabilities and fund balances	\$ <u>218,185</u>	\$ <u>28,894</u>	\$ <u>36,809</u>	\$ <u>166,148</u>

Juvenile Case Manager	Local Municipal Jury	Time Payment Reimbursement Fee	Police Vehicle and Equipment Replacement	TIRZ	Total Nonmajor Governmental Funds
\$ 78,755	\$ 363	\$ 5,592	\$ 72,168	\$ 335,271	\$ 937,426
-	-	-	-	-	4,759
<u>78,755</u>	<u>363</u>	<u>5,592</u>	<u>72,168</u>	<u>335,271</u>	<u>942,185</u>
-	-	-	-	-	-
78,755	363	5,592	-	-	316,561
-	-	-	-	-	218,185
-	-	-	72,168	335,271	407,439
<u>78,755</u>	<u>363</u>	<u>5,592</u>	<u>72,168</u>	<u>335,271</u>	<u>942,185</u>
\$ <u>78,755</u>	\$ <u>363</u>	\$ <u>5,592</u>	\$ <u>72,168</u>	\$ <u>335,271</u>	\$ <u>942,185</u>

CITY OF ROBINSON, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Hotel/Motel Occupancy Tax	Municipal Court Technology	Municipal Court Building Security	Child Safety
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy tax	18,939	-	-	-
State grants	-	-	-	-
Fines and forfeitures	-	4,421	5,305	15,215
Investment earnings	10,193	1,302	1,659	8,144
Total revenues	<u>29,132</u>	<u>5,723</u>	<u>6,964</u>	<u>23,359</u>
EXPENDITURES				
General government:				
Court	-	327	-	-
Community development:				
Tourism	20,000	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>20,000</u>	<u>327</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,132</u>	<u>5,396</u>	<u>6,964</u>	<u>23,359</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	9,132	5,396	6,964	23,359
FUND BALANCE - BEGINNING	<u>209,053</u>	<u>23,498</u>	<u>29,845</u>	<u>142,789</u>
FUND BALANCE - ENDING	\$ <u>218,185</u>	\$ <u>28,894</u>	\$ <u>36,809</u>	\$ <u>166,148</u>

Juvenile Case Manager	Local Municipal Jury	Time Payment Reimbursement Fee	Police Vehicle and Equipment Replacement	TIRZ	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 192,855	\$ 192,855
-	-	-	-	-	18,939
5,248	-	-	-	-	5,248
286	119	3,312	-	-	28,658
4,036	-	125	-	8,454	33,913
<u>9,570</u>	<u>119</u>	<u>3,437</u>	<u>-</u>	<u>201,309</u>	<u>279,613</u>
3,437	-	-	-	-	3,764
-	-	-	-	-	20,000
-	-	-	49,510	-	49,510
<u>3,437</u>	<u>-</u>	<u>-</u>	<u>49,510</u>	<u>-</u>	<u>73,274</u>
<u>6,133</u>	<u>119</u>	<u>3,437</u>	<u>(49,510)</u>	<u>201,309</u>	<u>206,339</u>
-	-	-	78,949	-	78,949
-	-	-	78,949	-	78,949
6,133	119	3,437	29,439	201,309	285,288
<u>72,622</u>	<u>244</u>	<u>2,155</u>	<u>42,729</u>	<u>133,962</u>	<u>656,897</u>
\$ <u>78,755</u>	\$ <u>363</u>	\$ <u>5,592</u>	\$ <u>72,168</u>	\$ <u>335,271</u>	\$ <u>942,185</u>

CITY OF ROBINSON, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (BUDGET BASIS) AND ACTUAL
DEBT SERVICE FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,631,327	\$ 1,631,327	\$ 1,664,689	\$ 33,362
Investment earnings	<u>8,000</u>	<u>8,000</u>	<u>59,064</u>	<u>51,064</u>
Total revenues	<u>1,639,327</u>	<u>1,639,327</u>	<u>1,723,753</u>	<u>84,426</u>
EXPENDITURES				
Debt service:				
Principal	1,085,000	1,085,000	1,085,000	-
Interest and fiscal charges	<u>540,384</u>	<u>540,384</u>	<u>537,814</u>	<u>2,570</u>
Total expenditures	<u>1,625,384</u>	<u>1,625,384</u>	<u>1,622,814</u>	<u>2,570</u>
CHANGE IN FUND BALANCE	13,943	13,943	100,939	86,996
FUND BALANCE - BEGINNING	<u>103,095</u>	<u>103,095</u>	<u>103,095</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 117,038</u>	<u>\$ 117,038</u>	<u>\$ 204,034</u>	<u>\$ 86,996</u>

