NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON

$4,500,000*
CITY OF CIBOLO, TEXAS
(A political subdivision of the State of Texas located primarily in Guadalupe County)
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026

Bids Due Tuesday, August 11, 2026, at 10:00 AM, CDT

THE CERTIFICATES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Cibolo, Texas (the "City") is offering for sale its $4,500,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the "Certificates"). Bids may be submitted only by electronic bids.

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, the official time shall be the time maintained only by the Parity Electronic Bid Submission System ("PARITY").

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Bidders must submit, by 10:00 AM on the date of the bid opening, SIGNED Official Bid Forms to Victor Quiroga, Jr., Specialized Public Finance Inc., 17721 Rogers Ranch Parkway, Suite 140, San Antonio, Texas, 78258. Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

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

If any provisions of this Notice of Sale 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.

NO BIDS BY FACSIMILE: BIDS BY FACSIMILE WILL NOT BE ACCEPTED.

NO BIDS BY TELEPHONE: BIDS BY TELEPHONE WILL NOT BE ACCEPTED.

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be publicly opened and read in the office of the Financial Advisor at 10:00 AM, CDT, Tuesday, August 11, 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, which will be an amended form of 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 in its sole discretion and to waive any and all irregularities, except time of filing.

*See "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amortization." 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, August 10, 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 1, 2026 (the "Dated Date"). Interest will accrue from the date of initial delivery of the Certificates and will be initially 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 February 1 each year as follows:

MATURITY SCHEDULE*

Maturity (February 1)	Principal Amount*	Maturity (February 1)	Principal Amount*
2028	$ 260,000	2038	$ 135,000
2029	275,000	2039	140,000
2030	290,000	2040	150,000
2031	305,000	2041	155,000
2032	320,000	2042	165,000
2033	335,000	2043	170,000
2034	350,000	2044	180,000
2035	370,000	2045	190,000
2036	385,000	2046	200,000
2037	125,000		

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

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2037, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

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 (the "Term Certificates"). In the event the successful bidder designates principal amounts of the Certificates to be combined into one or more Term Certificates, each such Term Certificate will be subject to mandatory sinking fund redemption in accordance with the provisions of the Ordinance.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the book-entry-only system of The Depository Trust Company ("DTC"). See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be BOKF, NA, Dallas, Texas. See "THE CERTIFICATES – Paying Agent/Registrar" in the Preliminary Official Statement.

SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues delivered from the operation of the City's combined Utility System.

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

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . **The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than 102.5% 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 3% in rate. The maximum coupon rate shall not exceed 5.00%. For Certificates having stated maturities on and after February 1, 2037, no reoffering yield producing a dollar price less than 98% for any individual maturity will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to the 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.

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

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

BASIS FOR AWARD . . . Subject to the City's right to reject any or all bids and to waive any irregularities except time of filing, the sale of the Certificates will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the "Purchaser") making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost 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, if any. 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 requires, 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 third-party distribution agreement participating in the initial sale of the Certificates to the Public),

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

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

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

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

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

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.

<u>PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 ("TEC FORM 1295")</u> . . . In accordance with Texas Government Code Section 2252.908, as amended (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 Cibolo, Texas*) and box 3 is the identification number assigned to this contract by the City *(Cibolo CO 2026)* and description of the goods or services *(Purchase of the City of Cibolo, Texas Combination Tax and Limited Pledge 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 victor@spfmuni.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.** Upon receipt of the final written award, a non-exempt winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: cbinford@mphlegal.com.

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 oath and 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.

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

(i) <u>No Boycott of Israel (Chapter 2271, Texas Government Code, as amended)</u>: 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 the Official Bid Form. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

(ii) <u>Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended)</u>: A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the

United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

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

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

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

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

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

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

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

GOOD FAITH DEPOSIT . . . A bank cashier's check (or wire transfer where the City or the City's Financial Advisor will provide wire instructions to the winning bidder), payable to the order of "City of Cibolo, Texas," in the amount of $90,000, which is 2% of the proposed par value of the Certificates (the "Good Faith Deposit"), is required to accompany any bid as bid security by 5:00 p.m. CDT on August 11, 2026. 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 Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Certificates 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 Certificates, 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 Certificates 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 Global 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 $4,500,000*, payable in stated installments to the Purchaser, signed by the Mayor or Mayor Pro-Tem 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 a 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 September 9, 2026, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CDT, on September 9, 2026, or thereafter on the date the Certificate is tendered for delivery, up to and including September 23, 2026. If for any reason the City is unable to make delivery on or before September 23, 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., San Antonio, 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 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 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 with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

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 an opinion 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 Preliminary Official Statement.

____

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

Qualified Tax-Exempt Obligations . . . The City expects to designate the Certificates as "qualified tax-exempt obligations" for financial institutions. (See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions" in the Preliminary 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.

GENERAL CONSIDERATIONS

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.

Rating . . . The Certificates and the outstanding debt of the City have been rated "AA+" by S&P Global Ratings ("S&P") without regard to credit enhancement.

The Official Statement and Compliance with SEC Rule 15C2-12 . . . The City has prepared the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Preliminary 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 Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Preliminary Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Preliminary 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 final 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 Purchaser. 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 specified events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

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/ Kara Latimer
Mayor
City of Cibolo, Texas

ATTEST:

/s/ Valerie Chapman
City Secretary
City of Cibolo, Texas

August 4, 2026

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OFFICIAL BID FORM

Honorable Mayor and City Council
City of Cibolo, Texas
P.O. Box 826
200 South Main Street
Cibolo, Texas 78108

August 11, 2026

Members of the City Council:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated August 1, 2026, of $4,500,000* CITY OF CIBOLO, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026, both of which constitute a part hereof.

For your legally issued Certificates, in the aggregate principal amount of $4,500,000*, we will pay you a price of $__________, representing approximately ____________% of the par value. Such Certificates mature February 1, in each of the years and in the amounts and interest rates shown below:

Maturity (February 1)	Principal Amount*	Interest Rate	Maturity (February 1)	Principal Amount*	Interest Rate
2028	$ 260,000	%	2038	$ 135,000	%
2029	275,000	%	2039	140,000	%
2030	290,000	%	2040	150,000	%
2031	305,000	%	2041	155,000	%
2032	320,000	%	2042	165,000	%
2033	335,000	%	2043	170,000	%
2034	350,000	%	2044	180,000	%
2035	370,000	%	2045	190,000	%
2036	385,000	%	2046	200,000	%
2037	125,000	%			

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 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 February 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 ____________________%

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

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

A wire transfer or a cashiers or certified check to the City in the amount of $90,000 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 the Purchaser, except as it relates to the Covered Verifications.

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, BOKF, NA, Dallas, Texas, not later than 10:00 AM, CDT, on September 9, 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.

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

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

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

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

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

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

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

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

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

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

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

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

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.

The City reserves the right, in its sole discretion, to reject the bid from any bidder.

At the request of the City, the undersigned agrees to execute further written certification as may be necessary or convenient for the City to establish compliance with these laws.

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 Cibolo, Texas, this the 11th day of August, 2026.

ATTEST:

City Secretary City of Cibolo, Texas	Mayor City of Cibolo, Texas

ISSUE PRICE CERTIFICATE

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

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 issued by the City of Cibolo, Texas ("Issuer") in the principal amount of $4,500,000* ("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.

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

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

EXECUTED and DELIVERED as of this _______________, 2026.

[NAME OF PURCHASER], as Purchaser

By: ____________________________________

Name: __________________________________

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

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

ISSUE PRICE CERTIFICATE

(**Form of Certificate if less than 3 bids are received from underwriters**)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 issued by City of Cibolo, Texas ("Issuer") in the principal amount of $4,500,000* ("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.

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

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

EXECUTED and DELIVERED as of this _______________, 2026.

[NAME OF PURCHASER], as Purchaser

By: ____________________________________

Name: __________________________________

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

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

PRELIMINARY OFFICIAL STATEMENT
Dated August 4, 2026

NEW ISSUE – Book-Entry-Only System **Ratings: S&P: "AA+"**
See "OTHER INFORMATION – Rating"

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

THE CERTIFICATES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

CITY OF CIBOLO, TEXAS
(A political subdivision of the State of Texas located primarily in Guadalupe County)
$4,500,000*
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: August 1, 2026 **Due: February 1, as shown on page 2**
Interest accrues from the Date of Initial Delivery (defined below)

AUTHORITY FOR ISSUANCE . . . The $4,500,000* City of Cibolo, Texas, Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the "Certificates") are being issued by the City of Cibolo, Texas (the "City" or the "Issuer") pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1502, Texas Government Code, as amended, the City's Home-Rule Charter, and an ordinance to be adopted by the City Council of the City on August 11, 2026 authorizing the issuance of the Certificates (the "Ordinance").

The Certificates are direct and general obligations of the City primarily payable from the levy and collection of a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Ordinance. Additionally, the Certificates also are secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of the currently outstanding Prior Lien Obligations and any Additional Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City (see "THE CERTIFICATES – Authority for Issuance of the Certificates," and "Security and Source of Payment").

PAYMENT TERMS . . . Interest on the Certificates will accrue from the date of their 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 ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES – Book-Entry-Only System"). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE CERTIFICATES – Paying Agent/Registrar").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing street improvements (including utilities repair, replacement, and relocation), curbs, gutters, and sidewalk improvements, including drainage improvements and landscaping incidental thereto, (2) acquiring, purchasing, constructing, renovating, improving, equipping, repairing, enlarging and/or extending public safety facilities, including the City's police and fire department facilities, (3) acquiring, purchasing, constructing, renovating, improving, equipping, repairing, enlarging and/or extending City community and parks and recreation facilities that are generally accessible to the public and is part of the City's park system, (4) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (5) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects and the costs of issuance related to such hereinafter defined Certificates (see "THE CERTIFICATES – Purpose").

CUSIP PREFIX: 171637
MATURITY SCHEDULE & CUSIP SUFFIX
Shown on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by 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, San Antonio, Texas (see "APPENDIX C – Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on September 9, 2026.

CERTIFICATE BIDS DUE TUESDAY, AUGUST 11, 2026, AT 10:00AM CDT

*Preliminary, subject to change.

$4,500,000*
CITY OF CIBOLO, TEXAS
(A political subdivision of the State of Texas located primarily in Guadalupe County)
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026

MATURITY SCHEDULE*

CUSIP Prefix: 171637[(1)]

Maturity (February 1)	Principal Amount*	Interest Rate	Initial Yield	CUSIP Suffix
2028	$ 260,000			
2029	275,000			
2030	290,000			
2031	305,000			
2032	320,000			
2033	335,000			
2034	350,000			
2035	370,000			
2036	385,000			
2037	125,000			
2038	135,000			
2039	140,000			
2040	150,000			
2041	155,000			
2042	165,000			
2043	170,000			
2044	180,000			
2045	190,000			
2046	200,000			

(Interest accrues from the Date of Initial Delivery)

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

REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – Optional Redemption”). In the event any of the Purchaser elects to aggregate two or more maturities as term Certificates, such term Certificates will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Years Served	Term Expires (November)	Occupation
Ms. Kara Latimer Mayor	6 months	2028	Business Owner
Mr. Jeff McGlothin Council Place 1	1.5	2027	Active US Military
Mr. Randy Roberts Council Place 2	3.5	2028	Project Manager
Ms. Marissa-Ellen Patterson Council Place 3	6 months	2028	Operations Research Analyst
Ms. Katie Cunningham Council Place 4	4.5	2027	Municipal employee with City of San Antonio, Senior Management Analyst
Ms. Norma Sanchez-Stephens Council Place 5	3	2027	Fitness Instructor
Ms. Donetta Roberts Council Place 6	1.5	2027	Retired
Ms. Summer Marie Brown Council Place 7	6 months	2028	Human Resources Professional

SELECTED ADMINISTRATIVE STAFF

Name	Position	Years of Service with the City
Mr. Wayne Reed	City Manager	5
Ms. Anna Miranda	Director of Finance	13.5
Ms. Jessica Donoho	Accounting Manager	6
Ms. Valerie Chapman	City Secretary	8.5

CONSULTANTS AND ADVISORS

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

Auditors .... Armstrong, Vaughan & Associates
San Antonio, Texas

Financial Advisor .... Specialized Public Finance Inc.
San Antonio, Texas

For additional information regarding the City, please contact:

Ms. Anna Miranda Director of Finance **City of Cibolo** P.O. Box 826 200 South Main Street Cibolo, Texas 78108 Phone: (210) 658-9900 asmiranda@cibolotx.gov	or	Mr. Victor Quiroga, Jr. Managing Director **Specialized Public Finance Inc.** 17721 Rogers Ranch Parkway Suite 140 San Antonio, Texas 78258 Phone: (210) 239-0204 victor@spfmuni.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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

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

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

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

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

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE PURCHASER 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, AS SUCH INFORMATION WAS PROVIDED BY DTC.

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

PRELIMINARY OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Cibolo, Texas (the "City" or "Issuer") is a political subdivision of the State of Texas located in the extreme western corner of Guadalupe County in south central Texas. Situated along Farm to Market Road 78 and north to south along FM 1103, and paralleled by two major interstate highways, IH 10 to the south and IH 35 to the north, the City is within easy access of the Cities of Seguin and San Antonio. The City lies approximately 13 miles east of the San Antonio metropolitan area. The City lies primarily within Guadalupe County. The City's estimated population is 40,300. The City operates as a home rule city under the laws of the State of Texas and a Home Rule Charter that was adopted on September 11, 2004. The Home Rule Charter provides that the City will operate under the Council/Manager form of government pursuant to the laws of the State of Texas. The City Manager, appointed by the eight-member elected City Council, is the chief administrative officer of the City (see "APPENDIX B – General Information Regarding the City" herein).

THE CERTIFICATES............................. The $4,500,000* City of Cibolo, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the "Certificates") are issued as serial Certificates maturing February 1 in the years 2028 through 2046*, unless the Purchaser elects to aggregate two or more maturities as term Certificates (see "THE CERTIFICATES – Description of the Certificates").

AUTHORITY FOR ISSUANCE .... The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C of Chapter 271, as amended, Texas Local Government Code, Chapter 1502, as amended, Texas Government Code, the City Charter, and an ordinance to be adopted by the City Council of the City (the "Ordinance") on August 11, 2026 authorizing the issuance of the Certificates (see "THE CERTIFICATES – Authority for Issuance of the Certificates").

PAYMENT OF INTEREST .... Interest on the Certificates accrues from the Date of the Initial Delivery (defined herein) and is initially payable on February 1, 2027, and each August 1 and February 1 thereafter until stated maturity or prior redemption (see "THE CERTIFICATES – Description of the Certificates").

SECURITY FOR THE CERTIFICATES.... The Certificates constitute direct and general obligations of the City payable primarily from ad valorem taxes levied annually against all taxable property therein, within the limits prescribed by the law. Additionally, the Certificates are further payable from and secured by a lien on and pledge of the Pledged Revenues (identified and defined in the Ordinance), being a limited amount of the Net Revenues derived from the operation of the City's combined utility system (the "System"), not to exceed $1,000 during the entire period the Certificates or interest thereon remain outstanding (see "THE CERTIFICATES – Security for the Certificates – Surplus Revenue Pledge for the Certificates" herein).

OPTIONAL REDEMPTION .... The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption"). In the event any of the Certificates are structured as term Certificates, such term Certificates will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

*Preliminary, subject to change.

TAX EXEMPTION................................ 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.

QUALIFIED TAX-EXEMPT CERTIFICATES .... The City will designate the Certificates as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing street improvements (including utilities repair, replacement, and relocation), curbs, gutters, and sidewalk improvements, including drainage improvements and landscaping incidental thereto, (2) acquiring, purchasing, constructing, renovating, improving, equipping, repairing, enlarging and/or extending public safety facilities, including the City's police and fire department facilities, (3) acquiring, purchasing, constructing, renovating, improving, equipping, repairing, enlarging and/or extending City community and parks and recreation facilities that are generally accessible to the public and is part of the City's park system, (4) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (5) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects and the costs of issuance related to such hereinafter defined Certificates (see "THE CERTIFICATES – Purpose").

RATING .... The Certificates and the outstanding debt of the City have been rated "AA+" by S&P Global Ratings ("S&P") without regard to credit enhancement (see "OTHER INFORMATION – Rating").

BOOK-ENTRY-ONLY SYSTEM............ The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. 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 payment of its general obligation tax debt.

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PRELIMINARY OFFICIAL STATEMENT
RELATING TO

CITY OF CIBOLO, TEXAS
(A political subdivision of the State of Texas located primarily in Guadalupe County)

$4,500,000*
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2026

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the $4,500,000* City of Cibolo, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2026 (the "Certificates"). The Certificates are being issued pursuant to an ordinance to be adopted by the City Council of the City (the "Ordinance") on August 11, 2026. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance, except as otherwise indicated herein. The term "Purchaser" used herein means the initial purchaser of the Certificates as determined resulting from the submission on August 11, 2026, of the winning bid for the Certificates.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Specialized Public Finance Inc., San Antonio, Texas.

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

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the final Official Statement pertaining to the Certificates will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's Home Rule Charter, which was adopted on September 11, 2004. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and seven Council Members who are elected in three-year terms. The City Council formulates an operating policy for the City while the City Manager is the chief administrative officer. Some of the services that the City provides are public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 15,349, while the 2026 estimated population is 40,300. The City covers approximately 15.9 square miles.

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*Preliminary, subject to change.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated August 1, 2026, and mature on February 1 in each of the years and in the amounts shown on page 2. Interest on the Certificates will accrue from the date of their initial delivery to the Purchaser, will be computed on the basis of a 360-day year of twelve 30-day months, and will be initially payable on February 1, 2027 and on each February 1 and August 1 thereafter until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES – Book-Entry-Only System" herein.

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

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

TAX RATE LIMITATION . . . **All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to $2.50 per $100 taxable assessed valuation for all purposes. No direct funded debt limitation is imposed on the City under current Texas law. The Home Rule Charter does not impose any limitation on the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation.** Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all tax-supported debt service calculated at the time of issuance based on 90% tax collections. The City's 2025/26 tax rate is $0.5226, of which $0.1845 is for debt service purposes. The issuance of the Certificates does not violate the foregoing constitutional provision of the Texas Attorney General's administrative policy.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. In the event any of the Certificates are structured as term Certificates, such term Certificates will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance. If less than all of the Certificates are to be redeemed, the City may select the maturities to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

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

DTC REDEMPTION PROVISIONS . . . The Paying Agent/Registrar and the City, so long as a book-entry-only system (the "Book-Entry-Only System") is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Certificates, and such redemption will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Certificates or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "THE CERTIFICATES – Book-Entry-Only System" herein.

DEFEASANCE . . . *General*. The Ordinance provides for the defeasance of the Certificates when payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent (or other financial institution permitted by applicable state law), in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (d) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificates. The City has additionally reserved the right subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. An authorized City official may limit the foregoing eligible securities, as deemed appropriate, in connection with the sale of the Certificates.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. Provided, however, the City has reserved the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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.

