

**NOTICE OF SALE  
AND  
BIDDING INSTRUCTIONS  
ON  
\$11,000,000\*  
CITY OF BASTROP, TEXAS  
(A political subdivision of the State of Texas located in Bastrop County)  
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**Bids Due Tuesday, July 14, 2026 at 11:00 AM, CDT**

**THE SALE**

**CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING** . . . The City of Bastrop, Texas (the “City”), is offering for sale its \$11,000,000\* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). Bids may be submitted by either of two alternative procedures: (i) written bids or (ii) electronic bids. Prospective bidders may select one of the two alternative bidding procedures in their sole discretion. Neither the City nor its Financial Advisor, Specialized Public Finance Inc., assume any responsibility or liability for a prospective bidding procedure.

The City and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of electronic bids.

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

**WRITTEN BIDS DELIVERED IN PERSON** . . . Signed bids, plainly marked “Bid for Certificates,” should be addressed to “Mayor and City Council, City of Bastrop, Texas,” and delivered to the City’s Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 by 11:00 AM, CDT on July 14, 2026 (the “date of the bid opening”). All bids must be submitted on the Official Bid Form, without alteration or interlineation.

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

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

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

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “BASIS FOR AWARD” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

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

**PLACE AND TIME OF BID OPENING** . . . The bids for the Certificates will be received in Council Chambers of City Hall at 1311 Chestnut Street, Bastrop, Texas 78602, at a meeting that convenes at 6:30 PM, CDT on Tuesday, July 14, 2026.

**AWARD OF THE CERTIFICATES** . . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 6:30 PM, CDT, on the date of the bid opening. Upon awarding the Certificates, the City will also adopt the ordinance authorizing the Certificates (the “Ordinance”) and will approve the Official Statement for the Certificates (the “Official Statement”), which will be an amended form of the Preliminary Official Statement attached hereto (the “Preliminary Official Statement”). Sale of the Certificates will be made subject to the terms, conditions and provisions of the Ordinance to which Ordinance reference is hereby made for all purposes. The City reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

**WITHDRAWAL OF THE BIDS** . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for twelve hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

**EXTENSION OF SALE DATE** . . . The City reserves the right to extend the date and/or time for the receipt of bids by giving notice by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CDT on Monday, July 13, 2026 of the new date and time of receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

## THE CERTIFICATES

**DESCRIPTION** . . . The Certificates will be dated August 4, 2026 (the “Dated Date”). Interest will accrue from the Date of Initial Delivery (defined herein) and will be due on February 1, 2027, and each August 1 and February 1 thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on August 1 in each year as follows:

### MATURITY SCHEDULE\*

Maturity (August 1)	Principal Amount	Maturity (August 1)	Principal Amount
2029	\$ 70,000	2043	\$ 385,000
2030	100,000	2044	405,000
2031	155,000	2045	425,000
2032	190,000	2046	445,000
2033	235,000	2047	465,000
2034	245,000	2048	490,000
2035	260,000	2049	515,000
2036	275,000	2050	540,000
2037	285,000	2051	565,000
2038	300,000	2052	595,000
2039	315,000	2053	625,000
2040	330,000	2054	655,000
2041	350,000	2055	690,000
2042	365,000	2056	725,000

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

**OPTIONAL REDEMPTION** . . . The City reserves the right, at its option, to redeem Certificates maturing on and after August 1, 2036, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Certificates may be subject to mandatory sinking fund redemption in the event the Purchaser (defined herein) elects to aggregate two or more consecutive maturities as term Certificates.

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

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

**PAYING AGENT/REGISTRAR** . . . The initial Paying Agent/Registrar shall be Regions Bank, Houston, Texas (see “THE CERTIFICATES – PAYING AGENT/REGISTRAR” in the Official Statement).

**SOURCE OF PAYMENT** . . . The Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City, within the limits prescribed by law, as provided in the Ordinance and a limited pledge of surplus revenues of the City’s water and sewer systems not to exceed \$1,000.

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

## CONDITIONS OF THE SALE

**TYPE OF BIDS AND INTEREST RATES** . . . The Certificates will be sold in one block on an “All or None” basis, and at a price of not less than 102% of their par value and not more than 112% of their par value. Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. The maximum coupon rate shall not exceed 5.00%. For Certificates having stated maturities on and after August 1, 2036, no reoffering yield producing a dollar price less than 97% for any individual maturities will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. In the event of mathematical discrepancies between the interest rates and the interest cost determined therefrom, as both appear on the “Official Bid Form,” the bid will be determined solely from the interest rates shown on the “Official Bid Form.”

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

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

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

In order to provide the City with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the City with a breakdown of its “underwriting spread” among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

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

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

In order to provide the City with information that enables it to comply with the establishment of the issue price of the Certificates under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the City or to the City’s municipal advisor, Specialized Public Finance Inc. (the “City’s Financial Advisor”) the appropriate certification as to the Certificates’ “issue price” (the “Issue Price Certificate”) substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions, at least 5 business days before the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the

Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

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

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

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

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

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

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

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

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

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

**PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 (“TEC FORM 1295”)** . . . In accordance with Texas Government Code Section 2252.908 (the “Interested Party Disclosure Act”), the City may not award the Certificates to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the “TEC Form 1295”) to the City as prescribed by the Texas Ethics Commission (“TEC”), or

(ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder's bid for the Certificates is the best bid received, the City, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the City's conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a TEC Form 1295, such notification will obligate the winning bidder to promptly file a completed TEC Form 1295, as described below, in order to allow the City to complete the award. The City reserves the right to reject any bid that does not comply with the requirements prescribed herein.

For purposes of completing the TEC Form 1295, box 2 is name of the governmental entity (*City of Bastrop, Texas*) and box 3 is the identification number assigned to this contract by the City (*Bastrop CO 2026*) and description of the goods or services (*purchase of the City of Bastrop, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require certain business entities contracting with the City to complete the TEC Form 1295 electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC's "electronic portal" to the City. The completed and signed TEC Form 1295 must be sent by email, to the City's Financial Advisor at [dan@spfmuni.com](mailto:dan@spfmuni.com) and bond counsel at [jbfowler@mphlegal.com](mailto:jbfowler@mphlegal.com), as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.**

To the extent that the bidder is not exempt from filing a TEC Form 1295 and therefor makes such filing with the City, the Interested Party Disclosure Act and the TEC 1295 provide that such declaration is made "under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the TEC Form 1295 to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the TEC Form 1295. Time will be of the essence in submitting the form to the City, and no final award will be made by the City regarding the sale of the Certificates until a completed TEC Form 1295 is received. The City reserves the right to reject any bid that does not satisfy the requirement of a completed TEC Form 1295, as described herein. Neither the City nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at [https://www.ethics.state.tx.us/whatsnew/elf\\_info\\_form1295.htm](https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm).

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

- (i) **No Boycott of Israel (Texas Government Code Chapter 2271):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (ii) **Not a Sanctioned Company (Texas Government Code Chapter 2252):** A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) **No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.
- (iv) **No Boycott of Energy Companies (Texas Government Code Chapter 2276):** A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

**FURTHER STATE LAW COMPLIANCE AND STANDING LETTER REQUIREMENT** . . . Each prospective bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office in the form included as Exhibit A to the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023 and any supplements thereto (the “All Bond Counsel Letter”). In submitting a bid, a bidder represents to the City that it has filed a standing letter in the form included as Exhibit A to the All Bond Counsel Letter without qualification and including current statutory citations and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

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

**THE CITY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT THE BID OF ANY BIDDER WHO IS, OR WHOSE PARENT COMPANY, SUBSIDIARIES OR AFFILIATES ARE, ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR THE TEXAS ATTORNEY GENERAL OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES OR DISCRIMINATING AGAINST FIREARM ENTITIES.**

**BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE CITY AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.**

To the extent the Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash and accept the Good Faith Deposit (see “CONDITIONS OF THE SALE – GOOD FAITH DEPOSIT”). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH CHAPTERS 2252, 2271, 2274, AND 2276, TEXAS GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE “COVERED VERIFICATIONS”) SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS OFFICIAL NOTICE OF SALE OR THE OFFICIAL BID FORM. ADDITIONALLY, THE CITY RESERVES AND RETAINS ALL RIGHTS AND REMEDIES AT LAW AND IN EQUITY FOR PURSUIT AND RECOVERY OF DAMAGES, IF ANY, RELATING TO THE COVERED VERIFICATIONS.**

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

**GOOD FAITH DEPOSIT** . . . A bank cashier’s check, payable to the order of “City of Bastrop” in the amount of \$220,000 which is 2% of the proposed par value of the Bonds (the “Good Faith Deposit”), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the City pending the Purchaser’s compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Bonds in accordance with its bid then said check shall be cashed and accepted by the City and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the City that the Purchaser was found not to satisfy the requirements described under “Covered Verifications” and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then said check shall be cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of Initial Delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Bonds has been made by the City.

#### **DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS**

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

**DELIVERY OF CERTIFICATES** . . . Delivery will be accomplished by the issuance of one Initial Certificate (also called the “Certificate” or “Certificates”), either in typed or printed form, in the aggregate principal amount of \$11,000,000\*, payable in stated installments to the Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC’s book-entry-only system. Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six business days’ notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about August 4, 2026, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CST, on August 4, 2026, or thereafter on the date the Certificate is tendered for delivery, up to and including August 18, 2026. If for any reason the City is unable to make delivery on or before August 18, 2026, the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City’s reasonable control.

**CONDITIONS TO DELIVERY** . . . The obligation of the Purchaser to take up and pay for the Certificates is subject to the Purchaser’s receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the City (“Bond Counsel”) and (b) the no-litigation certificate, all as further described in the Official Statement. In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (no later than the close of business on the business day following the award of the bid) a certification as to their “issue price” substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Certificates for sale, such certificate regarding “issue price” may be modified in a manner approved by the City. In no event will the City fail to deliver the Certificates as a result of the Purchaser’s inability to sell a substantial amount of the Certificates at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate regarding “issue price” not later than the close of business on the business day following the award of the bid, if its bid is accepted by the City. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification regarding “issue price” with reasonable certainty. Any questions concerning such certification regarding “issue price” should be directed to Bond Counsel Bart Fowler, McCall, Parkhurst & Horton LLP at 512/478-3805.

**LEGAL OPINION** . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Purchaser of opinions of Bond Counsel, to the effect that the Certificates are valid and binding obligations of the City (except as the enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors’ rights generally or by principles of equity which permit the exercise of judicial discretion) and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under “TAX MATTERS” in the Official Statement.

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

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

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\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

## GENERAL

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

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

**NOT AN OFFER TO SELL** . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

**ISSUANCE OF ADDITIONAL DEBT** . . . The City plans to issue additional tax-supported debt within the next twelve months.

**MUNICIPAL BOND RATING** . . . The Certificates have been rated "AA-" by S&P Global Ratings ("S&P") without regard to credit enhancement. The presently outstanding uninsured general obligation debt of the City is rated "AA" by Fitch Ratings ("Fitch") without regard to credit enhancement. No application has been made to Fitch for a rating on the Certificates. The City also has various issues outstanding which are rated based on insurance provided by various commercial insurance companies.

**MUNICIPAL BOND INSURANCE** . . . The City has applied for bond insurance on the Certificates. If qualified, the purchase of municipal bond insurance for the Certificates will be at the option and expense of the Purchaser. Any fees to be paid on a rating as a result of such insurance will be paid by the City. Any rating downgrade of the bond insurance provider after the Bid Opening shall not relieve the Purchaser of its obligation.

**THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15C2-12** . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

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

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

**COMPLIANCE WITH PRIOR UNDERTAKINGS** . . . In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for each of the last five years have consisted of the related City's Annual Comprehensive Financial Report ("ACFR"), which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFR but can be derived from information in the ACFR. The City's 2023 and 2024 ACFR were not available by the required March 31, 2024 and March 31, 2025 date but were filed when they became available along with a late notice.

The City Council has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Certificates. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Purchaser.

/s/ ISHMAEL HARRIS

Mayor

City of Bastrop, Texas

ATTEST:

/s/ MICHAEL MUSCARELLO

City Secretary

City of Bastrop, Texas

July 2, 2026

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**OFFICIAL BID FORM**

Honorable Mayor and City Council  
 City of Bastrop, Texas  
 1311 Chestnut Street  
 Bastrop, Texas 78602

July 14, 2026

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated July 2, 2026, of \$11,000,000\* CITY OF BASTROP, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026 (the "Certificates"), both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of \$11,000,000\*, we will pay you a price of \$ \_\_\_\_\_, representing approximately \_\_\_\_\_% of the par value. Such Certificates mature August 1, in each of the years and in the amounts and interest rates shown below:

Maturity (August 1)	Principal Amount	Interest Rate	Maturity (August 1)	Principal Amount	Interest Rate
2029	\$ 70,000	%	2043	\$ 385,000	%
2030	100,000	%	2044	405,000	%
2031	155,000	%	2045	425,000	%
2032	190,000	%	2046	445,000	%
2033	235,000	%	2047	465,000	%
2034	245,000	%	2048	490,000	%
2035	260,000	%	2049	515,000	%
2036	275,000	%	2050	540,000	%
2037	285,000	%	2051	565,000	%
2038	300,000	%	2052	595,000	%
2039	315,000	%	2053	625,000	%
2040	330,000	%	2054	655,000	%
2041	350,000	%	2055	690,000	%
2042	365,000	%	2056	725,000	%

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

Term Certificates Maturing August 1	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____
_____	_____	\$ _____	% _____

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

TRUE INTEREST COST \_\_\_\_\_ %

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

\*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS." Preliminary, subject to change.

We are having the Certificates insured by \_\_\_\_\_ (the "Bond Insurer") at a premium of \$\_\_\_\_\_, said premium to be paid by the Purchaser. Any fees to be paid to the rating agency as a result of said insurance will be paid by the City.

A wire transfer or a cashiers or certified check to the City in the amount of \$220,0000 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Certificates in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the City as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

We agree to accept delivery of the Certificates utilizing the book-entry-only system through DTC and make payment for the Initial Certificate in immediately available funds in the Corporate Trust Division, Regions Bank, Houston, Texas, not later than 10:00 AM, CST, on August 4, 2026, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

Upon notification of conditional verbal acceptance, the undersigned will either (1) complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Form 1295") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Form 1295 that is generated by the TEC's electronic portal will be printed, signed, notarized and sent by email to the City's financial advisor at dan@spfmuni.com and Bond Counsel at jbfowler@mphlegal.com or (2) provide written confirmation of its exemption from such requirement to complete a Form 1295. The undersigned understands that, unless exempt, the failure to provide the certified Form 1295 will prohibit the City from awarding the enclosed bid.

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

- (i) No Boycott of Israel Verification (Texas Government Code Chapter 2271). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
- (ii) Not a Sanctioned Company (Texas Government Code Chapter 2252). The Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (iii) No Boycott of Energy Companies (Texas Government Code Chapter 2276). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.
- (iv) No Discrimination Against Firearm Entities or Firearm Trade Associations (Texas Government Code Chapter 2274). The Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

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

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser

acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

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

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the delivery date of the Certificates or such other date requested by the City including, but not limited to, a bring down certification as provided by the All Bond Counsel Letter.

The Purchaser acknowledges that the City, in its sole discretion, has reserved the right to reject the bid of any bidder who is, or whose parent company, subsidiaries or affiliates are, on a list maintained by the Texas Comptroller or the Texas Attorney General of financial companies boycotting energy companies or discriminating against firearm entities.

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

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

The undersigned agrees to complete, execute, and deliver to the City, at least five business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City and Bond Counsel.

The undersigned certifies that the Purchaser [is]/[is not] exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

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

Respectfully submitted,

\_\_\_\_\_  
Name of Purchaser or Manager

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by City of Bastrop, Texas, this the 14<sup>th</sup> day of July, 2026.

ATTEST:

\_\_\_\_\_  
City Secretary  
City of Bastrop, Texas

\_\_\_\_\_  
Mayor  
City of Bastrop, Texas

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**CERTIFICATE OF PURCHASER**

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

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2026 issued by the City of Bastrop, Texas (“Issuer”) in the principal amount of \$11,000,000\* (“Certificates”), hereby certifies and represents, based on its records and information, as follows:

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

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

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

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

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

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

EXECUTED and DELIVERED as of this \_\_\_\_\_, 2026.

[NAME OF PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

**SCHEDULE A**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**

(Attached)

**CERTIFICATE OF PURCHASER**

**(Sales where 3 bids are not received from underwriters)**

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2026 issued by the City of Bastrop, Texas (“Issuer”) in the principal amount of \$11,000,000\* (“Certificates”), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Certificates maturing in \_\_\_\_\_ (“Hold-the-Price Maturities”), the][The] first prices at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Certificates having the same credit and payment terms (“Maturity”) was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Certificates that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if winning bidder designates one or more maturities as Hold-the-Price Maturities)

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

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

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

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

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

EXECUTED and DELIVERED as of this \_\_\_\_\_, 2026.

[NAME OF PURCHASER], as Purchaser

By: \_\_\_\_\_

Name: \_\_\_\_\_

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS.” Preliminary, subject to change.

**SCHEDULE A**

**PRICING WIRE OR EQUIVALENT COMMUNICATION**

(Attached)

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

**PRELIMINARY OFFICIAL STATEMENT**

**Dated July 2, 2026**

**Rating:**  
**S&P: “AA-”**  
**Insurance: Applied For**  
**(See “OTHER INFORMATION - Rating” herein)**

**NEW ISSUE – Book-Entry-Only**

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



**\$11,000,000\***  
**CITY OF BASTROP, TEXAS**  
*(A political subdivision of the State of Texas located in Bastrop County)*  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**Dated Date: August 4, 2026**

**Due: August 1, as shown on the inside cover page**

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

**PAYMENT TERMS . . .** Interest on the \$11,000,000\* City of Bastrop, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) will accrue from the Date of Initial Delivery, will be payable on February 1 and August 1 of each year commencing February 1, 2027 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, New York, New York (“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, defined below, 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 Regions Bank, Houston, Texas (see “THE CERTIFICATES – PAYING AGENT/REGISTRAR”).

**AUTHORITY FOR ISSUANCE . . .** The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended (the “Certificate of Obligation Act”), and Chapter 1502, Texas Government Code, as amended. The Certificates constitute direct obligations of the City of Bastrop, Texas (the “City”), payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, and a limited pledge of the surplus revenues of the City’s water and sewer system (not to exceed \$1,000) as provided in the ordinance authorizing the issuance of the Certificates (the “Ordinance”) (see “THE CERTIFICATES – AUTHORITY FOR ISSUANCE” and “THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT”).

**PURPOSE . . .** Proceeds from the sale of the Certificates will be used for: (1) constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City’s water and wastewater system, including Wastewater Plant #3; and (2) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates (see “THE CERTIFICATES – PURPOSE”).

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**CUSIP PREFIX: 070321**  
**MATURITY SCHEDULE**  
**See the Inside Cover Page**

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**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem Certificates maturing on and after August 1, 2036, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 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 may be subject to mandatory sinking fund redemption in the event the Purchaser elects to designate two or more consecutive maturities as Term Certificates.

**LEGALITY . . .** The Certificates are offered for delivery when, as and if issued and received by the initial purchaser (the “Purchaser”) and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas (see “APPENDIX C – FORM OF BOND COUNSEL’S OPINION”).

**DELIVERY . . .** Delivery of the Certificates is expected through the facilities of DTC on August 4, 2026 (the “Date of Initial Delivery”).

**BIDS DUE ON TUESDAY, JULY 14, 2026, BY 11:00 AM, CDT**

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS” in the Notice of Sale. Preliminary, subject to change.

### MATURITY SCHEDULE\*

<u>Maturity (August 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Initial Yield</u>	<u>CUSIP Numbers<sup>(1)</sup></u>
2029	\$ 70,000			
2030	100,000			
2031	155,000			
2032	190,000			
2033	235,000			
2034	245,000			
2035	260,000			
2036	275,000			
2037	285,000			
2038	300,000			
2039	315,000			
2040	330,000			
2041	350,000			
2042	365,000			
2043	385,000			
2044	405,000			
2045	425,000			
2046	445,000			
2047	465,000			
2048	490,000			
2049	515,000			
2050	540,000			
2051	565,000			
2052	595,000			
2053	625,000			
2054	655,000			
2055	690,000			
2056	725,000			

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

\*See "CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS" in the Notice of Sale. Preliminary, subject to change.

(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 and are included solely for convenience of the registered owners of the Certificates. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor, or the Purchaser is responsible for the selection or correctness of the CUSIP Numbers set forth herein.

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

No dealer, broker, salesman or other person has been authorized by the City or the Purchaser to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Financial Advisor. 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 opinions or that they will be realized.

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

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE 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 THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE CERTIFICATES MAY BE CHANGED FROM TIME TO TIME BY THE PURCHASER AFTER THE CERTIFICATES ARE RELEASED FOR SALE, AND THE CERTIFICATES MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE CERTIFICATES INTO INVESTMENT ACCOUNTS.

