

OFFICIAL STATEMENT

Dated December 11, 2025

NEW ISSUE – Book-Entry-Only

Rating: S&P: “AA”/Insured

S&P: “A”/Uninsured

Insurance: BAM

(See “BOND INSURANCE,” “BOND INSURANCE GENERAL RISKS” and “OTHER INFORMATION – Rating”)

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

**THE CERTIFICATES HAVE NOT BEEN DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.**

\$9,610,000



CITY OF FLORESVILLE, TEXAS

(A Political Subdivision of the State of Texas Located Primarily in Wilson County)

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: December 1, 2025

Due: September 1, as shown on page 2

Interest accrues from the Date of Initial Delivery (defined below)

**AUTHORITY FOR ISSUANCE** . . . The \$9,610,000 City of Floresville, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) are being issued by the City of Floresville, Texas (the “City” or the “Issuer”) pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, the City’s Home-Rule Charter, and an ordinance adopted by the City Council of the City on December 11, 2025 authorizing the issuance of the Certificates (the “Ordinance”).

The Certificates constitute direct and general obligations of the City payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law. The Certificates are additionally secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City’s combined utility system (the “System”), not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City (see “THE CERTIFICATES – Security and Source of Payment” and “– Tax Rate Limitation” herein).

**PAYMENT TERMS** . . . Interest on the Certificates will accrue from the date of their initial delivery to the Underwriters, will be payable on September 1 and March 1 of each year, commencing September 1, 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 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 BOKF, NA, Dallas, Texas (see “THE CERTIFICATES – Paying Agent/Registrar”).

**PURPOSE** . . . Proceeds from the sale of the Certificates will be used to for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (i) designing, constructing, acquiring, purchasing, renovating, enlarging, equipping and improving the City’s waterworks and sewer system; (ii) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements; and (iii) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects related to such Certificates (see “THE CERTIFICATES – Purpose” herein).



The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”). See “BOND INSURANCE,” “BOND INSURANCE GENERAL RISKS,” and “APPENDIX E – Specimen Municipal Bond Insurance Policy.”

CUSIP PREFIX: 340395

MATURITY SCHEDULE & CUSIP SUFFIX

See Schedule on Page 2

**LEGALITY** . . . The Certificates are offered for delivery when, as and if issued, and accepted by the initial purchasers thereof named below (the “Underwriters”), subject to the approving opinion of the Attorney General of the State and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel (see “APPENDIX C – Form of Bond Counsel’s Opinion”). Certain legal matters will be passed upon for the Underwriters by their counsel Winstead PC, San Antonio, Texas.

**DELIVERY** . . . It is expected that the Certificates will be available for delivery through DTC on January 8, 2026 (the “Date of Initial Delivery”).

PIPER SANDLER & CO.

SWBC INVESTMENT SERVICES LLC

**\$9,610,000**  
**CITY OF FLORESVILLE, TEXAS**  
*(A Political Subdivision of the State of Texas Located Primarily in Wilson County)*  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**MATURITY SCHEDULE**

**\$4,725,000 Serial Certificates**

**CUSIP Prefix<sup>(1)</sup>: 340395**

Maturity September 1	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix <sup>(1)</sup>
2026	\$ 445,000	5.000%	2.850%	EQ1
2027	300,000	5.000%	2.820%	ER9
2028	315,000	5.000%	2.840%	ES7
2029	330,000	5.000%	2.850%	ET5
2030	350,000	5.000%	2.890%	EU2
2031	365,000	5.000%	2.950%	EV0
2032	385,000	5.000%	3.040%	EW8
2033	405,000	5.000%	3.110%	EX6
2034	425,000	5.000%	3.150%	EY4
2035	445,000	5.000%	3.250%	EZ1
2036	470,000	5.000%	3.350%	(2) FA5
2037	490,000	5.000%	3.470%	(2) FB3

**\$4,885,000 Term Certificates**

**\$1,625,000 5.000% Term Certificates due September 1, 2040, Priced to Initial Yield 3.820%<sup>(2)</sup> – FC1**  
**\$3,260,000 4.500% Term Certificates due September 1, 2045, Priced to Initial Yield 4.500% – FD9**

**(Interest accrues from the Date of Initial Delivery)**

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

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

**REDEMPTION** . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – Optional Redemption”). Additionally, the Certificates maturing on September 1 in the years 2040 and 2045 (the “Term Certificates”) are subject to mandatory sinking fund redemption (see “THE CERTIFICATES – Mandatory Sinking fund Redemption”).

*(The remainder of this page intentionally left blank.)*

## CITY OFFICIALS, STAFF AND CONSULTANTS

### ELECTED OFFICIALS

Name	Years Served	Term Expires	Occupation
Ms. Gloria Morales Cantu Mayor	8.5	May 2026	Retired
Ms. Marissa Ximenez Council Member, Place 1	7.5	May 2026	School Psychologist
Mr. Mario Morones Council Member, Place 2	1.5	May 2026	Retired
Mr. Jake Lamberth Council Member, Place 3	6 months	May 2027	Firefighter
Ms. Frances M. Flores Council Member, Place 4	6 months	May 2027	Manager
Mr. Felix Cantu Council Member, Place 5	6 months	May 2027	Retired

### SELECTED ADMINISTRATIVE STAFF

Name	Position	Years of Service with the City
Ms. Monica Veliz	Interim City Manager	24
Ms. Cynthia Sturm	Director of Finance	5
Ms. Evelyn Garcia	City Secretary	6

### CONSULTANTS AND ADVISORS

Bond Counsel .....	McCall, Parkhurst & Horton L.L.P. San Antonio, Texas
Auditors .....	Leal & Carter, P.C. San Antonio, Texas
Financial Advisor.....	Specialized Public Finance Inc. San Antonio, Texas

For additional information regarding the City, please contact:

Ms. Monica Veliz  
Interim City Manager  
**City of Floresville**  
1120 D Street  
Floresville, Texas 78114  
Phone: (830) 393-3105  
Fax: (830) 393-1211  
[citymanager@floresvilletx.gov](mailto:citymanager@floresvilletx.gov)

or

Mr. Victor Quiroga, Jr.  
Managing Director  
**Specialized Public Finance Inc.**  
17721 Rogers Ranch Pkwy, Ste. 140  
San Antonio, Texas 78216 Phone:  
(210) 239-0204  
Facsimile: (210) 239-0126  
[victor@spfmuni.com](mailto:victor@spfmuni.com)

## USE OF INFORMATION IN THE OFFICIAL STATEMENT

*No dealer, broker, salesman or other person has been authorized by the City or the Underwriters 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 Underwriters. 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.*

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

*The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.*

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

*NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") ITS BOOK-ENTRY-ONLY SYSTEM OR THE ISSUER, IF ANY, AND THE MUNICIPAL BOND INSURANCE POLICY, IF ANY, AS DESCRIBED UNDER THE HEADING BOND INSURANCE, AS SUCH INFORMATION WAS PROVIDED BY DTC AND THE ISSUER RESPECTIVELY.*

*Build America Mutual Assurance Company ("BAM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE, "BOND INSURANCE GENERAL RISKS", and "APPENDIX E - Specimen Municipal Bond Insurance Policy".*

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

## 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 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.

<b>THE CITY .....</b>	The City of Floresville, Texas (the “City” or “Issuer”) is the county seat and principal commercial center of Wilson County located 25 miles southeast of San Antonio on U.S. Highway 181. The City’s 2020 census was 7,203, increasing 11.71% since 2010. The City has extensive facilities for receiving, drying, storing, and shipping peanuts. Wilson County is a south central Texas county. Created and organized in 1860 from Bexar and Karnes Counties Wilson is traversed by U.S. Highways 87 and 181 State Highways 97, 119, and 123, and six farm-to-market roads, as well as the San Antonio River and Cibolo Creek.
<b>THE CERTIFICATES.....</b>	The \$9,610,000 City of Floresville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) are issued as serial Certificates maturing September 1 in the years 2026 through 2037 and as “Term Certificates” maturing on September 1 in the years 2040 and 2045.
<b>AUTHORITY FOR ISSUANCE .....</b>	The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, the City’s Home-Rule Charter, and an ordinance adopted by the City Council of the City on December 11, 2025 (the “Ordinance”) authorizing the issuance of the Certificates.
<b>PAYMENT OF INTEREST .....</b>	Interest on the Certificates will accrue from the Date of the Initial Delivery and is payable on September 1 and March 1 of each year, commencing September 1, 2026, until stated maturity or prior redemption (see “THE CERTIFICATES – Description of the Certificates”).
<b>SECURITY FOR THE CERTIFICATES .....</b>	The Certificates constitute direct and general obligations of the City payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law, and a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City’s combined utility system (the “System”), not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding (see “THE CERTIFICATES – Security and Source of Payment” and “– Tax Rate Limitation” herein).
<b>REDEMPTION .....</b>	The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – Optional Redemption”). Additionally, the Certificates maturing on September 1 in the years 2040 and 2045 are subject to mandatory sinking fund redemption (see “THE CERTIFICATES – Mandatory Sinking Fund Redemption”).
<b>TAX EXEMPTION .....</b>	In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax for certain corporations.

<b>USE OF PROCEEDS .....</b>	Proceeds from the sale of the Certificates will be used to for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (i) designing, constructing, acquiring, purchasing, renovating, enlarging, equipping and improving the City's waterworks and sewer system, (ii) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (iii) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects, related to such Certificates (see "THE CERTIFICATES – Purpose" herein).
<b>RATING .....</b>	The Certificates are rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") by virtue of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company ("BAM"). The Certificates and outstanding debt of the City have been rated "A" by S&P without regard to credit enhancement (see "OTHER INFORMATION – Rating," "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS").
<b>BOOK-ENTRY-ONLY SYSTEM .....</b>	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. 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 "BOOK-ENTRY-ONLY SYSTEM").
<b>PAYMENT RECORD .....</b>	The City has never defaulted in payment of its general obligation tax debt.

*(The remainder of this page intentionally left blank.)*

**OFFICIAL STATEMENT  
RELATING TO  
  
\$9,610,000  
CITY OF FLORESVILLE, TEXAS  
(A Political Subdivision of the State of Texas Located Primarily in Wilson County)  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**INTRODUCTION**

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance by the City of Floresville, Texas (the “City” or “Issuer”) the \$9,610,000 City of Floresville, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). The Certificates are being issued pursuant to an ordinance adopted by the City Council of the City (the “Ordinance”) on December 11, 2025. 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., San Antonio, Texas.

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

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, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314. 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 of Floresville, Texas (the “City” or “Issuer”) is the county seat and principal commercial center of Wilson County located 25 miles southeast of San Antonio on U.S. Highway 181. The City’s 2020 census was 7,203, increasing 11.71% since 2010. The City has extensive facilities for receiving, drying, storing, and shipping peanuts. Wilson County is a south central Texas county. Created and organized in 1860 from Bexar and Karnes Counties Wilson is traversed by U.S. Highways 87 and 181 State Highways 97, 119, and 123, and six farm-to-market roads, as well as the San Antonio River and Cibolo Creek.

**THE CERTIFICATES**

**DESCRIPTION OF THE CERTIFICATES . . .** The Certificates are dated December 1, 2025, and mature on September 1 in each of the years and in the amounts shown on page 2. Interest on the Certificates will accrue from the date of their initial delivery to the Underwriters, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1 of each year, commencing September 1, 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 “THE CERTIFICATES – Book-Entry-Only System” herein.

**AUTHORITY FOR ISSUANCE OF THE CERTIFICATES . . .** The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code, Chapter 1502, as amended, Texas Government Code, as amended, the City’s Home-Rule Charter, and the Ordinance.

**PURPOSE . . .** Proceeds from the sale of the Certificates will be used to for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (i) designing, constructing, acquiring, purchasing, renovating, enlarging, equipping and improving the City’s waterworks and sewer system, (ii) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land,

and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (iii) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects, related to such Certificates.

**SECURITY AND SOURCE OF PAYMENT . . .** The Certificates constitute direct and general obligations of the City payable primarily from the proceeds of an annual ad valorem tax levied upon all taxable property within the City, within the limitations prescribed by law. See “Tax Rate Limitation” below and “AD VALOREM PROPERTY TAXATION” herein. In addition, and solely to comply with State law allowing the Certificates to be sold for cash, the Certificates are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City’s combined utility system (the “System”), not to exceed \$1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City previously authorized the issuance of the currently outstanding Limited Pledge Obligations (identified and defined in the Ordinance) which are payable, in part, from and secured by a lien on and pledge of a limited amount of the Net Revenues of the System in the manner provided in the ordinance authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City reserves and retains the right to issue Additional Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (all as identified and defined in the Certificate Ordinance), while the Certificates are Outstanding, without limitation as to principal amount but subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise (see “THE CERTIFICATES – Security and Source of Payment” and “– Tax Rate Limitation” herein). Even though the City has pledged the Pledged Revenues of the System to further secure the Certificates, the City does not expect that any Net Revenues from such System will actually be utilized to pay the debt service requirements on the Certificates.

**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 sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. 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. No direct funded debt limitation is imposed on the City under current Texas law. The Home Rule Charter of the City does not impose any limitation on 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 tax-supported debt service calculated at the time of issuance based on 98% tax collections. The City’s 2025 tax rate is \$0.4262, of which \$0.2131 is for debt service purposes. The issuance of the Certificates does not violate the foregoing constitutional provision of the Texas Attorney General’s administrative policy.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on September 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date 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.

**MANDATORY SINKING FUND REDEMPTION . . .** The Certificates maturing on September 1 in the years 2040 and 2045 (the “Term Certificates”) are subject to mandatory sinking fund redemption prior to maturity in the following amounts, on the following dates and at the price of par plus accrued interest to the date of redemption:

Term Certificates Maturing September 1, 2040		Term Certificates Maturing September 1, 2045	
Redemption Date	Principal Amount	Redemption Date	Principal Amount
September 1, 2038	\$ 515,000	September 1, 2041	\$ 595,000
September 1, 2039	540,000	September 1, 2042	625,000
September 1, 2040 *	570,000	September 1, 2043	650,000
		September 1, 2044	680,000
		September 1, 2045 *	710,000

\*Stated Maturity.