After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates which have been deceased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing street improvements (including utilities repair, replacement, and relocation), curbs, gutters, and sidewalk improvements, including drainage improvements and landscaping incidental thereto, (2) acquiring, purchasing, constructing, renovating, improving, equipping, repairing, enlarging and/or extending public safety facilities, including the City's police and fire department facilities, (3) acquiring, purchasing, constructing, renovating, improving, equipping, repairing, enlarging and/or extending City community and parks and recreation facilities that are generally accessible to the public and is part of the City's park system, (4) purchasing real property, materials, supplies, equipment, information technology, machinery, landscaping, land, and rights of way for authorized needs and purposes related to the aforementioned capital improvements, and (5) the payment of professional services related to the acquisition, design, construction, project management, and financing of the aforementioned projects and the costs of issuance related to such hereinafter defined Certificates.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates *is to be transferred and how the principal of, premium, if any, and interest on the* Certificates *are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the* Certificates *are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable but takes no responsibility for the accuracy or completeness thereof.*

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

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but neither the City nor the Purchaser take any responsibility for the accuracy thereof.

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Financial Advisor, nor the Purchaser.

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

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer.

Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any 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 an Certificate.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on any interest payment date means the close of business on 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.

Certificate Holders' Remedies . . . If the City defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the Certificate holders may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the Certificate holders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Certificate holders. The Texas Supreme Court has ruled in *Tooke v. City of Mexica*, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*"), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas Legislature has effectively waived the City's sovereign immunity from a suit for money damages, Certificate holders may not be able to bring such a suit against the City for breach of the Certificates or the Ordinance. Furthermore, *Tooke*, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary- Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of the municipality.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson*"), the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources." While the Court recognized that the distinction between governmental and proprietary functions is not clear, the *Wasson* opinion held that Proprietary-Governmental Dichotomy applies in contract-claims context. The Court reviewed *Wasson* for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship. Notwithstanding the foregoing, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality. If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the Certificate holders cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without bankruptcy court approval, the prosecution of any other legal action by creditors or Certificate holders of an entity which has sought protection under Chapter 9.

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

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

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

AD VALOREM PROPERTY TAXATION

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

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Guadalupe 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. Unless extended by the Legislature, through December 31, 2026 an appraisal district is prohibited from increasing the appraised value of real property during the 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5.32 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. The maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides those 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. See APPENDIX A, Table 1, for the reduction in taxable valuation attributable to valuation by Productivity Value.

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

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

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

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

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

FREEPORT 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.

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

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, as amended, 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 Property Tax Code" for descriptions of any of the City's tax abatement agreements. See APPENDIX A, Table 1, for the reduction in taxable valuation, if any, attributable to tax abatement agreements.

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.

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

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. 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.

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.

"effective tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

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

"rollback tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.08, plus the debt service tax rate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "– 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.

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 a valuation process which uses pricing information contained in the most recently published edition of the Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration as well as appraisal formulas developed by the State Comptroller. Taxes become due October 1 of the same year and become delinquent on February 1 of the following year. Certain taxpayers, including the disabled, persons 65 years or older and disabled veterans, who qualified for certain tax exemptions are permitted by State law to pay taxes on homesteads in four installments with the first due before February 1 of each year and the final installment due before August 1. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See "AD VALOREM PROPERTY TAXATION - Temporary Exemption For Qualified Property Damaged By A Disaster" for a discussion of the applicability of this section of the Property Tax Code.

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, the penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney's collection of up to 20% of the total delinquent tax, penalty and interest collected may be added. A taxpayer who is 65 years of age or older or is disabled may defer the collection of delinquent property taxes on his or her residence homestead and prevent the filing of a lawsuit to collect delinquent taxes until the 181st day after the taxpayer no longer owns and occupies the property as a residence homestead. However, taxes and interest continue to accrue against the property, and the delinquent taxes incur a penalty of 8% per annum with no additional penalties or interest assessed. The lien securing such taxes and interest remains in existence during the deferral or abatement period. 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 does grant a local mandated homestead exemption of $5,000 for taxpayers who are at least 65 years of age or disabled. A taxpayer who qualifies for both the age 65 or older exemption and the disabled exemption must choose only one of the options to claim.

The City does grant a State mandated residence homestead exemption for disabled veterans ranging from $5,000 to $12,000.

The City has adopted a tax freeze for citizens who are disabled or are 65 years of age or older.

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

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

The Guadalupe County Tax Assessor-Collector's Office (the "Tax Assessor-Collector") collects taxes for the City.

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

The City does not allow discounts for early payment of taxes.

The Tax Assessor-Collector does allow installment payments of taxes.

The City does not tax Freeport Property.

The City does not participate in a TIRZ.

In July 2019, the City Council approved an economic incentive package for a major Toyota supplier planning to bring a $400 million plant and 900 jobs to the region, signaling an expansion of Toyota's presence. The 20-year tax abatement agreement includes an abatement of 75% of property taxes for the first 10 years, 50 percent for the next five years, and 30 percent for the final five years. It is valued at $9.6 million over the period of the agreement.

The City has not adopted a resolution authorizing the continuation of taxation of Goods-in-Transit.

The City's Chapter 380 Incentive Program, authorized by Chapter 380 of the Texas Local Government Code, enables the City to provide grants or reimbursements from the City's general fund. To become eligible for Chapter 380 incentives, projects must: create at least $100 million in new real and personal property; or generate at least $35 million in gross sales that is subject to the collection of local sales and use tax. Businesses that have a 380 incentive agreement with the City are eligible to receive reimbursement of taxes paid for the year if they have met the requirements outlined in the agreement by a certain date each year. For the fiscal year ended September 30, 2025, the City reimbursed $121,021 in sales tax liability rebates and $182,598 in property taxes rebates, with and additional $15,000 in other rebates.

INVESTMENTS

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

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Under State law, the City is authorized to invest in: (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or otherwise meeting the requirements of the Investment Act; (8) certificates of deposit and share certificates that (i) are issued by or through an institution that has its main office or a branch in the State and (a) are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, (b) are secured as to principal by obligations described in clauses (1) through (7) above, or (c) secured 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 a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or a depository institution that has its main office or a branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 as custodian for the City with respect to the certificates of deposit issued for the account of the City; (9) fully collateralized repurchase agreements that (i) have a defined termination date, (ii) are fully secured by a combination of cash and obligations described in clause (1), (iii) 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 (iv) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time, and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (7) above and clauses (12) through (15) below, (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; (11) certain bankers' acceptances if the bankers' acceptance (i) has a stated maturity of 270 days or fewer from the date of issuance, (ii) will be, in accordance with its terms, liquidated in full at maturity, (iii) is eligible for collateral for borrowing from a Federal Reserve Bank, and (iv) is accepted by a State or Federal bank, if the short- term obligations of the accepting bank or its holding company (if the accepting bank is the largest subsidiary) 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 (i) a stated maturity of 270 days or less from the date of issuance, and (ii) a rating of 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 that are (i) registered with and regulated by the United States Securities and Exchange Commission, (ii) provide the City with a prospectus and other information required by the Securities and Exchange Act of 1934; and (iii) comply with Federal Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are (i) registered with the United States Securities and Exchange Commission, (ii) have an average weighted maturity of less than two years, and (iii) either (a) have a duration of one year or more and are invested exclusively in obligations described in this paragraph, or (b) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset- backed securities; (15) investment pools if the City has authorized investment in the particular pool and the pool invests solely in investments permitted by the Investment Act, and is continuously rated no lower than "AAA" or "AAA-m" or at an equivalent rating by at least one nationally recognized rating service; (16) guaranteed investment contracts that (1) have a defined termination date, (2) are secured by obligations which meet the requirements of the Investment Act in an amount at least equal to the amount of bond proceeds invested under such contract, and (3) are pledged to the City and deposited with the City or with a third party selected and approved by the City; and (17) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011, Texas Government Code, as amended.

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

CURRENT INVESTMENTS* **TABLE 1**

As of June 30, 2026, the City's investable funds in the amount of $69,134,312 were invested in the following categories:

Types of Investment	Amount
TexPool	$ 15,128,281
TexPool Prime	10,324,430
Texas Class	19,587,152
Money Market	5,903,704
Certificates of Deposit	18,190,745
Total	$ 69,134,312

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

**Unaudited.*

TEXAS LEGISLATURE

The regular session of the 90th Texas Legislature (the "Legislature") is scheduled to commence on January 12, 2027. 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. Texas Governor Greg Abbott has identified on his agenda property tax relief as a legislative priority. The City cannot predict the likelihood of legislative property tax reform or any additional reforms at the legislative level or the impacts therefrom, if implemented.

TAX MATTERS

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

In rendering its opinion, Bond Counsel will rely upon (a) the 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.

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

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the property financed with proceeds of the Certificates. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such an opinion and are 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 Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Obligations 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 Obligations 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 Obligations 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 Obligations.

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 accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Certificates may be includable in certain corporations' "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 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution", on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds", that are designated by a "qualified small issuer" as "qualified tax-exempt obligations". A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a "bank", as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item".

The City expects that the Certificates will be designated as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the City will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Certificates as "qualified tax-exempt obligations". **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however the IRS could take a contrary view. If the IRS takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Certificates would not be "qualified tax-exempt obligations".**

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CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 9 and in APPENDIX B. The City will update and provide this information in the numbered Tables within twelve months after the end of each fiscal year ending in or after 2026 and, if then available, audited financial statements of the City. 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. 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 financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, it must make available updated information by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of such a change.

EVENT NOTICES . . . The City shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) 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; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In the Ordinance, the City will adopt policies and procedures to consume timely compliance with its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

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

AVAILABILITY OF INFORMATION . . . All information and documentation filings required to be made by the City in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided by the MSRB, without charge to the general public, at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain 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, conditions, 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 SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 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 . . . During the past five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

LEGAL MATTERS

LEGAL OPINION . . . Except as hereinafter noted, Bond Counsel has not verified and has not passed upon, and assumes no responsibility for the accuracy, completeness or fairness of the information and statements contained in the Official Statement. In the performance of its duties, Bond Counsel has reviewed the information relating to the Certificates and the Ordinance contained under the captions: "THE CERTIFICATES" (exclusive of subcaptions "– Book-Entry-Only System" and "– Certificateholders' Remedies"), "TAX MATTERS," "LEGAL MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "– Compliance with Prior Undertakings"), "OTHER INFORMATION – Registration and Qualification of Obligations for Sale," "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds in Texas," "APPENDIX C – Form of Bond Counsel's Opinion" contained in the Official Statement and Bond Counsel is of the opinion that the information relating to the Certificates and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. In connection with the issuance of the Certificates, Bond Counsel has been engaged by, and only represents, the City.

The legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

OTHER INFORMATION

RATING . . . The Certificates and the outstanding debt of the City have been rated "AA+" by S&P Global Ratings ("S&P"), without regard to credit enhancement. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. The City also has various outstanding issues which are insured by various commercial insurance companies. An explanation of the significance of such a rating may be obtained from S&P. The rating reflects only the views of S&P, and the City makes no representation as to the appropriateness of the rating. There is no assurance that such a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

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

LITIGATION . . . *Texas Turnpike v. City of Cibolo, Cause No. 20-0062-CV-A, Guadalupe County, Texas.* On January 9, 2020, Texas Turnpike Corporation (TTC) filed a lawsuit against the City alleging damages for breach of contract for ceasing work and obligations under a $152 million tollroad project. TTC sought monetary damages in the amount of $15M plus attorney's fees, costs, and expenses. The case went up on appeal as the City did not believe there was a waiver of immunity. After lengthy appeal efforts, the appellate court denied all appeal efforts by the City and as of July 2026, the case will now be remanded to the trial court for further proceedings. There were settlement discussions in the appellate process but stalled to get a final ruling on the appeal. The City will continue to defend against the claims and damages and have evidence to support alleged damages are not as the Plaintiff believes are to be true or as alleged. Now, we believe that TTC has asserted claims in excess of $1M in addition to fees, costs and expenses. The last amount of fees was $383,000 and $75,000 in costs. That amount likely has gone up due to the lengthy appeal process. Pursuing litigation will increase fees; efforts to settle could reduce the demand for damages and fees.

Jan Wilkiewicz v. The City of Cibolo, Texas, et al No. 5:24-CV-01471-JKP-ESC (U.S.D.C. Western District, San Antonio Division). Mr. Wilkiewicz was hired by the City as a Patrol Officer in August of 2011, earning $39,582.40 annually. His performance evaluations were satisfactory; he received 1.5%-2.5% merit increases and/or promotions with each evaluation. He was promoted to Warrant Officer in 2016; to Police Sergeant in 2017; and to Police Lieutenant in 2021. His current salary as a Lieutenant is $105,252.42. He is commended consistently for his dependability; for showing initiative; for his work product; for his enthusiasm and motivation; for his willingness to participate in additional training; for streamlining the paperwork and processes; for being a positive role model within the police department; for keeping Animal Services from falling apart. In 2017, he received an Officer of the Year award. In 2024, however, his performance evaluation by Lt. Brian Nipper included the following assessment: "need to understand others' perspectives and avoid conflict when someone disagrees with his view. Lt. Wilkiewicz is also scheduled to attend a communications training course to develop conflict management skills. I want to invest in leadership training for Lt. Wilkiewicz to improve his effectiveness as a command team executive."

On November 21, 2023, Chief Andres placed Mr. Wilkiewicz on a Performance Improvement Plan (PIP) to address his challenges with receiving feedback or constructive feedback regarding opinions that may differ from his. Chief Andres met with Mr. Wilkiewicz, individually, over the next several weeks to address these leadership challenges and discuss strategies to improve his performance as a command team executive. Chief Andres met with Mr. Wilkiewicz 17 times before removing him from the PIP on December 16, 2024. However, he was told he would continue to be monitored and if other work deficiencies needed to be addressed, he would do so. Mr. Wilkiewicz was eventually terminated from his employment in October 2026 due to continued performance issues. Mr. Wilkiewicz filed a suit alleging gender discrimination, hostile work environment, and retaliation under Title VII and TCHRA. We successfully obtained dismissal of all claims, but the Court permitted amendments to the lawsuit, which he did, in particular based on his termination, only alleging retaliation for his gender discrimination claim. We filed another motion to dismiss and await that Should Mr. Wilkiewicz prevail in his Title VII claims, the statutory damage cap for compensatory damages of $100,000.00 applies due to the size of the City's workforce. His lost wages are also a remedy if he is successful, and he has been out of work for approximately 10 months with an approximate lost wages totaling $87,500; he did receive unemployment which may be counted as a credit. These damages encompass future pecuniary damages, mental anguish and loss of enjoyment of life. He can also recover reasonable attorneys' fees if successful.

As of the date hereof, there is no other pending litigation, to the knowledge of the City Attorney, threatened litigation or other proceeding 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.

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Certificates are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, 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, as amended, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

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

Additionally, with respect to the Certificates, Section 271.051 of the Texas Local Government Code, as amended, expressly provides that certificates of obligation approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations, insurance companies, fiduciaries, trustees, and guardians, and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State.

NO-LITIGATION CERTIFICATE . . . The City will furnish to the Purchaser a certificate, dated as of the date of delivery of the Certificates, executed by both the Mayor and City Secretary of the City, to the effect that no litigation of any nature has been filed or is then pending or 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.

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

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

INITIAL PURCHASER . . . After requesting competitive bids for the Certificates, the City accepted the bid from _________ (the "Purchaser") to purchase the Certificates at the interest rates shown on page 2 of the Official Statement at a price of $_______________. 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.

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

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

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

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

Reference is made to original documents in all respects. The Ordinance authorizing the issuance of the Certificates 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.

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

CERTIFICATION AS TO OFFICIAL STATEMENT . . . At the time of payment for and delivery of the Certificates, the Purchaser will be furnished with a certificate, executed by a proper officer acting in his or her official capacity, to the effect that to the best of his or her knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the applicable best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements, and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; (d) except as may be otherwise described in the Official Statement, there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City; and (e) no litigation of any nature has been filed or is pending, as of the date of delivery of the Certificates, to restrain or enjoin the issuance or delivery of the Certificates or which would affect the provisions made for their payment or security or in any manner question the validity of the Certificates.

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.

____
Mayor
City of Cibolo, Texas

ATTEST:

____
City Secretary
City of Cibolo, Texas

APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION	TABLE 1
2026 Actual Certified Assessed Value of Taxable Property (100% Assessed Value)	$ 5,511,893,681
Less:	
Over-65/Surviving Spouse	$ 8,730,948
Disabled Persons/Surviving Spouse Exemption	1,002,500
Disabled Veterans/Surviving Spouse Exemption	16,051,626
Disabled Veterans/Surviving Spouse Homestead Exemption	1,139,167,616
Member of Armed Services/Surviving Spouse Exemption	735,903
Freeport Exemption	-
Solar/Wind Exemption	2,531,637
Abatement	371,080,576
Miscellaneous	44,766,827
Productivity Loss	126,473,192
Homestead Cap	27,897,879
2026 Certified Assessed Value of Taxable Property	$ 3,773,454,977
Less: Transfer Adjustment	349,596
Less: Freeze Value	530,905,730
Freeze Adjusted Taxable Assessed Valuation	$ 3,242,199,651

____

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

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GENERAL OBLIGATION BONDED DEBT

(As of June 30, 2026)

General Obligation Debt Outstanding[1]:		
General Obligation Bonds, Series 2014	$	810,000
General Obligation & Refunding Bonds, Series 2015		2,815,000
General Obligation Bonds, Series 2016		1,940,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Taxable Series 2017		940,000
General Obligation Bonds, Series 2018		1,820,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2019		5,155,000
General Obligation Bonds, Series 2019		7,500,000
General Obligation Refunding Bonds, Series 2019		2,450,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2020		4,025,000
General Obligation Refunding Bonds, Series 2021		6,155,000
Tax Notes Series 2022		1,095,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2023		3,745,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2024		7,410,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2025		10,995,000
General Obligation Bonds, Series 2025		1,935,000
The Certificates[1]		4,500,000
Total General Obligation Tax Debt	$	63,290,000
Less: Self-Supporting Debt:		
General Obligation & Refunding Bonds, Series 2015	$	190,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Taxable Series 2017		884,071
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2019		1,005,000
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2020		4,025,000
General Obligation Refunding Bonds, Series 2021		435,000
Total Self-Supporting Debt	$	6,539,071
Total Net General Obligation Debt Outstanding	$	56,750,929
Unaudited Interest and Sinking Fund Balance as of June 30, 2026	$	2,786,108
2026 Certified Assessed Value of Taxable Property	$	3,773,454,977
Ratio of Total Net General Obligation Debt to 2025 I&S Net Taxable Assessed Valuation[2]		1.50%

Area of District:		15.9	Square Miles
Estimated Population:		40,300	in Year 2026
Per Capita 2026 Net Taxable Assessed Valuation:	$	93,634	
Per Capita 2026 Net General Obligation Tax Debt:	$	1,408	

____

(1) *Preliminary, subject to change.*

(2) *See "AD VALOREM PROPERTY TAXATION" in the body of the Official Statement for a description of the Issuer's taxation procedures.*

CITY DEBT OBLIGATIONS - CAPITAL LEASE AND NOTES PAYABLE — TABLE 2

The City has entered into lease agreements to finance equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments at the inception date. The assets acquired through capital leases are as follows:

Assets:	Governmental Activities	Business-Type Activities
Transportation Equipment	$ 4,358,816	$ 404,458
Less Accumulated Depreciated	(2,080,674)	(263,075)
Total	$ 2,278,142	$ 141,383

Future minimum obligations and the net present value of these minimum lease payments as of September 30, 2025 are as follows:

Year Ending September 30,	Governmental Activities	Business-Type Activities
2026	$ 705,631	$ 67,824
2027	659,544	46,212
2028	493,555	20,907
2029	285,316	17,444
2030	31,281	5,258
Total Payments	$ 2,175,327	$ 157,645
Less: Amount Representing Interest	(257,296)	(16,001)
Present Value of Minimum Lease Payments	$ 1,918,031	$ 141,644

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Note: The above information was taken from the Issuer's 2025 Annual Financial Report.