NEITHER OF THE CITY NOR ITS FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

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The cover page hereof, this page, the appendices and schedule 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 Bastrop, Texas (the “City”) is a political subdivision located in Bastrop County and operating as a home-rule municipality under the laws of the State of Texas. The City was incorporated in 1837. The City is approximately 7.2 square miles in area (see “INTRODUCTION – DESCRIPTION OF THE CITY”).
<b>THE CERTIFICATES</b> .....	The Certificates are issued as \$11,000,000* Combination Tax and Revenue Certificates of Obligation, Series 2026. The Certificates are issued as serial Certificates maturing on August 1 in the years 2029 through 2056, inclusive.
<b>PAYMENT OF INTEREST</b> .....	Interest on the Certificates accrues from the Date of Initial Delivery and is payable on February 1, 2027, and each August 1 and February 1 thereafter until maturity or prior redemption (see “THE CERTIFICATES – Description of the Certificates” and “THE CERTIFICATES – OPTIONAL REDEMPTION”).
<b>AUTHORITY FOR ISSUANCE</b> .....	The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the “State”), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended (the “Certificate of Obligation Act of 1971”), and Chapter 1502, Texas Government Code, as amended, the City’s Home Rule Charter and an ordinance to be adopted on the date of sale of the Certificates by the City Council of the City authorizing the Certificates (the “Ordinance”) (see “THE CERTIFICATES – AUTHORITY FOR ISSUANCE”).
<b>SECURITY</b> .....	The Certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and a limited pledge of surplus revenues of the City’s water and sewer system not to exceed \$1,000 as provided in the Ordinance (see “THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT”).
<b>REDEMPTION</b> .....	The City reserves the right, at its option, to redeem Certificates maturing on and after August 1, 2036, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 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 may be subject to mandatory sinking fund redemption in the event the Purchaser elects to designate two or more consecutive maturities as Term Certificates.
<b>TAX EXEMPTION</b> .....	In the opinion of Bond Counsel, the 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 the caption “TAX MATTERS.”
<b>USE OF PROCEEDS</b> .....	Proceeds from the sale of the Certificates will be used for: (1) constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City’s water and wastewater system, including Wastewater Plant #3; and (2) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates (see “THE CERTIFICATES – PURPOSE”).
<b>MUNICIPAL BOND RATING AND INSURANCE</b> .....	The Certificates have been rated “AA-” by S&P Global Ratings (“S&P”) without regard to credit enhancement. The presently outstanding uninsured general obligation debt of the City is rated “AA” by Fitch Ratings (“Fitch”) without regard to credit enhancement. No application has been made to Fitch for a rating on the Certificates. The City has applied for bond insurance on the Certificates. If qualified, the purchase of municipal bond insurance for the Certificates will be at the option and expense of the Purchaser. Any fees to be paid on a rating as a result of such insurance will be paid by the City. Any rating downgrade of the bond insurance provider after the Bid Opening shall not relieve the Purchaser of its obligation (see “OTHER INFORMATION – RATING”).

\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS” in the Notice of Sale. Preliminary, subject to change.

**BOOK-ENTRY-ONLY SYSTEM**..... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see “THE CERTIFICATES – BOOK-ENTRY-ONLY SYSTEM”).

**PAYMENT RECORD** ..... The City has never defaulted in the payment of its debt.

**SELECTED FINANCIAL INFORMATION**

Fiscal Year Ended 9/30	Estimated City Population <sup>(1)</sup>	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Debt Outstanding at End of Year <sup>(2)</sup>	Funded Debt Per Capita	Ratio of Funded Debt To Taxable Assessed Valuation	% of Total Tax Collections
2022	11,060	\$ 1,249,559,312	\$ 112,980	\$ 17,531,813	\$ 1,585	1.40%	99.90%
2023	11,189	1,593,450,466	142,412	28,448,181	2,543	1.79%	99.86%
2024	11,327	1,827,955,103	161,380	25,478,509	2,249	1.39%	98.96%
2025	12,010	1,904,181,918	158,550	28,879,247	2,405	1.52%	99.63%
2026	12,934	1,898,090,068	146,752	36,389,414 <sup>(3)</sup>	2,813 <sup>(3)</sup>	1.92% <sup>(3)</sup>	N/A

(1) Source: The City.

(2) Excludes self-supporting debt. See “Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT,” footnote 3.

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

*[The remainder of this page intentionally left blank.]*

**CITY OFFICIALS, STAFF AND CONSULTANTS**

**ELECTED OFFICIALS**

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>
Ishmael Harris Mayor	2 Years	May 2029
John Kirkland Mayor Pro-Tem	3½ Years	May 2028
Perry Lowe Councilmember	1½ Years	May 2028
Cynthia Meyer Councilmember	2 Years	May 2027
Kevin Plunkett Councilmember	4½ Years	May 2029
Kerry Fossler Councilmember	2 Years	May 2027

**APPOINTED OFFICIALS**

<u>Name</u>	<u>Position</u>
Sylvia Carrillo	City Manager
Judy Sandroussi	Finance Director
Michael Muscarello	City Secretary

**CONSULTANTS AND ADVISORS**

Auditors ..... Crowe LLP  
Houston, Texas

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

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

For additional information regarding the City, please contact:

Judy Sandroussi Finance Director City of Bastrop 1311 Chestnut Street Bastrop, Texas 78602 (512) 332-8800 (512) 332-8819 Fax	or	Dan Wegmiller Managing Director Specialized Public Finance Inc. 248 Addie Roy Road, Suite B-103 Austin, Texas 78731 (512) 275-7300 (512) 275-7305 Fax
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**PRELIMINARY OFFICIAL STATEMENT  
RELATING TO  
  
\$11,000,000\*  
CITY OF BASTROP, TEXAS  
COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2026**

**INTRODUCTION**

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$11,000,000\* City of Bastrop, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the Certificates (the “Ordinance”) to be adopted on the date of sale of the Certificates by the City Council of the City of Bastrop, Texas (the “City”) except as otherwise indicated herein.

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

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

**DESCRIPTION OF THE CITY . . .** The City is a political subdivision and municipal corporation of the State of Texas (the “State”), duly organized and existing under the laws of the State. The City was incorporated in 1837. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. For more information regarding the City, see “APPENDIX A – GENERAL INFORMATION REGARDING THE CITY.”

**THE CERTIFICATES**

**DESCRIPTION OF THE CERTIFICATES . . .** The Certificates are dated August 4, 2026 and mature on August 1 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from the Date of Initial Delivery and will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable on February 1 and August 1, commencing February 1, 2027 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, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “BOOK-ENTRY-ONLY SYSTEM.”

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

**SECURITY AND SOURCE OF PAYMENT . . .** All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City, within the limits prescribed by law, sufficient to provide for the payment of principal of and interest on the Certificates as provided in the Ordinance and a limited pledge of surplus revenue of the City’s water and sewer system not to exceed \$1,000.

**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. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 taxable assessed valuation. Administratively, the Texas Attorney General’s office will permit allocation of \$1.50 of the \$2.50 maximum tax rate for ad valorem tax debt.

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\*See “CONDITIONS OF THE SALE – POST BID MODIFICATION OF PRINCIPAL AMOUNTS” in the Notice of Sale. Preliminary, subject to change.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem the Certificates maturing on and after August 1, 2036, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 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.

**NOTICE OF REDEMPTION . . .** Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first-class, postage prepaid, to the registered owners of the 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 OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION 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 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 "Book-Entry-Only System" herein.

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

**DTC REDEMPTION PROVISIONS . . .** 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 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 persons for whom DTC Participants, or beneficial owners of the selection of portions of the Certificates for redemption.

**DEFEASANCE . . . General.** The Ordinance provides for the defeasance of the Certificates and the termination of the pledge of taxes and all other general covenants in the Ordinance under certain circumstances. Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding ("Defeased Certificate") within the meaning of the Ordinance, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the City to retain the right to call Defeased Certificates to be paid at maturity, when the payment of all principal and interest payable with respect to such Defeased Certificates to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (1) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (2) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such

amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until after all Defeased Certificates shall have become due and payable or (c) any combination of (a) and (b). At such time as a Certificate shall be deemed to be a Defeased Certificate, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in the Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (2) above shall be deemed a payment of a Certificate when proper notice of redemption of such Certificates shall have been given, in accordance with the Ordinance. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company may at the discretion of the City also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times as set forth in the Ordinance, and all income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Ordinance for the payment of principal of the Certificates and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Certificates and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar or a commercial bank or trust company shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by the Ordinance.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company for the payment of Certificates and such Certificates shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Ordinance shall be made without the consent of the registered owner of each Certificate affected thereby.

*Retention of Rights.* To the extent that, upon the defeasance of any Defeased Certificates to be paid at its maturity, the City retains the right under State law to later call any Defeased Certificates which is subject to redemption (i.e. the Certificates) in accordance with the provisions of the Ordinance, the City may call such Defeased Certificates for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions set forth above regarding such Defeased Certificates as though it was being defeased at the time of the exercise of the option to redeem the Defeased Certificates and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Certificates.

*Investments.* Any escrow agreement or other instrument entered into between the City and the Paying Agent/Registrar or a commercial bank or trust company pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or a commercial bank or trust company for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company which is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, will be remitted to the City.

For the purposes of these provisions, "Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Certificates are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Certificates, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificates. For the purposes of these provisions, "Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

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.

**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 stated maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. 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 purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as 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, bond 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.

**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 Ordinances will be given only to DTC.

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

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is Regions Bank, Houston, 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 Certificate 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 a Certificate.

**RECORD DATE FOR INTEREST PAYMENT. . .** The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the 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 . . .** The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificateholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by the city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, Certificateholders may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property.

While the court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the proprietary-governmental dichotomy applies in contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the statutory guidance and definitions found in the Texas Civil Practice and Remedies Code, determination of which will dictate the availability of the defense of immunity for causes of action arising under such contract.

As noted above, the Ordinance provides that Certificateholders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

**AMENDMENTS TO THE ORDINANCE . . .** 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 to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the owners, (4) qualify the Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising

under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interest of the owners.

The Ordinance further provides that the owners of the Certificates aggregating in principal amount 51% of the 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 owners in original principal amount of the then outstanding Certificates no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Certificates; (2) reducing the rate of interest borne by any of the outstanding Certificates; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

**PURPOSE . . .** Proceeds from the sale of the Certificates will be used for: (1) constructing, improving, designing, acquiring, including acquiring land, easements and right of way, and equipping the City's water and wastewater system, including Wastewater Plant #3; and (2) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates

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

Sources:

Principal  
Bid Premium  
Total Sources

Uses:

Deposit to Project Fund  
Deposit to Debt Service Fund  
Purchaser's Discount  
Costs of Issuance  
Total Uses

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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.*

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

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

**VALUATION OF TAXABLE PROPERTY . . .** The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Bastrop Central 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 (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

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 ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land.

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

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

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

**LOCAL OPTION HOMESTEAD EXEMPTIONS . . .** The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the 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.

**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 EXEMPTIONS . . .** Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days (“Goods-in-Transit”), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer’s retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

**TAX INCREMENT FINANCING ZONES . . .** A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones (“TIRZ”) within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the “Incremental Value” in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. 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 “Incremental Value”, and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See “AD VALOREM PROPERTY TAXATION – City Application of Property Tax Code” for descriptions of any TIRZ created in the City.

**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 Tax Code” for descriptions of any of the City’s tax abatement agreements.

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

**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.

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

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

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

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

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

A city must annually calculate its “voter-approval tax rate” and “no-new-revenue tax rate” (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.

**CITY 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 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 as of the most recent federal decennial census may additionally protest the determinations of 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.

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

**CITY’S 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. 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 purchaser’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.

**PROPERTY ASSESSMENT AND TAX PAYMENT . . .** Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of pricing information contained in either the standard edition of the Annual Energy Outlook published by the United States Energy Information Administration or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

**PENALTIES AND INTEREST . . .** Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, up to 20% attorney’s collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City’s lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in

bankruptcy. Federal bankruptcy law provides that an automatic stay of action 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.

**CITY APPLICATION OF TAX CODE . . .** The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$10,000 and the disabled are granted an exemption of \$3,000. The City has granted an additional exemption of up to 20% of the market value of residence homesteads; minimum exemption of \$5,000; and ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt. The City does not tax nonbusiness personal property; and the Bastrop County Tax Assessor/Collector collects taxes for the City.

The City has not taken action to tax freeport property, but the City does participate in freeport exemption. In other words, the City does not collect tax revenue on properties that have freeport exemptions located within the city limits. Currently, there is only one account receiving this exemption.

The City has not taken action to tax goods-in-transit.

The City has implemented a tax freeze on the residence homestead of the disabled or persons 65 years of age or older.

The City has not adopted a tax abatement policy.

The City is a party to three economic development agreements with a business operating within the City. PRC 01 Bastrop, LLC whose agreement started on June 11, 2024 and ends on December 31, 2028 with the total monetary value of the agreement to be \$6,440,617.00. BEBD Frontage Road, LLC who agreement started on April 22, 2025 and ends on December 31, 2028 with the total monetary value of the agreement to be \$1,000,000.00. Hunters Crossing Local Government Corporation whose agreement started on September 24, 2019 and ends on December 31, 2028 with the total monetary value of the agreement to be \$7,376,072.02. See "APPENDIX B – EXCERPTS FROM THE CITY’S ANNUAL FINANCIAL REPORT – NOTES TO FINANCIAL STATEMENTS, NOTE II.G."

**TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2025/26 Market Valuation Established by Bastrop Central Appraisal District (excluding totally exempt property)	\$ 2,013,728,650
Less Exemptions/Reductions at 100% Market Value:	<u>115,638,582</u>
2025/26 Taxable Assessed Valuation	\$ 1,898,090,068
Total City Funded Debt Payable from Ad Valorem Taxes as of 6-1-2026	\$ 146,410,000 <sup>(1)</sup>
The Certificates	<u>11,000,000</u> <sup>(2)</sup>
Total Debt Payable from Ad Valorem Taxes	\$ 157,410,000
Less: Self-Supporting Debt	<u>(119,210,586)</u> <sup>(3)</sup>
Net Debt Payable from Ad Valorem Taxes	\$ 38,199,414
Interest and Sinking Fund as of 6-1-2026	\$ 11,503,414 <sup>(4)</sup>
Ratio Tax Supported Debt to Taxable Assessed Valuation	2.01%

2026 Estimated Population - 12,934

Per Capita Taxable Assessed Valuation - \$146,752

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$2,953

(1) Excludes the Certificates.

(2) Preliminary, subject to change.

(3) Represents a portion of Series 2006 Certificates of Obligation, Series 2007 Certificates of Obligation, Series 2014 Certificates of Obligation, Series 2016 General Obligation Refunding Bonds, Series 2017 General Obligation Refunding Bonds, Series 2021 General Obligation Refunding Bonds, the Series 2021A Taxable General Obligation Refunding Bonds, and 100% of the Series 2014 General Obligation Refunding Bonds, Series 2021 Certificates of Obligation, Series 2022 Certificates of Obligation, Series 2023 Certificates of Obligation, Series 2024 Certificates of Obligation, and the Certificates which are considered self-supporting and payable from water and wastewater revenues, hotel occupancy taxes and electric revenues, as applicable. There is no guarantee that the discretionary payments in respect of such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payment from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes. Preliminary, subject to change.

(4) Unaudited.

**TABLE 2 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End Of Year <sup>(2)</sup>	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2022	11,060	\$ 1,249,559,312	\$ 112,980	\$ 17,531,813	1.40%	\$ 1,585
2023	11,189	1,593,450,466	142,412	28,448,181	1.79%	2,543
2024	11,327	1,827,955,103	161,380	25,478,509	1.39%	2,249
2025	12,010	1,904,181,918	158,550	28,879,247	1.52%	2,405
2026	12,934	1,898,090,068	146,752	36,389,414 <sup>(3)</sup>	1.92% <sup>(3)</sup>	2,813 <sup>(3)</sup>

(1) Source: The City.

(2) Excludes self-supporting debt. See “Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT,” footnote 3.

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

**TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% Current Collections	% Total Collections
		General Fund	Interest and Sinking Fund			
2022	\$ 0.5794	\$ 0.3740	\$ 0.2054	\$ 6,899,086	99.30%	99.90%
2023	0.5128	0.3166	0.1962	7,881,444	99.37%	99.86%
2024	0.4994	0.3032	0.1962	8,659,066	98.83%	98.96%
2025	0.5179	0.3327	0.1852	9,026,405	99.03%	99.63%
2026	0.5179	0.3327	0.1852	8,575,705	In Process of Collection	

**TABLE 4 – TEN LARGEST TAXPAYERS**

Name of Taxpayer	2025/26	% of Total
	Taxable Assessed Valuation	Taxable Assessed Valuation
BCSC LLC	\$ 42,753,984	2.25%
Blakey Owner Apartments LLC	23,361,575	1.23%
SREIT Walnut Bastrop LLC	22,010,226	1.16%
The Village at Hunters Crossing LLC	21,360,903	1.13%
The Lodge at Lost Pines LP	17,608,168	0.93%
Covert Chevrolet Inc.	15,770,701	0.83%
Blakey Owner Apartments LLC	14,247,308	0.75%
Buc-ee's Ltd.	13,723,463	0.72%
Sonapar USA	11,996,828	0.63%
Wal-Mart Real Estate Business Trust	9,700,000	0.51%
	<u>\$ 192,533,156</u>	<u>10.14%</u>

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## DEBT INFORMATION

**TABLE 5 – PRO-FORMA AD VALOREM TAX DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Outstanding Ad Valorem Tax Debt <sup>(1)</sup>			The Certificates <sup>(2)</sup>			Less: System- Supported Debt Service <sup>(3)</sup>	Total Tax- Supported Debt Service
	Principal	Interest	Total	Principal	Interest	Total		
2026	\$ 5,230,000	\$ 5,329,457	\$ 10,559,457	\$ -	\$ -	\$ -	\$ 7,259,585	\$ 3,299,872
2027	6,080,000	5,332,792	11,412,792	-	545,417	545,417	8,091,400	3,866,808
2028	6,085,000	5,106,239	11,191,239	-	550,000	550,000	7,996,981	3,744,258
2029	6,000,000	4,869,196	10,869,196	70,000	550,000	620,000	7,912,246	3,576,950
2030	6,020,000	4,631,224	10,651,224	100,000	546,500	646,500	7,799,468	3,498,255
2031	5,780,000	4,390,119	10,170,119	155,000	541,500	696,500	7,702,621	3,163,998
2032	5,645,000	4,163,512	9,808,512	190,000	533,750	723,750	7,369,683	3,162,579
2033	5,500,000	3,953,158	9,453,158	235,000	524,250	759,250	7,436,199	2,776,209
2034	4,710,000	3,745,715	8,455,715	245,000	512,500	757,500	6,861,190	2,352,025
2035	4,445,000	3,550,719	7,995,719	260,000	500,250	760,250	6,402,244	2,353,725
2036	4,640,000	3,357,119	7,997,119	275,000	487,250	762,250	6,407,894	2,351,475
2037	4,840,000	3,154,619	7,994,619	285,000	473,500	758,500	6,407,244	2,345,875
2038	5,030,000	2,968,631	7,998,631	300,000	459,250	759,250	6,408,394	2,349,487
2039	4,935,000	2,774,569	7,709,569	315,000	444,250	759,250	6,403,994	2,064,825
2040	5,125,000	2,589,469	7,714,469	330,000	428,500	758,500	6,409,144	2,063,825
2041	5,315,000	2,396,469	7,711,469	350,000	412,000	762,000	6,413,044	2,060,425
2042	5,510,000	2,195,719	7,705,719	365,000	394,500	759,500	6,405,594	2,059,625
2043	5,705,000	2,004,419	7,709,419	385,000	376,250	761,250	7,459,444	1,011,225
2044	5,905,000	1,801,988	7,706,988	405,000	357,000	762,000	7,456,963	1,012,025
2045	6,120,000	1,591,088	7,711,088	425,000	336,750	761,750	7,462,163	1,010,675
2046	6,340,000	1,372,113	7,712,113	445,000	315,500	760,500	7,459,525	1,013,088
2047	6,565,000	1,144,863	7,709,863	465,000	293,250	758,250	7,459,056	1,009,056
2048	6,805,000	909,038	7,714,038	490,000	270,000	760,000	7,460,250	1,013,788
2049	7,055,000	660,938	7,715,938	515,000	245,500	760,500	7,465,688	1,010,750
2050	4,895,000	403,344	5,298,344	540,000	219,750	759,750	5,046,869	1,011,225
2051	4,055,000	232,556	4,287,556	565,000	192,750	757,750	5,045,306	-
2052	2,385,000	98,381	2,483,381	595,000	164,500	759,500	3,242,881	-
2053	-	-	-	625,000	134,750	759,750	759,750	-
2054	-	-	-	655,000	103,500	758,500	758,500	-
2055	-	-	-	690,000	70,750	760,750	760,750	-
2056	-	-	-	725,000	36,250	761,250	761,250	-
	<u>\$ 146,720,000</u>	<u>\$ 74,727,449</u>	<u>\$ 221,447,449</u>	<u>\$ 11,000,000</u>	<u>\$ 11,019,917</u>	<u>\$ 22,019,917</u>	<u>\$ 188,285,316</u>	<u>\$ 55,182,050</u>

- (1) Includes self-supporting ad valorem tax debt. See “Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT,” footnote 3. Preliminary, subject to change.
- (2) Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.
- (3) See “Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT,” footnote 3. Preliminary, subject to change.

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**TABLE 6 – ESTIMATED OVERLAPPING DEBT**

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

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 6/30/2026
Bastrop County	\$ 130,910,000	12.13%	\$ 15,879,383
Bastrop ISD	537,510,000	18.12%	97,396,812
City of Bastrop	39,199,414 <sup>(1)</sup>	100.00%	39,199,414
Total Direct and Overlapping Tax Supported Debt			\$ 152,475,609 <sup>(1)</sup>
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			8.03% <sup>(1)</sup>
Per Capita Overlapping Tax Supported Debt			\$ 11,789 <sup>(1)</sup>

(1) Excludes self-supporting ad valorem tax debt (see “Table 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT,” footnote 3) and includes the Certificates. Preliminary, subject to change.

**TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Estimated General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-2026	\$ 10,559,457 <sup>(1)</sup>
2025 Interest and Sinking Fund Tax Levy @ 98%	\$ 3,444,958
Fiscal Year 2025 Interest and Sinking Fund Balance	1,239,003
Less: Self-Supporting Ad Valorem Tax Debt	<u>7,259,585 <sup>(1)</sup></u>
	<u>\$ 11,943,546</u>
 Estimated Balance, Fiscal Year Ending 9-30-2026	 \$ 1,384,089

(1) Preliminary, subject to change.