The principal amount of the Term Certificates required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Certificates of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District with monies in the Certificate Fund at a price not exceeding the principal amount of the Term Certificates plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement. Selection of Certificates for Redemption if less than all of the Certificates are to be redeemed, the City may select the maturities to be redeemed.

**SELECTION OF CERTIFICATES FOR 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.

**NOTICE OF REDEMPTION . . .** Not less than 30 days prior to an optional 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 Certificate 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 Certificate called for redemption or any other action premised or any such notice.

Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such an event, DTC may implement, through its book-entry-only system, a redemption of such Certificate 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 Certificate 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).

**DTC REDEMPTION PROVISIONS . . .** The Paying Agent/Registrar and the City, so long as a book-entry-only system (the "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 Direct 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. 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 Direct Participants and Indirect Participants may implement a redemption of such Certificates and such redemption 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 Direct 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 . . . General.** The Ordinance provides for the defeasance of the Certificates when payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent (or other financial institution permitted by applicable state law), in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that “Defeasance 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 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 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 state law that may be used to defease obligations such as the Certificates. City officials may limit the foregoing securities in connection with the sale of the Certificates. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. Upon such deposit as described above, the defeased certificates shall no longer be regarded as outstanding or unpaid.

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 Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

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## BOOK-ENTRY-ONLY SYSTEM

*This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates are registered in its nominee'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 redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the 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 an S&P Global Ratings 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](http://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 underwriter 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 redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or 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 neither the City nor the Underwriters take any responsibility for the accuracy thereof.

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed certificates 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, nor the Underwriters.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is BOKF, NA, 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 of Texas 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 “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 Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

**RECORD DATE FOR INTEREST PAYMENT . . .** The record date (“Record Date”) for the interest payable on any interest payment date means the close of business on the fifteenth 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 . . .** If the City defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the certificate holders may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City’s obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so it 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 certificate holders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the certificate holders. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”), 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, certificate holders may not be able to bring such a suit against the City for breach of the Certificates or the Ordinance. Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the “Proprietary- Governmental Dichotomy”). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State’s sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of the municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“Wasson”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’ and protecting such municipalities ‘via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.’” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship.

Notwithstanding the foregoing, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality. If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the certificate holders 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 United States 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 certificate holders of an entity which has sought protection under Chapter 9.

Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce certificate holders' 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 Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and as to general principles of equity that permit the exercise of judicial discretion.

**AMENDMENTS TO THE ORDINANCE . . .** In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any owners for the purpose of amending or supplementing such Ordinance as may be required (i) by the provisions of such Ordinance, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission, or (iii) in connection with any other change which is not to the prejudice of the Registered Owners.

The Ordinance further provides that the owners of the Certificates aggregating in principal amount 51% of such outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the applicable owners in original principal amount of the then outstanding Certificates no amendment may be made for the purpose of (i) extending the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof or the rate of interest thereon, (ii) giving any preference to any Certificate over any other Certificate, (iii) extending any waiver of default to subsequent defaults, or (iv) reducing the aggregate principal amount of Certificates required for consent to any such amendment, change, modification, or rescission. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

#### **SOURCES AND USES OF FUNDS**

The proceeds from the sale of the Certificates will be applied approximately as follows:

**SOURCES OF FUNDS:**

Par Amount	\$ 9,610,000.00
Reoffering Premium	<u>626,484.45</u>
Total Sources of Funds	\$ 10,236,484.45

**USES OF FUNDS:**

Construction Fund Deposit	\$ 10,000,000.00
Debt Service Fund Deposit	4,930.15
Underwriters' Discount	64,836.93
Cost of Issuance (includes bond insurance premium)	<u>166,717.37</u>
Total Uses of Funds	\$ 10,236,484.45

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## BOND INSURANCE

Concurrently with the issuance of the Certificates, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Certificates (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

**BUILD AMERICA MUTUAL ASSURANCE COMPANY . . .** BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.bambonds.com](http://www.bambonds.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

**CAPITALIZATION OF BAM . . .** BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$517.2 million, \$273.6 million and \$243.6 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions. BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at [www.bambonds.com](http://www.bambonds.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE.”

**ADDITIONAL INFORMATION AVAILABLE FROM BAM . . . CREDIT INSIGHTS VIDEOS.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**CREDIT PROFILES.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-

sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**DISCLAIMERS.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.

### **BOND INSURANCE RISKS**

**GENERAL . . .** In the event of default of the scheduled payment of principal of or interest on the Certificates when all or a portion thereof becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the City which is recovered by the Authority from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the City (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Certificates will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE CERTIFICATES – Certificateholders' Remedies"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Certificateholders.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely as provided in the Ordinance. In the event the Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates.

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

The obligations of the Insurer under a Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the Authority, the Financial Advisor or the Underwriters have made independent investigation into the claims-paying ability of any potential Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given.

**CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . .** Moody's Ratings, S&P, and Fitch Ratings, Inc (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Certificates. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Certificates and the claims-paying ability of any such bond insurer, particularly over the life of the Certificates.

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## 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. Reference is made to Title I of the Texas Tax Code, as amended (the “Property Tax Code”), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.*

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

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

Unless extended by the Legislature, through December 31, 2026 an appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the “Subjected Property”) whose appraised values are not more than \$5.16 million dollars (the “maximum property value”) to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. The maximum property value may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in the consumer price index, as applicable, to the maximum property value.

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

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

**STATE MANDATED HOMESTEAD EXEMPTIONS . . .** State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See APPENDIX A, Table 1, for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

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

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

**PERSONAL PROPERTY . . .** Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Pursuant to voter approval at a Statewide election held on November 4, 2025, legislation passed by the Legislature and signed by the Governor during the 89th Regular Session will provide a person to an exemption from taxation by a taxing unit of \$125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of \$125,000, regardless of where the property is located in the taxing unit.

**FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . .** Certain goods that are acquired in or imported into the state to be forwarded outside the State, and are detained in the State for one hundred seventy-five 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 one hundred seventy-five 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. For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended. The Legislature amended Section 11.35 Tax Code to clarify that “damage” for the purposes of such statute is limited to “physical damage.”

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

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

**TAX ABATEMENT AGREEMENTS . . .** Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See “AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code” for descriptions of any of the City’s tax abatement agreements. See APPENDIX A, Table 1, for the reduction in taxable valuation, if any, attributable to tax abatement agreements.

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

**CITY’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . .** Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. 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 the State and each local taxing unit, including the City, having power to tax the property. 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. 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, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the Underwriter’s deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. 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 OPERATION 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 in the applicable preceding tax year.

“effective 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).

“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).

“rollback 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 1.08, plus the debt service tax rate.

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

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the three tax years prior to the current tax year divided by the current total.

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

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

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

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

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

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

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

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

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

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

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

Owners of certain property (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real property) with a taxable value in excess of the current year "minimum eligibility amount," as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$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 “– Public Hearing and Maintenance and Operation Tax Rate Limitations”). The Property Tax Code also establishes a procedure for 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.

**CITY APPLICATION OF TAX CODE . . .** The City does grant a local mandated homestead exemption of \$30,000 for taxpayers who are at least 65 years of age or disabled. A taxpayer who qualifies for both the age 65 or older exemption and the disabled exemption must choose only one of the options to claim.

The City grants a State mandated residence homestead exemption for disabled veterans ranging from \$5,000 to \$30,000.

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

The City does not grant the additional local option exemption of up to 20% of the market value of residence homesteads.

The City does not tax personal property not used in the production of income, such as personal automobiles.

The Wilson County Tax Assessor-Collector’s Office collects taxes for the City.

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 allow discounts for early payment of taxes.

The City does not tax freeport property. The City does not tax goods-in-transit.

## **INVESTMENTS**

The City invests its investable funds in investments authorized by State 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.

**INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . .** Under Texas 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 of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors; (8) 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 this 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; or (ii) a depository institution with a main office or branch office in this state that the City selects; (B) the broker or depository institution as described in clause (8)(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 City'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 investing 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 Paragraph (A); (ii) an entity described by Section 2257.041(d) of the 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 or share certificates (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) (the “PFIA”) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund (or their respective successors), or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and amount provided by law for City deposits or; (ii) where the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (iii) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is

insured by the United States or an instrumentality of the United States; and (v) the City appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit issued for the account of the City; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations permitted by the PFIA, and 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 securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (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 (as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003) or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (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) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, and that complies with SEC Rule 2a-7; (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations described in this paragraph or (ii) have a duration of less than one year and an investment portfolio limited to investment grade securities, excluding asset-backed securities; and (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the Public Funds Investment Act. 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 below.

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 may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

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

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

Under State law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Council detailing: (1) the investment

position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and record in such rule, order, ordinance or resolution any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City, (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements, (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy, (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (7) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, (9) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

#### **CURRENT INVESTMENTS (Unaudited)**

**TABLE 1**

As of September 30, 2025, the City's investable funds were invested in the following:

<u>Type of Investment</u>	<u>Amount</u>
Water/Wastewater Local Government Pools	\$653,119
General Fund CDs	<u>3,182,516</u>
Total	\$3,835,635

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

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## TAX MATTERS

**OPINION . . .** On the Date of Initial Delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Certificates for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Certificates will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates. See “APPENDIX C – Form of Bond Counsel’s Opinion.”

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

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

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

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

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

Under Existing Law, any owner who has purchased such Original Issue Discount Obligation in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Obligation was held by such initial owner) is includable in gross income.

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



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

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

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

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

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

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

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

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

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

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

## 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 specified events, to the Municipal Securities Rulemaking Board (the “MSRB”). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access (“EMMA”) system at [www.emma.msrb.org](http://www.emma.msrb.org).

**ANNUAL REPORTS.**...The City will file certain updated financial information and operating data with the MSRB annually in an electronic format as prescribed by the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement as Table 1, in APPENDIX A (Tables 1-9), and in APPENDIX D. The City will update and provide this information within six months after the end of each fiscal year ending in or after 2025. 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 updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial information by the required time and audited financial statements to the MSRB when and if the audit report becomes available. Any financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City’s current fiscal year end is September 30. Accordingly, it must make available updated information by the end of March in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of such 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 any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the City, any of which reflect financial difficulties. In 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.” In the Ordinance, the City adopted policies and procedures to ensure timely compliance with its continuing disclosure undertakings. Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement or liquidity enhancement. The City will provide each notice described in this paragraph to the MSRB.

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

**AVAILABILITY OF INFORMATION**...All information and documentation filings required to be made by the City in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. To make such information available to the public free of charge, the MSRB has established the EMMA system, which may be accessed over the internet at [www.emma.msrb.org](http://www.emma.msrb.org).

**LIMITATIONS AND AMENDMENTS**...The City has agreed to update information and to provide notices of 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 has been 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 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, but only if, (1) the agreement, as so amended, would have permitted underwriters to purchase or sell Certificates in the initial primary offering 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 (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent or (b) any qualified 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. If the City amends its agreement, it has agreed to include with the financial information and operating data next provided, in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates, respectively, in the primary offering of the Certificates.

**COMPLIANCE WITH PRIOR UNDERTAKINGS** . . . For the past five years (exclusive of fiscal year 2023), the City has timely filed unaudited financial statements due to the unavailability of the final audit. The City followed the same by filing the final audit (as and when available), in compliance with its continuing disclosure obligations. As a result, the unavailability of a final audit by the annual continuing disclosure deadline has not impacted the City’s ability to timely satisfy its continuing disclosure obligations

## **LEGAL MATTERS**

**LEGAL OPINION** . . . The City will furnish the Underwriters with a complete transcript of proceedings incident to the authorization and issuance of the Certificates being purchased, including the unqualified approving legal opinion of the Attorney General of Texas to the effect that such Certificates are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property in the City, and the legal opinion of McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, a copy of the proposed form of which is attached as APPENDIX C. The customary closing papers will also be furnished to such Underwriters. Though it represents investment banking firms such as the Underwriters from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates. Except as hereinafter noted, Bond Counsel has not verified and has not passed upon, and assumes no responsibility for the accuracy, completeness or fairness of the information and statements contained in the Official Statement. In the performance of its duties, Bond Counsel has reviewed the information relating to the Certificates and the Ordinance contained under the captions: “THE CERTIFICATES” (exclusive of subcaptions “– Book-Entry-Only System” and “– Certificateholders’ Remedies”), “TAX MATTERS,” “LEGAL MATTERS,” “CONTINUING DISCLOSURE OF INFORMATION” (exclusive of the subcaption “– Compliance with Prior Undertakings”), “OTHER INFORMATION – Registration and Qualification of Certificates for Sale,” “OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas,” “APPENDIX C – Form of Bond Counsel’s Opinion” contained in the Official Statement and Bond Counsel is of the opinion that the information relating to the Certificates and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. In connection with the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City. Certain legal matters will be passed upon for the Underwriters by their counsel, Winstead PC, San Antonio, Texas.

The 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 that 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.

## **OTHER INFORMATION**

**TEXAS LEGISLATURE . . .** The regular session of the 89th Texas Legislature (the “Legislature”) commenced on January 14, 2025 and concluded on June 2, 2025 (the “89th Regular Session”). The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor 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 a first special session, which began on July 21, 2025 and ended on August 15, 2025. The Governor called a second special session, which began on August 15, 2025 and ended on September 4, 2025. The City is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the City cannot make any representations as to the full impact of such legislation. Further, the City can make no representations or predictions regarding the scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

**RATING . . .** The Certificates are rated “AA” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) by virtue of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company (“BAM”). The Certificates and outstanding debt of the City have been rated “A” by S&P without regard to credit enhancement (see “OTHER INFORMATION – Rating,” “BOND INSURANCE” and “BOND INSURANCE GENERAL RISKS”). 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 they will not be revised downward or withdrawn entirely by such rating company, if in the judgment of a company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price of the Certificates. See “BOND INSURANCE” and “BOND INSURANCE GENERAL RISKS” for a description of the current state of the financial guaranty insurance industry and information regarding downgrading and negative changes to the ratings outlook of multiple financial guaranty insurers.