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GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS[1]

Fiscal Year Ending 9/30	Current Total Debt Service	The Certificates[1] Principal	Interest	Total Principal and Interest	Combined Debt Service	Less: Self-Supporting	Total Net Combined Debt Service
2026	$ 8,293,417	$ -	$ -	$ -	$ 8,293,417	$ 1,436,200	$ 6,857,217
2027	8,388,018	-	218,125	218,125	8,606,143	1,516,838	7,089,306
2028	7,748,491	260,000	218,500	478,500	8,226,991	1,415,150	6,811,841
2029	7,479,879	275,000	205,125	480,125	7,960,004	1,514,625	6,445,379
2030	6,375,228	290,000	191,000	481,000	6,856,228	1,510,750	5,345,478
2031	5,192,934	305,000	176,125	481,125	5,674,059	258,950	5,415,109
2032	4,543,491	320,000	160,500	480,500	5,023,991	261,050	4,762,941
2033	4,366,225	335,000	144,125	479,125	4,845,350	93,050	4,752,300
2034	3,900,738	350,000	127,000	477,000	4,377,738	94,950	4,282,788
2035	3,905,038	370,000	109,000	479,000	4,384,038	97,075	4,286,963
2036	3,513,138	385,000	90,125	475,125	3,988,263	94,525	3,893,738
2037	3,174,875	125,000	77,375	202,375	3,377,250	96,900	3,280,350
2038	3,172,875	135,000	70,875	205,875	3,378,750	94,200	3,284,550
2039	3,172,325	140,000	64,000	204,000	3,376,325	96,425	3,279,900
2040	1,632,000	150,000	56,750	206,750	1,838,750	-	1,838,750
2041	1,632,300	155,000	49,125	204,125	1,836,425	-	1,836,425
2042	1,630,400	165,000	41,125	206,125	1,836,525	-	1,836,525
2043	1,626,300	170,000	32,750	202,750	1,829,050	-	1,829,050
2044	1,316,200	180,000	24,000	204,000	1,520,200	-	1,520,200
2045	1,050,600	190,000	14,750	204,750	1,255,350	-	1,255,350
2046	-	200,000	5,000	205,000	205,000	-	205,000
	$ 82,114,470	$ 4,500,000	$ 2,075,375	$ 6,575,375	$ 88,689,845	$ 8,580,687	$ 80,109,158

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[1] *Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.*

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TAX ADEQUACY (Includes Self-Supporting Debt)

2026 Certified Assessed Value of Taxable Property		$	3,773,454,977
Maximum Annual Debt Service Requirements for Fiscal Year Ending:	9/30/2027	$	8,606,143 [1]
Indicated Interest and Sinking Fund Tax Rate		$	0.2304
Indicated Interest and Sinking Fund Tax Rate at the following Collections:	99%	$	8,607,100

[1] *Includes the Certificates. Preliminary, subject to change.*

TAX ADEQUACY (Excludes Self-Supporting Debt)

2026 Certified Assessed Value of Taxable Property		$	3,773,454,977
Maximum Annual Debt Service Requirements for Fiscal Year Ending:	9/30/2027	$	7,089,306 [1]
Indicated Interest and Sinking Fund Tax Rate		$	0.1898
Indicated Interest and Sinking Fund Tax Rate at the following Collections:	99%	$	7,090,397

[1] *Includes the Certificates. Preliminary, subject to change.*

BUDGETED INTEREST AND SINKING FUND MANAGEMENT INDEX

Audited Interest and Sinking Fund Balance as of September 30, 2025	$	1,716,986
2025 Interest and Sinking Fund Tax Levy at 98% Collections Produce		6,653,500
Self-Supporting Debt Service Transfer		1,436,200
Total Available for Debt Service	$	9,806,686
Less: General Obligation Debt Service Requirements, Fiscal Year Ending September 30, 2026		8,293,417 [1]
Estimated Balance at Fiscal Year Ended September 30, 2026	$	1,513,269

[1] *Includes the Certificates. Preliminary, subject to change.*

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2022 – 2026

TABLE 3

Fiscal Year	Net Taxable Assessed Valuation	Change From Preceding Year Amount ($)	Change From Preceding Year Percent
2022-2023	$ 3,009,324,817	$ 308,550,290	11.42%
2023-2024	3,451,634,353	442,309,536	14.70%
2024-2025	3,789,166,782	337,532,429	9.78%
2025-2026	3,868,372,142	79,205,360	2.09%
2026-2027	3,773,454,977	(94,917,165) [1]	-2.45%

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

[1] *Decrease primarily attributable to the increase in Freeze Taxable values.*

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CLASSIFICATION OF ASSESSED VALUATION TABLE 4

	2026	% of Total	2025	% of Total	2024	% of Total
Real, Residential, Single-Family	$ 4,111,897,723	74.60%	$ 3,997,815,427	82.23%	$ 3,997,541,961	83.41%
Real, Residential, Multi-Family	79,921,938	1.45%	84,737,932	0.06%	55,628,370	0.08%
Real, Vacant Lots/Tracts & Colonia Lots/Tracts	53,331,819	0.97%	50,069,621	0.78%	60,517,439	1.16%
Real, Acreage (Land Only)	127,339,765	2.31%	124,102,991	2.21%	113,740,882	2.50%
Real, Farm and Ranch Improvements	1,218,324	0.02%	1,195,855	0.02%	920,695	0.02%
Real, Rural Land, Non Qualified Open Space	53,017,060	0.96%	63,026,792	1.04%	55,414,431	1.16%
Real, Commercial and Industrial	334,105,689	6.06%	669,202,492	7.71%	599,960,964	8.01%
Real & Tangible, Personal Utilities	276,184,106	5.01%	18,377,026	0.28%	16,538,292	0.32%
Tangible Personal, Commercial & Industrial	436,053,198	7.91%	552,282,430	4.60%	415,188,161	2.26%
Tangible Personal, Mobile Homes	6,321,430	0.11%	6,204,436	0.14%	5,045,816	0.12%
Residential Inventory	27,171,128	0.49%	25,170,434	0.91%	72,677,724	0.95%
Special Inventory	5,331,501	0.10%	6,115,723	0.02%	4,179,116	0.01%
Total Appraised Value	$ 5,511,893,681	100.00%	$ 5,598,301,159	100.00%	$ 5,397,353,851	100.00%
Less:						
Over-65/Surviving Spouse	$ 8,730,948		$ 8,510,741		$ 7,938,197	
Disabled Persons/Surviving Spouse	1,002,500		952,500		1,024,167	
Disabled Veterans/Surviving Spouse	16,051,626		16,883,271		17,292,500	
Disabled Veterans/Surviving Spouse Homestead	1,139,167,616		1,000,099,812		929,232,312	
Member of Armed Services/Surviving Spouse	735,903		707,424		733,700	
Freeport Exemption	-		-		-	
Solar/Wind Exemption	2,531,637		1,336,361		1,310,878	
Abatement	371,080,576		533,375,084		454,139,239	
Miscellaneous	44,766,827		15,636,002		10,592,786	
Productivity Loss	126,473,192		123,287,358		112,901,062	
Homestead Cap	27,897,879		29,140,464		73,022,228	
Net Taxable Assessed Valuation	$ 3,773,454,977		$ 3,868,372,142		$ 3,789,166,782	
Transfer Adjustment	349,596		583,743		603,406	
Freeze Taxable	530,905,730		355,202,485		340,123,509	
Freeze Adjusted Taxable Assessed Valuation	$ 3,242,199,651		$ 3,512,585,914		$ 3,448,439,867	

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

TAX DATA TABLE 5

Year	Tax	Tax	Collections		Year
Year	Rate	Levy	Current	Total	Ended
2021	$ 0.4835	$ 12,840,716	99.32%	99.76%	9/30/2022
2022	0.4835	14,537,603	99.45%	99.45%	9/30/2023
2023	0.4699	15,508,101	99.46%	99.46%	9/30/2024
2024	0.4990	18,079,653	99.24%	99.24%	9/30/2025
2025	0.5226	18,709,364	(In Process of Collection)		9/30/2026

Note: The above figures were taken from the Municipal Advisory Council of Texas Municipal Reports, the Guadalupe Appraisal District, the Guadalupe County Tax Assessor-Collector's Office, the Issuer's 2025 Annual Financial Report and information provided by the Issuer.

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TAX RATE DISTRIBUTION **TABLE 6**

Year Year	2025-2026	2024-2025	2023-2024	2022-2023	2021-2022
General Fund	$ 0.3381	$ 0.3197	$ 0.2906	$ 0.3042	$ 0.3042
I&S Fund	0.1845	0.1793	0.1793	0.1793	0.1793
Total Tax Rate	$ 0.5226	$ 0.4990	$ 0.4699	$ 0.4835	$ 0.4835

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Note: The above figures was taken from the Guadalupe County Appraisal District.

PRINCIPAL TAXPAYERS **TABLE 7**

Name	Type of Property	2026 Net Taxable Assessed Valuation	% of Total 2026 Assessed Valuation
Aisin Texas Corporations	Industrial Manufacturing	$ 131,226,722	3.48%
US Living Cibolo LLC	Real Estate	35,425,343	0.94%
Grand at Cibolo LLC	Movie Theater/Entertainment	32,456,064	0.86%
VTR Brooks LLC	Real Estate	23,552,493	0.62%
HEB LP	Grocery	21,731,178	0.58%
Santikos Cibolo Theater Realty	Real Estate	20,750,000	0.55%
SFR Fund VI Borrower LLC	Real Estate	19,994,026	0.53%
Independent Rough Terrain Center LLC	Equipment Manufacturing	15,762,367	0.42%
Liberty Energy Services	Electric Utility	15,349,735	0.41%
Guadalupe Valley Electric Coop	Electric Utility	15,064,380	0.40%
		$ 331,312,308	8.78%

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Note: The above information provided by the Guadalupe County Appraisal District.

OVERLAPPING DEBT DATA AND INFORMATION

(As of June 30, 2026)

Taxing Body	Gross Debt	% Overlapping	Amount Overlapping
Alamo CCD	$ 811,895,000	-	$ -
Bexar Co	2,079,155,000	-	-
Bexar Co Hospital District	1,184,305,000	-	-
City of Cibolo	56,750,929 (1)	100.00%	56,750,929
Guadalupe County	22,460,000	18.69%	4,197,774
Marion Independent School District	133,025,000	29.84%	39,694,660
Schertz-Cibolo-Universal City Independent School District	268,565,612	37.59%	100,953,814
Total Direct and Overlapping Debt			$ 201,597,177
Ratio of Direct and Overlapping Debt to the 2026 Assessed Valuation			5.34%
Per Capita Direct and Overlapping Debt			$ 5,002

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(1) *Excludes self-supporting debt and includes the Certificates. Preliminary, subject to change.*

AUTHORIZED BUT UNISSUED AD VALOREM TAX DEBT

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Animal Sheltor	November 5, 2024	$ 9,000,000	$ 1,000,000	$ -	$ 8,000,000
Public Safety Facility	November 5, 2024	17,065,000	1,000,000	-	16,065,000
Total		$ 26,065,000	$ 2,000,000	$ -	$ 24,065,000

MUNICIPAL SALES TAX COLLECTIONS TABLE 8

Fiscal Year	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2021	$ 4,482,341	39.37%	$ 0.1901
2022	5,672,047	44.17%	0.2100
2023	6,645,884	45.72%	0.2208
2024	7,218,680	46.55%	0.2091
2025	8,028,262	44.40%	0.2321

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Source: State of Texas, Comptroller of Public Accounts and Guadalupe County Appraisal District.

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES TABLE 9

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

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Fund Balance-Beginning of the Year	$ 7,130,427	$ 6,463,418 (1)	$ 8,116,863	$ 9,206,550	$ 7,674,989
Revenues	$ 20,360,473	$ 21,685,994	$ 20,574,467	$ 17,340,465	$ 15,171,651
Expenditures	23,587,961	24,135,287	22,386,858	17,026,895	14,668,338
Expenditures	$ (3,227,488)	$ (2,449,293)	$ (1,812,391)	$ 313,570	$ 503,313
Other Financing Sources & Uses:					
Operating Transfers In	$ -	$ -	$ -	$ -	$ -
Sale of Assets	342,674	8,753	49,809	106,189	18,989
Issuance of Debt	968,892	1,279,450	-	-	-
Proceeds from Capital Lease	-	-	209,112	461,787	561,731
Transfers In	1,722,590	1,858,099	714,672	988,719	598,427
Transfers Out	(45,054)	(30,000)	(816,779)	(2,959,952)	(150,899)
Total Other Financing Sources (Uses)	$ 2,989,102	$ 3,116,302	$ 156,814	$ (1,403,257)	$ 1,028,248
Fund Balance - Ending(2)	$ 6,892,041	$ 7,130,427	$ 6,461,286	$ 8,116,863	$ 9,206,550

Note: The above information was taken from the Issuer's Annual Reports dated September 30, 2021-2025.

(1) *Restated.*

(2) *The City expects its unaudited General Fund balance to be approximately $6,304,800 on September 30, 2026.*

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY

**GENERAL INFORMATION REGARDING THE CITY OF CIBOLO
AND GUADALUPE COUNTY, TEXAS**

Location: The City of Cibolo (the "City") is a retail point located approximately 13 miles northeast of San Antonio on Farm Road 78. Many residents commute to San Antonio for employment. Ag rain elevator serves local farmers. The City's 2026 estimated population is 40,300.

Guadalupe County Characteristics: Guadalupe County (the "County") was created and organized in 1846 from Bexar and Gonzales Counties and named after the Guadalupe River, which runs through the middle. The County is located in south central Texas and traversed by Interstate Highways 10 and 35. The County's 2025 estimated population is 196,392.

County Seat: Seguin, Texas

Economic Base: Mineral: oil, gravel, gas and clay. Industry: varied manufacturing and agribuiness.
Agricultural: wheat, pecans, nursery crops, milo, hay, cotton, corn and cattle.

Oil & Gas: The oil production for this county accounts for 0.05% of the total state production. The county ranks 74 out of all the counties in Texas for oil production.

Oil Production:	Year	Description	Volume	%Change from Previous Year
(Texas Railroad	2024	Oil	715,810 BBL	7.57
Commission)	2025	Oil	596,751 BBL	-16.63

Magor Colleges and Universities: Texas State University, Texas Lutheran University

Colleges and Universities

Year	Total	Fall Enrollment
2022	2	39,536
2023	2	40,077

Employment Data:

	2024		2023		2022	
	Employed	Earnings	Employed	Earnings	Employed	Earnings
1st Quarter:	47,889	$725.3M	46,586	$665.4M	43,036	$558.8M
2nd Quarter:	48,822	$717.7M	47,435	$660.1M	44,183	$595.5M
3rd Quarter:	48,643	$713.5M	47,421	$671.1M	45,345	$626.7M
4th Quarter:	49,205	$756.0M	48,023	$711.2M	46,213	$668.5M

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas and DemographicsUSA County Edition. Any data on population, value added by manufacturing or production of minerals or agricultural products are from US Census or other official sources.

Labor Force Statistics:

	Guadalupe County		City of Cibolo		Texas	
	June 2026	June 2025	June 2026	June 2025	June 2026	June 2025
Total Civilian Labor Force	97,198	97,256	17,800	17,764	15,921,944	15,866,465
Total Employment	92,659	93,515	16,924	17,080	15,140,964	15,193,245
Total Unemployment	4,539	3,741	876	684	780,980	673,220
% Unemployed	4.7	3.8	4.9	3.9	4.9	4.2

Source: Texas Labor Market Review.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

September 9, 2026

CITY OF CIBOLO, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION SERIES 2026
DATED AS OF AUGUST 1, 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF $__________

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

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

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

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

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

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

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and we have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein

Respectfully,

APPENDIX D

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

The information contained in this APPENDIX consists of excerpts from the City of Cibolo, 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

Armstrong, Vaughan & Associates, P. C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cibolo as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Cibolo's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cibolo, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Cibolo 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 obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance in GASB Statement 101 related to compensated absences. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City of Cibolo's 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.

941 West Byrd Blvd., Suite 101 • Universal City, Texas 78148
Phone: 210-658-6229 • Fax: 210-659-7611 • Email: info@avacpa.com • www.avacpa.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Cibolo'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cibolo's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2026 on our consideration of City of Cibolo'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cibolo's internal control over financial reporting and compliance.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

March 10, 2026

MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the City of Cibolo, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Cibolo for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Cibolo exceeded its liabilities and deferred inflows of resources by $144.4 million (net position) at the close of the most recent fiscal year. Of this amount, $24.7 million (unrestricted net position) may be used to meet the City's operational needs.

- The City's total net position increased by $14.0 million mainly due to increased operating grants, increasing property values, and increased utility rates outpacing inflation of expenditures.

- The City’s deferred outflows totaled $3.4 million at year end, an increase of $677 thousand in comparison with the prior year due to increases in the contribution rates and experience rates of the pension and other post-retirement employee benefits.

- The City’s deferred inflows totaled $2.8 million at year end, an increase of $1.2 million in comparison with the prior year due to an increase in investment earnings.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $34 million, an increase of $9.1 million in comparison with the prior year. Primarily due to issuance of new bonds. In the General Fund, the City budgeted a deficiency of revenues under expenditures of $1.3 million. However, actual decreases in fund balance of $302 thousand were a result of higher than anticipated issuance of debt. Regarding expenses, overall expenses in the General Fund were greater than budgeted due to higher than anticipated staffing levels within the Fire Department, resulting in higher than anticipated salaries.

- At the end of the fiscal year, the combined total of the General Fund assigned and unassigned fund balances was $6.7 million which is 31.6% or 3.8 months of the general fund expenditures not including capital outlay or debt service.

- During the fiscal year, the City made payments on bonds and other debt instruments. In addition they issued $13.0 million in new bonded debt. This resulted in a net increase of $8.4 million. As of the end of the current year, the City had $69.0 million in bonds and other debt outstanding.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as the introduction of the City of Cibolo, Texas’ basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

The statement of net position is a presentation of the City's assets and liabilities, including capital and infrastructure assets, and long-term liabilities. This statement reports the difference between assets and liabilities as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information regarding increases and decreases to the government's net position for the fiscal year. Changes in net position are recorded when the underlying event giving rise to the change occurs regardless of the timing of cash flows.

Therefore, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave). Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities include general government, public safety, public works, parks and recreation, library, and community development. The business-type activities of the City are water and sewer.

Fund Financial Statements – The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are used to present financial information detailing resources that have been identified for specific activities. The focus of the fund financial statements is on the City's major funds, although non-major funds are also presented in aggregate and further detailed in the supplementary statements. The City uses fund accounting to ensure and demonstrate compliance with requirements placed on resources. Funds are divided into three types: governmental, proprietary, and fiduciary. However, the City does not have any fiduciary funds.

Governmental Funds – Governmental funds are used for essentially the same functions reported in the 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 available for current spending, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

As the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental 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.