**TABLE 8 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

Purpose	Date Authorized	Amount Authorized	Amount Issued	Amount Being Issued	Unissued Balance
Park	9/13/2003	\$ 545,000	\$ 320,000	\$ -	\$ 225,000
Street	9/13/2003	5,595,000	4,210,000	-	1,385,000
Parking	9/13/2003	350,000	-	-	350,000
Total		<u>\$ 6,490,000</u>	<u>\$ 4,530,000</u>	<u>\$ -</u>	<u>\$ 1,960,000</u>

**GENERAL BOND DEBT LIMITATION** . . . No general obligation debt limitation is imposed on the City under current State law or the City’s Home Rule Charter. For a description of limitations on the City’s maximum ad valorem tax rate, see “THE CERTIFICATES – TAX RATE LIMITATION”.

**ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT** . . . The City does anticipate the issuance of additional ad valorem tax secured general obligation debt within the next twelve months.

**OTHER OBLIGATIONS** . . . See “APPENDIX B – Excerpts from the City’s Annual Financial Report” including Note 3 – “DETAILED NOTES ON ALL FUNDS – LONG-TERM DEBT.”

**PENSION FUND** . . . The City provides pension benefits for all of its full-time employees, except firemen, through the Texas Municipal Retirement System (“TMRS”), a State-wide administered pension plan. The City makes annual contributions to the

plan equal to the amounts accrued for pension expense. Members can retire at ages 60 and above with 5 or more years of service or with 25 or more years of service regardless of age. A member is vested after 5 years. The City provides pension benefits to firefighters through the Bastrop Firefighter's Relief and Retirement Fund, a single-employer defined benefit pension plan.

For more detailed information concerning the City's pension plan, see "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT – NOTE F."

**FINANCIAL ADMINISTRATION . . .** The financial administration of the City is vested in the Department of Finance. The Department of Finance operates under the Chief Financial Officer, who is appointed by the City Manager. Required activities of the Finance Department are the control, custody and disbursement of City funds, assessment and collection of taxes and issuance of licenses. Other activities of the Finance Department include utility billing and collections, internal service fund operation, annual budget preparation and interim and annual financial reports.

**OTHER POST-EMPLOYMENT BENEFITS . . .** The Governmental Accounting Standards Board released the Statement of General Accounting Standards No. 45 ("GASB 45"), Accounting by Employers for Other Post-Employment Benefits ("OPEB"), in June 2004. The City was required to implement GASB 45 for the fiscal year that began on October 1, 2008 and concluded on September 30, 2009.

GASB 45 sets forth standards for the measurement, recognition, and display of post-employment benefits, other than pensions, such as health and life insurance for current and future retirees. Those subject to this pronouncement are required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and provide information useful in assessing potential demands on the employer's future cash flows. The employer's contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 45 will be required to be recorded as a liability in the employer's financial statements. (For more detailed information concerning the retirement plan, see "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT – NOTE E.")

## **FINANCIAL POLICIES**

**BASIS OF ACCOUNTING . . .** All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

The more significant revenues which are treated as susceptible to accrual under the modified accrual basis are property taxes, intergovernmental revenues, charges for services, and interest. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual.

All proprietary funds and the pension trust fund are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. (For more detailed information concerning the basis of accounting, see "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT".)

**GENERAL FUND BALANCE . . .** The City policy is to maintain surplus and unencumbered funds equal to three months of expenditures in the General Fund. This allows the City to avoid interim borrowing pending tax receipts.

**USE OF BOND PROCEEDS, GRANTS, ETC. . . .** The City's policy is to use certificate proceeds, grants or other non-recurring revenues for capital expenditures only. Such revenues are never to be used to fund City operations.

**BUDGETARY PROCEDURES . . .** The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the first of July. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15. The City Council then holds a public hearing on the budget. The Council shall then make any changes in the budget as it deems advisable and shall adopt a budget prior to September 20.

**FUND INVESTMENTS . . .** The City investment policy parallels state law which governs investment of public funds. The City generally restricts investments to direct obligations of the United States Government and to insured or collateralized bank certificates of deposits. The City's investment portfolio does not invest in derivatives securities.

**FINANCIAL INFORMATION**

**TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
<u>Revenues:</u>					
Taxes	\$ 14,881,516	\$ 14,457,881	\$ 13,678,594	\$ 12,542,112	\$ 11,286,625
Licenses and Permits	12,322	8,613	2,902,068	2,103,192	2,089,278
Intergovernmental	46,511	49,749	82,215	134,385	186,522
Charges for Services	1,094,165	1,030,476	950,985	861,279	652,181
Fines and Forfeitures	455,270	356,789	346,026	301,746	275,954
Investment Earnings	233,238	427,966	104,210	50,401	48,434
Other Revenue	737,534	890,633	1,762,271	66,689	693,331
Total Revenues	\$ 17,460,556	\$ 17,222,107	\$ 19,826,369	\$ 16,059,804	\$ 15,232,325
<u>Expenditures:</u>					
General Government	\$ 8,361,663	\$ 6,387,404	\$ 7,202,101	\$ 5,828,565	\$ 5,788,926
Public Safety	7,895,271	6,474,419	5,881,700	5,119,359	4,545,833
Public Works	3,394,628	2,183,502	2,601,749	2,180,304	2,232,164
Conservation & Development	1,175,484	496,197	1,956,433	1,571,147	-
Debt Service	8,189	1,254,568	29,319	-	-
Capital Outlay	126,128	2,767,427	161,512	118,557	436,439
Total Expenses	\$ 20,961,363	\$ 19,563,517	\$ 17,832,814	\$ 14,817,932	\$ 13,003,362
Excess (Deficiency) of Revenues over Expenditures	\$ (3,500,807)	\$ (2,341,410)	\$ 1,993,555	\$ 1,241,872	\$ 2,228,963
Operating Transfers In	\$ 3,149,819	\$ 2,206,710	\$ 653,000	\$ 770,000	\$ 590,750
Operating Transfers Out	(2,666,324)	(1,653,000)	(1,668,623)	(1,047,527)	-
Net Increase (Decrease)	\$ (3,017,312)	\$ (1,787,700)	\$ 977,932	\$ 964,345	\$ 2,819,713
Fund Equity at Beginning of Year	7,331,737	9,119,437	8,141,505	7,177,160	4,357,447
Adjustments to Fund Balance	-	-	-	-	-
Fund Equity at End of Year <sup>(1)</sup>	\$ 4,314,425	\$ 7,331,737	\$ 9,119,437	\$ 8,141,505	\$ 7,177,160

Source: City's audited financial statements.

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**TABLE 10 – MUNICIPAL SALES TAX HISTORY**

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2022	\$ 11,084,799	160.67%	\$ 0.8871	\$ 1,002
2023	12,030,080	152.64%	0.7550	1,075
2024	12,650,953	146.10%	0.6921	1,117
2025	12,794,113	141.74%	0.6719	1,065
2026	9,349,233	109.02%	0.4926	723

Source: The City.

(1) Excludes additional one-half percent (1/2%) sales and use tax for economic development. Effective May 31, 2020, the Comptroller amended 34 Texas Administrative Code Section 3.334 to change how sales tax on certain internet and telephone orders are collected. Currently, the City is evaluating the amendments, however, there is the potential for a significant negative impact on total sales tax collected in future years.

(2) Partial collections as of May 31, 2026.

#### **OPTIONAL SALES TAX**

The Tax Code provides certain cities and counties the option of assessing a maximum one-half percent (1/2%) sales 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 tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year. Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

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

In addition to the one percent (1%) local sales and use tax referred to above, Bastrop County collects a one-half percent (1/2%) sales and use tax for property tax relief and the City collects an additional one-half percent (1/2%) sales and use tax for economic development. Levy of the additional sales and use tax for economic development began on July 1, 1995. The City's sales and use tax is not pledged to the payments of the Certificates.

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## INVESTMENTS

The City invests its investible 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 State law, the City is authorized to invest in:

- (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;
- (2) direct obligations of the State or its agencies and instrumentalities;
- (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
- (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") 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 FDIC 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 the State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the 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 City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3;
- (9) (i) certificates of deposit or share certificates meeting the requirements of the 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 the State, and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, 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) certificates of deposit where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State 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 that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (ii)(a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit 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 described in clause (1) above and clause (12) below, 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) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency;
- (12) commercial paper with a stated maturity of 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;
- (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission 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 comply with Securities and Exchange Commission Rule 2a-7;
- (14) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either have a duration of one year or more and are invested exclusively in obligations described in this paragraph, or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and
- (15) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code), as amended, whose assets consist exclusively of the obligations that are described above. A public

funds investment pool described in this paragraph (14) must be continuously ranked no lower than “AAA,” “AAA-m” or at an equivalent rating by at least one nationally recognized rating service.

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, other than the prohibited obligations described below in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or with a third party selected and approved by the City.

A political subdivision such as the City may enter into 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 (12) through (14) above, or an authorized investment pool;
- (ii) securities held as collateral under a loan are pledged to the City, held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City;
- (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and
- (iv) the agreement to lend securities has a term of one year or less.

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 TPFIA. 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 and (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.

**TABLE 11 – CURRENT INVESTMENTS**

As of June 1, 2026, the City’s investable funds were invested in the following categories:

Investments	Market Value	% of Total
TexPool	\$ 578,296	0.74%
Texas Class	20,767,168	26.67%
Cash	17,466,910	22.43%
Money Market/Funds	254,586	0.33%
Texas Term	6,873,023	8.83%
CD's/Securities	31,925,932	41.00%
	\$ 77,865,915	100.00%

## TAX MATTERS

**OPINIONS . . .** On the Date of Initial Delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render opinions 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) will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates. See “APPENDIX C – FORM OF BOND COUNSEL’S OPINION”.

In rendering its opinion, Bond Counsel will rely upon (a) the City’s federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and 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 of the Certificates.

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 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 opinions represent its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinions are 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 or refinanced with proceeds of the Certificates or the Certificates. Bond Counsel’s opinion represents its legal judgement based upon its review of Existing Law and the representations of the Issuer that it deems is relevant to render such opinion and is not a guarantee of a result. 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 Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

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

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

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax 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 OBLIGATIONS.

Interest on the Bonds 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 foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

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

### **CONTINUING DISCLOSURE OF INFORMATION**

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

**ANNUAL REPORTS . . .** The City will provide annually to the MSRB, (i) within six months after the end of each fiscal year of the City ending in and after 2026, financial information and operating data, which information and data may be unaudited, with respect to the City of the general type included in this Official Statement being the information of the type included in Tables numbered 1 through 5 and 7 through 11 and (ii) if not provided as part of such financial information and operating data, audited financial statements of the City, within twelve months after the end of each fiscal year of the City ending in and after 2026. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation and in substantially the form included in APPENDIX B and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the United States Security and Exchange Commission Rule 15c2-12, as amended, (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 statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

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

**EVENT NOTICES . . .** The City will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The City will provide notice of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of Beneficial Owners of the Certificates, if material; (8) bond 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 or other obligated person within the meaning of CFR § 240.15c2-12 (the “Rule”); (13) consummation of a merger, consolidation, or acquisition involving the City or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the City or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement or a trustee.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The City intends the words used in clauses (15) and (16) above and the definition of financial obligation in this Section to have the meanings as when they are used in the Rule, as evidenced by Securities and Exchange Commission Release No. 34-83885, dated August 20, 2018.

The City will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The City will also provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under “Annual Reports.”

**AVAILABILITY OF INFORMATION . . .** The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under “Annual Reports” and “Notice of Certain Events” will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

Should the Rule be amended to obligate the City to make filing with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended.

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

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

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

**COMPLIANCE WITH PRIOR UNDERTAKINGS . . .** In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for each of the last five years have consisted of the related City’s Annual Comprehensive Financial Report (“ACFR”), which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFR but can be derived from information in the ACFR. The City’s 2023 and 2024 ACFR were not available by the required March 31, 2024 and March 31, 2025 date but were filed when they became available along with a late notice.

## CYBERSECURITY RISKS

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

## OTHER INFORMATION

**RATING . . .** The Certificates have been rated "AA-" by S&P Global Ratings ("S&P") without regard to credit enhancement. The presently outstanding uninsured general obligation debt of the City is rated "AA" by Fitch Ratings ("Fitch") without regard to credit enhancement. No application has been made to Fitch for a rating on the Certificates. The City also has various issues outstanding which are rated by S&P and Fitch based on municipal bond insurance policies issued by various commercial insurance companies. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. 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 one or more of such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Certificates.

**LITIGATION . . .** It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

**REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE . . .** The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

**LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . .** Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments 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.

**LEGAL OPINIONS . . .** Issuance of the Certificates is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Certificates are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property within the City and a limited pledge of the surplus revenues of the City's water and sewer system not to exceed \$1,000. Issuance of the Certificates is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Certificates, to the effect that the Certificates are valid and binding obligations of the City payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described herein under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Certificates. In connection with the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are based upon a percentage of Certificates actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney

does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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

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

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

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

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

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

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

**INITIAL PURCHASER . . .** After requesting competitive bids for the Certificates, the City accepted the bid of \_\_\_\_\_ (the "Purchaser") to purchase the Certificates at the interest rates shown on the inside cover page of the Official Statement at a price of approximately \_\_\_\_\_% of par. The Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

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

Reference is made to original documents in all respects. The Ordinance authorizing the issuance of the Certificates will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

**CERTIFICATION AS TO OFFICIAL STATEMENT . . .** The City, acting by and through its City Council in its official capacity hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the City and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information,

description and statements concerning entities other than the City, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the City has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the City has no obligation to disclose any changes in the affairs of the City and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the City delivers the Certificates to the Purchaser at closing, unless extended by the Purchaser. All information with respect to the resale of the Certificates subsequent to the "end of the underwriting period" is the responsibility of the Purchaser.

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

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

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Mayor  
City of Bastrop, Texas

ATTEST:

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City Secretary  
City of Bastrop, Texas

**APPENDIX A**

**GENERAL INFORMATION REGARDING THE CITY**

**THE CITY . . .** The City of Bastrop (the “City”) is the county seat of Bastrop County, and is located in Central Texas along the Colorado River where it intersects highways 71, 95 and 21. Bastrop is 29 miles southeast of Austin, 88 miles northeast of San Antonio and 125 miles west of Houston. The City offers a natural, pristine and almost picturesque setting that is pleasing both for those that reside here as well as those “just passing through.” Principal manufacturers produce furniture, meat and bone meal, lumber, and oil well tools. Bastrop is one of the oldest towns in Texas and is very popular on the Texas Independence Trail. Bastrop and Buescher State Parks provide a nearby source for hiking, camping, swimming, and fishing.

Bastrop County is projected to be in the top five fastest growing counties in Texas during this decade, with the 2010 Census population for the County of 74,171. State tax revenues have risen dramatically and consistently since 1990, and are expected to rise as new businesses move into the area.

The Highway 71 corridor from Austin’s Bergstrom International Airport is experiencing explosive growth. Hunter’s Crossing, a mixed-use development on Highway 71, is the site of Home Depot, Chili’s Restaurant, a retail strip center, and a new residential development that will include 465 homes and as many as 700 apartments. Pecan Crossing is a 148-acre mixed use development on Highway 71 at Hwy 304 that will offer 1,000,000 square feet of retail space, restaurants, and other activities. A new family entertainment complex, Chestnut Square Family Entertainment Center, located at Loop 150 and Highway 95, opened in 2006 with a 4-screen theater with stadium seating, a 16 lane bowling alley, high-tech arcade, nine-table billiard parlor, and a food court.

Bastrop Village, a 750-acre project south of Texas 71 that straddles County Road 20, plans to build up to 985 homes. The Colony, an existing gated community located just north of Hwy 71 between FM 1209 and FM 969, plans to build another 4,000 homes.

The Lost Pines Hyatt Regency Resort and Spa opened in June 2006. This 496-room resort is located on 600 acres near McKinney Roughs Nature Park, north of Hwy 71, and offers equestrian trails, hiking, an 18-hole golf course, a day spa and activities on the Colorado River.

**EDUCATIONAL FACILITIES . . .** The Bastrop Independent School District serves the City and the surrounding area.

Within a 30 mile area, five (5) state or private higher education schools operate. These include The University of Texas, St. Edwards University, Concordia College, Huston-Tillotson College, and Austin Community College which operates a satellite campus in the City.

Major universities are within a close commute from the City – The University of Texas (27 miles), Texas State University at San Marcos (44 miles), St. Edwards University (27 miles) and Southwestern University (53 miles).

**TRANSPORTATION . . .** State Highway 71, a major four-lane highway, connecting Austin and Houston, Texas, and Texas Highway 95 and 21, serve the City of Bastrop.

**LABOR MARKET PROFILE**

Bastrop County		
	May 2026	May 2025
Total Civilian Labor Force	58,399	57,778
Total Employment	56,236	55,758
Total Unemployment	2,163	2,020
Percent Unemployment	3.7%	3.5%

State of Texas		
	May 2026	May 2025
Total Civilian Labor Force	15,915,979	15,807,386
Total Employment	15,238,091	15,182,232
Total Unemployment	677,888	625,154
Percent Unemployment	4.3%	4.0%

Source: Texas Employment Commission.

**APPENDIX B**

**EXCERPTS FROM THE  
CITY OF BASTROP, TEXAS  
ANNUAL FINANCIAL REPORT  
For the Year Ended September 30, 2025**

The information contained in this APPENDIX consists of excerpts from the City of Bastrop, Texas Annual Financial Report for the Year Ended September 30, 2025, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.

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(Continued)

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

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(Continued)

### **Supplementary Information**

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

### **Additional Information**

Management is responsible for the accompanying introductory and statistical sections (the "additional information"), which is presented for purposes of additional analysis and is not a required part of the basic financial statements. Our opinion on the financial statements does not cover the additional information, and we do not express an opinion or any form of assurance thereon.

We read the additional information and considered whether a material inconsistency existed between the additional information and the financial statements, or the additional information otherwise appeared to be materially misstated. If, based on the work performed, we had concluded that an uncorrected material misstatement of the additional information existed, we would have described it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Crowe LLP  
Crowe LLP

Houston, Texas  
March 19, 2026

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**





CITY OF BASTROP, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended September 30, 2025

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

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

1. *Governmental Activities* – Most of the City's basic services are reported here including general government, public safety (police and fire protection), community services, and economic development. Interest payments on the City's debt are also reported here. Property tax, sales tax, hotel/motel tax, and franchise fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water and wastewater services, electrical utility, and community impact fees.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate component unit, the Bastrop Economic Development Corporation (BEDC) for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The public improvement district ("PID"), although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

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

## **FUND FINANCIAL STATEMENTS**

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

### **Governmental Funds**

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

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

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(Continued)

CITY OF BASTROP, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended September 30, 2025

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The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, hotel/motel tax fund, and the 2023 bond fund which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

### **Proprietary Funds**

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater system, electrical utility, and community impact fees. The proprietary fund financial statements provide separate information for the water and wastewater, electrical utility, and community impact fees. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to account for its vehicle and equipment replacement. The internal service fund had been included within governmental activities in the government-wide financial statements.

### **Fiduciary Fund**

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

The City maintains one type of fiduciary funds. The private-purpose trust fund is used to report resources held in trust for contributions and payments made on behalf of the Valverde Public Improvement District (the "Valverde PID"). The fiduciary fund financial statements can be found in the basic financial statements of this report.

### **Notes to Financial Statements**

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

### **Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedules of changes in net pension and total other postemployment benefits liability and related ratios and schedule of contributions for the Texas Municipal Retirement System and the postemployment health care plan, RSI can be found after the notes to the basic financial statements.

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(Continued)

CITY OF BASTROP, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended September 30, 2025

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve overtime as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows by \$108,285,748 as of September 30, 2025. The largest portion of the City's net position, 83%, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Table 1  
Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>						
Current and other assets	\$ 42,721,814	\$ 43,201,089	\$ 21,521,871	\$ 41,575,919	\$ 64,243,685	\$ 84,777,008
Noncurrent assets	2,688,616	2,350,983	-	-	2,688,616	2,350,983
Capital assets, net	<u>59,243,227</u>	<u>53,579,122</u>	<u>164,077,820</u>	<u>145,438,112</u>	<u>223,321,047</u>	<u>199,017,234</u>
Total assets	<u>104,653,657</u>	<u>99,131,194</u>	<u>185,599,691</u>	<u>187,014,031</u>	<u>290,253,348</u>	<u>286,145,225</u>
Deferred outflow s on resources	<u>1,516,766</u>	<u>1,869,919</u>	<u>196,240</u>	<u>300,901</u>	<u>1,713,006</u>	<u>2,170,820</u>
<b>LIABILITIES</b>						
Liabilities due w ithin one year	13,662,404	8,935,840	9,878,040	12,537,979	23,540,444	21,473,819
Long-term liabilities	<u>31,883,738</u>	<u>35,370,318</u>	<u>126,544,746</u>	<u>130,117,274</u>	<u>158,428,484</u>	<u>165,487,592</u>
Total liabilities	<u>45,546,142</u>	<u>44,306,158</u>	<u>136,422,786</u>	<u>142,655,253</u>	<u>181,968,928</u>	<u>186,961,411</u>
Deferred inflow s on resources	<u>1,286,031</u>	<u>824,020</u>	<u>425,647</u>	<u>233,627</u>	<u>1,711,678</u>	<u>1,057,647</u>
<b>NET POSITION</b>						
Net investment in capital assets	38,911,544	34,049,122	51,191,192	28,557,693	90,102,736	62,606,815
Restricted	13,826,803	23,734,192	4,784,776	252,482	18,611,579	23,986,674
Unrestricted	<u>6,599,903</u>	<u>(1,912,379)</u>	<u>(7,028,470)</u>	<u>15,615,877</u>	<u>(428,567)</u>	<u>13,703,498</u>
Total net position	<u>\$ 59,338,250</u>	<u>\$ 55,870,935</u>	<u>\$ 48,947,498</u>	<u>\$ 44,426,052</u>	<u>\$ 108,285,748</u>	<u>\$ 100,296,987</u>

A portion of the City's net position, \$18,611,579, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$-428,567 or 0%, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$7,988,761 during the current fiscal year, an increase of 8% in comparison to the prior year. Total assets increased by \$4,108,123 due to an increase in capital assets due to business-type construction in progress water and sewer projects and governmental construction in progress street extensions. Total deferred outflows of resources decreased by \$457,814 from the prior year due to the net difference between projected and actual investment earnings on pension plan liabilities. Liabilities due within one year decreased \$-2,066,625 due to the decrease in payables related to various capital projects. Long-term liabilities experienced a decrease by \$7,059,108 primarily as a result of payments to existing debt and a decrease in the pension liability. Total deferred inflows of resources increased by \$654,031 mainly due to the change in deferred inflows from changes in actuarial assumptions.