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. Any of the rating agencies at any time while the Certificates remain outstanding could undertake such an evaluation process.

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

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

**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.

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

**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 of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, 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.

**NO MATERIAL ADVERSE CHANGE . . .** The obligation of the Underwriters 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.

**AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION . . .** 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.

**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.

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.

**UNDERWRITING . . .** The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at a price equal to the initial offering prices to the public, as shown on the inside cover page of this Official Statement, less an underwriting discount of \$64,836.93, and no accrued interest. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in the Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Piper Sandler & Co., one of the Underwriters of the Certificates, has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings including the Certificates, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Certificates from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Certificates that CS&Co. sells.

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

**FORWARD-LOOKING STATEMENTS DISCLAIMER . . .** The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies of the City 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 assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

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

**NOTICE OF FAILURE TO TIMELY FILE . . .** The City also will notify the MSRB through EMMA, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with the provisions described above.

**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 approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the Underwriters.

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

This Official Statement was 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.

/s/ Ms. Gloria Morales Cantu

Mayor  
City of Floresville, Texas

## **APPENDIX A**

### **FINANCIAL INFORMATION OF THE ISSUER**

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**FINANCIAL INFORMATION OF THE ISSUER**

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

<b>2025 Actual Certified Market Value of Taxable Property (100% of Market Value)</b>	<b>\$ 937,980,254</b>
Less Exemptions:	
Over 65/Surviving Spouse	\$ 17,811,883
Disabled Persons/Surviving Spouse Exemption	3,770,128
Disabled Veterans/Surviving Spouse Exemption	1,117,841
Disabled Veterans/Surviving Spouse Homestead Exemption	28,681,960
Other	30,781,368
Pollution Control	11,966
Productivity Loss	13,149,484
Homestead Cap	42,462,118
<b>2025 Certified Assessed Value of Taxable Property</b>	<b>\$ 800,193,506</b>

*Note: The above figures were taken from the Wilson County Appraisal District which is compiled during the initial phase of the tax year and are subject to change.*

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**GENERAL OBLIGATION BONDED DEBT**

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*(As of September 30, 2025)*

**General Obligation Debt Outstanding<sup>(1)</sup>:**

Certificate of Obligation, Series 2008	\$ 785,000
General Obligation Refunding Bonds, Series 2015	2,250,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2023	13,550,000
The Certificates	9,610,000
Total General Obligation Tax Debt <sup>(2)</sup>	\$ 26,195,000

**Less: Self-Supporting Debt:**

Certificates of Obligation, Series 2008	\$ 288,843
The Certificates	\$ 9,610,000
Total Self-Supporting Debt	\$ 9,898,843

Total Net General Obligation Debt Outstanding \$ 16,296,157

Unaudited Interest and Sinking Fund Balance as of September 30, 2025 \$ -

2025 Certified Assessed Value of Taxable Property \$ 800,193,506

Ratio Net General Obligation Debt to Net Taxable Assessed Valuation<sup>(1)</sup> 2.04%

Estimated Population: 8,738 in Year 2025  
Per Capita 2025 Net Taxable Assessed Valuation: \$ 91,576  
Per Capita 2025 Net General Obligation Tax Debt: \$ 1,865

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<sup>(1)</sup> See "AD VALOREM PROPERTY TAXATION" in the body of the Official Statement for a description of the Issuer's taxation procedures.

<sup>(2)</sup> Includes the Certificates.

None

## GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Total Debt Service	The Certificates <sup>(1)</sup>		Total Principal and Interest	Combined Debt Service	Less: Self- Supporting <sup>(2)</sup>	Total Net Combined Debt Service
		Principal	Interest				
2026	\$ 1,599,396	\$ 445,000	\$ 300,441	\$ 745,441	\$ 2,344,837	\$ 868,946	\$ 1,475,891
2027	1,627,271	300,000	441,950	741,950	2,369,221	865,554	1,503,667
2028	1,662,155	315,000	426,950	741,950	2,404,105	867,681	1,536,424
2029	1,563,653	330,000	411,200	741,200	2,304,853	741,200	1,563,653
2030	1,595,103	350,000	394,700	744,700	2,339,803	744,700	1,595,103
2031	1,262,953	365,000	377,200	742,200	2,005,153	742,200	1,262,953
2032	1,260,203	385,000	358,950	743,950	2,004,153	743,950	1,260,203
2033	1,260,703	405,000	339,700	744,700	2,005,403	744,700	1,260,703
2034	1,264,203	425,000	319,450	744,450	2,008,653	744,450	1,264,203
2035	1,260,453	445,000	298,200	743,200	2,003,653	743,200	1,260,453
2036	1,259,703	470,000	275,950	745,950	2,005,653	745,950	1,259,703
2037	1,263,703	490,000	252,450	742,450	2,006,153	742,450	1,263,703
2038	1,261,203	515,000	227,950	742,950	2,004,153	742,950	1,261,203
2039	1,262,390	540,000	202,200	742,200	2,004,590	742,200	1,262,390
2040	1,262,240	570,000	175,200	745,200	2,007,440	745,200	1,262,240
2041	1,260,200	595,000	146,700	741,700	2,001,900	741,700	1,260,200
2042	1,263,600	625,000	119,925	744,925	2,008,525	744,925	1,263,600
2043	-	650,000	91,800	741,800	741,800	741,800	-
2044	-	680,000	62,550	742,550	742,550	742,550	-
2045	-	710,000	31,950	741,950	741,950	741,950	-
	\$23,189,127	\$ 9,610,000	\$ 5,255,416	\$14,865,416	\$38,054,543	\$15,238,256	\$ 22,816,287

<sup>(1)</sup> Interest calculated at the rates set forth on the inside cover.<sup>(2)</sup> Includes the Certificates.

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

2025 Certified Assessed Value of Taxable Property		\$	800,193,506
Maximum Annual Debt Service Requirements for Year Ending:	9/30/2028	\$	2,404,105
Indicated Interest and Sinking Fund Tax Rate		\$	0.3035
Indicated Interest and Sinking Fund Tax Rate at the following Collections:	99%	\$	2,404,301

*Note: See "Tax Data" herein.*

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

2025 Certified Assessed Value of Taxable Property		\$	800,193,506
Maximum Annual Debt Service Requirements for Year Ending:	9/30/2030	\$	1,595,103
Indicated Interest and Sinking Fund Tax Rate		\$	0.2014
Indicated Interest and Sinking Fund Tax Rate at the following Collections:	99%	\$	1,595,474

*Note: See "Tax Data" herein.*

**INTEREST AND SINKING FUND MANAGEMENT INDEX**

Unaudited Interest & Sinking Fund Balance as of September 30, 2025	\$	-
2025 Interest and Sinking Fund Tax Levy at 98% Collections Produce		1,671,108
Self-Supporting Debt Service Transfer		868,946
Total Available for Debt Service	\$	2,540,054
Less: General Obligation Debt Service Requirements, Fiscal Year Ending 9/30/2026		2,344,837
Balance at Fiscal Year Ending: September 30, 2026	\$	195,217

*Note: See "Tax Data" herein.*

**TAXABLE ASSESSED VALUATION FOR TAX YEARS 2021-2025****TABLE 3**

Tax Year	Net Taxable Assessed Valuation	Change From Preceding Year	
		Amount (\$)	Percent
2021	\$ 544,513,437	\$ 121,548,776	22.32%
2022	605,202,351	60,688,914	10.03%
2023	661,814,579	56,612,228	8.55%
2024	722,410,420	60,595,841	8.39%
2025	800,193,506	77,783,086	9.72%

*Note: The above figures were taken from the Wilson County Appraisal District.*

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

	<b>2025</b>	<b>% of Total</b>	<b>2024</b>	<b>% of Total</b>	<b>2023</b>	<b>% of Total</b>
Real, Residential, Single-Family	\$ 578,023,980	61.62%	\$ 508,166,021	59.70%	\$ 465,435,888	62.40%
Real, Residential, Multi-Family	27,448,947	2.93%	22,391,288	2.63%	21,032,128	2.82%
Real, Vacant Lots/Tracts & Colonia Lots/Tracts	29,408,783	3.14%	25,303,604	2.97%	24,402,081	3.27%
Real, Qualified Open-Space Land	13,256,370	1.41%	12,655,000	1.49%	12,835,143	1.72%
Real, Farm and Ranch Improvements	838,472	0.09%	772,091	0.09%	701,890	0.09%
Real, Rural Land (NQ)/Residential Improvements	12,787,253	1.36%	11,398,285	1.34%	17,667,616	2.37%
Real, Commercial	213,244,153	22.73%	195,855,246	23.01%	149,551,643	20.05%
Real, Industrial	834,440	0.09%	862,340	0.10%	520,420	0.07%
Real & Tangible, Personal Utilities	1,911,090	0.20%	1,828,670	0.21%	1,491,510	0.20%
Tangible Personal, Commercial	33,818,976	3.61%	32,374,741	3.80%	31,545,201	4.23%
Tangible Personal, Industrial	4,490,940	0.48%	3,123,230	0.37%	3,594,750	0.48%
Tangible Personal, Mobile Homes	11,723,530	1.25%	11,458,430	1.35%	6,782,250	0.91%
Residential Inventory	2,226,990	0.24%	16,481,930	1.94%	2,842,740	0.38%
Special Inventory	7,966,330	0.85%	8,498,970	1.00%	7,527,320	1.01%
<b>Total Appraised Value</b>	<b>\$ 937,980,254</b>	<b>100.00%</b>	<b>\$ 851,169,846</b>	<b>100.00%</b>	<b>\$ 745,930,580</b>	<b>100.00%</b>
Less:						
Over-65/Surviving Spouse	\$ 17,811,883		\$ 17,172,008		\$ 8,359,947	
Disabled Persons/Surviving Spouse	3,770,128		3,797,495		1,960,584	
Disabled Veterans/Surviving Spouse	1,117,841		1,056,482		879,500	
Disabled Veterans/Surviving Spouse Homestead	28,681,960		19,455,336		14,922,368	
Other	30,781,368		35,305,087		-	
Pollution Control	11,966		9,972		8,310	
Productivity Loss	13,149,484		12,539,530		12,717,103	
Homestead Cap	42,462,118		39,423,516		45,268,189	
<b>Net Taxable Assessed Valuation</b>	<b>\$ 800,193,506 <sup>(1)</sup></b>		<b>\$ 722,410,420 <sup>(2)</sup></b>		<b>\$ 661,814,579 <sup>(3)</sup></b>	

Note: The above figures were taken from the Wilson County Appraisal District which is compiled during the initial phase of the tax year.

<sup>(1)</sup> Approximately \$132,100,088 is allotted for TIF value.

<sup>(2)</sup> Approximately \$120,599,212 is allotted for TIF value.

<sup>(3)</sup> Approximately \$105,310,122 is allotted for TIF value.

**TAX DATA**
**TABLE 5**

<b>Tax Year</b>	<b>Tax Rate</b>	<b>Tax Levy</b>	<b>% Collections Total</b>	<b>Year Ended</b>
2021	\$ 0.4553	\$2,296,792	93.00%	9/30/2022
2022	0.4308	2,607,212	94.00%	9/30/2023
2023	0.4308	3,112,144	94.00%	9/30/2024
2024	0.4308	3,111,985	94.00%	9/30/2025
2025	0.4207	3,431,771	(In Process of Collection)	9/30/2026

Note: The above figures were taken from the Municipal Advisory Council of Texas, Texas Municipal Reports, the Wilson County Appraisal District, the Wilson County Tax Assessor-Collector's Office, and information provided by the Issuer.

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

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
General Fund	\$ 0.2076	\$ 0.1904	\$ 0.2075	\$ 0.1907	\$ 0.1919
I&S Fund	0.2131	0.2403	0.2233	0.2401	0.2634
Total Tax Rate	\$ 0.4207	\$ 0.4307	\$ 0.4308	\$ 0.4308	\$ 0.4553

*Note: The above information was taken from the Wilson County Appraisal District.*

**PRINCIPAL TAXPAYERS****TABLE 7**

<b>Name</b>	<b>% of Total 2025 Net Taxable Assessed Valuation</b>	<b>% of Total 2025 Assessed Valuation</b>
HEB Grocery Company LP	\$ 13,758,426	1.72%
OC Oakland Hills 120 LLC & William Five Properties	13,600,000	1.70%
Wal-Mart Real Estate Business Trust	12,782,390	1.60%
REP Management Co	6,802,340	0.85%
Richardson Bros Inc.	6,285,791	0.79%
Riverbend Development LLC	5,284,320	0.66%
ANC Ventures LTD	5,100,760	0.64%
Wal Mart Properties #465	5,213,340	0.65%
Alton Ray Lamberth	4,479,283	0.56%
McCoy Corporation	3,682,240	0.46%
Total (9.16% of 2025 net Taxable Assessed Valuation)	\$ 73,306,650	9.16% <sup>(1)</sup>

*Note: The above figures were taken from the Wilson County Appraisal District.*

<sup>(1)</sup> As shown in the table above, the total combined top ten taxpayers in the City currently account for over 9% of the City's tax base, thereby creating a concentration risk for the City. Any adverse development related to these businesses may affect their ability to continue to conduct business at their respective locations within the City's boundaries and may result in significantly less local tax revenue, which may affect the City's finances and its ability to repay its outstanding indebtedness.