Proprietary Funds – The City maintains multiple proprietary funds. Enterprise funds are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for the provision of drainage, garbage, water, and sewer services to residents.

Proprietary fund financial statements provide separate and more detailed information for the water and sewer fund. The water and sewer fund is considered a major fund of the City.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on the City's general fund budget, red light camera fund, and the street maintenance fund budget, which are adopted on an annual basis. A budgetary comparison statement has been provided for these funds in order to demonstrate budgetary compliance with this budget.

In addition, this report also contains certain required supplementary information concerning the City of Cibolo's progress in funding its obligation to provide pension benefits and other post employment benefits.

The combining statements referred to earlier in connections with non-major governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Below is a comparative summary of the governmental activities and business-type activities as required by GASB Statement No. 34.

TABLE A-1
NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current Assets	$ 40,494,467	$ 33,404,101	$ 32,074,839	$ 29,066,337	$ 72,569,306	$ 62,470,438
Capital and Other Assets	98,373,765	93,249,222	61,948,680	56,787,077	160,322,445	150,036,299
Total Assets	138,868,232	126,653,323	94,023,519	85,853,414	232,891,751	212,506,737
Deferred Outflows of Resources	2,980,693	2,413,111	404,084	294,494	3,384,777	2,707,605
Liabilities						
Current Liabilities	13,948,935	15,437,326	4,142,326	3,218,096	18,091,261	18,655,422
Noncurrent Liabilities	66,385,128	58,379,307	4,531,031	5,422,060	70,916,159	63,801,367
Total Liabilities	80,334,063	73,816,633	8,673,357	8,640,156	89,007,420	82,456,789
Deferred Inflows of Resources	2,215,891	1,177,189	589,860	478,236	2,805,751	1,655,425
Net Position						
Net Investment in Capital Assets	42,392,766	38,010,481	59,394,282	53,630,160	101,787,048	91,640,641
Restricted	3,133,160	2,682,829	14,733,288	14,188,994	17,866,448	16,871,823
Unrestricted	13,773,045	13,379,302	11,036,816	9,210,362	24,809,861	22,589,664
Total Net Position	$ 59,298,971	$ 54,072,612	$ 85,164,386	$ 77,029,516	$ 144,463,357	$ 131,102,128

Deferred outflows of resources are related pensions and other post-employment benefits and represent a consumption of net position that applies to future period(s) and will not be recognized as an expenditure until then. Deferred inflows of resources are related to other post-employment benefits and represent an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. Additional information regarding the City's deferred outflows and deferred inflows of resources can be found in Notes 8 and 9 of this report.

The largest portion of the City's net position, $101.8 million, represents its investment in capital assets (e.g., land, construction in progress, buildings, machinery, and equipment, net of accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. The City of Cibolo, Texas uses these 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 capital assets themselves cannot be used to liquidate these liabilities.

Of the other net position, $17.9 million represents resources that are subject to external restrictions on how they may be used. $24.7 million (unrestricted net position) may be used to meet the City's operational needs.

Governmental activities increased net position by $5.8 million, which is attributable to increased intergovernmental revenue from Guadalupe County, operating grants from the Federal Government, and continued growth of property values and rate adjustments. Key elements of this increase are as follows:

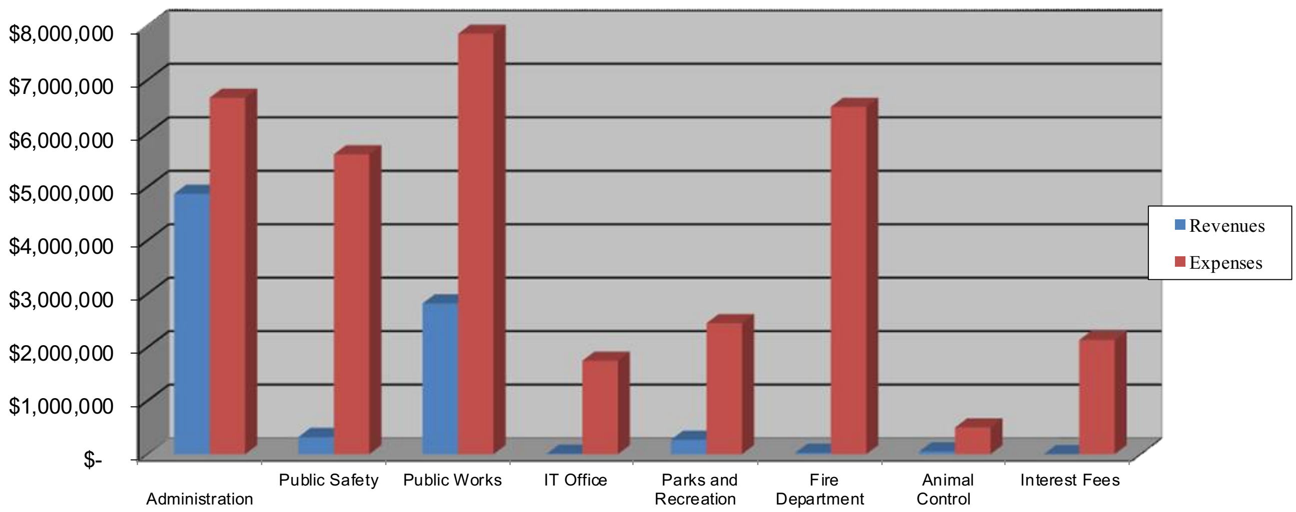
TABLE A-2

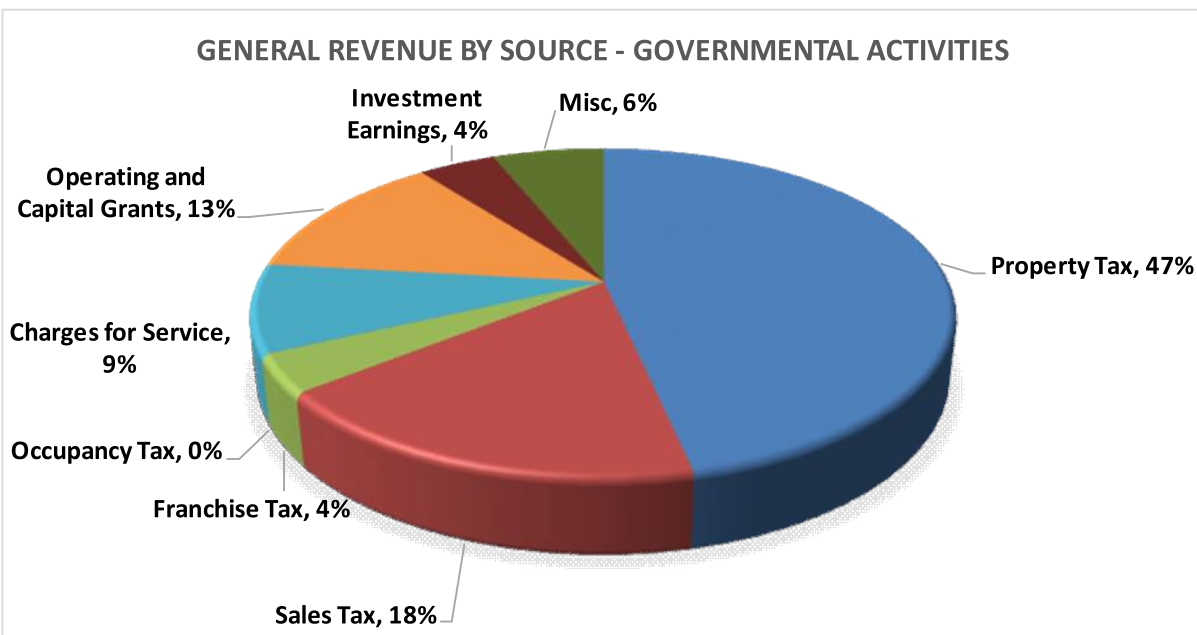
CHANGES IN NET POSITION FOR GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
Revenues:	2025	2024	2025	2024	2025	2024
Program Revenues:						
Charges for Services	$ 3,384,714	$ 4,192,132	$ 20,601,213	$ 20,733,762	$ 23,985,927	$ 24,925,894
Operating Grants and Contributions	2,728,738	1,657,138	114,241	-	2,842,979	1,657,138
Capital Grants and Contributions	2,252,629	2,946,368	3,662,147	3,492,741	5,914,776	6,439,109
General Revenues						
Property Taxes	18,110,464	16,042,946	-	-	18,110,464	16,042,946
Sales Taxes	6,881,371	6,117,903	-	-	6,881,371	6,117,903
Franchise Taxes	1,459,675	1,385,124	-	-	1,459,675	1,385,124
Occupancy Taxes	5,770	19,103	-	-	5,770	19,103
Investment Earnings	1,650,993	2,021,311	1,231,621	1,321,841	2,882,614	3,343,152
Miscellaneous	2,391,807	1,770,809	133,869	2,542	2,525,676	1,773,351
Total Revenues	38,866,161	36,152,834	25,743,091	25,550,886	64,609,252	61,703,720
Expenses:						
Administration	6,665,084	5,130,408	4,301,589	3,316,779	10,966,673	8,447,187
Public Safety	5,606,851	6,057,627	-	-	5,606,851	6,057,627
Public Works	7,861,438	8,392,351	-	-	7,861,438	8,392,351
Information Technology Office	1,746,260	1,221,319	-	-	1,746,260	1,221,319
Parks and Recreation	2,449,924	2,066,346	-	-	2,449,924	2,066,346
Fire Department	6,494,302	5,904,108			6,494,302	5,904,108
Animal Control	499,304	423,927	-	-	499,304	423,927
Water/Wastewater Utilities	-	-	8,324,700	7,738,929	8,324,700	7,738,929
Drainage	-	-	1,412,784	1,206,505	1,412,784	1,206,505
Garbage	-	-	3,059,619	3,467,544	3,059,619	3,467,544
Interest	2,135,098	1,777,543	69,046	100,036	2,204,144	1,877,579
Total Expenses	33,458,261	30,973,629	17,167,738	15,829,793	50,625,999	46,803,422
INCREASE IN NET POSITION BEFORE TRANSFERS	5,407,900	5,179,205	8,575,353	9,721,093	13,983,253	14,900,298
Transfers In (Out)	387,908	(323,102)	(387,908)	323,102	-	-
CHANGE IN NET POSITION	5,795,808	4,856,103	8,187,445	10,044,195	13,983,253	14,900,298
BEGINNING NET POSITION	54,072,612	49,216,509	77,029,516	66,985,321	131,102,128	116,201,830
Prior Period Adjustment	(569,449)	-	(52,575)	-	(622,024)	-
ENDING NET POSITION	$ 59,298,971	$ 54,072,612	$ 85,164,386	$ 77,029,516	$ 144,463,357	$ 131,102,128

EXPENSES AND PROGRAM REVENEUES –GOVERNMENTAL ACTIVITIES
TOTAL EXPENSES 2025 AND 2024-GOVERNMENT-WIDE

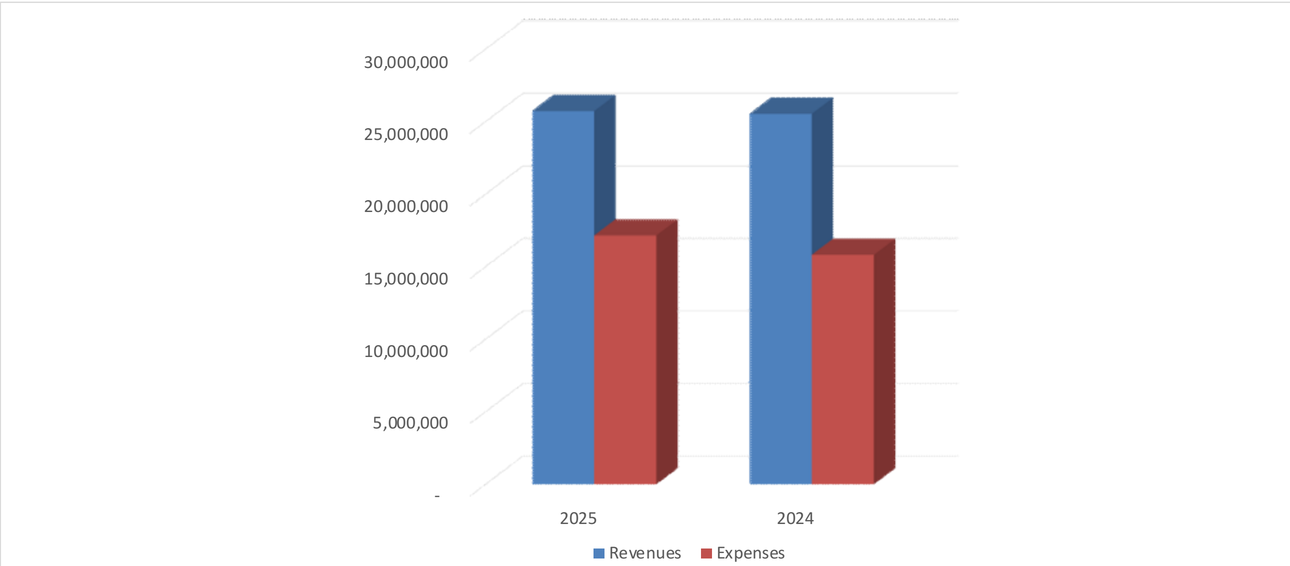
Revenues-Governmental Activities

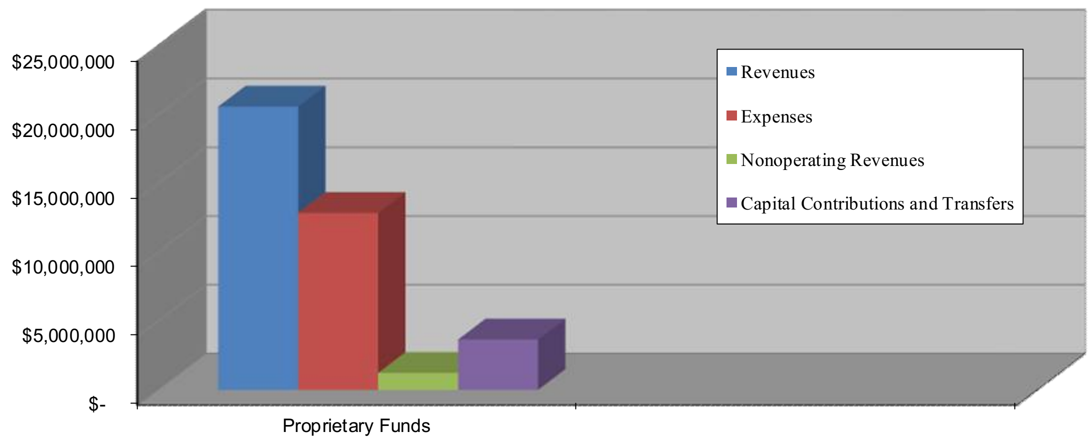




Business-Type Activities

Business-Type activities increased net position by $8.2 million, which is mainly attributable to increased utility rates. While we saw growth in expenditures, utility rates grew to accommodate this inflation and maintain growth.





Financial Analysis of the Government's Funds

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

Governmental Funds - Activities of the primary government's general fund, capital projects fund, special revenue funds and debt service funds are considered general government functions. The general fund is the City's general operating fund. The capital projects fund is used to account for financial activity related to the acquisition and construction of major capital facilities. Special revenue funds are used to account for proceeds of specific sources that are legally restricted as to expenditures. The debt service funds are used to account for financial activity related to the City's general bonded indebtedness, as well as long-term obligations.

As September 30, 2025, the City's governmental funds reported combined ending fund balances of $34.1 million, an increase of $9.1 million in comparison with fiscal year 2024. The General fund which is the chief operating fund of the City, at the end of the current fiscal year, had an unrestricted fund balance of $6.7 million, or approximately 3.8 months of operating expenditures (excluding Capital Outlay and Debt Service).

For the fiscal year ended September 30, 2025, the fund balance of the City's General fund decreased by $302 thousand. Key factors in the increase are as follows:

- The decrease is mostly attributable to higher than anticipated staffing in the fire department leading to higher than budgeted salaries & benefits.
- The General Fund experienced reduced license and permit revenue as these income streams began being recorded in a separate nonmajor fund.
- Budgeted expenditure growth did not occur, namely among salaries across the board, excluding the Fire Department, as the City was not able to fill as many open positions as anticipated.
- Revenues were under budget overall due to lower than anticipated growth in Intergovernmental and Property Tax revenue, as the City did not experience property value growth at the anticipated level nor did it receive the level of anticipated Texas Department of Transportation reimbursements.

For the fiscal year ended September 30, 2025, the fund balance of the City's Grant Fund decreased by $8 thousand, as they continued spending American Rescue Act monies on various approved projects.

For the fiscal year ended September 30, 2025, the fund balance of the City's Traffic Impact Fund increased by $900 thousand, a significant variance from the reduction of $3.7 million that was budgeted, as they did not perform anticipated street repairs.

For the fiscal year ended September 30, 2025, the fund balance of the City's Capital Project fund increased $8.6 million, this was mainly caused by $13.0 million in Certificates of Obligations being issued for future projects.

The Debt Service fund has a total fund balance of $1.7 million, all of which is restricted for the payment of debt service. The net increase in the fund balance during the current year in the debt service fund was $343 thousand as other funds reimbursed the Debt Service fund to assist with bond payments.

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

Unrestricted net position of the Water and Sewer fund and Drainage fund at the end of the year amounted to $10.2 million and $874 thousand, respectively. The total increase in net position for the Water and Sewer fund was $5.7 million and $2.0 million for the Drainage fund. The increase in Water & Sewer Fund net position was due primarily to an increase in utility rates. The increase in Drainage Fund net position was due primarily to an increase in utility rates.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised its General Fund budget for a total increase in expenditures of $1.1 million primarily to complete capital projects related to the Fire Department. The City's General Fund was under budget within its revenue, but still experience anticipated reduction in revenue as License and Permits revenue was accounted for in a new nonmajor fund.

Over the course of the year, the City revised its Grant Fund budget to recognize ARPA grant revenues and subsequent related expenditures. This increased budget grant revenue by $3.7 million and increased budget expenditures by $3.7 million. The City was under budget in revenues and expenditures as ARPA capital outlay projects did not reach anticipated levels.

The Traffic Impact Fund budgeted for $740 thousand in revenues, but exceeded this as development in the City was higher than expected leading to higher than anticipated Impact Fees. Further, the City was under budget by $4.3 million as Street Repairs were lower than anticipated.

The Debt Service fund budgeted for increased revenues and expenditures. Revenue was under budget as property values did not grow as anticipated, leading to lower than expected property taxes. Expenditures were under budget as interest expenditures were lower than anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for its governmental and business- type activities as of September 30, 2025 amounted to $160 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and roads. The City's investment in capital assets for the current fiscal year increased by $10.3 million from fiscal year 2024, as they continued to work on road projects, expanded their vehicle fleet, and accepted infrastructure from developers.