CITY OF ROBINSON, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (BUDGET BASIS) AND ACTUAL
HOTEL/MOTEL OCCUPANCY TAX FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Hotel occupancy taxes	\$ 10,049	\$ 10,049	\$ 18,939	\$ 8,890
Investment earnings	251	251	10,193	9,942
Total revenues	<u>10,300</u>	<u>10,300</u>	<u>29,132</u>	<u>18,832</u>
EXPENDITURES				
Community development:				
Tourism	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	(9,700)	(9,700)	9,132	18,832
FUND BALANCE - BEGINNING	<u>209,053</u>	<u>209,053</u>	<u>209,053</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 199,353</u>	<u>\$ 199,353</u>	<u>\$ 218,185</u>	<u>\$ 18,832</u>

CITY OF ROBINSON, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (BUDGET BASIS) AND ACTUAL
MUNICIPAL COURT TECHNOLOGY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 2,530	\$ 2,530	\$ 4,421	\$ 1,891
Investment earnings	520	520	1,302	782
Total revenues	<u>3,050</u>	<u>3,050</u>	<u>5,723</u>	<u>2,673</u>
EXPENDITURES				
General government:				
Court	<u>19,659</u>	<u>19,659</u>	<u>327</u>	<u>19,332</u>
Total expenditures	<u>19,659</u>	<u>19,659</u>	<u>327</u>	<u>19,332</u>
CHANGE IN FUND BALANCE	(16,609)	(16,609)	5,396	22,005
FUND BALANCE - BEGINNING	<u>23,498</u>	<u>23,498</u>	<u>23,498</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 6,889</u>	<u>\$ 6,889</u>	<u>\$ 28,894</u>	<u>\$ 22,005</u>

CITY OF ROBINSON, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (BUDGET BASIS) AND ACTUAL
MUNICIPAL COURT BUILDING SECURITY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 3,090	\$ 3,090	\$ 5,305	\$ 2,215
Investment earnings	700	700	1,659	959
Total revenues	<u>3,790</u>	<u>3,790</u>	<u>6,964</u>	<u>3,174</u>
EXPENDITURES				
General government:				
Court	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
CHANGE IN FUND BALANCE	790	790	6,964	6,174
FUND BALANCE - BEGINNING	<u>29,845</u>	<u>29,845</u>	<u>29,845</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 30,635</u>	<u>\$ 30,635</u>	<u>\$ 36,809</u>	<u>\$ 6,174</u>

CITY OF ROBINSON, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (BUDGET BASIS) AND ACTUAL
CHILD SAFETY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 15,215	\$ 215
Investment earnings	<u>4,000</u>	<u>4,000</u>	<u>8,144</u>	<u>4,144</u>
Total revenues	<u>19,000</u>	<u>19,000</u>	<u>23,359</u>	<u>4,359</u>
EXPENDITURES				
General government:				
Court	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
CHANGE IN FUND BALANCE	14,000	14,000	23,359	9,359
FUND BALANCE - BEGINNING	<u>142,789</u>	<u>142,789</u>	<u>142,789</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 156,789</u>	<u>\$ 156,789</u>	<u>\$ 166,148</u>	<u>\$ 9,359</u>

CITY OF ROBINSON, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (BUDGET BASIS) AND ACTUAL
JUVENILE CASE MANAGER FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 350	\$ 350	\$ 286	\$ (64)
State grants	2,970	2,970	5,248	2,278
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>4,036</u>	<u>2,036</u>
Total revenues	<u>5,320</u>	<u>5,320</u>	<u>9,570</u>	<u>4,250</u>
EXPENDITURES				
General government:				
Court	<u>6,330</u>	<u>6,330</u>	<u>3,437</u>	<u>2,893</u>
Total expenditures	<u>6,330</u>	<u>6,330</u>	<u>3,437</u>	<u>2,893</u>
CHANGE IN FUND BALANCE	(1,010)	(1,010)	6,133	7,143
FUND BALANCE - BEGINNING	<u>72,622</u>	<u>72,622</u>	<u>72,622</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 71,612</u>	<u>\$ 71,612</u>	<u>\$ 78,755</u>	<u>\$ 7,143</u>

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APPENDIX C

Form of Bond Counsel's Opinion

[CLOSING DATE]

Norton Rose Fulbright US LLP
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IN REGARD to the authorization and issuance of the “City of Robinson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2025,” dated August 26, 2025, in the principal amount of \$_____ (the “Certificates”), we have examined into their issuance by the City of Robinson, Texas (the “City”), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Certificates mature on August 15 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (the “Ordinance”), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the City’s Waterworks and Sewer System in the manner and to the extent provided in the Ordinance, 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 the general principles of equity.

Page 2 of Legal Opinion of Norton Rose Fulbright US LLP

Re: "City of Robinson, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2025"

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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