(Continued)

CITY OF BASTROP, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended September 30, 2025

**Table 2**  
**Statement of Activities**

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

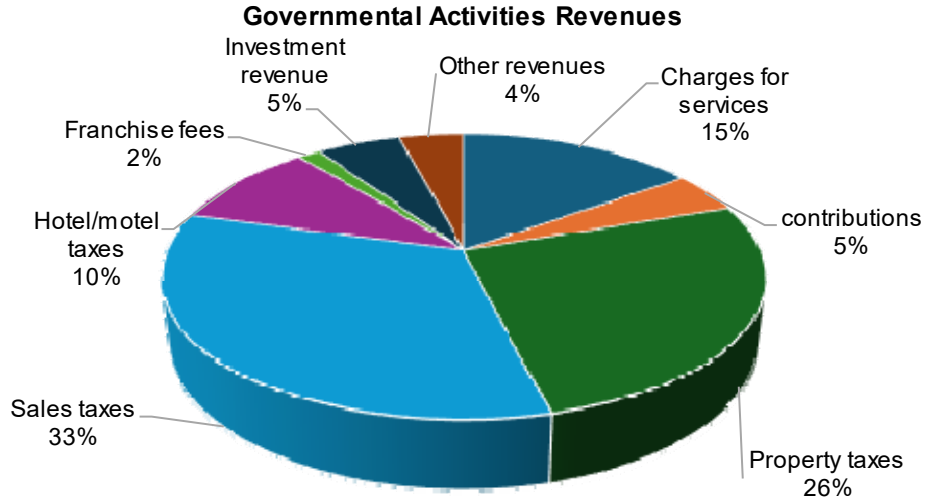
	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 5,582,653	\$ 5,634,274	\$ 21,709,733	\$ 19,128,498	\$ 27,292,386	\$ 24,762,772
Operating grants and contributions	1,672,916	426,547	-	-	1,672,916	426,547
General revenues						
Property taxes	9,624,702	9,304,146	-	-	9,624,702	9,304,146
Sales taxes	12,142,061	10,579,414	-	-	12,142,061	10,579,414
Hotel/motel taxes	3,601,541	3,533,130	-	-	3,601,541	3,533,130
Franchise fees	518,672	608,766	-	-	518,672	608,766
Investment revenue	1,983,570	2,342,004	1,159,434	1,578,277	3,143,004	3,920,281
Gain/(loss) on sale of assets	-	173,285	1,741	-	1,741	173,285
Other revenues	1,499,234	1,872,375	688,175	187,231	2,187,409	2,059,606
Total revenues	<u>36,625,349</u>	<u>34,473,941</u>	<u>23,559,083</u>	<u>20,894,006</u>	<u>60,184,432</u>	<u>55,367,947</u>
<b>Expenses</b>						
General government	11,530,569	11,831,859	-	-	11,530,569	11,831,859
Public safety	8,656,664	7,241,062	-	-	8,656,664	7,241,062
Development services	1,222,199	2,770,506	-	-	1,222,199	2,770,506
Community services	4,312,683	3,725,550	-	-	4,312,683	3,725,550
Economic development	5,545,407	3,356,720	-	-	5,545,407	3,356,720
Public works	1,949,128	-	-	-	1,949,128	-
Interest and fiscal agent fees	1,407,204	1,028,426	-	-	1,407,204	1,028,426
Water and wastewater	-	-	9,640,189	10,618,391	9,640,189	10,618,391
Bastrop Power and Light	-	-	7,906,073	7,430,447	7,906,073	7,430,447
Community impact fees	-	-	25,555	1,164,256	25,555	1,164,256
Total expenses	<u>34,623,854</u>	<u>29,954,123</u>	<u>17,571,817</u>	<u>19,213,094</u>	<u>52,195,671</u>	<u>49,167,217</u>
<b>Increase in net position before transfers</b>	<u>2,001,495</u>	<u>4,519,818</u>	<u>5,987,266</u>	<u>1,680,912</u>	<u>7,988,761</u>	<u>6,200,730</u>
Transfers in (out)	<u>1,465,820</u>	<u>1,793,923</u>	<u>(1,465,820)</u>	<u>(1,793,923)</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>3,467,315</u>	<u>6,313,741</u>	<u>4,521,446</u>	<u>(113,011)</u>	<u>7,988,761</u>	<u>6,200,730</u>
Net position - beginning of year	<u>55,870,935</u>	<u>49,557,194</u>	<u>44,426,052</u>	<u>44,539,063</u>	<u>100,296,987</u>	<u>94,096,257</u>
<b>Net position - end of year</b>	<u>\$ 59,338,250</u>	<u>\$ 55,870,935</u>	<u>\$ 48,947,498</u>	<u>\$ 44,426,052</u>	<u>\$ 108,285,748</u>	<u>\$ 100,296,987</u>

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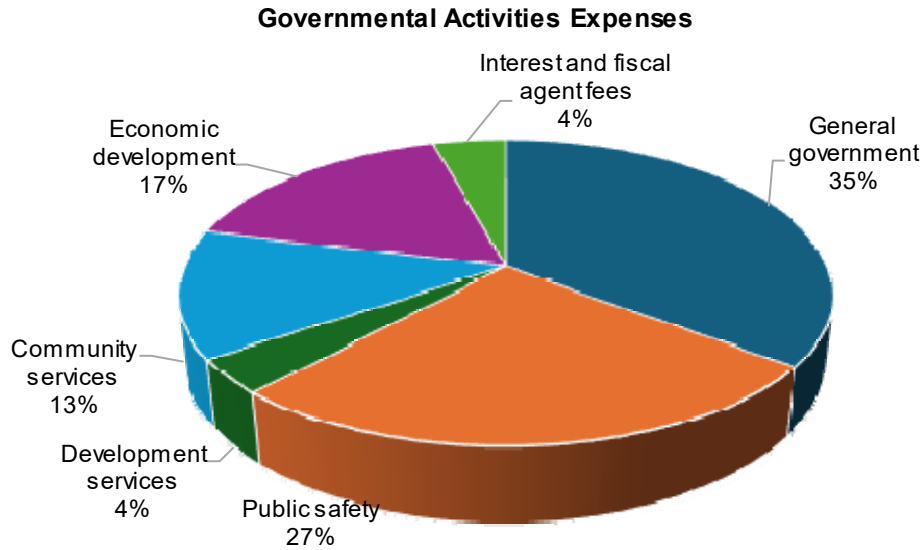
CITY OF BASTROP, TEXAS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the year ended September 30, 2025

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



For the year ended September 30, 2025, revenues from governmental activities totaled \$36,625,349. Property taxes and sales taxes payments are the City's largest revenue sources at \$21,766,763 or 59% of total revenues. Total revenues increased by \$2,151,408 from last year due to an increase in sales taxes related to an increase in economic activity within the City, and an increase in grant revenue.



For the year ended September 30, 2025, expenses for governmental activities totaled \$34,623,854. Overall governmental expenses increased by \$4,669,731 due to increases in development services related to additional positions and related salaries and benefits for those positions.

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(Continued)

CITY OF BASTROP, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended September 30, 2025

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Business-type activities change in net position was \$5,987,266 before transfers out of \$1,465,820. Revenues increased \$2,665,077 compared to the prior year due to an increase in charges for services related to increase in water and wastewater revenue. The business-type activities expenses also decreased by \$1,641,277 which was primarily due to decreases in maintenance expense as well as increases in costs of sales.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of \$29,940,041. Of this, \$664,043 is nonspendable, \$25,018,240 is restricted for various purposes, and \$57,965 is assigned for various projects. The remaining balance of \$4,199,793 is unassigned as of September 30, 2025.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$4,199,793, while total fund balance reached \$4,314,425. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Total ending fund balance represents 21% of total general fund expenditures. The general fund demonstrated an overall increase of \$3,017,312, primarily related to an issuance of new debt in the current year.

The debt service fund has a total fund balance of \$1,239,003, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$417,711. This increase was primarily due to property tax revenues exceeding principal and interest payments on long-term debt.

The hotel/motel tax fund has a total fund balance of \$3,627,365, all of which is restricted for economic development. The net decrease in fund balance during the year was \$238,388. This decrease was primarily related to economic development expenditures exceeding hotel/motel tax revenues.

The 2023 bond fund has a total fund balance of \$11,409,391, all of which is restricted for capital projects. The net decrease in fund balance during the year was \$1,452,565. This decrease was primarily related to more capital outlay expenditures than investment interest earned during the year.

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

### GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$1,416,988 in the general fund while realizing an actual net decrease in general fund balance of \$3,017,312 resulting in a negative variance of \$1,600,324 from budgeted as amended over actual. Actual general fund revenues were more than amended budgeted revenues by \$385,215 due to more other revenue, charges for services and fines and forfeitures than anticipated. Actual expenditures were more than budgeted amounts by \$568,865 for the fiscal year primarily related to negative variances in the general government and development services departments.

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(Continued)

## **CAPITAL ASSETS**

At the end of the current fiscal year, the City's governmental and business-type activities had invested \$223,321,047 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$24,303,813. More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

## **LONG-TERM DEBT**

At the end of the current fiscal year, the City had total notes, bonds, certificates of obligation, and leases outstanding related to its governmental activities of \$29,966,384 and business-type activities of \$123,900,753. More detailed information about the City's long-term liabilities is presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The budget was based on the following assumptions:

- A reduced tax rate less than the New Revenue rate of \$0.5040.
- 2.2% increase in Sales Tax
- 10% increase in Hotel Occupancy Taxes
- Personnel additions in Human Resources, Fleet and Facilities, Finance, and Water & Wastewater departments
- Debt reductions from overcollection in FY 25 of \$540,000. This will close out approximately four (4) smaller notes offering the ability for the bridge rehabilitation and other recreation improvements with a small reduction in the overall debt rate.
- All of the assumptions are based on historical trends we have experienced thus far.

### **Financial Outlook:**

The financial outlook for the City is bright. The pent-up demand for the development and growth in the area is beginning to pick up speed. Additional reductions in the interest rate by the Federal Reserve are expected in the fall and to continue into next year. Many developers have been sidelined waiting for rates to drop before breaking ground. Additionally, the second section of the Valverde subdivision will begin during this fiscal year with an expected additional 100 plus homes to come online.

Past 2026, the expectation that Valverde will be 75% built out and Ironwood will be coming online means more commercial spaces open for operation. The adage that rooftops bring retail is certainly true in Bastrop.

### **Challenges & Opportunities:**

Challenges are certainly many, but the list is relatively short for Bastrop. It includes:

- Labor shortages: in a strong economy, City's often can't compete with private sector pay.
- Funding for all the projects the residents would like to see completed.
- Keeping the tax rate low is of primary concern. We continue to live within our means and strive once again for no change to the tax rate and living with only the new revenue that has been generated.

### **Infrastructure Water**

Water pressure will be a concern in the coming year as we move towards the planning and funding of a two-million-gallon elevated water storage tank which can run up to \$20 million dollars.

### **Wastewater**

The payment of an additional two million wastewater treatment plant with an expansion to a total of eight million, will also cost in excess of \$60 million. We will aim to monetize the plant by selling effluent, selling the biosolids, receiving biosolids from other companies, share this cost with CORIX, a neighboring utility provider, as well as municipal utility districts in the area. This is an attempt to keep rates steady and low.

### **Streets**

The long-awaited repair of Water, Farm, and Linden is included in this budget with no further borrow required. Outsourcing large portions of street repair and rehabilitation will allow us to gain economies of scale and continue to repair streets long neglected in years past.

### **Priorities & Strategic Consideration**

The residents are demanding a recreation center. A simple recreation center could cost as much as \$5 million dollars; however, this does not address the community desires for an indoor pool.

The direction of the Bastrop Economic Development Corporation is a council workshop that is planned in the post budget adoption process. The Council will decide whether to keep an economic development tax, allow the voters to create a public safety tax, or focus on other community minded uses such as a parking garage to fuel further downtown expansion.

As interest rates are set to drop in the later part of the year, we expect development to increase at an even faster rate. Additionally, sales tax is conservative but will show strong improvement as the new retail comes online in the fiscal year.

Lastly, the Hotel Occupancy Tax finished this fiscal in strong position, with additional fund balance created from the Visit Bastrop consolidation.

### **Local Economy**

The City of Bastrop is identified as the county seat for Bastrop County. With this designation comes commercial growth not typically seen for a population of approximately 12,010 residents. Major industries located within the government's boundaries, or close proximity, include small industries, retail stores, several financial institutions, restaurants and insurance companies. The school district has significant economic presence, employing in total more than 1,183 teachers, professionals, and support staff.

As part of a greater metro area of more than 2 million people, Bastrop is continuing to experience tremendous economic growth and is poised for future growth and development. Major area employers include Bastrop Independent School District, Bastrop County, Ascension Seton, Walmart, Hyatt Regency Lost Pines Resort, Bluebonnet Electric Co-op, the US Post Office, and MD Anderson Cancer Center.

Over the past ten years, the City has experienced significant economic growth and investment. Commercial development has been active since 2014 as evidenced by the increase in the tax base.

CITY OF BASTROP, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended September 30, 2025

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Several development projects are underway or planned in Bastrop, Texas. These include residential, commercial, and infrastructure projects. Notable developments include the Sendero mixed-use project, the expansion of the Fairview Cemetery, and the upcoming Sprouts Farmers Market.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Judy Sandroussi, Finance Director, P.O. Box 427, Bastrop, Texas 78602.

## **BASIC FINANCIAL STATEMENTS**



CITY OF BASTROP, TEXAS  
STATEMENT OF NET POSITION  
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bastrop Economic Development
<b>ASSETS</b>				
Cash, cash equivalents, and investments	\$ 34,739,942	\$ 15,596,310	\$ 50,336,252	\$ 12,706,015
Receivables, net	6,164,442	2,387,670	8,552,112	191,335
Loan receivable	-	-	-	600,000
Lease receivable	-	-	-	155,039
Due from primary government	313,488	-	313,488	-
Due from component unit	1,209,979	-	1,209,979	-
Due from other governments	179,331	-	179,331	106,208
Prepays and other assets	106,351	-	106,351	970
Inventories	8,281	831,894	840,175	-
Restricted assets				
Cash and cash equivalents	-	2,705,997	2,705,997	-
	<u>42,721,814</u>	<u>21,521,871</u>	<u>64,243,685</u>	<u>13,759,567</u>
Note receivable	2,688,616	-	2,688,616	8,035
Capital assets				
Nondepreciable capital assets	16,338,868	18,891,250	35,230,118	416,323
Depreciable/amortizable capital assets, net	<u>42,904,359</u>	<u>145,186,570</u>	<u>188,090,929</u>	<u>44,941</u>
Total capital assets	<u>59,243,227</u>	<u>164,077,820</u>	<u>223,321,047</u>	<u>461,264</u>
Total assets	<u>104,653,657</u>	<u>185,599,691</u>	<u>290,253,348</u>	<u>14,228,866</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred outflows - pension	1,156,169	182,027	1,338,196	68,623
Deferred outflows - OPEB (TMRS)	15,691	7,094	22,785	1,994
Deferred outflows - OPEB (health)	15,745	7,119	22,864	2,001
Deferred loss on refunding	<u>329,161</u>	-	<u>329,161</u>	<u>39,857</u>
Total deferred outflows of resources	<u>1,516,766</u>	<u>196,240</u>	<u>1,713,006</u>	<u>112,475</u>

(Continued)

CITY OF BASTROP, TEXAS  
STATEMENT OF NET POSITION  
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bastrop Economic Development
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 6,304,662	\$ 4,962,645	\$ 11,267,307	\$ 65,300
Accrued interest payable	353,183	1,493,396	1,846,579	14,295
Due to primary government	313,488	-	313,488	1,389,310
Unearned revenue	2,288,070	110,228	2,398,298	-
Customer deposits	104,250	-	104,250	-
Noncurrent liabilities				
Portion due within one year				
Compensated absences	1,170,851	365,612	1,536,463	45,899
Leases payable	416,247	-	416,247	-
Bonds and notes payable	2,698,402	2,940,167	5,638,569	240,000
OPEB liability - health	7,234	3,271	10,505	919
OPEB liability - TMRS	6,017	2,721	8,738	765
Portion due in more than one year				
Compensated absences	130,094	40,623	170,717	5,100
Leases payable	307,275	-	307,275	-
Bonds and notes payable, net	28,219,404	126,192,047	154,411,451	1,720,000
Net pension liability	2,511,928	84,247	2,596,175	169,705
OPEB liability - health	441,961	133,707	575,668	23,452
OPEB liability - TMRS	273,076	94,122	367,198	6,425
Total liabilities	<u>45,546,142</u>	<u>136,422,786</u>	<u>181,968,928</u>	<u>3,681,170</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on refunding	-	107,731	107,731	-
Deferred inflows - leases	-	-	-	142,251
Deferred inflows - pension	964,951	288,566	1,253,517	95,958
Deferred inflows - OPEB (TMRS)	97,923	1,211	99,134	9,610
Deferred inflows - OPEB (Health)	223,157	28,139	251,296	15,863
Total deferred inflows of resources	<u>1,286,031</u>	<u>425,647</u>	<u>1,711,678</u>	<u>263,682</u>
<b>NET POSITION</b>				
Net investment in capital assets	38,911,544	51,191,192	90,102,736	461,264
Restricted for				
Nonexpendable perpetual care cemetery	549,411	-	549,411	-
Expendable				
Debt service	885,820	-	885,820	-
Cemetery	92,302	-	92,302	-
Public safety	151,472	-	151,472	-
Parks	89,494	-	89,494	-
Traffic safety	382,912	-	382,912	-
PEG fees	178,369	-	178,369	-
Economic development	3,711,210	-	3,711,210	759,477
Capital projects	7,532,431	4,784,776	12,317,207	-
Grants	253,382	-	253,382	-
Unrestricted	<u>6,599,903</u>	<u>(7,028,470)</u>	<u>(428,567)</u>	<u>9,175,748</u>
Total net position	<u>\$ 59,338,250</u>	<u>\$ 48,947,498</u>	<u>\$ 108,285,748</u>	<u>\$ 10,396,489</u>

See notes to financial statements.

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

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Primary Government			
				Government Activities	Business-Type Activities	Total	Bastrop Economic Development
<b>Primary Government</b>							
Governmental activities							
General administration	\$ 11,530,569	\$ 2,490,433	\$ -	\$ (9,040,136)	\$ -	\$ (9,040,136)	\$ -
Public safety	8,656,664	489,225	1,672,916	(6,494,523)	-	(6,494,523)	-
Development services	1,222,199	2,203,293	-	981,094	-	981,094	-
Community services	4,312,683	110,905	-	(4,201,778)	-	(4,201,778)	-
Economic development	5,545,407	288,797	-	(5,256,610)	-	(5,256,610)	-
Public works	1,949,128	-	-	(1,949,128)	-	(1,949,128)	-
Interest	1,407,204	-	-	(1,407,204)	-	(1,407,204)	-
Total governmental activities	<u>34,623,854</u>	<u>5,582,653</u>	<u>1,672,916</u>	<u>(27,368,285)</u>	<u>-</u>	<u>(27,368,285)</u>	<u>-</u>
Business-type activities							
Water and wastewater	9,640,189	9,681,032	-	-	40,843	40,843	-
Bastrop Power and Light	7,906,073	8,529,125	-	-	623,052	623,052	-
Community impact fees	25,555	3,499,576	-	-	3,474,021	3,474,021	-
Total business-type activities	<u>17,571,817</u>	<u>21,709,733</u>	<u>-</u>	<u>-</u>	<u>4,137,916</u>	<u>4,137,916</u>	<u>-</u>
Total primary government	<u>\$ 52,195,671</u>	<u>\$ 27,292,386</u>	<u>\$ 1,672,916</u>	<u>(27,368,285)</u>	<u>4,137,916</u>	<u>(23,230,369)</u>	<u>-</u>
<b>Component Unit</b>							
Bastrop Economic Development Corporation							
	<u>\$ 2,749,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,749,922)</u>
General revenues							
Property taxes				9,624,702	-	9,624,702	-
Sales taxes				12,142,061	-	12,142,061	1,041,733
Hotel/motel taxes				3,601,541	-	3,601,541	-
Franchise fees				518,672	-	518,672	-
Investment revenue				1,983,570	1,159,434	3,143,004	560,904
Other revenues				1,499,234	688,175	2,187,409	47,445
Gain on sale of capital assets				-	1,741	1,741	-
Transfers				1,465,820	(1,465,820)	-	-
Total general revenues and transfers				<u>30,835,600</u>	<u>383,530</u>	<u>31,219,130</u>	<u>1,650,082</u>
Change in net position				<u>3,467,315</u>	<u>4,521,446</u>	<u>7,988,761</u>	<u>(1,099,840)</u>
Beginning net position				<u>55,870,935</u>	<u>44,426,052</u>	<u>100,296,987</u>	<u>11,496,329</u>
Ending net position				<u>\$ 59,338,250</u>	<u>\$ 48,947,498</u>	<u>\$ 108,285,748</u>	<u>\$ 10,396,489</u>

See notes to financial statements.