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# OVERLAPPING DEBT TABLE

<b>Taxing Body</b>	<b>Total Tax Debt</b>	<b>Estimated % Applicable</b>	<b>City Overlapping Tax Debt As of 9/30/2025</b>
Floresville Independent School District	\$ 41,680,000	26.41%	\$ 11,007,688
Wilson County	4,470,000	11.92%	532,824
Wilson County Memorial Hospital District	2,570,000	11.92%	306,344
			<u>11,846,856</u>
City of Floresville <sup>(1)</sup>	\$ 16,296,157	100.00%	<u>\$ 16,296,157</u>
Total Direct and Overlapping Tax Debt			\$ 28,143,013
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation			3.52%
Per Capita Direct and Overlapping Debt			\$ 3,221

<sup>(1)</sup> Excludes self-supporting debt and includes the Certificates.

## MUNICIPAL SALES TAX COLLECTIONS

TABLE 8

The Issuer has adopted the provisions of Chapter 321, Texas Tax Code, as amended, and pursuant thereto levies a sales and use tax at the rate of 1% on the retail sales of taxable items sold within the Issuer. In addition, some issuers, including the City, are eligible to levy a sales tax of up to ½ of 1% for property tax relief and/or an additional sales tax of up to ½ of 1% for economic development. State law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including municipal street maintenance and repair, sports and community venues, and funding certain projects through municipal development districts created by the City pursuant to Chapter 377, Texas Local Government Code. State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 6¼%).

The Issuer has authorized the ¼ of 1% sales tax for the benefit of the City's Economic Development Corporation and an additional ¼ of 1% sales tax for street maintenance. The City has not authorized the additional ½ of 1% for property tax relief. Net collections on calendar year basis are as follows:

<b>Calendar Year</b>	<b>Total Collected (\$)</b>	<b>% of Ad Valorem Tax Levy</b>	<b>(\$ Equivalent of Ad Valorem Tax Rate</b>
2021	\$ 4,243,932	184.78%	\$ 0.8413
2022	4,757,832	182.49%	0.7862
2023	4,910,859	188.36%	0.8114
2024	5,198,796	167.06%	0.7196
2025	4,393,999 <sup>(1)</sup>	128.04%	0.5387

Source: State of Texas Comptroller of Public Accounts and the Wilson County Appraisal District.

<sup>(1)</sup> Collections through September 30, 2025.

## GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

TABLE 9

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

	Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
<b>Revenues</b>	\$ 6,264,063	\$ 5,964,622	\$ 6,569,538	\$ 4,598,361	\$ 4,568,004
<b>Expenditures</b>	5,530,240	5,266,626	4,551,087	4,776,192	6,076,760
Excess (Deficit) of Revenues Over Expenditures	\$ 733,823	\$ 697,996	\$ 2,018,451	\$ (177,831)	\$ (1,508,756)
<b>Other Financing Sources &amp; (Uses):</b>					
Sale of Real and Personal Property	\$ -	\$ -	\$ -	\$ 6,245	\$ 503
Transfers In	405,951	507,000	466,000	459,087	501,999
Transfers Out	80,056	-	-	16,736	20,038
<b>Total Other Financing Sources (Uses)</b>	\$ 325,895	\$ 507,000	\$ 466,000	\$ 482,068	\$ 522,540
<b>Net Change in Fund Balances</b>	\$ 1,059,718	\$ 1,204,996	\$ 2,484,451	\$ 304,237	\$ (986,216) <sup>(2)</sup>
<b>Fund Balance - October 1 (Beginning)</b>	\$ 3,078,509	\$ 1,906,517	\$ (577,934)	\$ (1,212,648)	\$ (215,070)
<b>Prior Period Adjustment</b>	(217,389)	(33,004)	-	334,260 <sup>(3)</sup>	(11,362) <sup>(3)</sup>
<b>Fund Balance - End of Year <sup>(1)</sup></b>	\$ 3,920,838	\$ 3,078,509	\$ 1,906,517	\$ (574,151)	\$ (1,212,648)

Note: The above information was taken from the Issuer's Annual Reports dated September 30, 2020 – 2024.

(1) The unaudited General Fund balance as of September 30, 2025 is \$4,061,856.

(2) Change in net fund balance primarily attributable to cost control measures and ARPA funds.

(3) For fiscal year end 2021, prior period adjustments were made as follows: 1) Adjustments to record prior year activity in Governmental funds in the amounts of \$334,260. 2) Adjustments to record prior year activity in the Enterprise Funds in the amounts of \$(243,906).

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## **APPENDIX B**

### **GENERAL INFORMATION REGARDING THE CITY**

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## GENERAL INFORMATION REGARDING CITY OF FLORESVILLE AND WILSON COUNTY, TEXAS

### City of Floresville

The City of Floresville is the county seat and principal commercial center of Wilson County, located 25 miles southeast of San Antonio on U.S. Highway 181. The City's 2020 census was 7,203, increasing 11.71% since 2010. The City has extensive facilities for receiving, drying, storing, and shipping peanuts. The City's estimated 2025 population is approximately 8,738.

### Wilson County

Wilson County is a south central Texas county, created and organized in 1860 from Bexar and Karnes Counties. Wilson is traversed by U.S. Highways 87 and 181. State Highways 97, 119, and 123, and six farm-to-market roads, as well as the San Antonio River and Cibolo Creek.

County Seat: Floresville.

Economic Base: Mineral: Oil, gas, and clay.

Industry: Agribusiness.

Agricultural: Watermelons, vegetables, sorghums, small grains, poultry, peanuts, hogs, fruits, dairy, corn, and cattle.

<b><i>Labor Force Statistics</i></b>	<b>Wilson County</b>		<b>Texas</b>		<b>United States</b>	
	August 2025	August 2024	August 2025	August 2024	August 2025	August 2024
Civilian Labor Force	26,967	26,278	15,857,279	15,687,839	170,778,000	168,496,000
Employment	25,838	25,281	15,213,480	15,033,023	163,394,000	161,425,000
Unemployment	1,129	997	643,799	654,816	7,384,000	7,071,000
Unemployment Rate %	4.2	3.8	4.1	4.2	4.3	4.2

*Source: Texas Labor Market Information.*

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**APPENDIX C**

**FORM OF BOND COUNSEL'S OPINION**

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January 8, 2026

**CITY OF FLORESVILLE, TEXAS  
COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2026  
DATED AS OF DECEMBER 1, 2025  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$9,610,000**

**AS BOND COUNSEL FOR THE CITY OF FLORESVILLE, TEXAS** (the *City*) in connection with the issuance of the certificates of obligation described above (the *Certificates*), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

**WE HAVE EXAMINED** the applicable and pertinent provisions of the Constitution and general laws of the State of Texas and a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates including (i) the ordinance authorizing the issuance of the Certificates (the *Ordinance*), (ii) one of the executed Certificates (*Certificate No. T-1*), and (iii) the City's Federal Tax Certificate of even date herewith.

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that the Certificates have been authorized, issued and delivered in accordance with law; that the Certificates constitute valid and legally binding general obligations of the City in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation, and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion; that the City has the legal authority to issue the Certificates and to repay the Certificates; that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law; and that "Pledged Revenues" (as such term is defined and described in the Ordinance) received by the City from the ownership and operation of the City's System have been pledged to further secure the payment of the Certificates in the manner set forth in the Ordinance.

**IT IS FURTHER OUR OPINION**, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986. In expressing the aforementioned opinions, we



have relied on certain representations of the City, the accuracy of which we have not independently verified, and have assumed compliance by the City with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

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

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

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

**OUR SOLE ENGAGEMENT** in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem





relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and we have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

Respectfully,

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**APPENDIX D**

**EXCERPTS FROM THE ISSUER'S AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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# LEAL & CARTER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Frank J. Leal, CPA  
Roberto Carter, CPA

16011 University Oak  
San Antonio, Texas 78249-1409  
Telephone : (210) 696-6206  
Facsimile : (210) 492-6209

## Independent Auditor's Report

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

### Opinions

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

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

We did not audit the financial statements of FELPS corporation, a discretely presented component unit, which represents 60% of the assets, and 70% of the revenues of the City as of December 31, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for the City is based solely on the report of the other auditors.

### Basis for Opinions

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

### Emphasis of Matter – Prior Period Adjustments

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material

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

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### Required Supplementary Information

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Seal & Carter, P.C.*

San Antonio, Texas  
March 31, 2025

# **CITY OF FLORESVILLE, TEXAS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**September 30, 2024**

Our discussion and analysis of the City of Floresville, Texas' financial performance provides an overview of the City's financial activities for the year ended September 30, 2024. We recommend and encourage readers to consider the information presented here in conjunction with the Independent Auditors' Report and the City's financial statements.

### **FINANCIAL HIGHLIGHTS**

As a result of the deficit financial position of the City's general fund, the City of Floresville implemented a turnaround plan to return the City to financial stability, improve the efficiency and effectiveness of operations, and establish improved management policies and procedures.

This plan is the beginning of a series of strategies to assist the City with the four essential components:

- Identification of critical priorities to affect change.
- Listing of specific imperatives to undertake.
- Metrics, targets and accountabilities to track the change.
- Monitoring on all required actions and metrics to ensure progress (execution).

#### Governmental Activities:

- Governmental activities increased \$9,377,691 in net position is primarily due an increase in investment earnings and other income and a decrease in expenses.
- Included in total net position are the following components:
  - \$8,740,382 net investment in capital assets.
  - \$35,360,547 that is restricted for use.
  - \$3,923,037 unrestricted.

#### Business-Type Activities:

- The net position increased by \$475,435 for a balance of \$10,158,328.
- Included in total net position are the following components:
  - \$5,153,881 net investment in capital assets.
  - \$5,004,447 that is unrestricted.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

The statement of net position presents the information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm sewer, water distribution and sewer collections lines, etc.) to assess the overall financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned and unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees (business-type activities).

- Governmental activities - The City's basic services are reported herein, including judicial, police, fire, public works, mayor and council, parks and recreation departments, and general administration. Property taxes, sales taxes, franchise fees, and grants finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water, sewer and refuse system as well as cemetery lot sales are reported here.
- The City also reports on discretely presented component units which include the 4A Corporation, Floresville Economic Development Corporation (EDC), and Floresville Electric Light and Power System (F.E.L.P.S.).

The government-wide financial statements include the statement of net position and the statement of activities (pages 9 through 12).

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds - governmental and proprietary - use different accounting methods.



## Fund Financial Statements (continued)

- Governmental funds - The City reports its basic services in governmental funds. These funds use modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements. The governmental fund financial statements can be found on pages 13 through 17.
- Proprietary funds - When the City charges customers for the services it provides, whether to outside customers or to other units of the City - these are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government wide statements but provide more detail and additional information such as cash flows, for proprietary funds. The proprietary fund financial statements can be found on pages 18-24.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 47.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's combined governmental and business-type activities.

Net position of the City's combined activities increased by \$9,853,126 from \$48,329,168 to \$58,182,294. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, was \$8,927,484 at September 30, 2024.

Table 1  
Statement of Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
<b>ASSETS</b>						
Current assets	50,100,921	45,079,529	5,520,792	5,224,626	55,621,713	50,304,155
Capital assets	17,339,594	13,853,929	17,066,252	17,240,451	34,405,846	31,094,380
Other assets	-	-	-	-	-	-
Total assets	67,440,515	58,933,458	22,587,044	22,465,077	90,027,559	81,398,535
Deferred outflows of resources	545,353	705,345	205,756	301,647	751,109	1,006,992
<b>LIABILITIES</b>						
Current liabilities	1,452,207	1,268,127	308,108	648,952	1,760,315	1,917,079
Long-term liabilities	18,424,671	19,673,688	12,262,987	12,402,203	30,687,658	32,075,891
Total liabilities	19,876,878	20,941,815	12,571,095	13,051,155	32,447,973	33,992,970
Deferred inflows of resources	85,024	50,713	63,377	32,676	148,401	83,389
<b>NET POSITION</b>						
Net investment in capital assets	8,740,382	8,533,853	5,153,881	4,833,008	13,894,263	13,366,861
Restricted	35,360,547	27,031,478	-	-	35,360,547	27,031,478
Unrestricted	3,923,037	3,080,944	5,004,447	4,849,885	8,927,484	7,930,829
Total net position	48,023,966	38,646,275	10,158,328	9,682,893	58,182,294	48,329,168

Table 2  
Changes in Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	9/30/2024	9/30/2023	9/30/2024	9/30/2023	9/30/2024	9/30/2023
REVENUES						
Program revenues						
Charges for services	678,611	880,837	6,059,303	6,116,517	6,737,914	6,997,354
Operating grants and contributions	432,868	724,954	2,700	-	435,568	724,954
General revenues						
Property tax	2,390,255	2,263,298	-	-	2,390,255	2,263,298
Sales tax	3,186,011	3,049,850	-	-	3,186,011	3,049,850
Hotel/motel tax	297,206	404,304	-	-	297,206	404,304
Franchise tax	998,007	928,019	-	-	998,007	928,019
Unrestricted investment earnings	1,220,114	472,888	-	-	1,220,114	472,888
Other income	6,898,320	187,850	56,091	45,371	6,954,411	233,221
Total revenues	16,101,392	8,912,000	6,118,094	6,161,888	22,219,486	15,073,888
EXPENSES						
General government	2,132,345	2,873,473			2,132,345	2,873,473
Public safety	2,515,045	2,449,370			2,515,045	2,449,370
Public works	687,961	756,834			687,961	756,834
Culture and recreation	138,799	63,218			138,799	63,218
Mayor and council	-	-			-	-
Parks and recreation	672,841	662,674			672,841	662,674
Debt service	800	293,170			800	293,170
Interest on debt	714,745	488,221			714,745	488,221
Capital outlay	38,670	80,195			38,670	80,195
Water			2,229,257	2,255,232	2,229,257	2,255,232
Sewer			1,881,887	1,770,535	1,881,887	1,770,535
Refuse			1,447,037	1,314,329	1,447,037	1,314,329
Cemetery			25,074	19,555	25,074	19,555
Total expenses	6,901,206	7,667,155	5,583,255	5,359,651	12,484,461	13,026,806
Increase (decrease) in net position before transfers	9,200,186	1,244,845	534,839	802,237	9,735,025	2,047,082
TRANSFERS	405,951	507,000	(405,951)	(507,000)	-	-
Change in net position	9,606,137	1,751,845	128,888	295,237	9,735,025	2,047,082
NET POSITION AT BEGINNING OF YEAR	38,645,398	11,028,669	9,682,893	9,323,610	48,328,291	20,352,279
Prior period adjustment	(227,569)	25,864,884	346,547	64,046	118,978	25,928,930
NET POSITION AT END OF YEAR	48,023,966	38,645,398	10,158,328	9,682,893	58,182,294	48,328,291

#### THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of \$16,214,163.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

At the end of fiscal year ended 2024, the City had \$34,405,846 net of depreciation, invested in a broad range of capital assets, including police and fire equipment, buildings, park and recreational facilities, roads, bridges, and water and sewer lines. Additional information on the City's capital assets is presented in the notes to the financial statements (note 6, pages 36 through 37).