TABLE A-3
CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 4,776,842	$ 4,636,842	$ 1,396,208	$ 1,396,208	$ 6,173,050	$ 6,033,050
Water Rights	-	-	475,000	475,000	475,000	475,000
Buildings	28,161,660	27,450,742	-	-	28,161,660	27,450,742
Transportation & Equipment	14,601,155	13,273,488	3,669,013	3,327,057	18,270,168	16,600,545
Utility Infrastructure	-	-	57,323,430	52,296,037	57,323,430	52,296,037
Governmental Infrastructure	81,979,442	72,607,975	-	-	81,979,442	72,607,975
Subscription Based IT Agreements	-	873,806	-	-	-	873,806
Construction in Progress	15,886,217	16,972,799	12,365,615	11,342,312	28,251,832	28,315,111
Accumulated Depreciation	(47,031,551)	(42,566,430)	(13,280,586)	(12,049,537)	(60,312,137)	(54,615,967)
TOTALS	$ 98,373,765	$ 93,249,222	$ 61,948,680	$ 56,787,077	$ 160,322,445	$ 150,036,299

Additional information of the City of Cibolo's capital assets can be found in Note 5, Page 45, of this report.

Long-Term Debt - For the fiscal year ended September 30, 2025, the City made payments of $6.6 million on debt and issued $13.0 million in new debt. At year-end the City had a total debt outstanding of $73.9 million.

TABLE A-4
LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	$ 28,700,000	$ 30,055,000	4,218,770	5,269,010	$ 32,918,770	$ 35,324,010
General Obligation Bonds - Privately Placed	-	-	205,000	405,000	205,000	405,000
Premiums on Long-term Debt	4,303,907	3,977,584	393,972	449,283	4,697,879	4,426,867
Certificates of Obligation	31,861,230	22,345,273	-	-	31,861,230	22,345,273
Certificates of Obligation - Privately Placed	1,075,000	1,205,000	-	-	1,075,000	1,205,000
Tax Anticipation Notes	1,095,000	1,450,000	-	-	1,095,000	1,450,000
Right of Use Lease Liability	1,918,031	1,552,084	141,644	134,089	2,059,675	1,686,173
Subscription Based IT Agreements	-	248,237	-	-	-	248,237
TOTALS	$ 68,953,168	$ 60,833,178	$ 4,959,386	$ 6,257,382	$ 73,912,554	$ 67,090,560

Additional information of the City of Cibolo's long-term debt can be found in Note 6, Page 46, of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Bond rating. For the City's most recent public sale of bonds in 2025, Standard and Poor's (S&P) Ratings Services assigned a rating of "AA+", with a stable outlook. This rating is an upgrade from the previous "AA" rating. This upgrade reflects the city's rapid tax base and economic growth and stable finances. The "AA+" rating allows the City to sell bonds at lower interest rates. The upgrade is a testament that the City is on sound economic footing and has implemented plans and policies that will help prepare the City for the future. Credit fundamentals supporting the upgrade include:

- The city's location within the San Antonio-New Braunfels metropolitan area, which has helped fuel rapid tax base and population growth, and support significantly higher income metrics relative to county and national levels.
- Generally positive operating performance, with planned capital spending generating the general fund draw downs in fiscal years 2022 and 2023, after available reserves had grown to more than double the city's fund balance policy minimum. Unaudited results for fiscal 2025 show a general fund surplus, and officials expect balanced results for fiscal 2026.
- Available general fund reserves that are maintained in accordance with the city's minimum policy of 28% of recurring operating expenditures, which we expect the city will continue to maintain. The city has two privately placed debt obligations outstanding, but we have reviewed the documents and do not consider them contingent liquidity risks.
- Budgeting practices that support consistently better-than-budgeted results, and regular budget monitoring via monthly budget-to-actual reporting provided to the council. The city maintains a five-year bond-funded capital improvement plan that is included in its annual budget, as well as a stand-alone general fund forecast that helps inform financial decision-making. It has also adopted investment, debt management, and reserve policies, and provides quarterly investment reports to the council. Management has implemented policies and practices to help mitigate the city's exposure to cyber-security threats.
- Somewhat elevated fixed costs, which reflect the city's growth-related capital needs and rapid amortization. Although the city may issue $17 million of COs and $24 million of GO bonds over the next two years, we do not expect its debt and liabilities profile will significantly change. Pension and other postemployment benefits (OPEBs) are not an immediate budgetary pressure given the adequate pension funding status and limited OPEB liability.

Local economy. The City of Cibolo is one of the fastest growing cities in the State. The strong military presence in the area contributes to our growth and job stability. Located 13 miles from downtown San Antonio along Interstate 35, Cibolo is an established residential suburb that offers easy access to leading employment centers throughout the San Antonio-New Braunfels MSA. With the high population growth, the Cibolo economy has become attractive for commercial development and continues to see new business interest and commercial activity.

Cibolo's first major retail development project opened in January of 2016, stimulating Cibolo's economy. Since 2016, many businesses have followed. These include quick service restaurants, casual dining, convenience stores, auto parts retailers, auto repair and maintenance services, medical, minor emergency, dental and orthodontic services, and childcare facilities. More recently, the northern part of the City along IH35, known as Cibolo Crossing, has been under development.

Beginning in mid-2019, Santikos Entertainment completed a major family entertainment complex. The entertainment complex includes 12 theaters with luxury reclining seating, arcades, sports bar and 16 bowling lanes. The complete 80-acre project, anchored by the entertainment complex, was a catalyst for the development of several family restaurants and other retail development. Magnolia Pancake Haus and Willie's Grill and Ice House located in this area during fiscal year 2021. Living Spaces, a 140,000 square foot furniture showroom, also opened in 2021. Dunkin Donuts, Parry's Pizzeria and Taphouse, Salata also developed in this area and Dutch Bros opened its second Cibolo location here. Cibolo Crossing continues to see growth with current construction of an Olive Garden restaurant, and the future construction of Gringo's Mexican Kitchen, and Sprouts Farmers Market. Future plans for this area include development of multi-family living space and amenities.

Cibolo's downtown area also continues to generate interest. Old store fronts and renovated historic residential homes have been converted to new businesses while keeping the look and feel of the "Old Town District". One of the first new businesses downtown, Old Main Street Ice House, has now been in business for several years and was the catalyst in this downtown area. Advanced Solar and Electric occupies the former 1930's gas station and still includes replicas of the original 1930s-style gas pumps. The Shops at the Mill, in the old downtown lumber mill, opened in mid-2016 with a renovated store front, houses an ice cream parlor and a boutique. 1908 House of Wine and Ale, Kindling Texas Kitchen, and Rooted Fork, all in renovated century-old homes, serve diners in a quaint atmosphere. Downtown also includes an event center and office space, an early childhood learning center, a bakery and a cigar shop. Nearby, along F.M. 78, Mako's on the Creek, an upscale restaurant, voted one of the Top Ten Best New Restaurants in San Antonio, opened in 2019.

On the City's IH-10 border, Aisin AW Co., Ltd., a leading manufacturer of automobile transmissions completed construction of a 500,000 square foot production facility in the City of Cibolo. AW Texas expanded its facility to double its size in 2023. AW Texas has brought over 1000 primary jobs to Cibolo.

In the town center, HEB developed 45 acres with approximately 110,000 square foot grocery store and 55,000 square foot E-commerce fulfillment center. The grocery store opened in early 2023 and the fulfillment center opened in mid-2024. The site also included plans for a 10-foot regional trail that will extend the City's walk and bike system, and a fishing pond.

New retail businesses and services locating in our Town Center in 2025, include Crust Pizza, Andy's Frozen Custard, and Creppecino.

Additionally, Cibolo is experiencing growth in multi-family residential construction. A senior living community, El Sereno, was completed in 2019 along Borgfeld Road and an assisted living facility, The Brooks, was completed in 2021. Trophy Oaks, another multi-family project, constructed just south of F.M. 78 through partnership with the Cibolo Public Facility Corporation (PFC), opened in 2022. Grand at Cibolo, a multi-family project in the middle of Cibolo was completed in 2023. Most recently, US Cibolo at Cibolo Commons, a recent multi-family construction completed in 2024, boasts 12,000 square feet of resort-style amenity spaces. Future plans include Dorado at Cibolo Crossing along IH35 corridor, which is in beginning stage of development. This project is expected to stimulate further retail development along this corridor.

Taxable values. The City's total taxable assessed valuation for fiscal year 2026 of $3.7 billion, is approximately $98.4 million, or 2.6%, lower than the prior year. Overall taxable value of residential properties decreased by $225.1 million, or 7.4%. This was offset somewhat by growth in other areas. Multifamily construction projects added $28 million in value, industrial projects added $39 million in taxable value, and continued expansion of commercial development resulted in an increase in taxable value of approximately $70.8 million.

Tax rate. The tax rate adopted by the City Council for fiscal year 2026 is $0.5226 per $100 of assessed valuation. This rate is the calculated voter approval rate, or the highest rate allowable without voter approval. A portion of the increase in the tax rate is a result of reduced taxable values which requires a higher tax rate to bring in the same amount of tax revenue as in the prior year (a higher no new revenue rate) and the need to raise additional revenue to support city services. Historical values and tax rates are presented in the statistical section of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, City of Cibolo, 200 South Main Street, Cibolo, Texas 78108.

CITY OF CIBOLO

TEXAS

BASIC FINANCIAL STATEMENTS

CITY OF CIBOLO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cibolo Economic Development Corporation
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Unrestricted	$ 9,745,788	$ 10,551,659	$ 20,297,447	$ -
Restricted for Customer Deposits	-	1,008,748	1,008,748	-
Investments:				
Unrestricted	11,567,620	6,865,655	18,433,275	3,710,696
Restricted Investments - Debt Service	-	878,849	878,849	-
Restricted Investments - Capital Improvements	15,850,367	9,505,831	25,356,198	-
Receivables (net of allowances):				
Taxes	1,816,851	-	1,816,851	-
Other	232,041	2,574,889	2,806,930	-
Due from Other Governments	1,284,055	-	1,284,055	227,200
Internal Balances	(532,836)	532,836	-	-
Due to/from Primary Government	463,286	-	463,286	(463,286)
Prepaid Expenses	45,276	-	45,276	-
Inventories	22,019	156,372	178,391	-
Total Current Assets	40,494,467	32,074,839	72,569,306	3,474,610
Noncurrent Assets:				
Capital Assets:				
Land	4,776,842	1,396,208	6,173,050	3,635,339
Water Rights	-	475,000	475,000	-
Buildings	28,161,660	-	28,161,660	-
Infrastructure	81,979,442	57,323,430	139,302,872	-
Transportation and Equipment	14,601,155	3,669,013	18,270,168	45,000
Construction in Progress	15,886,217	12,365,615	28,251,832	-
Subscription Based IT Agreements	-	-	-	-
Less: Accumulated Depreciation	(47,031,551)	(13,280,586)	(60,312,137)	(21,375)
Total Noncurrent Assets:	98,373,765	61,948,680	160,322,445	3,658,964
TOTAL ASSETS	138,868,232	94,023,519	232,891,751	7,133,574
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding	172,099	-	172,099	-
Deferred Pension Related Outflows	2,672,397	383,749	3,056,146	-
Deferred OPEB Related Outflows	2,709	389	3,098	-
Deferred OPEB - Retiree Health Related Outflows	133,488	19,946	153,434	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 2,980,693	$ 404,084	$ 3,384,777	$ -

See accompanying notes to basic financial statements.

CITY OF CIBOLO
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cibolo Economic Development Corporation
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 3,470,057	$ 1,946,322	$ 5,416,379	$ 25,148
Accrued Expenses	238,915	-	238,915	-
Accrued Interest Payable	619,551	20,369	639,920	10,681
Current Portion of Compensated Absences	553,120	58,657	611,777	-
Current Portion of Long-Term Debt	6,608,317	962,631	7,570,948	258,000
Current Portion of Total OPEB Liability	21,900	3,272	25,172	-
Current Portion of Total OPEB - Retiree Health	22,197	3,317	25,514	-
Payroll Liabilities	1,253,097	139,010	1,392,107	-
Unearned Revenue	1,161,781	-	1,161,781	-
Payable from Restricted Assets:				
Customer Deposits Payable	-	1,008,748	1,008,748	-
Total Current Liabilities	13,948,935	4,142,326	18,091,261	293,829
Noncurrent Liabilities:				
Compensated Absences	1,290,613	136,866	1,427,479	-
Net Pension Liability	2,081,116	298,842	2,379,958	-
Total OPEB Liability	206,331	29,501	235,832	-
Total OPEB - Retiree Health Liability	462,217	69,067	531,284	-
Long-Term Debt	62,344,851	3,996,755	66,341,606	2,885,000
Total Noncurrent Liabilities	66,385,128	4,531,031	70,916,159	2,885,000
TOTAL LIABILITIES	80,334,063	8,673,357	89,007,420	3,178,829
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	-	267,702	267,702	-
Deferred Pension Related Inflows	1,476,010	211,951	1,687,961	-
Deferred OPEB Related Inflows	59,923	8,605	68,528	-
Deferred OPEB - Retiree Health Related Inflows	679,958	101,602	781,560	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,215,891	589,860	2,805,751	-
NET POSITION				
Net Investment In Capital Assets	42,392,766	59,394,282	101,787,048	505,283
Restricted For:				
Impact Fees	-	13,874,808	13,874,808	-
Public, Educational and Governmental	134,542	-	134,542	-
Public Safety	221,472	-	221,472	-
Debt Service	1,198,603	858,480	2,057,083	-
Street Maintenance	1,545,874	-	1,545,874	-
Tourism	26,269	-	26,269	-
Tree Project	1,400	-	1,400	-
Youth Council	5,000	-	5,000	-
Economic Development	-	-	-	3,449,462
Unrestricted	13,773,045	11,036,816	24,809,861	-
TOTAL NET POSITION	$ 59,298,971	$ 85,164,386	$ 144,463,357	$ 3,954,745

See accompanying notes to basic financial statements.

CITY OF CIBOLO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues		
Functions and Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administration	$ 6,665,084	$ -	$ 2,616,549	$ 2,252,629
Public Safety	5,606,851	255,456	65,163	-
Public Works	7,861,438	2,819,103	-	-
Information Technology Office	1,746,260	-	8,590	-
Parks and Recreation	2,449,924	250,231	20,000	-
Fire Department	6,494,302	6,612	18,436	-
Animal Control	499,304	53,312	-	-
Interest	2,135,098	-	-	-
Total Governmental Activities	33,458,261	3,384,714	2,728,738	2,252,629
Business-Type Activities				
Water/Wastewater Utilities	8,324,700	15,053,225	114,241	3,023,265
Drainage	1,412,784	1,991,777	-	638,882
Garbage	3,059,619	3,556,211	-	-
Administration	4,301,589	-	-	-
Interest	69,046	-	-	-
Total Business-Type Activities	17,167,738	20,601,213	114,241	3,662,147
Total Primary Government	$ 50,625,999	$ 23,985,927	$ 2,842,979	$ 5,914,776
Component Unit:				
Cibolo Economic Development Corporation	$ 945,394	$ -	$ -	$ -
General Revenues:				
Taxes:				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Occupancy Taxes				
Investment Earnings				
Gain on Sale of Assets				
Miscellaneous				
Total General Revenues				
Transfers In (Out)				
Change in Net Position				
Net Position at Beginning of Year				
Prior Period Adjustment				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-Type Activities	Total	Cibolo Economic Development Corporation
$ (1,795,906)	$ -	$ (1,795,906)	$ -
(5,286,232)	-	(5,286,232)	-
(5,042,335)	-	(5,042,335)	-
(1,737,670)	-	(1,737,670)	-
(2,179,693)	-	(2,179,693)	-
(6,469,254)	-	(6,469,254)	-
(445,992)	-	(445,992)	-
(2,135,098)	-	(2,135,098)	-
(25,092,180)	-	(25,092,180)	-
-	9,866,031	9,866,031	-
-	1,217,875	1,217,875	-
-	496,592	496,592	-
-	(4,301,589)	(4,301,589)	-
-	(69,046)	(69,046)	-
-	7,209,863	7,209,863	-
(25,092,180)	7,209,863	(17,882,317)	-
-	-	-	$ (945,394)
18,110,464	-	18,110,464	-
6,881,371	-	6,881,371	1,358,803
1,459,675	-	1,459,675	-
5,770	-	5,770	-
1,650,993	1,231,621	2,882,614	146,071
-	116,848	116,848	-
2,391,807	17,021	2,408,828	-
30,500,080	1,365,490	31,865,570	1,504,874
387,908	(387,908)	-	-
5,795,808	8,187,445	13,983,253	559,480
54,072,612	77,029,516	131,102,128	3,395,265
(569,449)	(52,575)	(622,024)	-
$ 59,298,971	$ 85,164,386	$ 144,463,357	$ 3,954,745

See accompanying notes to basic financial statements.

CITY OF CIBOLO
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Grant Fund	Traffic Impact Fund
ASSETS			
Cash and Cash Equivalents	$ 3,559,718	$ -	$ 3,230,603
Investments	4,018,585	914,128	2,393,045
Accounts Receivables (net of allowances):			
Taxes	1,491,702	-	-
Other	214,671	-	4,268
Due from Other Governments	90,389	45,911	-
Due from Component Unit	456,649	-	-
Prepaid Expenditures	20,022	1,644	-
Inventories	22,019	-	-
Due from Other Funds	735,989	-	235,147
TOTAL ASSETS	$ 10,609,744	$ 961,683	$ 5,863,063
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	534,358	52,821	30,460
Accrued Expenditures	238,915	-	-
Payroll Liabilities	1,226,827	-	-
Due to Other Funds	1,146,554	173,626	-
Unearned Revenues	448,774	690,669	2,917
Total Liabilities	3,595,428	917,116	33,377
Deferred Inflows of Resources:			
Unavailable Revenues - Taxes	122,275	-	-
Total Deferred Inflows of Resources	122,275	-	-
Fund Balances:			
Nonspendable:			
Inventory	22,019	-	-
Prepaid Items	20,022	1,644	-
Restricted for:			
Public, Educational and Governmental	-	-	-
Public Safety	-	-	-
Debt Service	-	-	-
Street Maintenance	100,000	-	-
Tourism	-	-	-
Capital Projects	-	-	-
Tree Project	1,400	-	-
Youth Council	5,000	-	-
Capital Improvement	-	-	5,829,686
Committed for:			
Capital Replacement	-	-	-
Public Facilities	-	-	-
Unassigned	6,743,600	42,923	-
Total Fund Balances	6,892,041	44,567	5,829,686
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 10,609,744	$ 961,683	$ 5,863,063

See accompanying notes to basic financial statements.

Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 1,706,735	$ 1,248,732	$ 9,745,788
15,850,367	-	4,241,862	27,417,987
-	91,344	233,806	1,816,852
-	-	13,102	232,041
1,147,755	-	-	1,284,055
-	6,637	-	463,286
-	-	23,610	45,276
-	-	-	22,019
28,508	13,438	372,937	1,386,019
$ 17,026,630	$ 1,818,154	$ 6,134,049	$ 42,413,323
2,399,354	-	$ 453,064	$ 3,470,057
-	-	-	238,915
-	-	26,270	1,253,097
478,844	-	119,831	1,918,855
-	-	19,421	1,161,781
2,878,198	-	618,586	8,042,705
-	101,168	-	223,443
-	101,168	-	223,443
-	-	-	22,019
-	-	23,610	45,276
-	-	134,542	134,542
-	-	221,472	221,472
-	1,716,986	-	1,716,986
-	-	1,445,874	1,545,874
-	-	26,269	26,269
14,148,432	-	-	14,148,432
-	-	-	1,400
-	-	-	5,000
-	-	1,093,947	6,923,633
-	-	64,280	64,280
-	-	2,536,058	2,536,058
-	-	(30,589)	6,755,934
14,148,432	1,716,986	5,515,463	34,147,175
$ 17,026,630	$ 1,818,154	$ 6,134,049	$ 42,413,323

CITY OF CIBOLO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ 34,147,175
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		98,373,765
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds.		223,443
Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds.		(1,843,733)
Long-term liabilities, including bonds payable, related premiums, finance purchases, right of use liabilities, and accrued interest are not due and payable in the current period and therefore, not reported in the funds:		
Bonds Payable	(68,953,168)	
Loss on Debt Refunding	172,099	
Accrued Interest Payable	(619,551)	(69,400,620)
Net Pension Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:		
Net Pension Liability	(2,081,116)	
Pension Related Deferred Inflows	(1,476,010)	
Pension Related Deferred Outflows	2,672,397	(884,729)
OPEB Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:		
OPEB Liability	(228,231)	
OPEB Related Deferred Inflows	(59,923)	
OPEB Related Deferred Outflows	2,709	(285,445)
OPEB - Retiree Health Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:		
OPEB - Retiree Health Liability	(484,414)	
OPEB - Retiree Health Related Deferred Inflows	(679,958)	
OPEB - Retiree Health Related Deferred Outflows	133,488	(1,030,884)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 59,298,972

See accompanying notes to basic financial statements.

CITY OF CIBOLO

TEXAS

CITY OF CIBOLO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Grant Fund	Traffic Impact Fund
REVENUES			
Property Taxes	$ 11,588,454	$ -	$ -
Sales Taxes	5,522,569	-	-
Franchise Taxes	1,430,214	-	-
Occupancy Taxes	-	-	-
Licenses and Permits	145,975	-	-
Fines and Forfeitures	230,206	-	-
Intergovernmental Revenues	745,634	-	-
Grants	-	2,577,739	-
Short-Term Rentals	119,302	-	-
Investment Earnings	461,449	88,351	224,822
Impact Fees	-	-	796,572
Miscellaneous	116,670	-	-
TOTAL REVENUES	20,360,473	2,666,090	1,021,394
EXPENDITURES			
Current:			
Administration	4,306,985	875,761	-
Public Safety	5,715,855	74,052	-
Public Works	2,290,568	-	7,786
Information Technology Office	1,613,805	9,544	-
Parks and Recreation	1,067,008	3,323	-
Fire Department	5,703,193	18,436	-
Animal Control	434,983	-	-
Capital Outlay	1,768,590	660,795	113,277
Debt Service:			
Principal	602,944	-	-
Interest	84,030	-	-
TOTAL EXPENDITURES	23,587,961	1,641,911	121,063
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,227,488)	1,024,179	900,331
OTHER FINANCING SOURCES (USES)			
Transfers In	1,722,590	5,054	-
Transfers Out	(45,054)	(1,037,346)	-
Premiums on Issuance of Debt	-	-	-
Issuance of Debt	968,892	-	-
Sale of Capital Assets	342,674	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,989,102	(1,032,292)	-
Net Change in Fund Balance	(238,386)	(8,113)	900,331
Fund Balances at Beginning of Year	7,130,427	52,680	4,929,355
Fund Balances at End of Year	$ 6,892,041	$ 44,567	$ 5,829,686

See accompanying notes to basic financial statements.

Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 6,464,037	$ -	$ 18,052,491
-	-	1,358,802	6,881,371
-	-	29,461	1,459,675
-	-	5,770	5,770
-	-	1,910,437	2,056,412
-	-	72,155	302,361
1,147,755	-	5,285	1,898,674
-	-	-	2,577,739
-	-	14,857	134,159
543,252	90,922	242,199	1,650,995
-	-	-	796,572
-	280,275	104,697	501,642
1,691,007	6,835,234	3,743,663	36,317,861
-	-	88,967	5,271,713
48,809	-	26,304	5,865,020
58,937	-	2,406,028	4,763,319
-	-	-	1,623,349
6,250	-	87,316	1,163,897
13,231	-	-	5,734,860
-	-	-	434,983
6,307,141	-	677,506	9,527,309
-	5,284,043	-	5,886,987
204,202	2,017,552	-	2,305,784
6,638,570	7,301,595	3,286,121	42,577,221
(4,947,563)	(466,361)	457,542	(6,259,360)
40,373	767,993	40,000	2,576,010
(249,507)	-	(856,195)	(2,188,102)
750,692	-	-	750,692
12,960,000	-	-	13,928,892
-	-	-	342,674
13,501,558	767,993	(816,195)	15,410,166
8,553,995	301,632	(358,653)	9,150,806
5,594,437	1,415,354	5,874,116	24,996,369
$ 14,148,432	$ 1,716,986	$ 5,515,463	$ 34,147,175

CITY OF CIBOLO
RECONCILIATION OF THE STATEMENT OF REVENUES, GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 9,150,806
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	11,799,936	
Depreciation Expense	(6,167,685)	5,632,251
In the Statement of Activities, only the gain or loss on the disposal of a capital asset is reported, whereas in the governmental funds, the proceeds from the sale of increase financial resources. Thus, the change in net position differs in fund balance by the net book value of disposed assets		(507,708)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		57,974
The issuance of long-term debt (e.g. bonds, financed purchases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of Debt	(14,679,584)	
Principal Repayments	5,284,043	
Financed Purchases	602,945	
Subscription Based IT Agreements	248,237	
Amortization of Premiums, Discounts, Losses	373,277	(8,171,082)
Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined pension expense exceeded contributions.		(24,874)
Governmental funds report required contributions to OPEB as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined OPEB expense exceeded contributions.		(14,434)
Governmental funds report required contributions to OPEB - Retiree Health as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined OPEB - Retiree Health expense fell short of contributions.		240,200
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated Absences	(282,434)	
Accrued Interest	(284,891)	(567,325)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		$ 5,795,808

See accompanying notes to basic financial statements.

CITY OF CIBOLO

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CITY OF CIBOLO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-Type Activities			Total
	Water and Sewer Fund	Drainage Fund	Non-Major Funds	Business-Type Activities
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Unrestricted	$ 3,817,002	$ 164,699	$ 6,569,958	$ 10,551,659
Restricted for Customer Deposits	1,008,748	-	-	1,008,748
Investments:				
Unrestricted	6,151,260	714,395	-	6,865,655
Restricted for Debt Service	878,849	-	-	878,849
Restricted for Capital Improvement	2,224,116	-	7,281,715	9,505,831
Inventories	156,372	-	-	156,372
Due from Other Funds	311,191	33,943	196,400	541,534
Accounts Receivable, Net of Allowance:				
Customer Accounts	2,363,915	192,068	-	2,555,983
Receivables - Other	14,638	-	4,268	18,906
Total Current Assets	16,926,091	1,105,105	14,052,341	32,083,537
Noncurrent Assets:				
Capital Assets:				
Land	503,121	893,087	-	1,396,208
Water Rights	475,000	-	-	475,000
Utility Infrastructure	44,967,388	12,356,042	-	57,323,430
Transportation and Equipment	2,277,065	1,391,948	-	3,669,013
Construction in Progress	1,102,508	11,263,107	-	12,365,615
Less: Accumulated Depreciation	(11,292,429)	(1,988,157)	-	(13,280,586)
Total Noncurrent Assets	38,032,653	23,916,027	-	61,948,680
TOTAL ASSETS	54,958,744	25,021,132	14,052,341	94,032,217
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pension Related Outflows	252,016	131,733	-	383,749
Deferred OPEB Related Outflows	255	134	-	389
Deferred OPEB - Retiree Health Related Outflows	13,809	6,137	-	19,946
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 266,080	$ 138,004	$ -	$ 404,084

See accompanying notes to basic financial statements.

CITY OF CIBOLO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2025

	Business-Type Activities			Total
	Water and Sewer	Drainage Fund	Non-Major Funds	Business-Type Activities
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 1,763,289	$ 5,500	$ 177,533	$ 1,946,322
Payroll Liabilities	88,036	50,974	-	139,010
Accrued Interest Payable	20,369	-	-	20,369
Current Portion of Compensated Absences	38,154	20,503	-	58,657
Current Portion of Long-Term Debt	933,673	28,958	-	962,631
Current Portion of Total OPEB Liability	2,181	1,091	-	3,272
Current Portion of Total OPEB - Retiree Health	2,211	1,106	-	3,317
Due to Other Funds	7,698	1,000	-	8,698
Payable from Restricted Assets:				
Customer Deposits Payable	1,008,748	-	-	1,008,748
Total Current Liabilities	3,864,359	109,132	177,533	4,151,024
Noncurrent Liabilities:				
Compensated Absences	89,026	47,840	-	136,866
Net Pension Liability	196,256	102,586	-	298,842
Total OPEB Liability	19,342	10,159	-	29,501
Total OPEB - Retiree Health Liability	47,901	21,166	-	69,067
Long-Term Debt	3,960,941	35,814	-	3,996,755
Total Noncurrent Liabilities	4,313,466	217,565	-	4,531,031
TOTAL LIABILITIES	8,177,825	326,697	177,533	8,682,055
DEFERRED INFLOWS OF RESOURCES				
Gain on Bond Refunding	267,702	-	-	267,702
Deferred Pension Related Inflows	139,193	72,758	-	211,951
Deferred OPEB Related Inflows	5,651	2,954	-	8,605
Deferred OPEB - Retiree Health Related Inflows	70,340	31,262	-	101,602
TOTAL DEFERRED INFLOWS OF RESOURCES	482,886	106,974	-	589,860
NET POSITION				
Net Investment in Capital Assets	35,543,027	23,851,255	-	59,394,282
Restricted for:				
Debt Service	858,480	-	-	858,480
Drainage Impact	-	-	4,016,628	4,016,628
Water Impact	-	-	5,768,729	5,768,729
Sewer Impact	-	-	4,089,451	4,089,451
Unrestricted	10,162,606	874,210	-	11,036,816
TOTAL NET POSITION	$ 46,564,113	$ 24,725,465	$ 13,874,808	$ 85,164,386

See accompanying notes to basic financial statements.

CITY OF CIBOLO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities			Total
	Water and Sewer Fund	Drainage Fund	Non-Major Funds	Business-Type Activities
OPERATING REVENUES				
Metered Water Sales	$ 7,964,665	$ -	$ -	$ 7,964,665
Wastewater Sales Charges	5,542,787	-	-	5,542,787
Garbage Fees	3,556,211	-	-	3,556,211
Drainage Fees	-	1,591,587	-	1,591,587
Connection and Platting	102,623	-	-	102,623
Customer Penalties	170,313	-	-	170,313
Water Acquisition Fees	816,465	-	-	816,465
Impact Fees	-	-	856,562	856,562
TOTAL OPERATING REVENUES	18,153,064	1,591,587	856,562	20,601,213
OPERATING EXPENSES				
General and Administrative	4,301,589	45,932	-	4,347,521
Water System	3,320,307	-	-	3,320,307
Wastewater System	3,941,203	-	12,545	3,953,748
Garbage System	3,059,619	-	-	3,059,619
Drainage System	-	994,804	185	994,989
Depreciation	1,050,645	371,863	-	1,422,508
TOTAL OPERATING EXPENSES	15,673,363	1,412,599	12,730	17,098,692
OPERATING INCOME (LOSS)	2,479,701	178,988	843,832	3,502,521
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	599,917	40,856	590,848	1,231,621
Grants	114,241	-	-	114,241
Contributed Capital	3,023,265	638,882	-	3,662,147
Interest Expense	(60,905)	(8,141)	-	(69,046)
Gain on Sale of Capital Assets	19,850	96,998	-	116,848
Miscellaneous	14,606	2,415	-	17,021
TOTAL NONOPERATING REVENUES (EXPENSES)	3,710,974	771,010	590,848	5,072,832
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	6,190,675	949,998	1,434,680	8,575,353
TRANSFERS AND CONTRIBUTIONS				
Transfers In	854,650	1,276,341	-	2,130,991
Transfers Out	(1,324,983)	(261,426)	(932,490)	(2,518,899)
TOTAL TRANSFERS AND CONTRIBUTIONS	(470,333)	1,014,915	(932,490)	(387,908)
CHANGE IN NET POSITION	5,720,342	1,964,913	502,190	8,187,445
NET POSITION AT BEGINNING OF YEAR	40,885,686	22,771,212	13,372,618	77,029,516
Prior Period Adjustment	(41,915)	(10,660)	-	(52,575)
NET POSITION AT END OF YEAR	$ 46,564,113	$ 24,725,465	$ 13,874,808	$ 85,164,386

See accompanying notes to basic financial statements.

CITY OF CIBOLO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities			Total
	Water and Sewer Fund	Drainage Fund	Non-Major Funds	Business-Type Activities
Cash Flows From Operating Activities:				
Cash Received From Customers	$ 18,256,063	$ 1,544,828	$ 894,458	$ 20,695,349
Cash Paid to Supplier for Goods & Services	(12,337,021)	(209,142)	83,556	(12,462,607)
Cash Paid for Employee Salaries and Benefits	(1,533,907)	(810,560)	-	(2,344,467)
Net Cash Provided (Used) by Operating Activities	4,385,135	525,126	978,014	5,888,275
Cash Flows From Non Capital and Related Financing Activities:				
Miscellaneous Non Capital	14,606	2,415	-	17,021
Net Cash Provided (Used) by Non Capital Financing Activities	14,606	2,415	-	17,021
Cash Flows From Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(1,330,634)	(1,568,144)	-	(2,898,778)
Proceeds on Sale of Capital Assets	19,850	96,998	-	116,848
Interest Paid on Long-Term Debt	(60,905)	(8,141)	-	(69,046)
Interfund Borrowings for Projects	(849,862)	(45,451)	(178,151)	(1,073,464)
Transfers from Other Funds for Projects	854,650	1,276,341	-	2,130,991
Transfers to Other Funds for Projects	(1,324,983)	(261,426)	(932,490)	(2,518,899)
Issuance of Financed Purchases	49,473	-	-	49,473
Amortization of Premiums, Loss, and Gains on Refunding	(55,311)	-	-	(55,311)
Principal Paid on Long-Term Debt	(813,522)	(29,353)	-	(842,875)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,511,244)	(539,176)	(1,110,641)	(5,161,061)
Cash Flows From Investing Activities:				
Purchase of Investments	(2,208,519)	(172,246)	(1,011,021)	(3,391,786)
Sales of Investments	-	-	348,827	348,827
Interest and Investment Earnings	599,917	40,856	590,848	1,231,621
Net Cash Provided (Used) by Investing Activities	(1,608,602)	(131,390)	(71,346)	(1,811,338)
Net Increase (Decrease) in Cash and Cash Equivalents	(720,105)	(143,025)	(203,973)	(1,067,103)
Cash and Cash Equivalents at Beginning of Year:				
Cash and Cash Equivalents	$ 4,605,247	$ 307,724	6,773,931	11,686,902
Restricted Cash and Cash Equivalents	940,608	-	-	940,608
	5,545,855	307,724	6,773,931	12,627,510
Cash and Cash Equivalents at End of Year:				
Cash and Cash Equivalents	3,817,002	164,699	6,569,958	10,551,659
Restricted Cash and Cash Equivalents	1,008,748	-	-	1,008,748
	$ 4,825,750	$ 164,699	$ 6,569,958	$ 11,560,407
Supplemental Disclosure of Non-Cash Financing Activities:				
Capital Contributions	$ 3,023,265	$ 638,882	$ -	$ 3,662,147
Interest Paid	$ 695,561	$ -	$ -	$ 695,561

See accompanying notes to basic financial statements.

CITY OF CIBOLO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities			Total
	Water and Sewer Fund	Drainage Fund	Non-Major Funds	Business-Type Activities
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	$ 2,479,701	$ 178,988	$ 843,832	$ 3,502,521
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	1,050,645	371,863	-	1,422,508
Decrease (Increase) in Assets:				
Inventories	14,672	-	-	14,672
Accounts Receivable (net):				
Customer Accounts	(70,013)	(46,759)	-	(116,772)
Other	104,872	-	37,896	142,768
Deferred Pension Related Outflows	(71,021)	(38,394)	-	(109,415)
Deferred OPEB Related Outflows	(1)	(23)	-	(24)
Deferred OPEB - Retiree Health Related Outflows	(105)	(46)	-	(151)
Increase (Decrease) in Liabilities:				
Accounts Payable	700,734	(20,895)	36,160	715,999
Payroll Liabilities	10,142	17,155	-	27,297
Customer Deposits	68,140	-	-	68,140
Compensated Absences	30,635	29,602	-	60,237
Net Pension Liability	(49,676)	(23,493)	-	(73,169)
OPEB Liability	(2,245)	878	-	(1,367)
OPEB Liability - Retiree Health	7,505	3,335	-	10,840
Deferred Pension Related Inflows	124,473	66,396	-	190,869
Deferred OPEB Related Inflows	834	852	-	1,686
Deferred OPEB - Retiree Health Related Inflows	(32,248)	(14,333)	-	(46,581)
Net Cash Provided (Used) by Operating Activities	$ 4,367,044	$ 525,126	$ 917,888	$ 5,810,058
Schedule of Non-Cash Capital Activities				
Increase of Capital Assets as a result of Retainage Payable	$ 18,091	$ -	$ 60,126	$ 78,217

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cibolo is a municipal corporation governed by an elected mayor and seven-member council. The financial statements of the City and its discretely presented component unit have been prepared in conformity with generally accepted account principles (GAAP) as applied to government units. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below:

A. Reporting Entity

Component Unit – As required by general accepted accounting principles, these financial statements present the government and its component units for which the government is considered to be financial accountable. Blended component units, although legally separate entities are in substance, part of the government's operation, thus data from these units would be combined with data of the primary government. Each discretely presented component unit is presented as a separate column in the government-wide financial statements to emphasize it as legally separate from the government. The following is a summary of the component unit:

1. Cibolo Economic Development Corporation (CEDC) – A nonprofit Corporation organized under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4A for the purpose of promoting economic development within the Community in order to eliminate unemployment and underemployment and to promote and encourage employment and public welfare of, for, and on behalf of the City. It receives all proceeds from a .25$ sales tax adopted for economic development in the City of Cibolo and the City Council appoints director of the Corporation. The CEDC is a separate organization and meets the criteria of a discretely presented component unit, described above, and is presented in the government-wide financial statements. Complete financial statement for the Cibolo Economic Development Corporation may be obtained from City Hall and are presented in the Other Supplementary Information of this reports.

2. Cibolo Public Facilities Corporation (CPFC) – A public facilities corporation organized under Chapter 303 of the Texas Local Government Code for the purpose of assisting the City in financing, refinancing, or providing public facilities. The CPFC was created to authorize the public/private sector agreement to construct a market driven 324-unit multifamily housing project, Trophy Oaks Apartments. The CPFC will own the land and the building and lease the use of the land and building back to the developer in a 75-year lease agreement. The CPFC will work closely with the developer of the project and monitor the progress of the project.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Joint Ventures – A joint venture is a legally separate entity that results from a contractual arrangement and that is owned, operated, or governed by two or more participating governments. The following entities meet the criteria as joint ventures. Separate financial statements for these entities may be obtained at City Hall.