CITY OF BASTROP, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Hotel/Motel Tax</u>	<u>2023 Bond</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash, cash equivalents, and investments	\$ 646,615	\$ 1,239,863	\$ 3,507,130	\$ 11,724,749	\$ 15,211,370	\$ 32,329,727
Receivables, net	5,011,064	170,287	248,460	-	734,631	6,164,442
Due from other funds	128,526	-	-	-	184,962	313,488
Due from component unit	1,209,979	-	-	-	-	1,209,979
Due from other governments	-	-	-	-	179,331	179,331
Prepaid items	106,351	-	-	-	-	106,351
Inventory	8,281	-	-	-	-	8,281
Total assets	<u>\$ 7,110,816</u>	<u>\$ 1,410,150</u>	<u>\$ 3,755,590</u>	<u>\$ 11,724,749</u>	<u>\$ 16,310,294</u>	<u>\$ 40,311,599</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 1,518,299	\$ 860	\$ 79,253	\$ 315,358	\$ 4,390,178	\$ 6,303,948
Due to other funds	184,962	-	-	-	128,526	313,488
Deposits payable	-	-	48,972	-	55,278	104,250
Unearned revenue	-	-	-	-	2,288,070	2,288,070
Total liabilities	<u>1,703,261</u>	<u>860</u>	<u>128,225</u>	<u>315,358</u>	<u>6,862,052</u>	<u>9,009,756</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	<u>1,093,130</u>	<u>170,287</u>	<u>-</u>	<u>-</u>	<u>98,385</u>	<u>1,361,802</u>
<b>FUND BALANCES</b>						
Nonspendable						
Inventories	8,281	-	-	-	-	8,281
Prepaid items	106,351	-	-	-	-	106,351
Perpetual care	-	-	-	-	549,411	549,411
Restricted for						
Debt service	-	1,239,003	-	-	-	1,239,003
Cemetery	-	-	-	-	92,302	92,302
Public safety	-	-	-	-	151,472	151,472
Parks	-	-	-	-	89,494	89,494
Traffic safety	-	-	-	-	382,912	382,912
PEG files	-	-	-	-	178,369	178,369
Economic development	-	-	3,627,365	-	83,845	3,711,210
Capital projects	-	-	-	11,409,391	7,510,705	18,920,096
Grants	-	-	-	-	253,382	253,382
Assigned to						
Library	-	-	-	-	57,965	57,965
Unassigned	<u>4,199,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,199,793</u>
Total fund balances	<u>4,314,425</u>	<u>1,239,003</u>	<u>3,627,365</u>	<u>11,409,391</u>	<u>9,349,857</u>	<u>29,940,041</u>
Total liabilities, deferred inflow s of resources, and fund balances	<u>\$ 7,110,816</u>	<u>\$ 1,410,150</u>	<u>\$ 3,755,590</u>	<u>\$ 11,724,749</u>	<u>\$ 16,310,294</u>	<u>\$ 40,311,599</u>

See notes to financial statements.

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

Total fund balances for governmental funds	\$ 29,940,041
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.	
Capital assets - nondepreciable	16,338,868
Capital assets - net depreciable/amortizable	37,557,918
Long-term receivables related to economic development are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
	2,688,616
Long-term liabilities and deferred outflows and deferred inflows related to pensions and other postemployment benefits (OPEB) are not due and payable in the current period, and therefore, are not reported in the funds.	
Net pension liability	(2,511,926)
Total OPEB liability - OPEB (health)	(449,195)
Total OPEB liability - OPEB (TMRS)	(279,093)
Deferred outflows - pensions	1,156,169
Deferred outflows - OPEB (health)	15,745
Deferred outflows - OPEB (TMRS)	15,691
Deferred inflows - pensions	(964,951)
Deferred inflows - OPEB (health)	(223,157)
Deferred inflows - OPEB (TMRS)	(97,923)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	
Property taxes	1,361,802
The internal service fund is used by management to charge the costs of certain capital assets and maintenance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	
Cash and equity in pooled cash and investments	2,410,215
Net depreciable/amortizable capital assets	5,346,441
Accounts payable and accrued liabilities	(714)
Lease payable	(717,795)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Lease payable	(5,728)
Accrued interest payable	(353,184)
Compensated absences	(1,300,945)
Bonds payable (net of deferred charges)	(30,917,806)
Deferred loss on refunding	329,161
Net position of governmental activities	\$ 59,338,250

See notes to financial statements.

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

	General	Debt Service	Hotel/Motel Tax	2023 Bond	Nonmajor Governmental	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 5,533,659	\$ 3,550,625	\$ -	\$ -	\$ 502,894	\$ 9,587,178
Sales taxes	8,843,968	-	-	-	3,298,093	12,142,061
Hotel/motel taxes	-	-	3,601,541	-	-	3,601,541
Franchise fees	503,889	-	-	-	14,783	518,672
Licenses and permits	12,322	-	675	-	-	12,997
Fines and forfeitures	455,270	-	-	-	33,955	489,225
Charges for services	1,094,165	-	288,122	-	2,301,876	3,684,163
Intergovernmental	46,511	-	57,200	-	1,569,205	1,672,916
Investment revenue	233,238	123,519	168,792	490,941	480,234	1,496,724
Other revenue	737,534	286,747	57,755	-	417,198	1,499,234
Total revenues	<u>17,460,556</u>	<u>3,960,891</u>	<u>4,174,085</u>	<u>490,941</u>	<u>8,618,238</u>	<u>34,704,711</u>
<b>Expenditures</b>						
Current						
General government	8,361,663	-	-	3,154	-	8,364,817
Public safety	7,895,271	-	-	-	65,505	7,960,776
Development services	1,175,484	-	-	-	-	1,175,484
Community services	3,394,628	-	-	-	245,916	3,640,544
Economic development	-	-	3,412,346	-	2,107,135	5,519,481
Public works	-	-	-	-	1,949,128	1,949,128
Capital outlay	126,128	-	188,123	1,940,352	4,994,798	7,249,401
Debt service						
Principal	8,076	2,616,630	-	-	-	2,624,706
Interest and fiscal charges	113	1,519,050	-	-	-	1,519,163
Total expenditures	<u>20,961,363</u>	<u>4,135,680</u>	<u>3,600,469</u>	<u>1,943,506</u>	<u>9,362,482</u>	<u>40,003,500</u>
Excess (deficiency) of revenues over (under) expenditures	(3,500,807)	(174,789)	573,616	(1,452,565)	(744,244)	(5,298,789)
<b>Other financing sources (uses)</b>						
Issuance on long-term debt	600,000	-	-	-	-	600,000
Transfers in	2,549,819	592,500	-	-	1,759,866	4,902,185
Transfers (out)	(2,666,324)	-	(812,004)	-	(446,953)	(3,925,281)
Total other financing sources (uses)	<u>483,495</u>	<u>592,500</u>	<u>(812,004)</u>	<u>-</u>	<u>1,312,913</u>	<u>1,576,904</u>
Net change in fund balances	(3,017,312)	417,711	(238,388)	(1,452,565)	568,669	(3,721,885)
Beginning fund balances	<u>7,331,737</u>	<u>821,292</u>	<u>3,865,753</u>	<u>12,861,956</u>	<u>8,781,188</u>	<u>33,661,926</u>
Ending fund balances	<u>\$ 4,314,425</u>	<u>\$ 1,239,003</u>	<u>\$ 3,627,365</u>	<u>\$ 11,409,391</u>	<u>\$ 9,349,857</u>	<u>\$ 29,940,041</u>

(Continued)

CITY OF BASTROP, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the year ended September 30, 2025

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Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$ (3,721,885)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.</p>	
Capital outlay additions, net of disposals	6,680,229
Depreciation/amortization expense	(2,230,562)
<p>The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.</p>	
Principal payments	2,616,630
Debt issued	(600,000)
Accrued interest	21,393
Principal paid on leases	8,076
Amortization of deferred amounts	(75,651)
Amortization of premiums on long-term debt	190,782
Compensated absences	(927,932)
Deferred outflows - pensions	(234,723)
Deferred outflows - health OPEB	(20,211)
Deferred outflows - TMRS OPEB	(22,567)
Deferred inflows - pension	(479,057)
Deferred inflows - health OPEB	2,145
Deferred inflows - TMRS OPEB	14,902
Net pension liability	893,627
OPEB liability - health	5,660
OPEB liability - TMRS	(3,064)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	37,524
Revenue that provides current financial resources only is not reported on Statement of Activities.	
Net Position - this amount reflects note receivable principal received.	337,633
An internal service fund is used by management to charge the cost of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities.	974,366
Change in net position of governmental activities	<u>\$ 3,467,315</u>

(Continued)

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

	Business-Type Activities			Total	Governmental
	Water and Wastewater	Bastrop Power & Light	Community Impact Fee		Internal Service
<b>ASSETS</b>					
Current assets					
Cash, cash equivalents, and investments	\$ 4,714,159	\$ 6,014,288	\$ 4,867,863	\$ 15,596,310	\$ 2,410,215
Accounts receivable (net of allowance for uncollectable)	1,496,491	823,465	67,714	2,387,670	-
Inventory	270,348	561,546	-	831,894	-
Restricted cash, and equity in pooled cash and investments	<u>2,705,997</u>	<u>-</u>	<u>-</u>	<u>2,705,997</u>	<u>-</u>
Total current assets	<u>9,186,995</u>	<u>7,399,299</u>	<u>4,935,577</u>	<u>21,521,871</u>	<u>2,410,215</u>
Noncurrent assets					
Capital assets					
Nondepreciable	18,759,414	131,836	-	18,891,250	-
Depreciable/amortizable	<u>140,999,877</u>	<u>4,186,693</u>	<u>-</u>	<u>145,186,570</u>	<u>5,346,441</u>
Total capital assets (net)	<u>159,759,291</u>	<u>4,318,529</u>	<u>-</u>	<u>164,077,820</u>	<u>5,346,441</u>
Total noncurrent assets	<u>159,759,291</u>	<u>4,318,529</u>	<u>-</u>	<u>164,077,820</u>	<u>5,346,441</u>
Total assets	<u>168,946,286</u>	<u>11,717,828</u>	<u>4,935,577</u>	<u>185,599,691</u>	<u>7,756,656</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows - pensions	163,621	18,406	-	182,027	-
Deferred outflows - OPEB (TMRS)	2,893	4,201	-	7,094	-
Deferred outflows - OPEB (health)	<u>2,903</u>	<u>4,216</u>	<u>-</u>	<u>7,119</u>	<u>-</u>
Total deferred outflows of resources	<u>169,417</u>	<u>26,823</u>	<u>-</u>	<u>196,240</u>	<u>-</u>

(Continued)

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

	Business-Type Activities				Governmental
	Water and Wastewater	Bastrop Power & Light	Community Impact Fee	Total	Activities
					Internal Service
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	\$ 4,026,628	\$ 936,017	\$ -	\$ 4,962,645	\$ 714
Lease payable	-	-	-	-	717,795
Accrued interest payable	1,483,565	9,831	-	1,493,396	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	42,513	67,715	110,228	-
Customer deposits	-	-	-	-	-
Compensated absences	182,772	182,840	-	365,612	-
Bonds payable - current	2,802,967	137,200	-	2,940,167	-
OPEB liability - health	1,334	1,937	-	3,271	-
OPEB liability - TMRS	1,110	1,611	-	2,721	-
Total current liabilities	<u>8,498,376</u>	<u>1,311,949</u>	<u>67,715</u>	<u>9,878,040</u>	<u>718,509</u>
Noncurrent liabilities					
Compensated absences	20,308	20,315	-	40,623	-
Bonds payable, net of deferred charges	125,376,714	815,333	-	126,192,047	-
Net pension liability	3,572	80,675	-	84,247	-
OPEB liability - health	94,241	39,466	-	133,707	-
OPEB liability - TMRS	62,251	31,871	-	94,122	-
Total noncurrent liabilities	<u>125,557,086</u>	<u>987,660</u>	<u>-</u>	<u>126,544,746</u>	<u>-</u>
Total liabilities	<u>134,055,462</u>	<u>2,299,609</u>	<u>67,715</u>	<u>136,422,786</u>	<u>718,509</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred gain on refunding	107,731	-	-	107,731	-
Deferred inflows - pensions	103,050	185,516	-	288,566	-
Deferred inflows - OPEB (TMRS)	272	939	-	1,211	-
Deferred inflows - OPEB (health)	5,376	22,763	-	28,139	-
Total deferred inflows of resources	<u>216,429</u>	<u>209,218</u>	<u>-</u>	<u>425,647</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	47,825,196	3,365,996	-	51,191,192	4,628,646
Restricted for					
Capital projects	4,784,776	-	-	4,784,776	-
Unrestricted	<u>(17,766,160)</u>	<u>5,869,828</u>	<u>4,867,862</u>	<u>(7,028,470)</u>	<u>2,409,501</u>
Total net position	<u>\$ 34,843,812</u>	<u>\$ 9,235,824</u>	<u>\$ 4,867,862</u>	<u>\$ 48,947,498</u>	<u>\$ 7,038,147</u>

See notes to financial statements.

CITY OF BASTROP, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION PROPRIETARY FUNDS  
For the year ended September 30, 2025

	Business-Type Activities			Total	Governmental Activities
	Water and Wastewater	Bastrop Power & Light	Community Impact Fee		Internal Service
<b>Operating revenues</b>					
Charges for services	\$ 9,681,032	\$ 8,529,125	\$ 3,499,576	\$ 21,709,733	\$ 1,396,268
Other revenue	-	688,175	-	688,175	-
Total operating revenues	<u>9,681,032</u>	<u>9,217,300</u>	<u>3,499,576</u>	<u>22,397,908</u>	<u>1,396,268</u>
<b>Operating expenses</b>					
Personnel services	2,282,126	1,160,167	-	3,442,293	-
Supplies and maintenance	2,327,280	441,604	10,750	2,779,634	4,662
Service and other	198,641	6,094,375	14,805	6,307,821	-
Depreciation/amortization	1,220,144	184,529	-	1,404,673	1,105,539
Total operating expenses	<u>6,028,191</u>	<u>7,880,675</u>	<u>25,555</u>	<u>13,934,421</u>	<u>1,110,201</u>
Operating income (loss)	<u>3,652,841</u>	<u>1,336,625</u>	<u>3,474,021</u>	<u>8,463,487</u>	<u>286,067</u>
<b>Nonoperating revenues (expenses)</b>					
Gain on sale of capital assets	-	1,741	-	1,741	74,735
Investment revenue	621,401	304,431	233,602	1,159,434	149,213
Interest and fiscal agent fees	(3,611,998)	(25,398)	-	(3,637,396)	(24,565)
Total nonoperating revenues	<u>(2,990,597)</u>	<u>280,774</u>	<u>233,602</u>	<u>(2,476,221)</u>	<u>199,383</u>
Income (loss) before transfers	<u>662,244</u>	<u>1,617,399</u>	<u>3,707,623</u>	<u>5,987,266</u>	<u>485,450</u>
<b>Transfers</b>					
Transfers in	3,210,158	181,084	83,598	3,474,840	670,000
Transfers (out)	(841,953)	(1,191,707)	(2,907,000)	(4,940,660)	(181,084)
Total transfers	<u>2,368,205</u>	<u>(1,010,623)</u>	<u>(2,823,402)</u>	<u>(1,465,820)</u>	<u>488,916</u>
Change in net position	<u>3,030,449</u>	<u>606,776</u>	<u>884,221</u>	<u>4,521,446</u>	<u>974,366</u>
Beginning net position	<u>31,813,363</u>	<u>8,629,048</u>	<u>3,983,641</u>	<u>44,426,052</u>	<u>6,063,781</u>
Ending net position	<u>\$ 34,843,812</u>	<u>\$ 9,235,824</u>	<u>\$ 4,867,862</u>	<u>\$ 48,947,498</u>	<u>\$ 7,038,147</u>

See notes to financial statements.

CITY OF BASTROP, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended September 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Wastewater	Bastrop Power & Light	Community Impact Fee	Total	Internal Service
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 9,022,306	\$ 9,115,473	\$ 3,499,576	\$ 21,637,355	\$ -
Receipts from interfund services provided	-	-	-	-	1,396,268
Payments to suppliers	(5,408,518)	(6,523,752)	(45,554)	(11,977,824)	(28,601)
Payments to employees	(2,207,778)	(1,070,662)	-	(3,278,440)	-
Net cash provided by operating activities	<u>1,406,010</u>	<u>1,521,059</u>	<u>3,454,022</u>	<u>6,381,091</u>	<u>1,367,667</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	3,210,158	181,084	83,598	3,474,840	670,000
Transfer to other funds	(841,953)	(1,191,707)	(2,907,000)	(4,940,660)	(181,084)
Net cash provided by noncapital financing activities	<u>2,368,205</u>	<u>(1,010,623)</u>	<u>(2,823,402)</u>	<u>(1,465,820)</u>	<u>488,916</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(19,748,407)	(295,972)	-	(20,044,379)	(2,367,514)
Proceeds from issuance of bonds	-	-	-	-	-
Interest and fiscal agent fees paid	(3,858,796)	(32,261)	-	(3,891,057)	(24,565)
Principal paid on capital debt	(2,944,988)	(135,750)	-	(3,080,738)	(412,205)
Proceeds from the sale of capital assets	-	-	-	-	122,272
Net cash provided (used) by capital and related financing activities	<u>(26,552,191)</u>	<u>(463,983)</u>	<u>-</u>	<u>(27,016,174)</u>	<u>(2,682,012)</u>
<b>Cash flows from investing activities</b>					
Interest on investments	621,401	304,431	233,602	1,159,434	149,213
Net cash provided by investing activities	<u>621,401</u>	<u>304,431</u>	<u>233,602</u>	<u>1,159,434</u>	<u>149,213</u>
Net Increase in cash and cash equivalents	(22,156,575)	350,884	864,222	(20,941,469)	(676,216)
Beginning cash and cash equivalents	<u>29,576,731</u>	<u>5,663,404</u>	<u>4,003,641</u>	<u>39,243,776</u>	<u>3,086,431</u>
Ending cash and cash equivalents	<u>\$ 7,420,156</u>	<u>\$ 6,014,288</u>	<u>\$ 4,867,863</u>	<u>\$ 18,302,307</u>	<u>\$ 2,410,215</u>
<b>Ending cash and cash equivalents</b>					
Unrestricted cash and equity in pooled cash and investments	\$ 4,714,159	\$ 6,014,288	\$ 4,867,863	\$ 15,596,310	\$ 2,410,215
Restricted cash and equity in pooled cash investments	2,705,997	-	-	2,705,997	-
	<u>\$ 7,420,156</u>	<u>\$ 6,014,288</u>	<u>\$ 4,867,863</u>	<u>\$ 18,302,307</u>	<u>\$ 2,410,215</u>

(Continued)

CITY OF BASTROP, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended September 30, 2025

	Business-Type Activities			Governmental Activities	
	<u>Water and Wastewater</u>	<u>Bastrop Power &amp; Light</u>	<u>Community Impact Fee</u>	<u>Total</u>	<u>Internal Service</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ 3,652,841	\$ 1,336,625	\$ 3,474,021	\$ 8,463,487	\$ 286,067
Adjustments to reconcile operating income to net cash provided (used in) by operating activities					
Depreciation/amortization	1,220,144	184,529	-	1,404,673	1,105,539
Changes in operating assets and liabilities					
(Increase) decrease in assets					
Accounts receivable	(658,726)	(101,827)	-	(760,553)	-
Advances/due to/from funds	20,000	-	-	20,000	-
Inventories	29,797	(158,464)	-	(128,667)	-
Prepaid items	-	1,798	-	1,798	-
Deferred outflows of resources	47,478	57,183	-	104,661	-
Increase (decrease) in liabilities					
Accounts payable and accrued liabilities	(2,864,794)	168,893	(19,999)	(2,715,900)	(23,939)
Customer deposits	(67,600)	-	-	(67,600)	-
Compensated absences	123,796	148,585	-	272,381	-
Deferred inflows of resources	68,312	123,708	-	192,020	-
Net pension liability	(164,760)	(239,277)	-	(404,037)	-
Total OPEB liability - health	(1,043)	(1,515)	-	(2,558)	-
Total OPEB liability - TMRS	565	821	-	1,386	-
Net cash provided by (used in) operating activities	<u>\$ 1,406,010</u>	<u>\$ 1,521,059</u>	<u>\$ 3,454,022</u>	<u>\$ 6,381,091</u>	<u>\$ 1,367,667</u>

See notes to financial statements.

CITY OF BASTROP, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
September 30, 2025

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	Private- Purpose Trust
<b>ASSETS</b>	
Current assets	
Cash	\$ 11,390,250
Total assets	<u>11,390,250</u>
<b>NET POSITION</b>	
Restricted for debt service	<u>11,390,250</u>
Total net position	<u>\$ 11,390,250</u>

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See notes to financial statements.

CITY OF BASTROP, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
For the Year Ended September 30, 2025

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	Private- Purpose Trust
<b>Additions</b>	
Contributions	\$ 12,303,000
Investment earnings	191,031
Total additions	<u>12,494,031</u>
 <b>Deductions</b>	
Payment to fiscal agents	11,831
Issuance costs	<u>1,091,950</u>
Total deductions	<u>1,103,781</u>
 Net decrease in fiduciary net position	 11,390,250
 Beginning net position	 <u>-</u>
 Ending net position	 <u><u>\$ 11,390,250</u></u>

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See notes to financial statements.

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

Reporting Entity: The City of Bastrop, Texas (the “City”) was incorporated on December 18, 1837 and adopted the “Home Rule Charter” on May 7, 2002, pursuant to the laws of the State of Texas (the “State”), which provide for a Council-Manager form of government.