	Governmental Activities		Business-Type Activities	
	2024	2023	2024	2023
Land	719,179	719,179	91,291	91,291
Buildings	8,112,862	8,041,712	-	-
Property, plant and equipment	5,772,992	5,219,446	20,905,160	20,628,229
Infrastructure	9,269,748	4,513,637	6,876,819	4,940,335
Construction in progress	2,796,886	4,086,900	522,226	2,181,511
Less: accumulated depreciation	(9,332,073)	(8,726,945)	(11,329,244)	(10,600,915)
<b>TOTAL CAPITAL ASSETS</b>	<b>17,339,594</b>	<b>13,853,929</b>	<b>17,066,252</b>	<b>17,240,451</b>

### Debt:

At year-end, the City had \$30,154,790 in bonds outstanding.

	Governmental Activities		Business-Type Activities	
	2024	2023	2024	2023
Bonds payable	\$ 18,233,419	\$ 19,058,215	\$ 11,921,371	\$ 12,187,371
Net pension liability	1,006,252	1,269,374	341,616	480,832
<b>TOTAL OUTSTANDING DEBT</b>	<b>\$ 19,239,671</b>	<b>\$ 20,327,589</b>	<b>\$ 12,262,987</b>	<b>\$ 12,668,203</b>

Other obligations include accrued vacation. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements (note 7, page 39 through 41).

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors and goals when setting the fiscal year 2024 budget and tax rates. The City's economic outlook remains positive due to the overall improvement in the economy and continued residential growth. This is evidenced by local economic indicators such as a significant increase in tax appraisal values, the increase in residential building permits, and continued sales tax growth. The budget was executed in pursuit of addressing the future needs of the City's infrastructure. The City has been able to obtain USDA and Certificates of Obligation to improve the infrastructure of the City. Infrastructure improvements will continue as an integral part of that effort so that the City may maintain their services and competitive posture. The street department will continue paving projects in accordance with the street study, in conjunction with the streets program. These factors were taken into account when adopting the general fund budget for 2024.

Amounts available for appropriation in the general fund budget are \$6,359,701 an increase of \$283,825 or 4.67% over (under) the final 2024 budget of \$6,075,876. In order to accomplish funding of the 2024 budget, the 2024 tax rate was set at \$0.207482/\$100 for general operations and \$0.223296/\$100 for debt service, for a total of \$0.430778/\$100.

The General Fund's unassigned fund balance increased to \$3,059,701 at September 30, 2023, due to the City Council's support and the staff's execution of our budget policies.

Separately issued financial statements for FELPS, discretely presented component unit of the City, can be obtained from the City Manager.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager at the City's office at 1120 D Street, Floresville, Texas 78114.

CITY OF FLORESVILLE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,056,387	\$ 4,344,612	\$ 9,400,999
Investments - Current	11,229,660	-	11,229,660
Investment in FELPS	32,701,429	-	32,701,429
Taxes Receivable, Net	157,909	-	157,909
Accounts Receivable, Net	533,924	1,175,995	1,709,919
Due from Other Governments	418,988	-	418,988
Due from Others	2,290	185	2,475
Inventories	-	-	-
Prepaid Items	334	-	334
Permanently Restricted:			
Cash and Cash Equivalents- Restricted	-	-	-
Capital Assets:			
Non-depreciable capital assets	3,516,065	522,226	4,038,291
Depreciable capital assets, net	13,823,529	16,544,026	30,367,555
Total Assets	<u>67,440,515</u>	<u>22,587,044</u>	<u>90,027,559</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	545,353	205,756	751,109
Deferred Outflow - Derivative Instruments	-	-	-
Deferred Resource Outflow - Refunding Loss	-	-	-
Total Deferred Outflows of Resources	<u>545,353</u>	<u>205,756</u>	<u>751,109</u>
<b>LIABILITIES</b>			
Accounts Payable	309,891	183,057	492,948
Wages and Salaries Payable	49,606	28,593	78,199
Compensated Absences Payable	105,711	48,821	154,532
Claims and Judgments Payable	-	10,578	10,578
Due to Others	50,202	10,474	60,676
Due to Component Unit	-	-	-
Accrued Interest Payable	-	11,861	11,861
Unearned Revenues	67,063	-	67,063
Bonds Payable - Current	815,000	270,000	1,085,000
Other Current Liabilities	54,734	14,724	69,458
Noncurrent Liabilities:			
Due in More Than One Year:			
Bonds Payable - Noncurrent	17,418,419	11,651,371	29,069,790
Other Long Term Debt Payable - Noncurrent	-	-	-
Net Pension Liability	1,006,252	341,616	1,347,868
Total Liabilities	<u>19,876,878</u>	<u>12,571,095</u>	<u>32,447,973</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Plan	85,024	63,377	148,401
Deferred Resource Inflow - Reate Stabilization	-	-	-
Total Deferred Inflows of Resources	<u>85,024</u>	<u>63,377</u>	<u>148,401</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets and Lease Assets	8,740,382	5,153,881	13,894,263
Restricted:			
Investment in FELPS	32,701,429	-	32,701,429
Restricted - Expendable	-	-	-
Restricted for Other Purposes	2,659,118	-	2,659,118
Unrestricted	3,923,037	5,004,447	8,927,484
Total Net Position	<u>\$ 48,023,966</u>	<u>\$ 10,158,328</u>	<u>\$ 58,182,294</u>

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

Component Units		
Governmental Floresville4A Corporation	Governmental FloresvilleEDC Corporation	Business-Type 12/31/23FELPS Corporation
\$ 196,760	\$ 2,609,578	\$ 33,072,066
5,132	-	-
-	-	-
-	-	-
-	-	2,726,365
-	-	-
-	693	-
3,941	51	1,694,675
1,800	-	404,830
-	-	13,042,888
920,020	417,477	-
679,875	3,036,417	94,935,153
1,807,528	6,064,216	145,875,977
11,753	26,852	\$ 2,186,211
-	-	406,994
-	-	347,357
11,753	26,852	2,940,562
14,755	81,587	\$ 2,858,394
1,828	2,479	-
3,100	1,447	-
-	-	1,108,739
400,642	560	-
950	-	31,438,898
782	-	515,457
30,705	-	1,005,422
60,000	300,600	2,033,283
-	-	-
-	-	-
470,000	2,618,443	42,484,313
-	-	2,017,812
43,179	37,836	10,662,237
1,025,941	3,042,952	94,124,555
26,616	8,674	\$ 2,596,003
-	-	1,000,000
26,616	8,674	3,596,003
-	-	59,221,611
-	-	-
-	-	974,400
-	-	-
766,724	3,039,442	(9,100,030)
\$ 766,724	\$ 3,039,442	\$ 51,095,981

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

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
General Government - Administration	\$ 2,132,345	\$ 298,589	\$ 374,825
Public Safety	2,515,045	210,369	58,043
Fire Protection	-	6,786	-
Public Works	687,961	108,578	-
Culture and Recreation	138,799	-	-
Recreation	147,211	6,786	-
Parks	525,630	47,503	-
Principal on Debt	600	-	-
Interest on Debt	714,745	-	-
Other Debt Service	200	-	-
Capital Outlay	38,670	-	-
Total Governmental Activities	6,901,206	678,611	432,868
BUSINESS-TYPE ACTIVITIES:			
Water Fund	2,229,257	2,480,633	-
Sewer Fund	1,881,887	2,016,182	2,700
Refuse Fund	1,447,037	1,562,488	-
Enterprise Funds - Cemetery	25,074	-	-
Total Business-Type Activities	5,583,255	6,059,303	2,700
TOTAL PRIMARY GOVERNMENT	\$ 12,484,461	\$ 6,737,914	\$ 435,568
<b>Component Units:</b>			
Floresville 4A Corporation	\$ 591,931	\$ 222,343	\$ -
Floresville EDC Corporation	944,147	-	-
FELPS Corporation	44,772,247	50,688,278	-
TOTAL COMPONENT UNITS	\$ 46,308,325	\$ 50,910,621	\$ -

General Revenues:

Taxes:

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

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning  
Prior Period Adjustment  
Net Position - Ending

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Governmental Floresville4A Corporation	Governmental FloresvilleEDC Corporation	Business-Type 12/31/23FELPS Corporation
\$ (1,458,931)	\$ -	\$ (1,458,931)	\$ -	\$ -	\$ -
(2,246,633)	-	(2,246,633)	-	-	-
6,786	-	6,786	-	-	-
(579,383)	-	(579,383)	-	-	-
(138,799)	-	(138,799)	-	-	-
(140,425)	-	(140,425)	-	-	-
(478,127)	-	(478,127)	-	-	-
(600)	-	(600)	-	-	-
(714,745)	-	(714,745)	-	-	-
(200)	-	(200)	-	-	-
(38,670)	-	(38,670)	-	-	-
(5,789,727)	-	(5,789,727)	-	-	-
-	251,376	251,376	-	-	-
-	136,995	136,995	-	-	-
-	115,451	115,451	-	-	-
-	(25,074)	(25,074)	-	-	-
-	478,748	478,748	-	-	-
(5,789,727)	478,748	(5,310,979)	-	-	-
-	-	-	(369,588)	-	-
-	-	-	-	(944,147)	-
-	-	-	-	-	5,916,031
-	-	-	(369,588)	(944,147)	5,916,031
2,390,255	-	2,390,255	-	-	-
3,186,011	-	3,186,011	637,202	1,274,404	-
998,007	-	998,007	-	-	-
297,206	-	297,206	-	-	-
6,898,320	56,091	6,954,411	5,159	13,475	3,801,314
1,220,114	-	1,220,114	-	109,961	897,486
405,951	(405,951)	-	-	-	-
15,395,864	(349,860)	15,046,004	642,361	1,397,840	4,698,800
9,606,137	128,888	9,735,025	272,773	453,693	10,614,831
38,645,398	9,682,893	48,328,291	493,951	2,594,789	40,481,150
(227,569)	346,547	118,978	-	(9,040)	-
\$ 48,023,966	\$ 10,158,328	\$ 58,182,294	\$ 766,724	\$ 3,039,442	\$ 51,095,981



CITY OF FLORESVILLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2024

	General Fund	Debt Service Fund	Capital Projects
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,021,604	\$ 10,754	\$ 1,092,835
Investments - Current	2,046,751	-	9,182,909
Taxes Receivable	114,078	123,585	-
Allowance for Uncollectible Taxes (credit)	(53,035)	(26,719)	-
Accounts Receivable, Net	185,337	-	-
Due from Other Governments	418,988	-	-
Due from Other Funds	-	-	-
Due from Others	2,290	-	-
Prepaid Items	-	-	-
Total Assets	<u>\$ 5,736,013</u>	<u>\$ 107,620</u>	<u>\$ 10,275,744</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 92,407	\$ -	\$ 81,124
Wages and Salaries Payable	46,673	-	-
Due to Other Funds	1,370,405	-	-
Due to Others	48,622	-	-
Unearned Revenues	-	-	61,840
Other Current Liabilities	43,359	-	-
Total Liabilities	<u>1,601,466</u>	<u>-</u>	<u>142,964</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	60,893	96,866	-
Deferred Resource Inflow Warrants	152,816	-	-
Total Deferred Inflows of Resources	<u>213,709</u>	<u>96,866</u>	<u>-</u>
<b>FUND BALANCES</b>			
Other Assigned Fund Balance	-	10,754	10,132,780
Unassigned Fund Balance	3,920,838	-	-
Total Fund Balances	<u>3,920,838</u>	<u>10,754</u>	<u>10,132,780</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,736,013</u>	<u>\$ 107,620</u>	<u>\$ 10,275,744</u>

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

Other Funds	Total Governmental Funds
\$ 931,194	\$ 5,056,387
-	11,229,660
-	237,663
-	(79,754)
5,329	190,666
-	418,988
1,370,405	1,370,405
-	2,290
334	334
<u>\$ 2,307,262</u>	<u>\$ 18,426,639</u>
\$ 136,360	\$ 309,891
2,933	49,606
-	1,370,405
1,580	50,202
5,223	67,063
11,375	54,734
<u>157,471</u>	<u>1,901,901</u>
-	157,759
-	152,816
-	310,575
2,149,791	12,293,325
-	3,920,838
<u>2,149,791</u>	<u>16,214,163</u>
<u>\$ 2,307,262</u>	<u>\$ 18,426,639</u>

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

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 16,214,163</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	20,568,719
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2024 capital outlays and debt principal payments is to increase (decrease) net position.	4,915,589
Per the implementation of GASB 68 for the TMRS Pension plan, this fiscal year required that the City report their net pension liabilities in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension liability of \$1,347,868, Deferred Resource Outflows of \$751,109 and Deferred Resource Inflows of \$148,401. The net effect of these was to increase the ending net position by \$23,860.	23,860
The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(605,128)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	6,906,763
<b>Net Position of Governmental Activities</b>	<b>\$ 48,023,966</b>