1. Canyon Regional Water Authority (CRWA) – was created by the Texas legislature on August 28, 1989, under Article XVI, Section 59 of the Texas Constitution. CRWA operates under Chapter 65 of the Texas Water Code. CRWA was created to purchase, own, hold, lease, and otherwise acquire sources of potable water; build operate and maintain facilities for the treatment and transportation of water; sell potable water to local governments, water supply corporations and other persons in this state; and to protect, preserve, and restore the purity and sanitary condition of water in the area. CRWA may not levy or collect ad valorem taxes, but does have the power of eminent domain and may issue bonds. CRWA is comprised of eleven (11) member entities, and the governing board consists of two voting members from each entity. The member entities consist of City of Cibolo, City of Converse, City of La Vernia, City of Marion, County Line Special Utility District, Crystal Clear Special Utility District, East Central Special Utility District, Green Valley Special Utility District, Martindale Water Supply Corporation, Maxwell Special Utility District, and Springs Hill Special Utility District.

2. Cibolo Valley Local Government Corporation – is a public, nonprofit corporation organized July 28, 2011 to aid, assist, and act on behalf of the cities of Cibolo and Schertz in acquiring, constructing, maintaining, and operating a water utility system. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. The values of interfund services provided and used are not eliminated in the government-wide financial statements, as elimination of those charges would distort the direct costs reported for the various functions. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed whole or in part by fees charged to external parties for goods and services. The City has no fiduciary funds.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Separate fund financial statements are provided for governmental funds and proprietary funds. The general fund and capital projects fund meet the criteria as major governmental funds. The combined amounts for all nonmajor funds are reflected in a single column in the fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Detailed statements for nonmajor funds are presented within combining and individual fund statements and schedules.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash revenue types, which have been accrued, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash revenue types, which have been accrued, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as program revenues and general revenues. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred inflow of resources. Property taxes which are levied prior to September 30, 2024, and became due October 1, 2024 have been assessed to finance the budget of the fiscal year beginning October 1, 2024 and, accordingly, have been reflected as deferred inflow of resources and taxes receivable in the fund financial statement at September 30, 2025.

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

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The government reports the following major governmental funds:

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

Grant Fund accounts for major grant projects and their associated revenues and expenditures.

Traffic Impact Fund accounts for traffic impact fees and the associate expenditures related to the impact that development and construction have on the roadways and transportation routes within the City.

Capital Projects Fund accounts for financial resources used and expended for the procurement and construction of long lived assets.

Debt Service Fund accounts for financial resources to be used for the payment of long term debt.

Nonmajor governmental funds include special revenue and capital project funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City’s proprietary funds are as follow:

Water & Sewer Fund accounts for the water, sewer, and garbage services provided to the citizens through user charges.

Drainage Fund accounts for the maintenance of drainage infrastructure of the City through user charges.

The proprietary fund is accounted for using the accrual basis of accounting as follows:

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

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise fund (water and sewer fund) considers all highly liquid investments with a maturity of three months or less, including cash in banks, cash on hand, and money market accounts to be cash equivalents.

E. Investments

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (d). Statutes allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S, Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost.

F. Receivables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2024 and past due after January 31, 2025. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

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

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

G. Short-Term Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds" or “due to other funds” on fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories and Prepaid Items

The City accounts for inventories using the consumption method. Inventories consist primarily of supplies and are valued at cost determined by the average cost method. 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. Prepaid Items of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Budget

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

J. Restricted Assets

Certain enterprise fund revenues are collected for a specific purpose by state law and city ordinances such as impact fees for infrastructure improvements and the purchase of future water rights. These funds are classified as restricted assets on the statement of net position and balance sheet because their use is limited by law.

Deposits of water/sewer customers and performance bond deposits pending refund to the customer are considered restricted assets.

K. Capital Assets

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

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

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

Asset	Useful Lives (Years)
Buildings and Improvements	10 - 40
Utility Systems	50
Transportation and Equipment	3 - 10

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences

Vested or accumulated vacation leave, compensatory time, and sick leave (PTO) that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. The City is responsible for payment of vested or accumulated vacation leave and compensatory time. Amounts of vested or accumulated PTO that is not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated PTO of the enterprise fund is recorded as an expense and liability of that fund as the benefits accrue to employees and are more likely than not to be taken. Accumulated PTO at September 30, 2025 of $1,843,733 and $195,523 have been recorded in accrued liabilities of the government-wide statements and enterprise fund, respectively. Compensated absences are reported in the governmental funds only if it is more likely than not to be taken.. The general fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

M. Deferred Inflows/Outflows 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. The City currently has pension and OPEB related deferred outflows of resources.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resources in the period the amounts become available. The City also has OPEB related deferred inflows.

N. Pensions

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

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. OPEB Liability

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deduction from TMRS's Total OPEB Liability have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. The general fund has typically been used in the prior year to liquidate OPEB liabilities.

P. Long-Term Obligations

Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For this purpose, debt does not include leases, except for contracts reported as a financed purchase of the underlying asset, or accounts payable. In the current year, the City adopted a new GASB standard that establishes new note disclosure requirements for long-term debt, including direct borrowings and placement. See additional detail in Note 6.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Q. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City has elected to appropriate net position of its business type activity. Such appropriations reflect the intended use of the net position.

R. Fund Balance Classification Policies

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

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance Classification Policies (Continued)

Five categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- **Restricted** – These funds are governed by externally enforceable restrictions.
- **Non-spendable** – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- **Committed** - Fund balances in this category are limited by the government's highest level of decision making (in this case the City Council). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- **Assigned** – For funds to be assigned, there must be an intended use which can be established by the City Council or an official delegated by the Council, such as a City Manager or Finance Director. Assigned fund balance is delegated by the City Council to the City Manager.
- **Unassigned** - This classification is the default for all funds that do not fit into the other categories. The general fund is the only fund that reports a positive fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for a specific purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

S. Inter-fund Transactions

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

T. Operating Revenues and Expenses

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

U. Use of 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. New Accounting Pronouncement

As of October 1, 2024, the City implemented GASB Statement 101 related to compensated absences. Previously only compensated absences that were expected to be paid upon termination or retirement were recognized as a liability on the statement of net position. Now, compensated absences that are more likely than not to be paid or taken as time off are included in the liability. The change resulted in a reduction of $569,449 and $52,575 for the beginning net position of governmental activities and business-type activities, respectively.

NOTE 2 -- CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash

At September 30, 2025, the City's cash was fully collateralized.

B. Investments

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

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investments pools, (9) guaranteed investment contracts, and (10) commercial paper.

The City’s investments at September 30, 2025 are as shown below:

Investment Type	Fair Value	Weighted Average Maturity in Days	Ratings S&P
TexPool	$ 25,784,541	44	AAAm
Wells Fargo	2,237,998	4	N/A
Texas CLASS	20,356,480	43	AAAm
Total	$ 48,379,019	42	

NOTE 2 -- CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
TexPool	$ 25,784,541	$ -	$ -	$ 25,784,541
Wells Fargo	2,237,998	-	-	2,237,998
Texas CLASS	20,356,480	-	-	20,356,480
Total	$ 48,379,019	$ -	$ -	$ 48,379,019

Fair Value Measurement is measured by the City using the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments carried at fair value are valued using quoted markets prices (Level 1 inputs).

C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. City investment policy follows state guidelines. The City policy allows investments in certificates of deposit with banks in Texas, investments in U.S. Treasuries and Agencies, and investment pools that invest in obligations of the United States or its agencies and instrumentalities to name a few.

At September 30, 2025, the City's investments were in TexPool and TexCLASS, public funds investment pools where all securities held maintain a continuous rating of no lower than AAA or AAAm or an equivalent rating by at least one nationally recognized rating service.

Custodial Credit Risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the City’s name.

At year end and per City policy all funds were in the City's name and collateralized with securities that maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service. The City was not exposed to custodial credit risk.

Concentration of Credit Risk. This risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. All City funds are in the external investment pool as allowed by the City’s investment policy, and the investment pool invests in hundreds of authorized securities that minimize concentrations of credit risk. At year end, the City was not exposed to concentration of credit risk.

NOTE 2 -- CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

C. Analysis of Specific Deposit and Investment Risks (Continued)

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk due to investment in an external investment pool as authorized by the City's investment policy.

Foreign Currency Risk. This is the risk that exchange rates will adversely affect the fair value of an investment. The City's policy does not allow investment in foreign currency. At year end the City was not exposed to foreign currency risk.

D. Investment Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts as amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

E. Public Funds Investment Pools

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

NOTE 3 -- RECEIVABLES

Receivables consist of the following as of September 30, 2025:

	Governmental Funds				Proprietary Funds		
	General	Traffic Impact Fund	Debt Service Fund	NonMajor Funds	Water and Sewer Fund	Drainage Fund	NonMajor Funds
Receivables:							
Property Taxes	$ 172,523	$ -	$ 97,256	$ -	$ -	$ -	$ -
Special Assessment	-	-	-	-	-	-	-
EMS	-	-	-	-	-	-	-
Sales Taxes	921,850	-	-	227,200	-	-	-
Franchise Taxes	404,360	-	-	6,606	-	-	-
Occupancy Taxes	-	-	-	-	-	-	-
Customers	6,215	-	-	-	2,728,692	224,169	-
Grants	-	-	-	-	-	-	-
Other	208,456	4,268	-	13,102	14,638	-	4,268
Gross Receivables	1,713,404	4,268	97,256	246,908	2,743,330	224,169	4,268
Less: Allowance for Uncollectibles	7,031	-	5,912	-	364,777	32,101	-
Net Total Receivables	$ 1,706,373	$ 4,268	$ 91,344	$ 246,908	$ 2,378,553	$ 192,068	$ 4,268

NOTE 4 -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Guadalupe County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2024, upon which the fiscal 2025 levy was based, was $3,295,572,959 (market value less exemptions).

The City is permitted by the Constitution of the State of Texas to levy taxes up to $2.50 per $100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to $1.50 per $100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2025 was $0.499 per $100 of assessed value, which means that the City has a tax margin of $2.001 for each $100 value.

Property taxes are recorded as receivables and deferred inflows of resources at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

NOTE 5 -- CAPITAL ASSETS

Governmental and Business-type capital asset activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions & Transfers	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 4,636,842	$ 140,000	$ -	$ 4,776,842
Construction in Progress	16,972,799	3,536,615	(4,623,197)	15,886,217
Total Capital Assets Not Being Depreciated	21,609,641	3,676,615	(4,623,197)	20,663,059
Capital Assets, Being Depreciated:				
Buildings	27,450,742	664,412	46,506	28,161,660
Infrastructure	72,607,975	4,843,486	4,527,981	81,979,442
Transportation and Equipment	13,273,488	2,615,423	(1,287,756)	14,601,155
Subscription Based IT Agreements	873,806	-	(873,806)	-
Total Capital Assets Being Depreciated	114,206,011	8,123,321	2,412,925	124,742,257
Accumulated Depreciation:				
Buildings	(4,828,716)	(771,407)	-	(5,600,123)
Infrastructure	(30,619,322)	(3,918,652)	-	(34,537,974)
Transportation and Equipment	(6,614,202)	(1,477,626)	1,198,374	(6,893,454)
Subscription Based IT Agreements	(504,190)	-	504,190	-
Total Accumulated Depreciation	(42,566,430)	(6,167,685)	1,702,564	(47,031,551)
Total Capital Assets Being Depreciated, Net	71,639,581	1,955,636	4,115,489	77,710,706
Governmental Activities Capital Assets, Net	$ 93,249,222	$ 5,632,251	$ (507,708)	$ 98,373,765

	Beginning Balance	Additions	Deletions & Transfers	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 1,396,208	$ -	$ -	$ 1,396,208
Water Rights	475,000	-	-	475,000
Construction in Progress	11,342,312	1,052,028	(28,725)	12,365,615
Total Assets Not Being Depreciated	13,213,520	1,052,028	(28,725)	14,236,823
Capital Assets, Being Depreciated:				
Infrastructure	52,296,037	4,998,668	28,725	57,323,430
Transportation and Equipment	3,327,057	517,410	(175,454)	3,669,013
Total Capital Assets Being Depreciated	55,623,094	5,516,078	(146,729)	60,992,443
Accumulated Depreciation:				
Infrastructure	(10,271,514)	(1,104,901)	-	(11,376,415)
Transportation and Equipment	(1,778,023)	(317,607)	191,459	(1,904,171)
Total Accumulated Depreciation	(12,049,537)	(1,422,508)	191,459	(13,280,586)
Total Capital Assets Being Depreciated, Net	43,573,557	4,093,570	44,730	47,711,857
Business-Type Activities Capital Assets, Net	$ 56,787,077	$ 5,145,598	$ 16,005	$ 61,948,680

NOTE 5 -- CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Deletions & Transfers	Ending Balance
Component Unit:				
Capital Assets, Not Being Depreciated:				
Land	$ 3,635,339	$ -	$ -	$ 3,635,339
Total Capital Assets Not Being Depreciated	3,635,339	-	-	3,635,339
Capital Assets, Being Depreciated:				
Transportation and Equipment	45,000	-	-	45,000
Total Capital Assets Being Depreciated	45,000	-	-	45,000
Accumulated Depreciation:				
Transportation and Equipment	(16,875)	(4,500)	-	(21,375)
Total Accumulated Depreciation	(16,875)	(4,500)	-	(21,375)
Total Capital Assets Being Depreciated, Net	28,125	(4,500)	-	23,625
Component Unit Capital Assets, Net	$ 3,663,464	$ (4,500)	$ -	$ 3,658,964

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities:	
Planning & Engineering	$ 17,415
Public Works	3,485,686
Administration	465,142
Public Safety	505,296
Fire Department	718,398
Animal Control	55,376
Parks & Recreation	905,892
*Economic Development	14,480
Total Depreciation Expense - Governmental Activities	$ 6,167,685

**Economic Development Corporation depreciation above is held by the Administration in support of the EDC on the face of the financial statements*

Business-Type Activities:	
Drainage System	$ 371,863
Water and Sewer System	1,050,645
Total Depreciation Expense - Business Type Activities	$ 1,422,508

NOTE 6 -- LONG-TERM DEBT

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, tax notes, and right of use leases. These debt obligations are secured by either future property tax revenue or liens on property and equipment.

In February 2025, the City issued $10,995,000 City of Cibolo Texas, Certificates of Obligation, Series 2025 and $1,965,000 City of Cibolo Texas, General Obligation Bonds, Series 2025, both with interest rates of 4-5%. The intent of these issuances is to finance street repairs, public works and safety vehicles, acquire and improve real and personal property of the parks system.

NOTE 6 -- LONG-TERM DEBT (CONTINUED)

Long-term debt and obligations payable at September 30, 2025 were comprised of the following individual issues:

	Issue Amount	Maturity	Rate	Balance
Primary Government				
Governmental Activities:				
General Obligation Bonds				
2014 Series	$ 2,875,000	2031	2% - 3.5%	$ 960,000
2015 Series	3,770,000	2035	3% - 4%	2,235,000
2015 Series, Refunding	3,995,000	2027	3% - 4%	1,135,000
2016 Series	3,455,000	2030	2% - 3%	2,105,000
2018 Series	3,490,000	2036	3% - 5%	1,980,000
2019 Series	9,680,000	2039	3.5% - 5%	7,925,000
2019 Series, Refunding	5,000,000	2031	2% - 5%	2,895,000
2021 Series	11,245,000	2033	1% - 4%	7,500,000
2025 Series	1,965,000	2045	4% - 5%	1,965,000
Certificates of Obligation				
2017 Series	2,000,000	2032	3.85%	1,075,000
2019 Series	4,505,000	2039	3% - 5%	4,326,230
2020 Series	6,950,000	2030	2% - 3%	4,780,000
2023 Series	4,550,000	2043	4% - 5%	3,860,000
2024 Series	8,485,000	2044	4% - 5%	7,900,000
2025 Series	10,995,000	2045	4% - 5%	10,995,000
Tax Notes, Series 2022	2,250,000	2028	1.68%	1,095,000
Total Governmental Long-Term Obligations				$ 62,731,230
Business Type:				
Revenue Bonds				
2006 Series	$ 3,000,000	2026	4.07%	$ 205,000
2019 Series	1,355,000	2039	3% - 5%	1,118,770
2021 Series, Refunding	4,195,000	2032	1.5% - 4%	2,720,000
General Obligation Bonds				
2015 Series, Refunding	1,350,000	2027	3% - 4%	380,000
Total Business-Type Long-Term Obligations				$ 4,423,770
Component Unit				
Economic Development Corporation:				
Revenue Bonds				
2021 Series	$ 4,125,000	2036	2.00%	$ 3,143,000
Total Component Unit Long-Term Obligations				$ 3,143,000

NOTE 6 -- LONG-TERM DEBT (CONTINUED)

Changes in long-term debt for the year ending September 30, 2025 are as follows:

	Balance 9/30/2024	Additions	Reductions	Balance 9/30/2025	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 30,055,000	$ 1,965,000	$ (3,320,000)	$ 28,700,000	$ 3,465,000
Bond Premiums	3,977,584	750,692	(424,369)	4,303,907	428,942
Certificates of Obligation	22,345,273	10,995,000	(1,479,043)	31,861,230	1,590,414
Certificates of Obligation - Privately Placed	1,205,000	-	(130,000)	1,075,000	135,000
Tax Anticipation Notes	1,450,000	-	(355,000)	1,095,000	360,000
Right of Use Lease Liability	1,552,084	968,892	(602,945)	1,918,031	628,961
Subscription Based IT Agreements	248,237	-	(248,237)	-	-
Net Pension Liability	2,775,453	24,874	(719,211)	2,081,116	-
Total OPEB Liability - SDBF	227,357	14,432	(13,558)	228,231	21,900
Total OPEB Liability - Retiree Health	411,871	240,199	(167,656)	484,414	22,197
Compensated Absences*	1,561,299	282,434	-	1,843,733	553,120
Total Governmental Activities	$ 65,809,158	$ 15,241,523	$ (7,460,019)	$ 73,590,662	$ 7,205,534
Business-Type Activities:					
General Obligation Bonds	$ 4,819,727	$ -	$ (600,957)	$ 4,218,770	$ 639,586
General Obligation Bonds - Privately Placed	405,000	-	(200,000)	205,000	205,000
Bond Premiums	449,283	-	(55,311)	393,972	55,311
Right of Use Lease Liability	134,089	49,473	(41,918)	141,644	62,734
Net Pension Liability	372,011	8,285	(81,454)	298,842	-
Total OPEB Liability - SDBF	34,140	3,120	(4,487)	32,773	3,272
Total OPEB Liability - Retiree Health	61,544	35,891	(25,051)	72,384	3,317
Compensated Absences*	135,286	60,237	-	195,523	58,657
Total Business-Type Activities	$ 6,411,080	$ 157,006	$ (1,009,178)	$ 5,558,908	$ 1,027,877
Component Unit:					
General Obligation Bonds	$ 3,395,000	$ -	$ (252,000)	$ 3,143,000	$ 258,000
Total Component Unit	$ 3,395,000	$ -	$ (252,000)	$ 3,143,000	$ 258,000

**Compensated Absences are shown net of change, and restated for prior period adjustment*

Compensated absences, net pension liability and other postemployment benefit obligations for governmental activities are generally liquidated by the general fund.