The City Council is the principal legislative body of the City. With few exceptions, all powers of the City are vested in an elective council, which enacts legislation, adopts budgets, determines policies, and appoints the City Attorney and the Municipal Court Judge. The Council also appoints the City Manager, who executes the laws and administers the government of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The City provides the following services: public safety; street maintenance; sanitation services; recreation programs; municipal court; community development; public improvements; water; sewer and electrical services; and general administrative services.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. The City Council also serves as the governing body for all its blended component units. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. No other entities, organizations, or functions have been included as part of the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

*Blended Component Units*

Hunters Crossing Public Improvement District: The Hunters Crossing Local Government Corporation (the “Corporation”) was established to administer the service plan of the Hunters Crossing Public Improvement District (“PID”). The PID was established on September 11, 2001 by resolution of the City Council. That resolution was later amended on November 11, 2003. The purpose for creation of the PID was to provide for the construction of certain public improvements and a mechanism for the payment of the costs of such construction and the costs of such improvements through the levy of assessments against owners of respective parcels in the PID. The assessment and bond issuance authorizations are approved by the City Council and the City is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from any other remedies. The Corporation is reported as a blended component unit of the City. Separate financial statements for the Corporation can be obtained from the City’s Finance Department.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Discretely Presented Component Unit*

Bastrop Economic Development Corporation: The Bastrop Economic Development Corporation (BEDC) was established in 1995, after the citizens of the City voted to pass a one-half cent sales tax dedicated to economic development.

The BEDC's primary purpose is to assist in bringing meaningful and rewarding employment opportunities to citizens in the area through funding assistance provided to businesses to relocate or expand in Bastrop. A separate governing board oversees the BEDC, which is appointed by the City Council, and consists of individuals from the community and related governmental entities in the area. City employees also manage the operations of the BEDC. The BEDC has been reported as a discretely presented component unit because the governing board is not identical to the governing body of the City, the BEDC does not solely serve the City, and the City has the ability to impose its will on the BEDC. Separate financial statements for the BEDC can be obtained from the City's Finance Department.

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

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

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

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

The City reports the following governmental funds:

General Fund: The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, hotel/motel tax, and franchise fees. Expenditures include general government, public safety, community services, development services, and economic development. The general fund is always considered a major fund for reporting purposes.

Debt Service Fund: The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Special Revenue Funds: The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. All of the special revenue funds are considered nonmajor funds for reporting purposes, with the exceptions of the hotel/motel tax fund which is considered a major fund.

Capital Projects Funds: The *capital projects funds* are used to account for the expenditures of resources accumulated from grants, sale of bonds, and related interest earnings for capital improvement projects. All of the capital projects funds are considered nonmajor funds for reporting purposes, with the exception of the 2023 bond fund which is considered a major fund.

Permanent Funds: The *permanent funds* are governmental funds that are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The Fairview Cemetery fund is considered a nonmajor fund for reporting purposes. The City is permanent trustee for the perpetual care trust fund that is used to support the maintenance, repair, and care of all places in the cemetery. Net appreciation on investments can be spent for this purpose as authorized by the Council. The City classifies the amount that can be authorized for expenditure by the Council as restricted expendable net position, and the policy for authorizing and spending investment income is the total-return policy.

The City reports the following proprietary funds:

Enterprise Funds: The *enterprise funds* are used to account for the operations that provide water and wastewater services, electrical utility services, and community impact fees. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

The *water and wastewater fund* is utilized to account for the financial activities related to the provision of water and wastewater services to residents of the City.

The *Bastrop Power & Light fund* is utilized to account for the financial activities related to the provision of electricity services to residents of the City.

The *community impact fee fund* is utilized to account for the financial activities related to the impact fees generated as part of development.

Internal Service Fund: The *internal service fund* accounts for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service fund is used for the replacement of vehicles and equipment.

Additionally, the City reports the following fiduciary fund:

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

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

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

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

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Obligations of the U.S. the State, or their agencies and instruments
- Money market mutual funds that meet certain criteria
- Statewide investment pools
- Certificates of deposit that meet certain criteria

Inventories and Prepaid Items: Inventories are recorded in the general and enterprise funds, and are stated at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The consumption method is used to recognize expenditures.

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

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

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with the construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Improvements	4 to 50 years
Equipment	4 to 10 years
Water and sewer system	20 to 30 years
Infrastructure	40 to 50 years
Right-to-use assets	Lease term

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- Deferred charges on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

Leases:

*Lessee* - The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements.

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

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

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

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

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

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

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

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

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

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

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

By resolution, the Council has also authorized the City Manager and Finance Director as the officials authorized to assign fund balance to a specific purpose as approved by the City's fund balance policy. Assignments of fund balance by the City Manager and/or the Finance Director do not require formal action by the City Council.

The City strives to maintain an unassigned fund balance of not less than 25 percent for the budgeted operational expenditures in all City funds, with the exception of proprietary funds, which the target is 35 percent. The purpose of the unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe.

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

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

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Other Postemployment Benefits:

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

*Retiree Health Insurance.* For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's total OPEB liability is obtained from a report prepared by a consulting actuary.

Revenues and Expenditures/Expenses:

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

Property Taxes: The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. Taxes are delinquent if not paid by February 1 of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

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

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(Continued)

CITY OF BASTROP, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2025

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

New Accounting Pronouncements:

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

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except the capital projects funds, which adopt project-length budgets. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2025.

Expenditures in Excess of Appropriations: For the year ended September 30, 2025, expenditures exceeded appropriations at the following legal level of control:

<b>General fund</b>	
General government	
City council	\$ 4,010
Organizational	458,168
Finance	259,844
Information technology	42,711
Development services	
Engineering and development	633,817
Principal	8,076
Interest	113
<b>Hotel/Motel tax fund</b>	
Hotel tax expense	825,378
Cultural arts commission	22,804
Rodeo arena	2,116
<b>Debt service fund</b>	
Interest and fiscal agent fees	147,667
<b>Fairview cemetery fund</b>	
Capital outlay	8,228
<b>Development services fund</b>	
Building inspection	1,283

(Continued)

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

Deposits and Investments: At September 30, 2025, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$46,716,658 and the bank balance was \$57,484,070. The City's cash deposits at September 30, 2025, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Chapter 2256 of the Texas Government Code, the Public Funds Investment Act (the "Act") authorizes the City to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal, availability of liquidity to meet the City's obligations, and market rate of return. The Investment Policy defines what constitutes the legal list of investments allowed, which excludes certain investment instruments allowed under the Act. The City's deposits and investments are invested pursuant to the Investment Policy. The Investment Policy includes a list of authorized investment instruments and a maximum allowable stated maturity of any individual investment. In addition, it includes an investment strategy that specifically addresses limitations on instruments, diversification, and maturity scheduling.

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

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

*Credit risk.* The City's investment policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/P1' as provided by two of the top nationally recognized rating agencies. As of September 30, 2025, the City's investments in investment pools were rated 'AAAm' by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2025 include a variety of bonds and discount notes issued by the Federal Home Loan Bank, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation. These investments were rated not less than 'Aa1' by Moody's and Standard & Poor's.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2025, market values were entirely secured by FDIC insurance and pledged securities.

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

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

**Texas Term** - The Texas Term Local Government Investment ("TexasTerm") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTerm was created in 1981 by contract among its participating governmental units and is governed by a board of directors. PFM Fund Distributors and PFM Asset Management (PFM) act as co-administrators, providing investment management services, participant services, and marketing. PFM provides custodial, transfer agency, fund accounting, and depository services.

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

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

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

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(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

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

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

Details regarding investment by type are as follows:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Weighted Average Maturity in Years</u>	<u>Fair Value Measurement Using</u>	<u>% of Total</u>	<u>Rating</u>
<b>City</b>					
Certificates of Deposit	\$ 7,314,265	0.46	Level 2	25%	AA+
Municipal Bonds	447,078	0.42	Level 2	2%	AA-/Aa1
TexPool	118,713	0.11	n/a	0%	AAAm
Texas CLASS	13,851,148	0.12	n/a	48%	AAAm
TexasTerm	7,346,943	0.13	n/a	<u>25%</u>	AAAmmf
	<u>\$ 29,078,147</u>	0.23		<u>100%</u>	
<b>BEDC</b>					
Certificates of Deposit	\$ 983,000	0.65	Level 2	10%	AA+
TexPool	445,200	0.11	n/a	5%	AAAm
Texas CLASS	8,212,674	0.12	n/a	<u>85%</u>	AAAm
	<u>\$ 9,640,874</u>	0.17		<u>100%</u>	

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(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

Receivables: The following comprise receivable balances at year end:

	Discrete Component Unit	Governmental Funds				
	Bastrop Economic Development	General	Debt Service	Hotel/Motel Tax	Nonmajor	Total
Property taxes	\$ -	\$ 285,848	\$ 179,250	\$ -	\$ 6,226	\$ 471,324
Sales taxes	174,735	1,397,876	-	-	524,204	1,922,080
Hotel/motel tax	-	-	-	248,460	-	248,460
Intergovernmental	-	-	-	-	181,592	181,592
Other receivables	16,600	3,075,193	-	-	22,920	3,098,113
Court fines and fees	-	722,823	-	-	-	722,823
Less allowance	-	(470,676)	(8,963)	-	(311)	(479,950)
<b>Total</b>	<b>\$ 191,335</b>	<b>\$ 5,011,064</b>	<b>\$ 170,287</b>	<b>\$ 248,460</b>	<b>\$ 734,631</b>	<b>\$ 6,164,442</b>

	Proprietary Funds			
	Water and Sewer	Bastrop Power & Light	Community Impact Fee	Total Enterprise Funds
Accounts receivable	\$ 1,501,556	\$ 843,386	\$ 67,714	\$ 2,412,656
Less allowance	(5,065)	(19,921)	-	(24,986)
<b>Total</b>	<b>\$ 1,496,491</b>	<b>\$ 823,465</b>	<b>\$ 67,714</b>	<b>\$ 2,387,670</b>

Lease Receivable: On October 1, 2022, the BEDC entered into a 149-month lease as lessor for the use of Land Lease - Communications Tower Site. As of September 30, 2025, the value of the lease receivable is \$155,039. The lessee is required to make monthly fixed payments of \$1,323. The lease has an interest rate of 1.755%. The value of the deferred inflow of resources as of September 30, 2025 was \$142,251. The lease revenue for fiscal year 2025 was \$24,910. The lessee has 2 extension options, each for 60 months. The City had a termination period of 1 month as of the lease commencement.

The future payments the receivable and deferred inflow of resources are as follows:

Fiscal Year	Lease Receivable			Amortization of Deferred Inflows
	Principal	Interest	Total	
2026	\$ 15,655	\$ 2,595	\$ 18,250	\$ 16,812
2027	15,932	2,318	18,250	16,812
2028	16,214	2,037	18,251	16,812
2029	18,105	1,743	19,848	16,812
2030	19,581	1,407	20,988	16,812
2031-2035	69,552	2,157	71,709	58,191
	<b>\$ 155,039</b>	<b>\$ 12,257</b>	<b>\$ 167,296</b>	<b>\$ 142,251</b>

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

Capital Assets: The following is a summary of changes in capital assets for governmental activities for the year:

	Beginning <u>Balance</u>	<u>Increases</u>	(Decreases)/ <u>Reclassifications</u>	Ending <u>Balance</u>
<u>Governmental activities</u>				
Capital assets not being depreciated/amortized				
Land	\$ 6,413,126	\$ 167,080	\$ -	\$ 6,580,206
Construction in progress	<u>3,095,308</u>	<u>6,808,131</u>	<u>(144,777)</u>	<u>9,758,662</u>
Total capital assets not being depreciated/amortized	<u>9,508,434</u>	<u>6,975,211</u>	<u>(144,777)</u>	<u>16,338,868</u>
Capital assets, being depreciated/amortized				
Buildings	15,277,638	58,000	-	15,335,638
Land Infrastructure	882,288	-	-	882,288
Improvements other than buildings	39,156,136	276,975	-	39,433,111
Right-to-use assets - equipment	1,792,271	-	-	1,792,271
Machinery and equipment	<u>14,057,537</u>	<u>2,473,255</u>	<u>(828,751)</u>	<u>15,702,041</u>
Total Capital assets, being depreciated/amortized	<u>71,165,870</u>	<u>2,808,230</u>	<u>(828,751)</u>	<u>73,145,349</u>
Less accumulated depreciation/amortization for				
Buildings	(5,833,147)	(335,683)	-	(6,168,830)
Land Infrastructure	(167,600)	(36,400)	-	(204,000)
Improvements other than buildings	(12,959,197)	(2,012,458)	-	(14,971,655)
Right-to-use assets - equipment	(640,645)	(432,403)	-	(1,073,048)
Machinery and equipment	<u>(7,494,593)</u>	<u>(1,006,528)</u>	<u>677,664</u>	<u>(7,823,457)</u>
Total accumulated depreciation/amortization	<u>(27,095,182)</u>	<u>(3,823,472)</u>	<u>677,664</u>	<u>(30,240,990)</u>
Capital assets, being depreciated/amortized, net	<u>44,070,688</u>	<u>(1,015,242)</u>	<u>(151,087)</u>	<u>42,904,359</u>
Governmental activities capital assets, net	<u>\$ 53,579,122</u>	<u>\$ 5,959,969</u>	<u>\$ (295,864)</u>	<u>59,243,227</u>
			Plus unspent bond proceeds	11,387,665
			Less construction and retainage payables	(407,181)
			Plus deferred gain on refunding	329,161
			Less associated debt	<u>(31,641,328)</u>
			Net investment in capital assets	<u>\$ 38,911,544</u>

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

Depreciation/amortization was charged to governmental functions as follows:

General government	\$ 1,758,696
Public safety	440,730
Development services	25,926
Community services	466,655
Economic development	25,926
Internal service fund	<u>1,105,539</u>
Total governmental activities depreciation expense	<u><u>\$ 3,823,472</u></u>

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

	Beginning <u>Balance</u>	Increases	(Decreases)/ <u>Reclassifications</u>	Ending <u>Balance</u>
<u>Business-type activities</u>				
Capital assets not being depreciated/amortized				
Land	\$ 4,769,618	\$ 2,156,180	\$ -	\$ 6,925,798
Water rights	3,933,620	3,902,954	-	7,836,574
Construction in progress	<u>96,021,479</u>	<u>13,804,163</u>	<u>(105,696,764)</u>	<u>4,128,878</u>
Total capital assets not being depreciated/amortized	<u>104,724,717</u>	<u>19,863,297</u>	<u>(105,696,764)</u>	<u>18,891,250</u>
Capital assets, being depreciated/amortized				
Machinery and equipment	2,983,183	181,084	(53,449)	3,110,818
Buildings	739,428	-	-	739,428
Infrastructure	<u>58,109,581</u>	<u>105,696,764</u>	<u>-</u>	<u>163,806,345</u>
Total Capital assets, being depreciated/amortized	<u>61,832,192</u>	<u>105,877,848</u>	<u>(53,449)</u>	<u>167,656,591</u>
Less accumulated depreciation/amortization for				
Machinery and equipment	(2,835,208)	(5,857)	53,449	(2,787,616)
Buildings	(336,691)	(31,454)	-	(368,145)
Infrastructure	<u>(17,946,898)</u>	<u>(1,367,362)</u>	<u>-</u>	<u>(19,314,260)</u>
Total accumulated depreciation/amortization	<u>(21,118,797)</u>	<u>(1,404,673)</u>	<u>53,449</u>	<u>(22,470,021)</u>
Capital assets, being depreciated/amortized, net	<u>40,713,395</u>	<u>104,473,175</u>	<u>-</u>	<u>145,186,570</u>
Business-type activities capital assets, net	<u>\$145,438,112</u>	<u>\$124,336,472</u>	<u>\$ (105,696,764)</u>	<u>164,077,820</u>
		Plus unspent bond proceeds		19,878,298
		Less construction and retainage payables		(3,524,980)
		Less deferred gain on refunding		(107,731)
		Less associated debt		<u>(129,132,215)</u>
		Net investment in capital assets		<u>\$ 51,191,192</u>

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

Depreciation/amortization was charged to business-type functions as follows:

Water and wastewater	\$	1,220,144
Power and light		184,529
Total business-type activities depreciation expense	\$	1,404,673

The following is a summary of changes in capital assets for the BEDC for the year end:

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
<u>BEDC</u>				
Capital assets not being depreciated/amortized				
Land	\$ 416,323	\$ -	\$ -	\$ 416,323
Total capital assets not being depreciated/amortized	416,323	-	-	416,323
Other capital assets				
Machinery and equipment	8,301	44,941	-	53,242
Total other capital assets	8,301	44,941	-	53,242
Less accumulated depreciation/amortization for				
Machinery and equipment	(8,301)	-	-	(8,301)
Total accumulated depreciation/amortization	(8,301)	-	-	(8,301)
Other capital assets, net	-	44,941	-	44,941
BEDC capital assets, net	\$ 416,323	\$ 44,941	\$ -	461,264
		Net investment in capital assets		\$ 461,264

Long-Term Debt: The City issues general obligation bonds, certificates of obligation, and tax and revenue bonds to provide funds for the acquisition and construction of major capital facilities and improvement projects. Long-term debt of this nature has been issued for both governmental and business-type activities. These debt instruments are direct obligations and pledge the full faith and credit of the City. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 3 to 30 years. The City issues maintenance tax notes or obtains regular notes payable financing arrangements from banks to provide funds for the acquisition of equipment or minor capital projects. Tax notes and regular notes payable are direct obligations and pledge the full faith and credit of the government. These debt instructions are generally repaid in equal installments of principal and interest over a period of 3 to 10 years.

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

The following is a summary of changes in the City's long-term liabilities for the year end:

	Beginning <u>Balances</u>	<u>Additions</u>	<u>(Reductions)</u>	Ending <u>Balances</u>	Amounts Due Within <u>One Year</u>
<u>Governmental activities</u>					
Bonds, notes, and other payables					
General obligation bonds	\$ 9,395,000	\$ -	\$ (1,165,000)	\$ 8,230,000 *	\$ 1,185,000
Certificates of obligation	20,330,000	-	(815,000)	19,515,000 *	1,040,000
Direct borrowings/private placement					
Certificates of obligation	78,509	-	(29,262)	49,247 *	29,833
General obligation bonds	1,305,000	-	(585,000)	720,000 *	415,000
Notes payable	150,983	600,000	(22,368)	728,615 *	28,569
Leases payable	1,143,804	-	(420,282)	723,522 *	416,247
Total bonds, notes, and other payables	<u>32,403,296</u>	<u>600,000</u>	<u>(3,036,912)</u>	<u>29,966,384</u>	<u>3,114,649</u>
Deferred amounts					
For issuance discounts/premiums	1,865,726	-	(190,782)	1,674,944 *	-
Other liabilities					
Compensated absences	373,013	927,932	-	1,300,945	1,170,851
Net pension liability	3,405,555	-	(893,627)	2,511,928	-
OPEB liability - health	454,855	-	(5,660)	449,195	7,234
OPEB liability - TMRS	276,029	3,064	-	279,093	6,017
Total governmental activities	<u>\$ 38,778,474</u>	<u>\$ 1,530,996</u>	<u>\$ (4,126,981)</u>	<u>\$ 36,182,489</u>	<u>\$ 4,298,751</u>
				<u>\$ 31,883,738</u>	
				<u>\$ 31,641,328</u>	

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

	<u>Beginning Balances</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
<u>Business-type activities</u>					
Bonds, notes, and other payables					
General obligation bonds	\$ 7,185,000	\$ -	\$ (650,000)	\$ 6,535,000 *	\$ 665,000
Certificates of obligation	98,480,000	-	(1,895,000)	96,585,000 *	1,725,000
Direct borrowings/private placement					
Certificates of obligation	486,491	-	(165,738)	320,753 *	170,167
Revenue bonds	20,830,000	-	(370,000)	20,460,000 *	380,000
Total bonds, notes, and other payables	<u>126,981,491</u>	<u>-</u>	<u>(3,080,738)</u>	<u>123,900,753</u>	<u>2,940,167</u>
Deferred amounts					
For issuance discounts/premiums	5,485,123	-	(253,661)	5,231,462 *	-
Other liabilities					
Compensated absences	133,854	272,381	-	406,235	365,612
Net pension liability	488,284	-	(404,037)	84,247	-
OPEB liability - health	139,536	-	(2,558)	136,978	3,271
OPEB liability - TMRS	95,457	1,386	-	96,843	2,721
Total business-type activities	<u>\$ 133,323,745</u>	<u>\$ 273,767</u>	<u>\$ (3,740,994)</u>	<u>\$ 129,856,518</u>	<u>\$ 3,311,771</u>
				<u>\$ 126,544,747</u>	
				<u>\$ 129,132,215</u>	

	<u>Beginning Balances</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balances</u>	<u>Amounts Due Within One Year</u>
<u>BEDC</u>					
Note to City					
Total notes payable	\$ 2,200,000	\$ -	\$ (240,000)	\$ 1,960,000	\$ 240,000
Other liabilities	<u>2,200,000</u>	<u>-</u>	<u>(240,000)</u>	<u>1,960,000</u>	<u>240,000</u>
Other liabilities					
Compensated absences	11,720	39,279	-	50,999	45,899
Net pension liability	283,274	-	(113,569)	169,705	-
OPEB liability - health	25,091	-	(719)	24,372	919
OPEB liability - TMRS	6,800	-	390	7,190	765
Total business-type activities	<u>\$ 2,526,885</u>	<u>\$ 39,279</u>	<u>\$ (353,898)</u>	<u>\$ 2,212,266</u>	<u>\$ 287,583</u>
				<u>\$ 1,924,683</u>	

Change in the compensated absences liability is presented as a net change.

Long-term liabilities of the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The general fund liquidates the governmental activities portion of the compensated absences liability, the net pension liability, and the OPEB liabilities.