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

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

	General Fund	Debt Service Fund	Capital Projects
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 1,166,573	\$ 1,202,412	\$ -
General Sales and Use Taxes	2,548,809	-	-
Franchise Tax	998,007	-	-
Other Taxes	15,431	-	-
Intergovernmental Revenue and Grants	-	-	58,043
Charges for Services	455,308	-	-
Fines	214,566	-	-
Investment Earnings	536,820	-	682,288
Other Revenue	328,549	122,623	-
Total Revenues	6,264,063	1,325,035	740,331
<b>EXPENDITURES:</b>			
Current:			
General Government - Administration	1,673,783	-	52,374
Public Safety	2,189,313	-	-
Public Works	417,397	-	-
Culture and Recreation	-	-	-
Recreation	147,211	-	-
Parks	525,630	-	-
Debt Service:			
Principal on Debt	-	755,600	-
Interest on Debt	-	784,541	-
Other Debt Service	-	200	-
Capital Outlay:			
Capital Outlay	576,906	-	3,498,143
Total Expenditures	5,530,240	1,540,341	3,550,517
Excess (Deficiency) of Revenues Over (Under) Expenditures	733,823	(215,306)	(2,810,186)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	405,951	80,056	-
Transfers Out	(80,056)	-	-
Total Other Financing Sources (Uses)	325,895	80,056	-
Net Change in Fund Balances	1,059,718	(135,250)	(2,810,186)
Fund Balance - October 1 (Beginning)	3,078,509	146,004	12,952,566
Prior Period Adjustment	(217,389)	-	(9,600)
Fund Balance - September 30 (Ending)	\$ 3,920,838	\$ 10,754	\$ 10,132,780

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

Other Funds	Total Governmental Funds
\$ -	\$ 2,368,985
637,202	3,186,011
-	998,007
281,775	297,206
-	58,043
55,997	511,305
8,665	223,231
1,006	1,220,114
28,481	479,653
1,013,126	9,342,555
291,659	2,017,816
64,530	2,253,843
192,451	609,848
77,226	77,226
-	147,211
-	525,630
-	755,600
-	784,541
-	200
-	4,075,049
625,866	11,246,964
387,260	(1,904,409)
-	486,007
-	(80,056)
-	405,951
387,260	(1,498,458)
1,763,111	17,940,190
(580)	(227,569)
\$ 2,149,791	\$ 16,214,163

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

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ (1,498,458)</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2024 capital outlays and debt principal payments is to increase (decrease) the change in net position.	4,915,589
The entries required by GASB 68 resulted in adjustments to the Statement of Net Position and the Statement of Activities. For Fiscal Year 2024, the total impact to the change in net position for GASB 68 was an increase of \$ 23,860..	23,860
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(605,128)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.	6,770,274
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 9,606,137</b>

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

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

	Business-Type Activities	
	Water Fund	Sewer Fund
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,429,594	\$ 2,003,970
Accounts Receivable, Net	537,868	345,194
Due from Others	185	-
Total Current Assets	<u>2,967,647</u>	<u>2,349,164</u>
Noncurrent Assets:		
Capital Assets:		
Non-depreciable Capital Assets	522,226	-
Deprciable Capital Assets, net	7,944,836	8,545,215
Total Noncurrent Assets	<u>8,467,062</u>	<u>8,545,215</u>
Total Assets	<u>11,434,709</u>	<u>10,894,379</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflow Related to Pension Plan	87,337	118,419
Total Deferred Outflows of Resources	<u>87,337</u>	<u>118,419</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	47,979	7,296
Wages and Salaries Payable	15,058	13,535
Compensated Absences Payable	44,151	4,670
Claims and Judgments Payable	10,578	-
Due to Others	-	10,474
Accrued Interest Payable	435	11,426
Bonds Payable - Current	122,000	148,000
Other Current Liabilities	6,395	-
Total Current Liabilities	<u>246,596</u>	<u>195,401</u>
Noncurrent Liabilities:		
Bonds Payable - Noncurrent	5,388,371	6,263,000
Net Pension Liability	100,902	240,714
Total Noncurrent Liabilities	<u>5,489,273</u>	<u>6,503,714</u>
Total Liabilities	<u>5,735,869</u>	<u>6,699,115</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflow Related to Pension Plan	30,219	33,158
Total Deferred Inflows of Resources	<u>30,219</u>	<u>33,158</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets and Lease Assets	2,965,691	2,134,215
Unrestricted	2,790,267	2,146,310
Total Net Position	<u>\$ 5,755,958</u>	<u>\$ 4,280,525</u>

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

- Enterprise Funds

Refuse Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ (102,265)	\$ 13,313	\$ 4,344,612
292,933	-	1,175,995
-	-	185
190,668	13,313	5,520,792
-	-	522,226
-	53,975	16,544,026
-	53,975	17,066,252
190,668	67,288	22,587,044
-	-	205,756
-	-	205,756
127,380	402	183,057
-	-	28,593
-	-	48,821
-	-	10,578
-	-	10,474
-	-	11,861
-	-	270,000
8,329	-	14,724
135,709	402	578,108
-	-	11,651,371
-	-	341,616
-	-	11,992,987
135,709	402	12,571,095
-	-	63,377
-	-	63,377
-	53,975	5,153,881
54,959	12,911	5,004,447
\$ 54,959	\$ 66,886	\$ 10,158,328



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

	Business-Type Activities	
	Water Fund	Sewer Fund
OPERATING REVENUES:		
Intergovernmental Revenue and Grants	\$ -	\$ 2,700
Charges for Services	2,480,633	2,016,182
Investment Earnings	17,442	16,744
Other Revenue	2,830	-
Total Operating Revenues	2,500,905	2,035,626
OPERATING EXPENSES:		
Salaries and Wages	1,015,109	738,935
Purchased Professional & Technical Services	170,727	168,840
Other Operating Costs	451,373	315,136
Supplies	134,626	148,018
Depreciation	340,295	388,033
Debt Service	117,127	122,925
Total Operating Expenses	2,229,257	1,881,887
Income (Loss) Before Transfers	271,648	153,739
Transfers Out	(122,500)	(168,000)
Change in Net Position	149,148	(14,261)
Total Net Position - October 1 (Beginning)	5,234,740	4,320,309
Prior Period Adjustment	372,070	(25,523)
Total Net Position - September 30 (Ending)	\$ 5,755,958	\$ 4,280,525

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

- Enterprise Funds

Refuse Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ -	\$ -	\$ 2,700
1,562,488	-	6,059,303
-	-	34,186
-	19,075	21,905
1,562,488	19,075	6,118,094
-	16,550	1,770,594
1,447,037	-	1,786,604
-	7,777	774,286
-	747	283,391
-	-	728,328
-	-	240,052
1,447,037	25,074	5,583,255
115,451	(5,999)	534,839
(115,451)	-	(405,951)
-	(5,999)	128,888
54,959	72,885	9,682,893
-	-	346,547
\$ 54,959	\$ 66,886	\$ 10,158,328

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

	Business-Type Activities	
	Water Fund	Sewer Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 2,515,368	\$ 2,037,932
Cash Payments to Employees for Services	(1,022,454)	(738,581)
Cash Payments for Other Operating Expenses	(975,042)	(776,436)
Net Cash Provided by (Used for) Operating Activities	517,872	522,915
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer Out	(122,500)	(168,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	(448,580)	(105,549)
Debt Payments	(121,000)	(145,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(569,580)	(250,549)
Net Increase (Decrease) in Cash and Cash Equivalents	(174,208)	104,366
Cash and Cash Equivalents at Beginning of Year	2,231,732	1,925,127
Prior Period Adjustment	372,070	(25,523)
Cash and Cash Equivalents at End of Year	\$ 2,429,594	\$ 2,003,970
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss)	\$ 271,648	\$ 153,739
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	340,295	388,033
Pension Expense	(7,345)	(5,279)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (Increase) in Receivables	7,762	(12,593)
Decrease (Increase) in Prepaid Expenses	1,657	4,737
Increase (Decrease) in Accounts Payable	(101,004)	(1,755)
Increase (Decrease) in Payroll Deductions	-	5,633
Increase (Decrease) in Claims Payable	5,044	-
Increase (Decrease) in Due To/From Others	(185)	(9,600)
Net Cash Provided by (Used for) Operating Activities	\$ 517,872	\$ 522,915

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

Governmental Activities -		
Refuse Fund	Nonmajor Enterprise Funds	Total Enterprise Funds
\$ 1,550,007	\$ 19,075	\$ 6,122,382
-	(16,640)	(1,777,675)
(1,438,255)	(8,307)	(3,198,040)
111,752	(5,872)	1,146,667
(115,451)	-	(405,951)
-	-	(554,129)
-	-	(266,000)
-	-	(820,129)
(3,699)	(5,872)	(79,413)
(98,566)	19,185	4,077,478
-	-	346,547
\$ (102,265)	\$ 13,313	\$ 4,344,612
\$ 115,451	\$ (5,999)	\$ 534,839
-	-	728,328
-	-	(12,624)
(20,810)	-	(25,641)
-	-	6,394
17,111	217	(85,431)
-	(90)	5,543
-	-	5,044
-	-	(9,785)
\$ 111,752	\$ (5,872)	\$ 1,146,667

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Floresville, Texas, (the “City”) was incorporated under the provisions of the Acts of the State of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation, culture and recreation, planning and zoning, general administrative services, water, and sewer services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

**REPORTING ENTITY**

In evaluating how to define the government, for financial purposes, management has considered all potential component units and associated component units. The decision to include component unit or associated component unit in the reporting entity was made by applying the criteria set forth in GASB 14, “*The Financial Reporting Entity*” as amended. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

**Component units:**

Based on the criteria of GASB Nos. 14 as amended, the Floresville Economic Development Corporation (FEDC) and the Floresville 4A Corporation are considered to be discretely presented component units. FEDC and the Floresville 4A Corporation are financially accountable to the City because the City Council approves their budgets and must approve any debt issuance. The component unit boards are appointed by City Council and their activities benefit the City by promoting growth and development opportunities.

**Joint venture:**

The City of Floresville Electric Light and Power System (F.E.L.P.S.) is a municipally owned electric light and power distribution system which serves most of Wilson County and portions of Bexar and Karnes Counties including the cities of Floresville, Stockdale, and Poth. Management and control of the system is vested in a five- member Board of Trustees composed of the Mayor of Floresville, one member for each of the cities of Floresville, Stockdale, and Poth appointed by the respective governing body, and one member appointed on a rotating basis by the City of Floresville, Stockdale, or Poth. The Board also includes two non-voting advisory members appointed by the cities of Falls City and La Vernia. The City of Floresville has a 64% interest in this joint venture based on the criteria of GASB Nos. 14 as amended, F.E.L.P.S. is considered to be a discretely presented component unit of the City of Floresville.

Separate financial statements of the F.E.L.P.S. were prepared and can be obtained by contacting the City Manager at the City of Floresville.

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. The value of interfund services provided and used are not eliminated in the government-wide financial statements, as elimination of those charges would distort the direct costs reported for the various functions. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed whole or in part by fees charged to external parties for goods and services.

The statement of activities reflects 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. Revenues are classified as program revenues and general revenues. Program revenues include 1) charge of 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 as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Governmental activities and business type activities are reported as separate columns in the statement of net position.

**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. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are 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 thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred inflows of resources.

Property taxes which are levied prior to September 30, 2023, and became due October 1, 2023 have been assessed to finance the budget of the fiscal year beginning October 1, 2023 and, accordingly, have been reflected as deferred inflows of resources and taxes receivable in the fund financial statement at September 30, 2024.

Sales taxes, franchise taxes, hotel/motel taxes, and fees associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items received by the government are considered to be measurable and available only when the cash is received by the City.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

The City reports the following major governmental and proprietary funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, and intergovernmental revenues. Primary expenditures are for general administration, public safety, streets and public recreation.

The debt service fund accounts for the tax revenues and various debt transactions.

The capital projects fund is used to account for the proceeds of the tax note debt issued to pay for future city hall improvements, park improvements from capital contributions from the Floresville Economic Development Corporation, and transfers to the general fund for related capital projects expenditures.

Nonmajor funds include special revenue funds which are used to separately account for funds related to grants, contracts, and ordinances.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary funds consist of the water fund, sewer fund, refuse fund, and the cemetery fund.

The government reports the following major proprietary funds:

The water fund accounts for the City's operation of the water system and services provided to customers of the system.

The sewer fund accounts for the City's operation of the sewer system and services provided to customers of the system.

The refuse fund accounts for the City's garbage and waste management services to the customers of the refuse fund.

The proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when liabilities are incurred.
- Current-year contributions, administrative expenses and benefit payment, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All other revenues and expenses are non-operating.

Discretely Presented Component Units and Investment in Joint Venture: Because of their significance to the City, amounts from the city's component units and its investment in the F.E.L.P.S. joint venture are individually reported within the City's Statement of Net Position.

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**CASH AND CASH EQUIVALENTS**

For purposes of reporting cash and cash equivalents, the City considers all highly liquid investments including cash in banks, cash on hand, money market accounts, investments with maturities of 3 months or less, and deposits in local government investment pools to be cash equivalents.

**INVESTMENTS**

Investments for the City are stated at fair value. The fair value framework uses hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 2 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that City has the ability to access.

Level 2 – inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the asset.
- Inputs that are derived principally from or corroborated by market data by correlation or other means.

If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligation of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas of the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by Federal Deposit Insurance Corporation (FDIC) or its successor, or secured by obligations mentioned above.



CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ACCOUNTS RECEIVABLE**

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2023 and past due after January 31, 2024. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectible.

**SHORT-TERM INTERFUND RECEIVABLE/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements.

**BUDGETS**

An operating budget is adopted each fiscal year for all City governmental funds. The budget is adopted on the GAAP basis of accounting.

**CAPITAL ASSETS**

Capital assets, which include land, buildings and improvements, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset</u>	<u>Useful Life</u>
Buildings	40 years
Transportation and equipment	3-30 years
Infrastructure	40 years
Improvements other than building	10-40 years

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**COMPENSATED ABSENCES**

Vested or accumulated vacation and compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation and compensatory time that is not expected to be liquidated with expendable available financial resources are reported in the government-wide statements.