NOTE 6 -- LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all long-term debt and obligations outstanding, excluding compensated absences and bond premium, as of September 30, 2025, including interest payments, are as follows:

	Public Offerings					
Year Ending	Governmental Activities		Business-Type Activities		Component Unit	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 5,415,414	$ 2,402,731	$ 639,586	$ 118,042	$ 258,000	$ 64,085
2027	5,941,305	1,833,624	648,695	101,022	263,000	58,825
2028	5,668,223	1,801,425	471,777	88,035	268,000	53,463
2029	5,575,141	1,626,750	479,859	78,387	274,000	47,998
2030	4,647,059	1,451,019	497,941	59,131	279,000	42,411
2031-2035	15,897,147	5,083,257	1,102,853	93,785	1,485,000	124,277
2036-2040	11,881,940	2,382,128	378,060	23,084	316,000	6,443
2041-2045	6,630,000	625,800	-	-	-	-
Total	$ 61,656,229	$ 17,206,734	$ 4,218,771	$ 561,486	$ 3,143,000	$ 397,502

	Private Placement			
Year Ending	Governmental Activities		Business-Type Activities	
September 30,	Principal	Interest	Principal	Interest
2025	$ 135,000	$ 38,789	$ 205,000	$ 4,172
2026	140,000	33,495	-	-
2027	150,000	27,913	-	-
2028	155,000	22,041	-	-
2029	160,000	15,978	-	-
2030-2032	335,000	12,994	-	-
Total	$ 1,075,000	$ 151,210	$ 205,000	$ 4,172

NOTE 7 -- FINANCED PURCHASES

The City has entered into lease agreements to finance equipment. The lease agreements qualify as financed purchases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum payments at the inception date. The assets acquired through financed purchases are as follows:

	Governmental Activities	Business-Type Activities
Transportation Equipment	$ 4,358,816	$ 404,458
Less: Accumulated Depreciation	(2,080,674)	(263,075)
Total	$ 2,278,142	$ 141,383

NOTE 7 -- FINANCED PURCHASES (CONTINUED)

Future minimum obligations (direct borrowings) and the net present value of these minimum payments as of September 30, 2025 are as follows:

	Governmental Activities		Business-Type Activities	
Year Ending September 30,	Principal	Interest	Principal	Interest
2026	628,961	76,670	62,734	5,090
2027	584,165	75,379	41,723	4,489
2028	431,921	61,634	17,860	3,047
2029	246,564	38,752	14,875	2,569
2030	26,420	4,861	4,452	806
Total	$ 1,918,031	$ 257,296	$ 141,644	$ 16,001

NOTE 8 -- PENSION PLAN

Texas Municipal Retirement System

A. Plan Description

The City participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at *www.tmrs.com*.

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

NOTE 8 -- PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (Continued)

B. Benefits Provided

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

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

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	60
Inactive Employees Entitled to but Not Yet Receiving Benefits	141
Active Employees	178
	379

C. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during calendar year 2024. The contribution rates for the City were 12.75% and 13.80% for calendar years 2024 and 2025 respectively. The City's contributions to TMRS for the year ended September 30, 2025 were $1,887,602 and were equal to the required contributions.

D. 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 Net Pension Liability was determined by an actuarial valuation as of that date.

NOTE 8 -- PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (Continued)

E. Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

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

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

NOTE 8 -- PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (Continued)

E. Actuarial Assumptions (Continued)

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

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

F. Discount Rate

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

NOTE 8 -- PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (Continued)

G. Changes in Net Pension Liability (Asset)

Changes in Net Pension Liability:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2023	$ 27,114,182	$ 23,966,718	$ 3,147,464
Changes for the year:			
Service Cost	2,455,363	-	2,455,363
Interest	1,885,045	-	1,885,045
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(67,776)	-	(67,776)
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,648,546	(1,648,546)
Contributions - Employee	-	905,084	(905,084)
Net Investment Income	-	2,502,850	(2,502,850)
Benefit Payments, Including Refunds of Employee Contributions	(830,556)	(830,556)	-
Administrative Expense	-	(15,971)	15,971
Other Changes	-	(371)	371
Net Changes	3,442,076	4,209,582	(767,506)
Balance at December 31, 2024	$ 30,556,258	$ 28,176,300	$ 2,379,958

Sensitivity of the net pension liability to changes in the discount rate.

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	$ 7,628,111	$ 2,379,958	$ (1,796,855)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

NOTE 8 -- PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (Continued)

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of $1,920,763.

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

Deferred Outflows & Inflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	$ 478,434	$ 58,056
Changes in Actuarial Assumptions	-	116,654
Differences Between Projected and Actual Investment Earnings	1,152,520	1,513,251
Contributions Subsequent to the Measurement Date	1,425,192	-
	$ 3,056,146	$ 1,687,961

The City reported $1,425,192 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (December 31, 2024) will be recognized as a reduction of the net pension liability in the subsequent fiscal year rather than in the current fiscal period. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Future Years Pension Expense:

For the Year Ended December 31,	
2025	$ 165,944
2026	322,339
2027	(358,305)
2028	(186,985)
Thereafter	-
	$ (57,007)

NOTE 9 -- OTHER POST EMPLOYMENT BENEFITS (OPEB)

TMRS Supplemental Death Benefits Other Post employment Benefit

The City also participates in the cost sharing multiple-employer defined benefit group- term life insurance plan operated by the Texas Municipal Retirement System (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 City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The plan is part of the Annual Comprehensive Financial Report (ACFR) issued by TMRS and available at www.tmrs.com.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other post-employment benefit," or OPEB. Membership in the plan at December 31, 2024, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	43
Inactive Employees Entitled to but Not Yet Receiving Benefits	24
Active Employees	178
	245

The SDBF required contribution rates, based on these assumptions, are as follows:

For the Calendar Year Ended December 31,	Total SDBF Contribution Rate	Retiree Portion to SDBF Contribution Rate
2025	0.17%	0.03%
2024	0.21%	0.03%

NOTE 9 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (CONTINUED)

TMRS Supplemental Death Benefits Other Post employment Benefit (Continued)

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. For calculating the OPEB Liability and OPEB contribution rates, the Gender-distinct 2019 Municipal Retirees of Texas mortality tables were used. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%.

These assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	4.08%
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates 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 3 year set forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.
Other Information:	No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.
Note:	As of December 31, 2024, the discount rate used in the development of the Total OPEB liability was 4.08% compared to 3.77% used as of December 31, 2023.

NOTE 9 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (CONTINUED)

TMRS Supplemental Death Benefits Other Post employment Benefit (Continued)

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2024 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2023	$ 261,497
Changes for the year:	
Service Cost	21,981
Interest	10,200
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(12,379)
Changes of Assumptions or Other Inputs	(16,416)
Benefit Payments	(3,879)
Net Changes	(493)
Balance at December 31, 2024	$ 261,004

There is no separate trust maintained to fund this Total OPEB Liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 4.08% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (3.08%) and 1-percentage point higher (5.08%) than the current rate:

	Discount Rate 3.08%	Discount Rate 4.08%	Discount Rate 5.08%
Total OPEB Liability	$ 319,931	$ 261,004	$ 216,201

For the year ended September 30, 2025, the City recognized OPEB expense of $18,913. Also as of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows & Inflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ 8,347
Changes in Actuarial Assumptions	-	60,181
Contributions Subsequent to the Measurement Date	3,098	-
	$ 3,098	$ 68,528

NOTE 9 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (CONTINUED)

TMRS Supplemental Death Benefits Other Post employment Benefit (Continued)

Deferred outflows of resources in the amount of $3,098 is related to OPEB benefits resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year rather than in the current fiscal period.

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

Future Years Pension Expense:

For the Year Ended December 31,		
2025	$	(11,859)
2026		(13,932)
2027		(18,421)
2028		(18,561)
2029		(2,100)
Thereafter		(3,655)
	$	(68,528)

City of Cibolo Retiree Health Insurance Other Post-employment Benefit Plan

In addition to the TMRS OPEB, the City administers a single-employer defined benefit healthcare plan for retirees, established under legal authority of the City Charter. The City is the only employer participating in the Plan. The Plan does not issue a publicly available financial report.

Th City provides post-employment benefits for eligible participants enrolled in City-sponsored plans. The benefits are provided in the form of an implicit rate subsidy where the City contributes towards the retiree health premiums before achieving Medicare eligibility. While the Plan offers retiree only rates, a very small implicit liability still exists.

Membership in the plan as of September 30, 2025 and 2024, consisted of:

	2025	2024
Inactive Employees or Beneficiaries Currently Receiving Benefits	2	2
Inactive Employees Entitled to but Not Yet Receiving Benefits	-	-
Active Employees	174	174
Total	176	176

NOTE 9 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (CONTINUED)

City of Cibolo Retiree Health Insurance Other Post-employment Benefit Plan (Continued)

Current active employees must be eligible for service retirement under the Texas Municipal Retirement System. To attain this eligibility active employees must be at least age sixty (60) with five (5) years of service or have at lease twenty (20) years of employment with the City. When a regular, full-time employee retires, they are eligible to maintain their coverage in the City's group health coverage. Retirees are eligible for medical, dental, and vision coverage as provided in the plan document. Spouses and children of the retiree are eligible for the plan. Benefits cease upon the death of the retire or the retiree/spouse attaining age 65.

The methods and assumptions used to determine contribution rates in the September 30, 2025 valuation are summarized below:

Valuation Date:	September 30, 2024
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.46%
Inflation	2.50%
Salary Increases	4.00%
Demographic Assumptions	Based on the experience study ocering the four-year period ending December 31, 2022 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality Rates	Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate. Mortality Rates for retirees/disabled employees were based on the PubG.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.
Health Care Trend Rates	Initial rate of 6.0% declining to an ultimate rate of 3.5% after 10 years.
Participation Rates	It was assumed that 25% of eligible retirees would choose to receive retiree health care benefits through the City. No employees retiring before the age of 50 were assumed to elect coverage.
Other Information:	As of September 30, 2025, the discount rate used in the development of the Total OPEB liability was 4.46% compared to 3.95% used as of September 30, 2024.

Retiree Contributions are as follows:

Tier	Platinum	Gold	Silver
Employee	$ 643	$ 540	$ 372
Employee + Spouse	1,476	1,241	855
Employee + Family	1,989	1,672	1,152
Employee + Child(ren)	1,155	971	669

NOTE 9 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (CONTINUED)

City of Cibolo Retiree Health Insurance Other Post-employment Benefit Plan (Continued)

The City's Total RHI OPEB Liability (TOL), based on the above actuarial factors, as of September 30, 2025, the measurement date, was calculated as follows:

	Total RHI OPEB Liability
Balance at September 30, 2023	$ 473,415
Changes for the year:	
Service Cost	46,255
Interest on Total RHI OPEB Liability	20,124
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	3,397
Changes of Assumptions or Other Inputs	39,121
Benefit Payments	(25,514)
Net Changes	83,383
Balance at September 30, 2024	$ 556,798

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria paragraph 4 of Statement No. 75 to pay related benefits. The following presents the TOL of the City, calculated using the discount rate of 4.46%, as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (3.46%) and 1-percentage point higher (5.46%) than the current rate:

	Discount Rate 3.46%	Discount Rate 4.46%	Discount Rate 5.46%
Total RHI OPEB Liability	$ 627,626	$ 556,798	$ 495,234

The following presents what the total RHI OPEB liability of the City would be if it were calculated using heathcare cost trend rates that are 1-percentage point lower (5.0% decreasing to 2.5%) or 1-percentage point higher (7.0% decreasing to 4.5%) than the current healthcare cost trends (6.0% decreasing to 3.5% after 10 years):

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total RHI OPEB Liability	$ 472,511	$ 556,798	$ 661,925

NOTE 9 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (CONTINUED)

City of Cibolo Retiree Health Insurance Other Post-employment Benefit Plan (Continued)

For the year ended September 30, 2025, the City recognized an RHI OPEB revenue of $250,577 and reported deferred outflows of resources and deferred inflows of resources related to RHI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 63,239	$ 351,112
Changes in Assumptions and Other Inputs	90,195	430,448
Contributions Subsequent to the Measurement Date	-	-
	$ 153,434	$ 781,560

Deferred outflows of resources in the amount of $0 is related to the RHI OPEB benefits resulting from contributions subsequent to the measurement date. Other amounts reported as deferred outflows and inflows of resources related to RHI OPEB will be recognized in OPEB expense as follows:

Future Years Pension Expense:

For the Year ended September 30,	
2026	$ (316,956)
2027	(316,956)
2028	(13,757)
2029	9,772
2030	9,771
Thereafter	-
	$ (628,126)

NOTE 10 -- 380 AGREEMENTS

The Chapter 380 Incentive program, authorized by Chapter 380 of the Teas Local Government Code, enables the City of Cibolo to provide grants or reimbursements from the City's general fund. To become eligible for Chapter 380 Incentives, projects must: create at least $100 million in new real and personal property; or generate at least $35 million in gross sales that is subject to the collection of local sales and use tax. Businesses that have a 380 Incentive Agreement with the City are eligible to receive a reimbursement of taxes paid for the year if they have met the requirements outlined in the agreement by a certain date each year. For the fiscal year ended September 30, 2025, the City reimbursed $121,021 in sales tax liability rebates and $182,598 in property taxes rebates, with an additional $15,500 in other rebates.

NOTE 11 -- INTERFUND TRANSFERS & BALANCES

Interfund transfer are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	NonMajor Governmental Fund	$ 40,000	In support of Special Events
Grant Fund	General Fund	88,351	In support of Administrative Services
NonMajor Governmental Fund	General Fund	107,245	In support of Court Services
General Fund	Grant Fund	5,054	In support of Capital Projects
Water & Sewer Fund	Capital Projects Fund	40,373	In support of Capital Projects
NonMajor Proprietary Funds	Water & Sewer Fund	799,605	In support of Capital Projects
Capital Projects Fund	Drainage Fund	249,507	In support of Capital Projects
Drainage Fund	General Fund	261,426	In support of Administrative Services
Water & Sewer Fund	General Fund	1,265,567	In support of Administrative Services
Water & Sewer Fund	Debt Service Fund	19,043	In support of Bond Payment
NonMajor Proprietary Funds	Drainage Fund	132,884	In support of Capital Projects
Grant Fund	Drainage Fund	893,950	In support of Capital Projects
Grant Fund	Water & Sewer Fund	55,044	In support of Capital Projects
NonMajor Governmental Fund	Debt Service Fund	748,950	In support of Bond Payment
		$ 4,706,999	

Interfund balances are as follows:

Due From	Due To	Amount
Capital Projects	General Fund	$ 478,844
General Fund	Debt Service	13,438
Drainage Fund	NonMajor Governmental Fund	1,000
General Fund	Capital Projects Fund	28,508
General Fund	Drainage Fund	20,614
General Fund	NonMajor Governmental Fund	364,626
General Fund	NonMajor Proprietary Fund	196,400
General Fund	Traffic Impact Fund	235,147
General Fund	Water & Sewer Fund	287,822
Grant Fund	Drainage Fund	13,329
Grant Fund	General Fund	136,928
Grant Fund	Water & Sewer Fund	23,369
NonMajor Governmental Fund	General Fund	119,832
Water & Sewer Fund	NonMajor Governmental Fund	7,311
Water & Sewer Fund	General Fund	389
		$ 1,927,557

NOTE 12 -- COMMITMENTS

The City has entered into various contracts for construction projects. As of September 30, 2025, the City had the following estimated commitments related to these contracts:

Primary Government:	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
Governmental Activities:			
Tolle Road Project	$ 371,440	$ 323,051	$ 48,389
Town Creek Trail Extension	220,850	203,805	17,045
FM1103 Road Project	47,000	12,128	34,872
Road Rehabilitation Group 1	245,000	208,117	36,883
Road Rehabilitation Group 2	2,633,575	2,480,284	153,291
Road Rehabilitation Group 3	2,953,088	83,978	2,869,110
Total Governmental Commitments	6,470,953	3,311,363	3,159,590
Business-Type Activities:			
Country Vale Lift Station	$ 53,060	$ 46,669	$ 6,391
Deer Creek Drainage Project	460,912	448,916	11,996
Town Creek Drainage Project	7,233,925	7,144,682	89,243
Venando Sewer Extension	256,800	153,953	102,847
Total Business-Type Activities	8,004,697	7,794,220	210,477
Total Estimated Future Commitments	$ 14,475,650	$ 11,105,583	$ 3,370,067

NOTE 13 -- JOINT VENTURES

Cibolo Valley Local Government Corporation

The Cibolo Valley Local Government Corporation (CVLGC) is a public nonprofit corporation incorporated in March 2012 to assist and act on behalf of the cities of Cibolo and Schertz to obtain additional water sources. The participating governments have an ongoing financial responsibility to fund the operation of the corporation through either purchase of services or by subsidizing the operations. Contributions to the corporation are reflected as "operating expenses" in the Water & Sewer fund. Separate financial statements for the CVLGC may be obtained from CVLGC at 108 W Mountain Street, Seguin, Texas 78156.

NOTE 13 -- JOINT VENTURES (CONTINUED)

The City of Cibolo is jointly liable, together with the City of Schertz, for operating deficits and long-term debt of CVLGC. Following is a summary of financial data reported in the Corporation's audited financial statements dated September 30, 2024:

Assets:		
Cash and Investments	$	1,133,338
Other Current Assets		518
Capital Assets (Net)		1,090,758
Total Assets		2,224,614
Liabilities:		
Current		56,060
Total Liabilities		56,060
Net Position:		
Net Investment in Capital Assets		1,090,758
Unrestricted		1,077,796
Total Net Position	$	2,168,554

Canyon Regional Water Authority

Canyon Regional Water Authority (the "Authority") operates under Chapter 65 of the Texas Water Code. The Authority is comprised of eleven member entities listed in Note 1 Section A. The Authority was created to purchase, own, hold, lease and otherwise acquire sources of potable water; build, operate and maintain facilities for the treatment and transportation water; sell potable water to local governments, water supply corporations and other persons in this state; and to protect, preserve, and restore the purity and sanitary condition of water in the area. Separate financial statements may be obtained from the Authority.

NOTE 13 -- JOINT VENTURES (CONTINUED)

Following is a summary of financial data as reported in the Authority's audited financial statements dated September 30, 2025:

Assets:	
Cash and Investments	$ 20,342,261
Other Current Assets	5,912,246
Other Assets	23,684,528
Capital Assets (Net)	139,842,779
Total Assets	189,781,814
Deferred Outflows	354,552
Liabilities:	
Current	16,939,228
Long Term	77,426,899
Total Liabilities	94,366,127
Deferred Inflows	6,458
Net Position:	
Net Investment in Capital Assets	64,741,172
Restricted	6,959,963
Unrestricted	24,062,646
Total Net Position	$ 95,763,781

NOTE 14 -- CONTINGENCIES

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

NOTE 15 -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2025 were $559,882.

NOTE 16 -- LITIGATION

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material affect on the City's financial position.

NOTE 17 -- PRIOR PERIOD ADJUSTMENT

Adjustments were made to reflect the adoption of GASB 101 in the financial statements for the year-ending September 30, 2024. These adjustments are as follows:

	Governmental Activities	Water and Sewer Fund	Drainage Fund
Beginning Fund Balance/Net Position, as Previously Reported	$ 54,072,612	$ 40,885,686	$ 22,771,212
Increase in Accrued Compensated Absences	(569,449)	(41,915)	(10,660)
Beginning Fund Balance/Net Position, Restated	$ 53,503,163	$ 40,843,771	$ 22,760,552

NOTE 18 -- DEFICIT FUND BALANCE

The Special Events Fund has a deficit fund balance of $7,293. Management plans to reduce expenses in the coming year to alleviate the deficit.