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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

<u>Description</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance</u>
<b>Governmental activities</b>			
Bonds Payable			
Gen. Oblig. Bonds, Series 2006	4.24%	\$ 345,000	25,000
Certificates of Oblig., Series 2006 (31.4%)	4.19%	\$ 227,650	10,990
Gen. Oblig. Bonds, Series 2007	4.08%	\$ 1,220,000	175,000
Certificates of Obligation, Series 2007 (11.42%)	4.04%	\$ 264,944	38,257
GO Refunding, Series 2014 (74.53%)	2.00 - 4.00%	\$ 1,695,558	1,370,000
GO Refunding, Series 2016 (58%)	2.00 - 4.00%	\$ 1,440,000	445,000
GO Refunding, Series 2017 (83%)	2.00 - 4.00%	\$ 3,745,000	1,820,000
Combination Tax & Rev., Cert. of Oblig., Series 2018	3.75 - 4.00%	\$ 4,605,000	2,975,000
Limited Tax Note, Series 2019	1.78%	\$ 465,000	90,000
Combination Tax & Rev., Cert. of Oblig, Series 2020	2.00 - 4.00%	\$ 2,615,000	1,555,000
Limited Tax Note, Series 2020	1.21%	\$ 1,000,000	430,000
Certificates of Oblig., Series 2021	2.00 - 5.00%	\$ 580,000	440,000
Gen. Oblig. Refunding Bonds, Series 2021A	0.30% - 2.18%	\$ 5,650,000	4,595,000
Combination Tax & Rev., Cert. of Oblig, Series 2022	3.00 - 4.00%	\$ 3,235,000	2,410,000
Combination Tax & Rev., Cert. of Oblig, Series 2023	4.00 - 5.00%	\$ 12,135,000	12,135,000
Total bonds payable			<u>28,514,247</u>
Notes payable			
Notes Payable - Texas Capital Fund - Art Foundry	0.00%	\$ 447,351	128,615
Notes Payable - BEDC	4.00%	\$ 600,000	600,000
Total notes payable			<u>728,615</u>
Total governmental activities			<u>\$ 29,242,862</u>
<b>Business-type activities</b>			
Bonds Payable			
Certificates of Oblig., Series 2006 (68.6%)	4.19%	\$ 497,350	\$ 24,010
Certificates of Oblig., Series 2007 (88.58%)	4.04%	\$ 2,055,056	296,743
Combination Tax & Rev., Cert. of Oblig., Series 2014	2.00 - 3.50%	\$ 5,985,000	1,905,000
GO Refunding., Series 2016 (42%)	2.00 - 4.00%	\$ 1,085,000	355,000
GO Refunding, Series 2017 (12.7%)	2.00 - 3.50%	\$ 610,000	370,000
Utility System Revenue Bonds, Series 2019	2.00 - 4.00%	\$ 1,900,000	1,475,000
Utility System Revenue Bonds, Series 2020	2.00 - 5.00%	\$ 20,065,000	18,985,000
Certificates of Obligation, Series 2021	2.00 - 5.00%	\$ 33,990,000	32,460,000
Gen. Oblig. Refunding Bonds, Series 2021	2.00 - 4.00%	\$ 2,780,000	1,690,000
Gen. Oblig. Refunding Bonds, Series 2021A	0.30 - 2.18%	\$ 4,410,000	4,120,000
Combination Tax & Rev., Cert. of Oblig, Series 2023	4.00 - 5.00%	\$ 26,910,000	26,910,000
Combination Tax & Rev., Cert. of Oblig, Series 2024	4.00 - 5.00%	\$ 36,320,000	35,310,000
Total bonds payable			<u>123,900,753</u>
Total business-type activities			<u>\$ 123,900,753</u>

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

<u>Description</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance</u>
<b>BEDC</b>			
Notes to City			
Due to City of Bastrop - 13.4% GO Refunding, Series 2017	0.00%		\$ 305,000
Due to City of Bastrop - 31.93% GO Refunding, Series 2021A	0.00%		1,655,000
Total notes payable			<u>1,960,000</u>
Total BEDC			<u>\$ 1,960,000</u>

The annual requirements to amortize bond and notes outstanding at year end were as follows:

Governmental Activities:

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>			<u>Certificates of Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,185,000	\$ 227,912	\$ 1,412,912	\$ 1,040,000	\$ 800,338	\$ 1,840,338
2027	1,260,000	195,542	1,455,542	1,385,000	761,288	2,146,288
2028	1,340,000	157,642	1,497,642	1,440,000	703,388	2,143,388
2029	1,145,000	117,085	1,262,085	1,500,000	647,188	2,147,188
2030	1,070,000	83,755	1,153,755	1,555,000	589,538	2,144,538
2031-2035	2,230,000	94,595	2,324,595	5,495,000	2,140,613	7,635,613
2036-2040	-	-	-	5,120,000	996,613	6,116,613
2041-2043	-	-	-	1,980,000	119,600	2,099,600
Total	<u>\$ 8,230,000</u>	<u>\$ 876,531</u>	<u>\$ 9,106,531</u>	<u>\$ 19,515,000</u>	<u>\$ 6,758,566</u>	<u>\$ 26,273,566</u>

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>			<u>Certificates of Obligation</u>			<u>Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 415,000	\$ 12,864	\$ 427,864	\$ 29,833	\$ 1,445	\$ 31,278	\$ 28,569	\$ 2,000	\$ 30,569
2027	305,000	4,444	309,444	19,414	392	19,806	98,415	22,368	120,783
2028	-	-	-	-	-	-	101,513	19,270	120,783
2029	-	-	-	-	-	-	104,738	16,045	120,783
2030	-	-	-	-	-	-	108,094	12,689	120,783
2031-2032	-	-	-	-	-	-	287,286	9,196	296,482
Total	<u>\$ 720,000</u>	<u>\$ 17,308</u>	<u>\$ 737,308</u>	<u>\$ 49,247</u>	<u>\$ 1,837</u>	<u>\$ 51,084</u>	<u>\$ 728,615</u>	<u>\$ 81,568</u>	<u>\$ 810,183</u>

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

Business-type Activities:

Fiscal Year	General Obligation Bonds			Certificates of Obligation			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 665,000	\$ 167,298	\$ 832,298	\$ 1,725,000	\$ 3,638,557	\$ 5,363,557	\$ 380,000	\$ 596,613	\$ 976,613
2027	685,000	153,353	838,353	2,100,000	3,559,507	5,659,507	420,000	578,413	998,413
2028	740,000	136,828	876,828	2,200,000	3,461,905	5,661,905	565,000	558,263	1,123,263
2029	640,000	114,043	754,043	2,330,000	3,362,657	5,692,657	685,000	530,863	1,215,863
2030	560,000	95,001	655,001	2,435,000	3,253,955	5,688,955	720,000	498,413	1,218,413
2031-2035	3,245,000	169,572	3,414,572	12,775,000	14,675,321	27,450,321	3,930,000	2,155,463	6,085,463
2036-2040	-	-	-	16,475,000	11,763,919	28,238,919	4,365,000	1,619,763	5,984,763
2041-2045	-	-	-	22,920,000	8,470,704	31,390,704	4,360,000	1,071,338	5,431,338
2046-2050	-	-	-	27,185,000	3,907,387	31,092,387	5,035,000	399,050	5,434,050
2051-2054	-	-	-	6,440,000	330,939	6,770,939	-	-	-
Total	<u>\$ 6,535,000</u>	<u>\$ 836,095</u>	<u>\$ 7,371,095</u>	<u>\$ 96,585,000</u>	<u>\$ 56,424,851</u>	<u>\$ 153,009,851</u>	<u>\$ 20,460,000</u>	<u>\$ 8,008,179</u>	<u>\$ 28,468,179</u>

Direct Borrowings/Private Placements

Fiscal Year	Certificates of Obligation		
	Principal	Interest	Total
2026	\$ 170,167	\$ 9,647	\$ 179,814
2027	150,586	3,042	153,628
Total	<u>\$ 320,753</u>	<u>\$ 12,689</u>	<u>\$ 333,442</u>

BEDC:

Direct Borrowings/Private Placements

Fiscal Year	Notes Payable		
	Principal	Interest	Total
2026	\$ 240,000	\$ 42,417	\$ 282,417
2027	255,000	37,747	292,747
2028	280,000	32,046	312,046
2029	290,000	25,547	315,547
2030	215,000	18,462	233,462
2031-2034	680,000	29,195	709,195
Total	<u>\$ 1,960,000</u>	<u>\$ 185,414</u>	<u>\$ 2,145,414</u>

The City established the Valverde PID under Texas Local Government Code Chapter 372 to finance authorized public improvements within the district. On April 1, 2025, the PID issued Special Assessment Revenue Bonds, Series 2025 (the "Bond"), to fund eligible improvements and related costs. The Bond is a special, limited obligations payable solely from pledged special assessment revenues and other funds held under the related bond indenture. Assessment revenues are collected by the City and deposited with the Trustee in accordance with the indenture and are restricted to debt service, reserve, and other authorized Valverde PID purposes. The bonds do not constitute a debt of the City and are not secured by or payable from the City's general revenues, full faith and credit, or taxing power. The City has no legal or moral obligation to make payments on the bonds. Accordingly, the Bond is not reported as a liability of the City.

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

New Debt: In April 2025, the City entered into an interlocal agreement with BEDC to provide financing for infrastructure improvements associated with the Burleson Crossing East Retail Development. BEDC agreed to grant a loan to the City in the amount of \$600,000 with a 4% interest rate with payments beginning in 2026 and ending in 2033.

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

Lease Liability: The City is a lessee to various lease agreements for copiers and office equipment, as well as vehicles. As of September 30, 2025, the value of the lease liability was \$723,522. The leases have principal and interest payments ranging from \$187 to \$25,760 and interest rates that range from 0.529% to 3.511%. The terms of the leases range from 48 to 60 months. The value of the right-to-use assets as of the end of the current fiscal year was \$1,792,271 and had accumulated amortization of \$1,073,048.

The future principal and interest payments on the lease liabilities as of September 30, 2025, are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 416,247	\$ 13,751	\$ 429,998
2027	208,017	5,089	213,106
2028	80,449	1,374	81,823
2029	18,809	198	19,007
<b>Total</b>	<b>\$ 723,522</b>	<b>\$ 20,412</b>	<b>\$ 743,934</b>

Interfund Transactions: The composition of interfund balances as of year end is as follows:

<u>Due from</u>	<u>Due To</u>	<u>Amounts</u>
General	Nonmajor	\$ 128,526
Nonmajor	General	184,962
		<u>\$ 313,488</u>

Amounts recorded as due to/from are considered to be temporary loans and will generally be repaid during the following year.

(Continued)

CITY OF BASTROP, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2025

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
General	Bastrop Power & Light	\$ 1,191,707
General	Hotel/motel tax	294,404
General	Water and wastewater	791,953
General	Nonmajor	271,755
Debt service	Hotel/motel tax	517,600
Debt service	Nonmajor	74,900
Nonmajor	General	1,759,866
Water and wastewater	General	286,458
Water and wastewater	Nonmajor	16,700
Water and wastewater	Community impact	2,907,000
Community impact	Nonmajor	83,598
Internal service	General	620,000
Bastrop Power & Light	Internal service	181,084
Internal service	Water and wastewater	50,000
		<u>\$ 9,047,025</u>

Amounts transferred between funds relate to the following activities:

- Transfers to the general fund were made by the Bastrop power and light fund, hotel/motel tax fund, water and wastewater fund, and the nonmajor funds as contributions to the general fund for various governmental expenditures.
- Transfer to the debt service fund were annual transfers for debt service-related expenditures.
- The general fund transferred to nonmajor funds for current and future capital outlay.
- Transfer to the water and wastewater fund were annual funding transfers from the community impact fund, general, and nonmajor fund.
- Transfer to the internal service fund were made by the general fund, Bastrop power and light fund, and the water and wastewater fund as annual funding for various projects.

**NOTE 4 - OTHER INFORMATION**

Risk Management: The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

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

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

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**NOTE 4 - OTHER INFORMATION** (Continued)

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

Construction and other Significant Commitments: Construction in progress and remaining commitments under related construction contracts for governmental activities at year end are as follows:

	<u>Spent To Date</u>	<u>Remaining Commitment</u>
<u>Governmental Activities</u>		
Cemetery	\$ 747,906	\$ 69,677
Old Iron Bridge	2,490,207	9,277,605
Street extensions	4,594,961	9,273,089
South St to Lovers Lane - Design & Construction	60,196	2,889,804
Street improvements	74,984	4,280,522
 <u>Business-Type Activities</u>		
WWTP#1 and #2	32,000	2,576,000
WWTP#3 Construction	32,087,594	293,000
SWPP - FM 969 Off-Site WWL	3,165,127	47,231
XS Water Line and Water Plant	73,327,933	5,144,470
Transmission line to Willow	634,661	6,885,839
4th Feeder	43,063	1,363,611
Miscellaneous construction projects	254,030	404,781
Total commitments	\$ 117,512,662	\$ 42,505,629

Pension Plan:

**Texas Municipal Retirement System**

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

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

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

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(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

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**NOTE 4 - OTHER INFORMATION** (Continued)

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

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

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

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

	<u>City</u>	<u>BEDC</u>
Inactive employees or beneficiaries currently receiving benefits	72	6
Inactive employees entitled to but not yet receiving benefits	123	11
Active employees	163	14
Total	358	31

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.59% and 14.47% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2025 were \$1,870,855, which were equal to the required contributions.

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

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(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

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**NOTE 4 - OTHER INFORMATION** (Continued)

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

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

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

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global public equity	35.0%	7.1%
Core fixed income	6.0%	5.0%
Non-core fixed income	6.0%	6.8%
Hedge funds	5.0%	6.4%
Private equity	13.0%	8.5%
Private debt	13.0%	8.2%
Real estate	12.0%	6.7%
Infrastructure	6.0%	6.0%
Other private markets	<u>4.0%</u>	7.3%
Total	<u>100.0%</u>	

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 4 - OTHER INFORMATION** (Continued)

Discount Rate: The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS'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 TPL.

Changes in the NPL:

	City		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<u>Changes for the year</u>			
Service cost	\$ 2,016,447	\$ -	\$ 2,016,447
Interest	2,137,990	-	2,137,990
Change in benefit terms	278,561	-	278,561
Difference between expected and actual experience	(676,861)	-	(676,861)
Contributions - employer	-	1,476,996	(1,476,996)
Contributions - employee	-	764,633	(764,633)
Net investment income	-	2,830,688	(2,830,688)
Benefit payments, including refunds of employee contributions	(1,209,657)	(1,209,657)	-
Administrative expense	-	(18,093)	18,093
Other changes	-	(423)	423
Net changes	<u>2,546,480</u>	<u>3,844,144</u>	<u>(1,297,664)</u>
Balance at December 31, 2023	<u>31,719,991</u>	<u>27,826,152</u>	<u>3,893,839</u>
Balance at December 31, 2024	<u>\$ 34,266,471</u>	<u>\$ 31,670,296</u>	<u>\$ 2,596,175</u>

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 4 - OTHER INFORMATION** (Continued)

	BEDC		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<u>Changes for the year</u>			
Service cost	\$ 176,471	\$ -	\$ 176,471
Interest	187,109	-	187,109
Change of benefit terms	24,379	-	24,379
Difference between expected and actual experience	(59,237)	-	(59,237)
Contributions - employer	-	129,261	(129,261)
Contributions - employee	-	66,918	(66,918)
Net investment income	-	247,732	(247,732)
Benefit payments, including refunds of employee contributions	(105,865)	(105,865)	-
Administrative expense	-	(1,583)	1,583
Other changes	-	(37)	37
Net changes	222,857	336,426	(113,569)
Balance at December 31, 2023	1,984,282	1,701,008	283,274
Balance at December 31, 2024	\$ 2,207,139	\$ 2,037,434	\$ 169,705

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net position liability	\$ 7,877,398	\$ 2,596,175	\$ (1,683,465)
BEDC's net position liability	514,930	169,705	(110,045)
Net pension liability	\$ 8,392,328	\$ 2,765,880	\$ (1,793,510)

Pension Plan Fiduciary Net Position: Detailed information about the TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by participating City. That report may be obtained at [www.tmrs.com](http://www.tmrs.com).

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions: For the fiscal year ended September 30, 2025, the City and the BEDC recognized net pension expense of \$1,589,112.

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 4 - OTHER INFORMATION** (Continued)

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

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 20,128	\$ 707,924
Changes in actuarial assumptions	-	84,800
Net difference between projected and actual investment earnings	-	460,793
Contributions subsequent to the measurement date	1,318,068	-
	\$ 1,338,196	\$ 1,253,517
	BEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,032	\$ 54,192
Changes in actuarial assumptions	-	6,491
Net difference between projected and actual investment earnings	-	35,275
Contributions subsequent to the measurement date	67,591	-
	\$ 68,623	\$ 95,958

\$1,318,068 for the City and \$67,591 for the BEDC reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense	
	City	BEDC
2026	\$ (459,197)	\$ (35,341)
2027	(84,790)	(6,526)
2028	(487,849)	(37,546)
2029	(201,553)	(15,513)
	\$ (1,233,389)	\$ (94,926)

(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

Other Postemployment Benefits:

**TMRS – Supplemental Death Benefits**

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

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

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

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

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

	<u>City</u>	<u>BEDC</u>
Inactive employees or beneficiaries currently receiving benefits	55	5
Inactive employees entitled to, but not yet receiving, benefits	29	3
Active employees	163	14
Total	247	22

Total OPEB Liability: The City's and the BEDC's total OPEB liability of \$383,126 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 4 - OTHER INFORMATION** (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	4.08%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent MP-2021 (with intermediate convergence).
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the floor.

\*The discount rate is based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

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

Changes in the Total OPEB Liability:

	Total OPEB Liability	
	City	BEDC
<u>Changes for the year</u>		
Service cost	\$ 24,031	\$ 2,103
Interest	13,402	1,173
Difference between expected and actual experience	(4,088)	(358)
Changes of assumptions	(20,156)	(1,764)
Benefit payments*	(8,738)	(765)
Net changes	4,451	389
Beginning balance	371,485	6,801
Ending balance	\$ 375,936	\$ 7,190

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

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

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**NOTE 4 - OTHER INFORMATION** (Continued)

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

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

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

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City's portion	\$ 445,877	\$ 375,936	\$ 312,677
BEDC's portion	14,595	7,190	10,235
 Total OPEB liability	 \$ 460,472	 \$ 383,126	 \$ 322,912

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2025, the City and the BEDC recognized OPEB expense of \$15,866. The City and the BEDC reported deferred outflows/inflows of resources related to OPEB from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 13,679	\$ 87,293
Differences between expected and actual economic experience	2,843	11,841
Contributions subsequent to the measurement date	6,263	-
	\$ 22,785	\$ 99,134

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(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

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**NOTE 4 - OTHER INFORMATION** (Continued)

	BEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 1,197	\$ 8,462
Differences between expected and actual economic experience	249	1,148
Contributions subsequent to the measurement date	548	-
	\$ 1,994	\$ 9,610

\$6,263 for the City and \$548 for BEDC reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the of total OPEB liability for the fiscal year ending September 30, 2026.

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

Fiscal Year Ended <u>September 30</u>	OPEB Expense	
	<u>City</u>	<u>BEDC</u>
2026	\$ (35,055)	\$ (3,464)
2027	(37,431)	(3,699)
2028	(6,337)	(626)
2029	(3,789)	(375)
	\$ (82,612)	\$ (8,164)

**Postemployment Healthcare Plan**

**Plan Description:** The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan (the "Program"), under City policy. The program is administered by the City and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

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**NOTE 4 - OTHER INFORMATION** (Continued)

Benefits and Contributions: As of June 1, 2016, retirees who are at least 58 years old at retirement and have at least 25 or more years of service with the City at retirement are eligible for fully-subsidized retiree only health coverage until the retiree reaches age 65 or, if earlier, becomes eligible for Medicare. Dependent coverage is available, but the cost for dependent coverage must be paid for by the member and the duration of coverage are subject to the current COBRRRA provisions in place. The City pays the premium for the eligible retired members, otherwise, the retired employee pays a premium. Dependents of the retired employee are not eligible for any City contribution but may be eligible to continue coverage under the City's group health insurance plan in accordance with the Consolidated Budget Reconciliation Act. Additionally, eligible retirees receive \$2,000 life insurance fully paid by the City. The City's contributions to the Program for the year ended September 30, 2025 were \$11,426, which equal benefit payments for retirees. A separate, audited GAAP basis OPEB plan report is not available for this Program.

Participation in the Program as of September 30, 2025 is summarized below:

	<u>City</u>	<u>BEDC</u>
Inactive employees or beneficiaries currently receiving benefits	1	-
Inactive employees entitled to, but not yet receiving, benefits	-	-
Active employees	116	10
Total	117	10

Actuarial Assumptions and Other Inputs: Significant methods and assumptions were as follows:

Inflation	2.50%
Salary increases	2.75% average, which includes inflation
Discount rate	4.90% per annum, which includes inflation
Healthcare cost trend rates	6.21% initial 2024 medical trend rate for pre-65 retirees decreasing to an ultimate rate of 4.14% in the year 2041
Mortality rates-service retirees	Mortality rates were updated and are based upon the sex distinct headcount weighted PUB 2010 tables recently released by the Society of Actuaries with generational mortality improvement scale MP-2021

Projections of health benefits are based on the Program as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities.

Since the prior fiscal year, the discount rate was updated from 4.06% to 4.90% based upon yields of 20-year General Obligation Municipal Bond Index published by Bond Buyer.

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(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 4 - OTHER INFORMATION** (Continued)

Changes in the Total OPEB Liability: The City's and BEDC's total OPEB liability was measured as of September 30, 2025 and was determined by an actuarial valuation as of October 1, 2023.

	<u>Total OPEB Liability</u>	
	<u>City</u>	<u>BEDC</u>
<u>Changes for the year</u>		
Service cost	\$ 28,818	\$ 2,522
Interest	29,066	2,544
Changes of assumptions	(55,595)	(4,866)
Benefit payments	(10,507)	(919)
Net changes	<u>(8,218)</u>	<u>(719)</u>
Beginning balance	<u>594,391</u>	<u>25,091</u>
Ending balance	<u>\$ 586,173</u>	<u>\$ 24,372</u>

Sensitivity of Total OPEB Liability to the Discount Rate: Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Program's total OPEB liability, calculated using a discount rate of 4.90%, as well as what the Program's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>Discount Rate Sensitivity</u>		
	<u>1% Decrease Rate (3.90%)</u>	<u>Discount Rate (4.90%)</u>	<u>1% Increase Rate (5.90%)</u>
City's portion	\$ 664,151	\$ 586,173	\$ 518,066
BEDC's portion	<u>27,614</u>	<u>24,372</u>	<u>21,540</u>
Total OPEB liability	<u>\$ 691,765</u>	<u>\$ 610,545</u>	<u>\$ 539,606</u>

Sensitivity of the Total OPEB Liability to the Healthcare Costs Trend Rate Assumption: Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the Program's total OPEB liability, calculated using the assumed trend rates, as well as what the Program's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher.

	<u>Healthcare Cost Trend Sensitivity</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
City's portion	\$ 502,300	\$ 586,173	\$ 687,830
BEDC's portion	<u>20,885</u>	<u>24,372</u>	<u>28,599</u>
Total OPEB liability	<u>\$ 523,185</u>	<u>\$ 610,545</u>	<u>\$ 716,429</u>

(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

**NOTE 4 - OTHER INFORMATION** (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2025, the City and the BEDC recognized OPEB expense of \$23,287. The City and the BEDC reported deferred outflows/inflows of resources related to OPEB from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 12,149	\$ 82,302
Differences between expected and actual economic experience	10,715	168,994
	\$ 22,864	\$ 251,296

	BEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 1,063	\$ 5,195
Differences between expected and actual economic experience	938	10,668
	\$ 2,001	\$ 15,863

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

Fiscal Year Ended <u>September 30</u>	OPEB Expense	
	<u>City</u>	<u>BEDC</u>
2026	\$ (38,907)	\$ (2,361)
2027	(59,658)	(3,620)
2028	(55,904)	(3,392)
2029	(37,486)	(2,275)
2030	(36,477)	(2,214)
	\$ (228,432)	\$ (13,862)

The aggregate amount of OPEB expenses for the City's and BEDC's two OPEB plans for fiscal year 2025 was \$39,153.

(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

Deferred Compensation Plan: The City offers its employees a deferred compensation plan (the “Plan”) created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan’s trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to Nationwide, a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

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

PRC 01 Bastrop, LLC: In June 2024, the City of Bastrop entered into a Chapter 380 Economic Development Agreement with PRC 01 Bastrop, LLC for the Sendero development project. The purpose of the agreement is to incentivize commercial development, public infrastructure improvements, and the dedication of a public park. The City agreed to rebate a portion of revenues generated by the project, including 80% of the incremental increase in ad valorem taxes above the 2022 base, 100% of sales tax revenues, and 100% of hotel occupancy taxes, for a period of up to six years. The maximum reimbursement under the agreement is \$6,440,617, plus a rollback tax reimbursement of \$440,617. During fiscal year 2025, no payments were made under this agreement. As of year-end, the City has not incurred any liability as the effective dates for revenue sharing had not yet been reached.

BEBD Frontage Road, LLC: On April 22, 2025, the City of Bastrop entered into a Chapter 380 Economic Development Agreement with BEBD Frontage Road, LLC for the Burleson Crossing East Project. The project involves the development of approximately 19 acres of retail and commercial space and includes the construction of roadway improvements along Highway 71 necessary for access and traffic management. As part of the agreement, the City committed to provide economic development payments not to exceed \$600,000, tied to the Developer’s successful completion of project milestones and the Highway 71 Frontage Road improvements. The project is expected to generate approximately 300 jobs, an estimated \$30 million in new taxable value (equating to roughly \$525,000 in additional annual ad valorem taxes), and approximately \$900,000 in annual sales tax revenues once fully built out. During fiscal year 2025, no payments were made under this agreement. As of year-end, the City has not incurred any liability as the effective dates for revenue sharing had not yet been reached.

Commitments and Contingencies of Component Units: On June 12, 2024, the BEDC, sold approximately 13.84 acres in the Bastrop Business and Industrial Park to Acutronic Real Estate Inc. for \$1,089,000. As part of the transaction, BEDC retained an exclusive repurchase option, allowing BEDC to reacquire the property at the original purchase price plus closing costs and \$10,000 should the purchaser fail to meet specified project development requirements. The repurchase right is exercisable for a period of sixty (60) days following the purchaser’s failure to meet project development requirements, currently scheduled for completion by December 31, 2025. A Memorandum of Repurchase Option was filed in the Bastrop County property records to secure BEDC’s rights. BEDC has not recognized an asset related to this option. The option represents a contingent right that may impact the City’s financial reporting if exercised.

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(Continued)

CITY OF BASTROP, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2025

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**NOTE 4 - OTHER INFORMATION** (Continued)

Subsequent Event: In October 2025, the City issued \$14,765,000 in combination tax and revenue certificates of obligations, Series 2025 (the "Certificates"). The Certificates were issued for the purpose of paying all or a portion of the City's contractual obligations incurred or to be incurred for constructing, improving, designing, acquiring the City's (1) parks and recreational facilities, (2) Old Iron Bridge, (3) golf course and golf course facilities, and (4) payment of professional services in connection therewith. The Certificates have an interest rate ranging from 4.125-5 percent and mature in annual installments on August 1 in the years 2027 through 2050. Mandatory sinking fund redemptions apply to the 2045 term bonds.

**REQUIRED SUPPLEMENTARY INFORMATION**



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

	Original Budgeted <u>Amounts</u>	Final Budgeted <u>Amounts</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
<b>Revenues</b>				
Property taxes	\$ 5,526,880	\$ 5,526,880	\$ 5,533,659	\$ 6,779
Sales taxes	9,158,000	9,158,000	8,843,968	(314,032)
Franchise fees	510,000	510,000	503,889	(6,111)
Licenses and permits	3,000	3,000	12,322	9,322
Fines and forfeitures	350,600	330,600	455,270	124,670
Charges for services	1,026,200	1,026,200	1,094,165	67,965
Intergovernmental	52,700	52,700	46,511	(6,189)
Investment revenue	323,000	323,000	233,238	(89,762)
Other revenue	77,000	144,961	737,534	592,573
Total revenues	<u>17,027,380</u>	<u>17,075,341</u>	<u>17,460,556</u>	<u>385,215</u>
<b>Expenditures</b>				
Current				
General government				
City council	44,578	59,628	63,638	(4,010) *
Organizational	1,167,631	1,167,781	1,625,949	(458,168) *
City manager	772,496	772,496	765,483	7,013
City secretary	314,113	314,113	302,135	11,978
Finance	2,161,855	2,158,225	2,418,069	(259,844) *
Human resources	459,993	459,393	447,980	11,413
Information technology	996,178	967,978	1,010,689	(42,711) *
Fleet and facilities	1,363,682	1,799,996	1,727,720	72,276
Total general administration	<u>7,280,526</u>	<u>7,699,610</u>	<u>8,361,663</u>	<u>(662,053)</u>
Public safety				
Police	5,950,681	5,952,658	5,669,462	283,196
Fire	1,790,387	1,757,922	1,728,127	29,795
Municipal court	529,288	549,288	497,682	51,606
Total public safety	<u>8,270,356</u>	<u>8,259,868</u>	<u>7,895,271</u>	<u>364,597</u>
Development services				
Engineering and development	541,617	541,667	1,175,484	(633,817) *
Total development services	<u>541,617</u>	<u>541,667</u>	<u>1,175,484</u>	<u>(633,817)</u>

(Continued)

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

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Community services				
Library	\$ 968,532	\$ 943,532	\$ 920,602	\$ 22,930
Community engagement	687,394	687,394	667,737	19,657
Parks	<u>1,747,114</u>	<u>1,847,114</u>	<u>1,806,289</u>	<u>40,825</u>
Total community services	<u>3,403,040</u>	<u>3,478,040</u>	<u>3,394,628</u>	<u>83,412</u>
Capital outlay	98,000	413,313	126,128	287,185
Principal	-	-	8,076	(8,076)
Interest	<u>-</u>	<u>-</u>	<u>113</u>	<u>(113)</u>
Total	98,000	413,313	134,317	278,996
Total expenditures	<u>19,593,539</u>	<u>20,392,498</u>	<u>20,961,363</u>	<u>(568,865)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,566,159)</u>	<u>(3,317,157)</u>	<u>(3,500,807)</u>	<u>(183,650)</u>
<b>Other financing sources (uses)</b>				
Issuance on long-term debt	-	-	600,000	600,000
Transfers in	2,569,815	2,574,815	2,549,819	(24,996)
Transfers (out)	<u>(682,111)</u>	<u>(674,646)</u>	<u>(2,666,324)</u>	<u>(1,991,678)</u>
Total other financing (uses)	<u>1,887,704</u>	<u>1,900,169</u>	<u>483,495</u>	<u>(1,416,674)</u>
Net change in fund balance	<u>\$ (678,455)</u>	<u>\$ (1,416,988)</u>	(3,017,312)	<u>\$ (1,600,324)</u>
Beginning fund balance			<u>7,331,737</u>	
Ending fund balance			<u>\$ 4,314,425</u>	

**Notes to Required Supplementary Information:**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. \*Expenditures exceeded appropriations at the legal level of control.

CITY OF BASTROP, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – HOTEL/MOTEL TAX FUND  
For the year ended September 30, 2025

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Hotel/motel taxes	\$ 3,500,000	\$ 3,500,000	\$ 3,601,541	\$ 101,541
Licenses and permits	2,000	2,000	675	(1,325)
Intergovernmental	40,000	40,000	57,200	17,200
Charges for services	-	301,000	288,122	(12,878)
Investment revenue	115,000	115,000	168,792	53,792
Other revenue	-	-	57,755	57,755
Total revenues	<u>3,657,000</u>	<u>3,958,000</u>	<u>4,174,085</u>	<u>216,085</u>
<b>Expenditures</b>				
Current				
Hotel tax expense	1,264,648	1,352,694	2,178,072	(825,378) *
Hospitality and downtown	1,904,669	2,145,423	1,317,481	827,942
Cultural arts commission	55,500	76,700	99,504	(22,804) *
Rodeo arena	3,296	3,296	5,412	(2,116) *
Total expenditures	<u>3,228,113</u>	<u>3,578,113</u>	<u>3,600,469</u>	<u>(22,356)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>428,887</u>	<u>379,887</u>	<u>573,616</u>	<u>193,729</u>
<b>Other financing sources (uses)</b>				
Transfers (out)	(812,004)	(812,004)	(812,004)	-
Total other financing sources (uses)	<u>(812,004)</u>	<u>(812,004)</u>	<u>(812,004)</u>	<u>-</u>
Net change in fund balance	<u>\$ (383,117)</u>	<u>\$ (432,117)</u>	<u>(238,388)</u>	<u>\$ 193,729</u>
Beginning fund balance			<u>3,865,753</u>	
Ending fund balance			<u>\$ 3,627,365</u>	

**Notes to Required Supplementary Information:**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. \*Expenditures exceeded appropriations at the legal level of control.

CITY OF BASTROP, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)  
Last Ten Years

	Measurement Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total pension liability</b>										
Service cost	\$ 765,716	\$ 877,585	\$ 949,690	\$ 1,049,555	\$ 1,155,868	\$ 1,179,784	\$ 1,191,083	\$ 1,333,997	\$ 1,844,188	\$ 2,192,918
Interest (on the total pension liability)	992,085	1,065,490	1,162,037	1,278,572	1,396,174	1,527,512	1,660,808	1,830,612	2,158,468	2,325,099
Changes of benefit terms including substantively automatic status	-	-	-	-	-	-	-	-	2,218,178	302,940
Difference between expected and actual experience	93,002	(22,910)	151,268	95,980	121,723	81,944	398,167	130,609	(618,476)	(736,098)
Changes of assumptions	134,544	-	-	-	125,555	-	-	-	(223,601)	-
Benefit payments, including refunds of employee contributions	(411,888)	(445,883)	(605,903)	(567,072)	(902,940)	(828,129)	(812,138)	(799,675)	(1,023,040)	(1,315,522)
Net change in total pension liability	<u>1,573,459</u>	<u>1,474,282</u>	<u>1,657,092</u>	<u>1,857,035</u>	<u>1,896,380</u>	<u>1,961,111</u>	<u>2,437,920</u>	<u>2,495,543</u>	<u>4,355,717</u>	<u>2,769,337</u>
Total pension liability - beginning	<u>13,995,734</u>	<u>15,569,193</u>	<u>17,043,475</u>	<u>18,700,567</u>	<u>20,557,602</u>	<u>22,453,982</u>	<u>24,415,093</u>	<u>26,853,013</u>	<u>29,348,556</u>	<u>33,704,273</u>
Total pension liability	<u>\$ 15,569,193</u>	<u>\$ 17,043,475</u>	<u>\$ 18,700,567</u>	<u>\$ 20,557,602</u>	<u>\$ 22,453,982</u>	<u>\$ 24,415,093</u>	<u>\$ 26,853,013</u>	<u>\$ 29,348,556</u>	<u>\$ 33,704,273</u>	<u>\$ 36,473,610</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 584,017	\$ 656,980	\$ 759,882	\$ 819,985	\$ 908,840	\$ 913,656	\$ 951,374	\$ 3,080,416	\$ 1,139,392	\$ 1,606,257
Contributions - employee	327,229	362,639	394,062	433,104	479,613	485,555	497,667	554,677	558,215	831,551
Net investment income	17,476	834,607	1,905,936	(485,318)	2,535,671	1,472,775	2,795,773	(1,816,077)	3,004,573	3,078,420
Benefit payments, including refunds of employee contributions	(411,888)	(445,883)	(605,903)	(567,072)	(902,940)	(828,129)	(812,138)	(799,675)	(1,023,040)	(1,315,522)
Administrative expense	(10,647)	(9,427)	(9,876)	(9,375)	(14,313)	(9,524)	(12,923)	(15,694)	(19,046)	(19,676)
Other	(526)	(508)	(501)	(489)	(430)	(370)	87	18,728	(133)	(460)
Net change in plan fiduciary net position	<u>505,661</u>	<u>1,398,408</u>	<u>2,443,600</u>	<u>190,835</u>	<u>3,006,441</u>	<u>2,033,963</u>	<u>3,419,840</u>	<u>1,022,375</u>	<u>3,659,961</u>	<u>4,180,570</u>
Plan fiduciary net pension - beginning	<u>11,846,076</u>	<u>12,351,737</u>	<u>13,750,145</u>	<u>16,193,745</u>	<u>16,384,580</u>	<u>19,391,021</u>	<u>21,424,984</u>	<u>24,844,824</u>	<u>25,867,199</u>	<u>29,527,160</u>
Plan fiduciary net pension	<u>\$ 12,351,737</u>	<u>\$ 13,750,145</u>	<u>\$ 16,193,745</u>	<u>\$ 16,384,580</u>	<u>\$ 19,391,021</u>	<u>\$ 21,424,984</u>	<u>\$ 24,844,824</u>	<u>\$ 25,867,199</u>	<u>\$ 29,527,160</u>	<u>\$ 33,707,730</u>
Net pension liability	<u>\$ 3,217,456</u>	<u>\$ 3,293,330</u>	<u>\$ 2,506,822</u>	<u>\$ 4,173,022</u>	<u>\$ 3,062,961</u>	<u>\$ 2,990,109</u>	<u>\$ 2,008,189</u>	<u>\$ 3,481,357</u>	<u>\$ 4,177,113</u>	<u>\$ 2,765,880</u>
Plan fiduciary net position as a percentage of total pension liability	79.33%	80.68%	86.59%	79.70%	86.36%	87.75%	92.52%	88.14%	87.61%	92.42%
Covered payroll	\$ 5,453,817	\$ 6,043,976	\$ 6,567,702	\$ 7,218,398	\$ 7,993,556	\$ 8,086,254	\$ 8,294,447	\$ 9,244,608	\$ 10,810,014	\$ 11,879,296
Net pension liability as a percentage of covered payroll	58.99%	54.49%	38.17%	57.81%	38.32%	36.98%	24.21%	37.66%	38.64%	23.28%

(Continued)

CITY OF BASTROP, TEXAS  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
POSTEMPLOYMENT HEALTH CARE PLAN  
For the year ended September 30, 2025

	Measurement Year*							
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Total OPEB liability</b>								
Service cost	\$ 26,393	\$ 26,899	\$ 34,707	\$ 45,082	\$ 46,247	\$ 30,341	\$ 30,501	\$ 31,340
Interest (on the total OPEB liability)	24,601	25,690	29,126	19,727	20,192	37,165	29,338	31,610
Difference between expected and actual experience	(40,119)	-	81,583	-	(78,714)	-	(204,300)	-
Changes of assumptions	35,460	11,200	72,503	(27,876)	(58,033)	(7,478)	4,001	(60,461)
Contributions - employer	(16,887)	(16,887)	(32,447)	(44,499)	(55,992)	(32,664)	(32,550)	(11,426)
Net change in total OPEB liability	29,448	46,902	185,472	(7,566)	(126,300)	27,364	(173,010)	(8,937)
Total OPEB liability - beginning	637,172	666,620	713,522	898,994	891,428	765,128	792,492	619,482
Total OPEB liability - ending	<u>\$ 666,620</u>	<u>\$ 713,522</u>	<u>\$ 898,994</u>	<u>\$ 891,428</u>	<u>\$ 765,128</u>	<u>\$ 792,492</u>	<u>\$ 619,482</u>	<u>\$ 610,545</u>
Covered employee payroll	\$ 7,098,873	\$ 7,881,883	\$ 7,607,892	\$ 7,721,338	\$ 8,291,656	\$ 10,100,688	\$ 10,739,920	\$ 12,709,012
Total OPEB liability as a percentage of covered payroll	9.39%	9.05%	11.82%	11.54%	9.23%	7.85%	5.77%	4.80%

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

**Notes to Required Supplementary Information:**

1. *Changes of assumptions:* Since the prior valuation, the discount rate was increased from 4.06% to 4.90%.
2. *Other Information:* No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits for the pension/OPEB plan.

(Continued)

CITY OF BASTROP, TEXAS  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS FUND  
Last Ten Years

	Measurement Year*							
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Total OPEB liability</b>								
Service cost	\$ 15,762	\$ 19,490	\$ 19,984	\$ 25,876	\$ 29,031	\$ 35,130	\$ 18,377	\$ 26,134
Interest (on the total OPEB liability)	9,226	9,693	10,836	10,553	9,542	9,448	14,396	14,575
Difference between expected and actual experience	-	(6,885)	(4,139)	(5,172)	(14,030)	7,596	(10,670)	(4,446)
Changes of assumptions	23,298	(21,387)	64,459	65,057	15,788	(192,697)	15,310	(21,920)
Benefit payments**	<u>(1,314)</u>	<u>(1,444)</u>	<u>(2,398)</u>	<u>(2,426)</u>	<u>(6,636)</u>	<u>(7,396)</u>	<u>(10,810)</u>	<u>(9,503)</u>
Net change in total OPEB liability	46,972	(533)	88,742	93,888	33,695	(147,919)	26,603	4,840
Total OPEB liability - beginning	<u>236,838</u>	<u>283,810</u>	<u>283,277</u>	<u>372,019</u>	<u>465,907</u>	<u>499,602</u>	<u>351,683</u>	<u>378,286</u>
Total OPEB liability - ending	<u>\$ 283,810</u>	<u>\$ 283,277</u>	<u>\$ 372,019</u>	<u>\$ 465,907</u>	<u>\$ 499,602</u>	<u>\$ 351,683</u>	<u>\$ 378,286</u>	<u>\$ 383,126</u>
Covered employee payroll	\$ 6,340,147	\$ 7,098,873	\$ 7,881,883	\$ 7,847,955	\$ 8,107,068	\$ 9,244,608	\$ 10,810,014	\$ 11,879,296
Total OPEB liability as a percentage of covered payroll	4.48%	3.99%	4.72%	5.94%	6.16%	3.80%	3.50%	3.23%

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

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

(Continued)

CITY OF BASTROP, TEXAS  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS FUND  
Last Ten Years

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**Notes to Required Supplementary Information:**

1. Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.
  2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	4.08%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.
  3. Other Information: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024. The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial study for the period ending December 31, 2022. There were no benefit changes during the year.
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CITY OF BASTROP, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)  
For the year ended September 30, 2025

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	\$ 668,216	\$ 723,434	\$ 811,103	\$ 895,993	\$ 901,479	\$ 926,269	\$ 1,005,812	\$ 1,278,371	\$ 1,488,834	\$ 1,870,855
Contributions in relation to the actuarially determined contribution	<u>668,216</u>	<u>723,434</u>	<u>811,103</u>	<u>895,993</u>	<u>901,479</u>	<u>926,269</u>	<u>1,005,812</u>	<u>3,080,416</u>	<u>1,139,392</u>	<u>1,870,855</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,802,045)</u>	<u>\$ 349,442</u>	<u>\$ -</u>
Covered payroll	\$ 6,170,226	\$ 6,340,147	\$ 7,098,873	\$ 7,881,883	\$ 7,847,955	\$ 8,107,068	\$ 8,803,029	\$ 9,244,608	\$ 10,810,014	\$ 12,984,427
Contributions as a percentage of covered payroll	10.83%	11.41%	11.43%	11.37%	11.49%	11.43%	11.43%	33.32%	10.54%	14.41%

**Notes to Required Supplementary Information:**

1. Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.
2. Methods and Assumptions Used to Determine Contribution Rates:

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

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

**APPENDIX C**

**FORM OF BOND COUNSEL'S OPINION**

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

**CITY OF BASTROP, TEXAS, COMBINATION TAX AND REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2026  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ \_\_\_\_\_**

**AS BOND COUNSEL FOR THE CITY OF BASTROP, TEXAS** (the "City") of the certificates of obligation described above (the "Certificates"), we have examined in to the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates, until maturity or redemption, at the rates and payable on the dates specified in the text of the Certificates and in the Ordinance of the City adopted on \_\_\_\_\_, 2026 authorizing the issuance of the Certificates (the "Ordinance").

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

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

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



representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

**EXCEPT AS STATED ABOVE**, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates, including the amount, accrual or receipt of interest on, the Certificates. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Certificates should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Certificates.

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

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

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

**OUR SOLE ENGAGEMENT** in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate



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

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

Respectfully,