Vested or accumulated vacation and compensatory time of the enterprise funds and the government-wide statements is recorded as an expense and liability as the benefits accrued to employees. Accumulated vacation and compensatory time at September 30, 2024 of \$48,821 and \$105,711 has been recorded in accrued liabilities of the business-type activities and governmental activities statements, respectively. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The general fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

Deferred inflows or resources represent an acquisition of net positions that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will be recognized as an outflow of resources (expense/expenditure) until then.

Property tax revenues are recognized when they become both measurable and available in fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as deferred inflow or resources in the funds.

Additional information concerning deferred outflows or resources and deferred inflows or resources related to pensions can be found in note 9, Define Benefit Pension Plan.

**LONG-TERM OBLIGATIONS**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities or business-type activities statement of net position. On new bond issues, bond premium and discounts are deferred and amortized over the life of the term of the related debt.

In the fund financial statements, government 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 cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**FUND BALANCE**

The City adopted Governmental Accounting Standards Board Statement Number 54 (GASB 54) "*Fund Balance Reporting and Governmental Fund Type Definitions*". The statement provides guidance for fund for fund balance categories and classifications and governmental fund type definitions. GASB 54 changed the way we look at fund balances, specifically reporting what fund balances, by major governmental fund type, are or are not available for public purposes. Five categories of fund balances were created and defined by GASB 54. These five categories are as follows.

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**FUND BALANCE (CONTINUED)**

- Nonspendable – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- Restricted – These funds are governed by externally enforceable restrictions.
- Committed – Fund balances in this category are limited by the government's highest level of decision making (in this case the City Council). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- Assigned – For funds to be assigned, there must be an intended use which can be established by the City Council or an official delegated by the Council. Assigned fund balance is delegated by the City Council to the City Manager.
- Unassigned – This classification is the default for all funds that do not fit into the other categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considered restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned, as needed, unless the City's Council or its designated official has provided otherwise in its commitments or assignment actions.

**NET PENSION**

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

**INTERFUND TRANSACTIONS**

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

**OPERATING REVENUES AND EXPENSES**

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

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**USE OF ESTIMATES**

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

**PENSIONS**

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

**NOTE 2: CASH AND INVESTMENTS**

The City’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City’s agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

**Cash**

At September 30, 2024, the carrying amount of the primary government’s (the City) cash on hand was \$2,023, deposits in the bank were \$10,075,092 and the book balance was \$9,400,999. The City had a balance of cash in bank that was \$331,843 greater than FDIC limits and pledged securities.

**Investments**

The City is required by Government Code Chapter 2256, The Public Funds Investment Act (“PFIA”), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits.

The Public Funds Investment Act (“PFIA”) determines the types of investments which are allowable for the City. These include, with certain of restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase.

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 2: CASH AND INVESTMENTS - CONTINUED**

agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investments contracts, and (10) common trust funds.

Floresville 4A Corporation (4A) and Floresville Economic Development Corporation (FEDC) (Discretely presented component unit)

The Floresville 4A Corporation and Floresville Economic Development Corporation's cash deposits and investments at September 30, 2024, were held in the name of the 4A and FEDC at a depository bank. The FEDC maintains cash accounts at local financial institutions.

- a. Custodial Credit Risk – Deposits: in the case of deposits, this is the risk that in the event of a bank failure, the FEDC's deposits may not be returned to it. Certain deposits in excess of \$250,000 per institution are not covered by Federal Deposit Insurance. At September 30, 2024, FEDC had a balance of cash in bank that was within FDIC limits and pledged securities.
- b. Interest Rate Risk – The FEDC invest in short term certificates of deposits, consequently interest rate risk would not be applicable.
- c. Concentration of Credit Risk – The FEDC places no limit on the amount the FEDC may invest in any one issuer. At year-end the FEDC's investments consist of certificates of deposits.

The City's & the Discretely Presented Component Units' cash and cash equivalents consist of cash on hand and demand deposits. The City's & the Discretely Presented Component Units' cash and cash equivalents at September 30, 2024, are shown below.

<u>Primary Government</u>	Book Balance	Fair Value
Cash and cash equivalents	\$ 8,770,833	\$ 8,770,833
Texas CLASS (Valued at NAV)	630,166	630,166
Total Cash and Cash Equivalents (City)	<u>\$ 9,400,999</u>	<u>\$ 9,400,999</u>
<u>Discretely Presented Component Units</u>		
FEDC - Cash and cash equivalents	\$ 2,609,578	\$ 2,609,578
4A Corporation - Cash and cash equivalents	196,760	196,760
Total Cash and Cash Equivalents (Discretely Presented Component Units)	<u>\$ 2,806,338</u>	<u>\$ 2,806,338</u>

At year-end, the investment balances were as follows:

<u>Primary Government</u>	Carrying Amount	Fair Value
Certificates of Deposits	\$ 11,229,660	\$ 11,229,660
Total Investments (City)	<u>\$ 11,229,660</u>	<u>\$ 11,229,660</u>
<u>Discretely Presented Component Units</u>		
FEDC - Certificate of Deposits	\$ -	\$ -
4A - Corporation - Certificate of Deposits	5,132	5,132
Total Investments (Discretely Presented Component Units)	<u>\$ 5,132</u>	<u>\$ 5,132</u>

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 2: CASH AND INVESTMENTS - CONTINUED**

The fair values of the U.S. Government and Agency Securities are based on quoted market prices. The investments are reported at fair value in accordance with Governmental Accounting Standards Board Statement No. 31 "Accounting and financial Reporting for Certain Investments and for External Investment Pools." The increase or decrease in the fair value of investments is recorded in investment income.

**NOTE 3: RECEIVABLES**

Receivables as of the year end for the City's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	Amount	Allowance for Doubtful	Net Receivable
Government Funds:			
Property Tax	\$ 237,663	\$ (79,754)	\$ 157,909
Sales Tax (Due From Other Gov)	418,988	-	418,988
Accounts	190,666	-	190,666
Total Government Funds	<u>\$ 847,317</u>	<u>\$ (79,754)</u>	<u>\$ 767,563</u>
Enterprise Funds:			
Utility	1,294,757	(118,762)	1,175,995
Total Enterprise Funds	<u>\$ 1,294,757</u>	<u>\$ (118,762)</u>	<u>\$ 1,175,995</u>

Notes receivable

Notes receivable consist of amounts due from the Floresville Economic Development Corporation (FEDC) in the amount of \$394,443. These notes are a result of an Interlocal Agreement whereby the Floresville EDC has agreed to pay the City for a share of the bonded debt issued by the City in 2008. The payments to the City mirror the City's debt service requirements on the bonds.

Future payments under the Interlocal Agreements are as follows:

	Interlocal Agreement Floresville EDC
2025	105,600
2026	110,000
2027	114,400
2028	64,443
\$	<u>394,443</u>

The interest rate on the Floresville EDC Interlocal Agreement is 3.91%.

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 4: PROPERTY TAX CALENDAR**

Property taxes are levied by October 1 on the assessed valued listed of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Property taxes are recorded as receivables and deferred inflow of resources at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts collected within 60 days of the year end of the fiscal year are recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy state.

**NOTE 5: INTERFUND TRANSACTIONS**

Transfers at September 30, 2024 are noted below.

	<u>AMOUNT</u>	<u>PURPOSE</u>
Transfers to the general fund		
consisted of the following		
Water fund	122,500	Program supplement
Sewer fund	168,000	Program supplement
Refuse fund	115,451	Program supplement
	<u>\$ 405,951</u>	

The composition of due to and due from other funds as of September 30, 2024 is as follows due to the pooling of cash activity.

	<u>Due From Other Funds/ Component Unit</u>	<u>Due To Other Funds/ Component Unit</u>
General Fund	-	(1,370,405)
Other Nonmajor Funds	1,370,405	-
	<u>1,370,405</u>	<u>(1,370,405)</u>

CITY OF FLORESVILLE, TEXAS  
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 6: CAPITAL ASSETS**

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

<u>Governmental Activities:</u>	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 719,179	-	-	\$ 719,179
Construction in Progress	4,086,900	3,396,792	(4,686,806)	2,796,886
Total Capital Assets Not Being Depreciated:	4,806,079	3,396,792	(4,686,806)	3,516,065
Capital Assets Being Depreciated:				
Buildings	8,041,712	71,150	-	8,112,862
Property, Plant and Equipment	5,219,446	553,546	-	5,772,992
Infrastructure	4,513,637	69,305	4,686,806	9,269,748
Total Depreciable Assets	17,774,795	694,001	4,686,806	23,155,602
Less: Accumulated Depreciation for:				
Buildings	(2,964,281)	(177,253)	-	(3,141,534)
Property, Plant and Equipment	(3,731,004)	(258,241)	-	(3,989,245)
Infrastructure	(2,031,660)	(169,634)	-	(2,201,294)
Total Accumulated Depreciation	(8,726,945)	(605,128)	-	(9,332,073)
Total Capital Assets Depreciated, Net	9,047,850	88,873	4,686,806	13,823,529
<u>Governmental Activities Capital Assets, Net</u>	<u>\$ 13,853,929</u>	<u>\$ 3,485,665</u>	<u>\$ -</u>	<u>\$ 17,339,594</u>

Fixed Assets include a building constructed on land belonging to the City's discretely-presented component units, the Floresville 4 Corporation. Council for the City has indicated that this separate entity was formed under state governmental statutes which provide for automatic transfer of all that entity's assets upon that entity's dissolution. Additionally, a special agreement between the City and that entity was enacted whereby the City shall approve any asset encumbrance by that entity.

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 89,823
Municipal court	27,630
Police department	268,230
Fire department	-
Streets department	78,113
Parks and recreation	56,230
Service department	15,750
Pool department	7,654
Community development	47,248
Mayor and council	14,450
Total Governmental Activities	<u>\$ 605,128</u>



CITY OF FLORESVILLE, TEXAS  
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 6: CAPITAL ASSETS – CONTINUED**

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 91,291	-	-	\$ 91,291
Construction in Progress	2,181,511	266,472	(1,925,757)	522,226
Total Capital Assets Not Being Depreciated:	2,272,802	266,472	(1,925,757)	613,517
Capital Assets Being Depreciated:				
Property, Plant and Equipment	20,628,229	276,931	-	20,905,160
Infrastructure	4,940,335	10,727	1,925,757	6,876,819
Total Depreciable Assets	25,568,564	287,658	1,925,757	27,781,979
Less: Accumulated Depreciation for:				
Property, Plant and Equipment	(6,810,412)	(690,862)	-	(7,501,274)
Infrastructure	(3,790,503)	(37,467)	-	(3,827,970)
Total Accumulated Depreciation	(10,600,915)	(728,329)	-	(11,329,244)
Total Capital Assets Depreciated, Net	14,967,649	(440,671)	1,925,757	16,452,735
<u>Business-Type Activities Capital Assets, Net</u>	<u>\$ 17,240,451</u>	<u>\$ (174,199)</u>	<u>\$ -</u>	<u>\$ 17,066,252</u>
	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
<u>Discretely Presented Component Unit (FEDC)</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 250,032	-	-	\$ 250,032
Construction in Progress	340,153	176,413	(349,121)	167,445
Total Capital Assets Not Being Depreciated:	590,185	176,413	(349,121)	417,477
Capital Assets Being Depreciated:				
Property, Plant and Equipment	69,586	-	-	69,586
Buildings	1,389,777	-	-	1,389,777
Improvements	1,692,299	-	349,121	2,041,420
Total Depreciable Assets	3,151,662	-	349,121	3,500,783
Less: Accumulated Depreciation for:				
Property, Plant and Equipment	(46,367)	(5,816)	-	(52,183)
Buildings	(240,204)	(33,502)	-	(273,706)
Improvements	(88,791)	(49,686)	-	(138,477)
Total Accumulated Depreciation	(375,362)	(89,004)	-	(464,366)
Total Capital Assets Depreciated, Net	2,776,300	(89,004)	349,121	3,036,417
<u>Discretely Presented Component Unit (FEDC) Capital Assets, Net</u>	<u>\$ 3,366,485</u>	<u>\$ 87,409</u>	<u>\$ -</u>	<u>\$ 3,453,894</u>

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 6: CAPITAL ASSETS – CONTINUED**

<u>Discretely Presented Component Unit (4A Corporation)</u>	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 920,020	-	-	\$ 920,020
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated:	920,020	-	-	920,020
Capital Assets Being Depreciated:				
Buildings	80,357	-	-	80,357
Improvements	700,815	-	-	700,815
Total Depreciable Assets	781,172	-	-	781,172
Less: Accumulated Depreciation for:				
Buildings	(9,589)	(60,719)	-	(70,308)
Improvements	(21,400)	(9,589)	-	(30,989)
Total Accumulated Depreciation	(30,989)	(70,308)	-	(101,297)
Total Capital Assets Depreciated, Net	750,183	(70,308)	-	679,875
<u>Discretely Presented Component Unit (4A Corp) Capital Assets, Net</u>	<u>\$ 1,670,203</u>	<u>\$ (70,308)</u>	<u>\$ -</u>	<u>\$ 1,599,895</u>

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 7: LONG-TERM LIABILITIES**

Long-term liabilities and obligations payable at September 30, 2024 were comprised of the following:

Governmental activities:	Balance 9/30/2023	Additions	Refunded or Payments	Balance 9/30/2024	Due Within One Year
<b><u>Long-term liabilities</u></b>					
Certificates of Obligation - Series 2008					
Original amount of \$8,500,000					
Interest rate 3.91% - private placement debt	\$ 1,255,000	\$ -	\$ (230,000)	\$ 1,025,000	\$ 240,000
General Obligation Refunding Bonds Series 2015					
Interest rate 2.0% to 4.0% - private placement debt	3,035,000	-	(385,000)	2,650,000	400,000
Premium on GO Refunding Bonds, Series 2015	246,708	-	(35,243)	211,465	-
Premium on GO Refunding Bonds, Series 2023	656,507		(34,553)	621,954	-
Certificates of Obligation - Series 2023					
Original amount of \$13,865,000					
Interest rate 3.91% - private placement debt	13,865,000	-	(140,000)	13,725,000	175,000
<b>Subtotal bonds and notes</b>	<b>19,058,215</b>	<b>-</b>	<b>(824,796)</b>	<b>18,233,419</b>	<b>815,000</b>
<b><u>Other Long-term liabilities</u></b>					
Compensated absences	117,148	105,711	(117,148)	105,711	-
<b>Total Governmental activities</b>	<b>19,175,363</b>	<b>105,711</b>	<b>(941,944)</b>	<b>18,339,130</b>	<b>815,000</b>
Business-type activities:	Balance 9/30/2023	Additions	Refunded or Payments	Balance 9/30/2024	Due Within One Year
<b><u>Long-term liabilities</u></b>					
Utility System Revenue Bond Series 2017					
Water fund - private placement debt	3,338,371	-	(68,000)	3,270,371	69,000
Utility System Revenue Bond Series 2016					
Sewer fund - private placement debt	6,556,000	-	(145,000)	6,411,000	148,000
Utility System Revenue Bond Series 2021					
Water fund - private placement debt	1,881,000	-	(45,000)	1,836,000	45,000
Utility System Revenue Bond Series 2021A					
Water fund - private placement debt	412,000	-	(8,000)	404,000	8,000
<b>Subtotal bonds and notes</b>	<b>12,187,371</b>	<b>-</b>	<b>(266,000)</b>	<b>11,921,371</b>	<b>270,000</b>
<b><u>Other Long-term liabilities</u></b>					
Compensated absences	44,586	48,821	(44,586)	48,821	-
<b>Total Business-type activities</b>	<b>12,231,957</b>	<b>48,821</b>	<b>(310,586)</b>	<b>11,970,192</b>	<b>270,000</b>

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 7: LONG-TERM LIABILITIES - CONTINUED**

Discretely Presented Component unit activities - 4A	Balance 9/30/2023	Additions	Refunded or Payments	Balance 9/30/2024	Due Within One Year
<b><u>Long-term liabilities</u></b>					
Sales Tax Rev Refunding Bonds Series 2017					
Original amount of \$905,000,					
Interest rate 2.88% - private placement debt	\$ 588,000	\$ -	\$ (58,000)	\$ 530,000	\$ 60,000
<b><u>Other Long-term liabilities</u></b>					
Compensated absences	3,116	3,100	(3,116)	3,100	-
<b>Total</b>	<b>591,116</b>	<b>3,100</b>	<b>(61,116)</b>	<b>533,100</b>	<b>60,000</b>

  

Discretely Presented Component unit activities - FEDC	Balance 9/30/2023	Additions	Refunded or Payments	Balance 9/30/2024	Due Within One Year
<b><u>Long-term liabilities</u></b>					
Certificates of Obligation - Series 2008					
Original amount of \$1,500,000					
Interest rate 3.91% - private placement debt	\$ 495,643	\$ -	\$ (101,200)	\$ 394,443	\$ 105,600
Sales Tax Revenue Bonds Series 2017					
Original amount of \$1,430,000					
Interest rate 2.63% - private placement debt	950,000	-	(75,000)	875,000	75,000
Sales Tax Revenue Bonds Series 2021					
Original amount of \$2,000,000					
Interest rate 2.45% - private placement debt	1,764,600	-	(115,000)	1,649,600	120,000
<b>Subtotal bonds and notes</b>	<b>3,210,243</b>	<b>-</b>	<b>(291,200)</b>	<b>2,919,043</b>	<b>300,600</b>
<b><u>Other Long-term liabilities</u></b>					
Compensated absences	1,447	-	-	1,447	-
<b>Total</b>	<b>3,211,690</b>	<b>-</b>	<b>(291,200)</b>	<b>2,920,490</b>	<b>300,600</b>

In the past, the general fund and the water and sewer fund were used to liquidate compensated absences.

The annual requirements to amortize all long-term liabilities and obligations outstanding as of September 30, 2024 including interest payments, are as follows:

For the Year Ended September 30	Governmental Activities Private Placement Debt			Business-Type Activities Private Placement Debt			Discretely Presented Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 884,796	\$ 753,530	\$ 820,713	\$ 270,000	\$ 243,119	\$ 513,119	\$ 360,600	\$ 93,015	\$ 453,615
2026	949,796	719,396	821,320	276,000	237,864	513,864	372,000	82,156	454,156
2027	1,014,796	682,271	820,937	281,000	232,490	513,490	437,400	70,231	507,631
2028	1,089,796	642,155	819,562	286,000	227,642	513,642	399,443	57,175	456,618
2029	1,034,796	598,653	1,633,449	293,000	221,450	514,450	342,000	43,610	385,610
2030-2034	4,498,015	2,353,162	6,851,177	1,549,000	1,020,089	2,569,089	1,228,000	99,724	1,327,724
2035-2039	5,157,765	1,322,450	6,480,215	1,706,000	863,065	2,569,065	309,600	7,595	317,195
2040-2044	3,603,659	286,040	3,889,699	1,879,000	680,290	2,559,290	-	-	-
2045-2049	-	-	-	2,069,000	499,020	2,568,020	-	-	-
2050-2054	-	-	-	2,280,000	288,657	2,568,657	-	-	-
2055-2059	-	-	-	1,004,371	45,100	1,049,471	-	-	-
2060-2061	-	-	-	28,000	736	28,736	-	-	-
<b>Total</b>	<b>\$ 18,233,419</b>	<b>\$ 7,357,657</b>	<b>\$ 25,591,076</b>	<b>11,921,371</b>	<b>4,559,522</b>	<b>16,480,893</b>	<b>3,449,043</b>	<b>453,506</b>	<b>3,902,549</b>

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 7: LONG-TERM LIABILITIES - CONTINUED**

Governmental Activities:

A summary of bond discounts premiums and accumulated amortization are as follows:

Description	Original Amount	10/1/2023	Additions (Deletions)	Current Year Amortization	Unamortized Premium/ Discount 9/30/2024
Series 2015 Premium	493,402	246,708	-	(35,243)	211,465
Series 2023 Premium	656,507	656,507	-	(34,553)	621,954
Total	\$ 1,149,909	\$ 903,215	\$ -	\$ (69,796)	\$ 833,419

**NOTE 8: FUND BALANCE AND NET POSITION**

The general fund had an opening unassigned fund balance of \$3,078,509, at fiscal year end the fund balance was \$3,920,838.

**NOTE 9: DEFINED BENEFIT PENSION PLAN**

A. Plan Description

The City participates as one of 934 plans in the nontraditional, joint contributory, hybrid defined benefit pension plans administered by the Texas Municipal Retirement System (TMRS). TMRS is an agent 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, appoint 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 comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

B. 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 seven payments options. Member may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 14, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 9: DEFINED BENEFIT PENSION PLAN - CONTINUED**

*Employees covered by benefit terms*

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	41
Inactive employees entitled to but not yet receiving benefits	43
Active employees	58
	<u>142</u>

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The 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 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.62% and 9.33% in plan years 2024 and 2023, respectively. The City's contributions to TMRS for the year ending September 30, 2024 were \$346,920 and were equal to the actuarially determined required contributions.

D. 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.

These 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.

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 9: DEFINED BENEFIT PENSION PLAN - CONTINUED**

***Actuarial assumptions:***

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoother market; 12% soft corridor
Inflation	2.50%
Overall payroll growth	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience- based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

There were no benefit changes during the year.

The long-term expected rate of return on pension plan investment is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 investment is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Minimum %	Target %	Maximum %
Global equity	25%	35%	45%
Core fixed income	1%	6%	11%
Non-core fixed income	15%	20%	25%
Real estate	7%	12%	17%
Other public & private markets	7%	12%	17%
Hedge funds	0%	5%	10%
Private equity	5%	10%	15%
Cash equivalents	0%	0%	3%
Total	60%	100%	143%

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 9: DEFINED BENEFIT PENSION PLAN - CONTINUED**

***Discount Rate:***

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

***Changes in the Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at December 31, 2022	\$10,379,932	\$8,536,200	\$1,843,732
Changes for the year:			
Service Cost	433,930	-	433,930
Interest	696,927	-	696,927
Change of benefit terms	-	-	-
Difference between expected and actual experience	67,155	-	67,155
Changes of assumptions	(97,343)	-	(97,343)
Contributions - employer	-	346,920	(346,920)
Contributions - employee	-	185,917	(185,917)
Net investment income	-	989,008	(989,008)
Benefit payments, including refunds of employee contributions	(544,119)	(544,119)	-
Administrative expense	-	(6,285)	6,285
Other changes	-	(44)	44
Net Changes	556,550	971,397	(414,847)
Balance at December 31, 2023	\$10,936,482	\$9,507,597	\$1,428,885

Breakdown of Net Pension Liability as of December 31, 2023

	Net Pension Liability
Primary Government:	
Governmental Activities	\$ 1,006,252
Business Types Activities	341,616
Discretely Presented Component Units:	
Floresville 4A Corporation	43,179
Floresville EDC	37,836
	<u>\$ 1,428,883 *</u>

\*Off due to rounding



CITY OF FLORESVILLE, TEXAS  
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 9: DEFINED BENEFIT PENSION PLAN - CONTINUED**

Sensitivity of 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%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$3,029,493	\$1,428,885	\$126,604

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

***Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions***

For the year ended September 30, 2024, the City recognized pension expense of \$352,466.

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 Experience	\$ 159,218	\$ -
Changes in Assumptions	112,035	183,693
Net Difference Between Projected and Actual Investment Earnings	228,191	-
Contributions paid to TRS subsequent to the Measurement Date	290,272	-
Totals	<u>\$ 789,716</u>	<u>\$ 183,693</u>

**Breakdown of Deferred Outflows/Inflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government:		
Governmental Activities	\$ 545,353	\$ 85,024
Business Types Activities	205,756	63,377
Discretely Presented Component Units:		
Floresville 4A Corporation	11,753	26,616
Floresville EDC	26,852	8,674
	<u>\$ 789,714 *</u>	<u>\$ 183,691 *</u>

\*Off due to rounding

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 9: DEFINED BENEFIT PENSION PLAN - CONTINUED**

The City reported \$290,272 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, 2024. Other amounts reported deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Outflows/ (Inflows) of Resources
2024	\$ 135,581
2025	94,827
2026	167,905
2027	(82,562)
2028	-
Thereafter	-
Total	\$ 315,751

**NOTE 10: CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such 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.

**NOTE 11: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contribution's amounts. During the past years, no settlements have exceeded insurance coverage.

**NOTE 12: PRIOR PERIOD ADJUSTMENTS**

For the fiscal year end 2024, prior period adjustments were made as follows: 1) Adjustments to record prior year activity in the Governmental Funds in the amounts of \$(227,569). 2) Adjustments to record prior year activity in the Enterprise Funds in the amounts of \$346,547. 3) Adjustments to record prior year activity in the Discretely Presented Component Unit – Floresville EDC in the amounts of \$(9,040).

**NOTE 13: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 31, 2025 the date which the financial statements were available to be issued.

**NOTE 14: RELATED PARTY TRANSACTIONS**

The City is one of three joint venture investors (investors) in the Floresville Electric Light and Power System (FELPS). In an agreement signed during the fiscal year ending September 30, 1996, the City acquired a permanent 64% undivided equity interest in FELPS. For the year ended September 30, 2024, the City received \$831,416 in distributions from FELPS.

CITY OF FLORESVILLE, TEXAS  
Floresville, Texas

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

**NOTE 15: INVESTMENT IN FLORESVILLE ELECTRIC LIGHT AND POWER**

The City is one of three joint venture investors (investors) in the Floresville Electric Light and Power System (FELPS). In an agreement signed during the fiscal year ending September 30, 1996, the City acquired a permanent 64% undivided equity interest in FELPS. This interest shall remain constant regardless of subsequent differences in rates of growth, population, or consumption. Also, under the agreement, FELPS agreed to annually distribute in the aggregate to the investors an amount not greater than 3% of the dollar value of annual electric sales for the entire system for the year. The amount distributed to each investor is based on the respective equity percentage applied to the total amount approved for distribution by the FELPS board. Distributions are paid monthly in amounts equal to one-twelfth (1/12) of the total distribution amount determined based on sales for the previous year. For the year ended September 30, 2024, the City received \$831,416 in distributions from FELPS.

The City records its equity in this Joint Venture within its governmental funds and reports this equity and changes thereon within the governmental-wide Statements. Accordingly, this equity is reported within the Statement of Net Position and related annual equity changes are reported within the Statement of Activities. As of September 30, 2024 this equity balance amounted to \$32,701,429, a \$6,793,493 increase from the \$25,907,936 September 30, 2023 balance. These equity amounts were based upon the City's share in equity as reported within the December 31, 2023 FELPS audited financial statements. The FELPS audited financial statements can be separately obtained from FELPS management in Floresville, Texas.

The following represents an excerpt of the audited balance sheet of FELPS as of December 31, 2023.

Total Assets & Deferred Outflows	<u>\$ 148,816,539</u>
Equity - City of Poth	9,197,276
Equity - City of Stockdale	9,197,276
Equity - City of Floresville	<u>32,701,429</u>
Total Equity	51,095,981
Total Liabilities & Deferred Inflows	<u>97,720,558</u>
Liabilities, Deferred Inflows	
& Net Position	<u>\$ 148,816,539</u>
 <u>City of Floresville - Share</u>	
Share Net Income & Capital Contributions	\$ 7,624,909
Share - Cash Distributions	<u>(831,416)</u>
Net Change in Share of Equity	6,793,493
Beg. Balance - Equity	<u>25,907,936</u>
Ending Equity Balance	<u>\$ 32,701,429</u>

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**APPENDIX E**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer



**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES