NOTICE OF SALE
AND
BIDDING INSTRUCTIONS
ON

$30,990,000*
CITY OF CEDAR PARK, TEXAS
(A political subdivision of the State of Texas located in Williamson and Travis Counties)
GENERAL OBLIGATION BONDS, SERIES 2026

Bids Due Thursday, November 19, 2026 at 9:30 AM, CST

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Cedar Park, Texas (the "City"), is offering for sale its $30,990,000* General Obligation Bonds, Series 2026 (the "Bonds"). Bids may be submitted by either of two alternative procedures: (i) written bids; or (ii) electronic bids. Prospective bidders may select one of the two alternative bidding procedures in their sole discretion. Neither the City nor its Financial Advisor, Specialized Public Finance Inc., assumes any responsibility or liability for a prospective bidding procedure.

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

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

WRITTEN BIDS DELIVERED IN PERSON . . . Signed bids, plainly marked "Bid for Bonds," should be addressed to "Mayor and City Council, City of Cedar Park, Texas," and delivered to the City's Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 by 9:30 AM, CST on November 19, 2026 (the "date of the bid opening"). All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. 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 Bonds on the terms provided in the Notice of Sale, and shall be binding upon the bidder as if made by a signed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

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

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

PLACE AND TIME OF BID OPENING . . . The bids for the Bonds will be publicly opened and read in the office of the Financial Advisor at 9:30 AM, CST, Thursday, November 19, 2026.

SIGNED OFFICIAL BID FORM . . . The bidder whose bid is the winning bid in accordance with this Notice of Sale will be notified immediately and must submit via email a Signed Official Bid Form in connection with the sale, by 10:00 AM CST on the date of the sale to Monica Melvin, Specialized Public Finance Inc. at monica@spfmuni.com.

AWARD OF THE BONDS . . . The City Council will take action to award the Bonds (or reject all bids) at a meeting scheduled to convene at 6:00 PM, CST, on the date of the bid opening at 450 Cypress Creek Road, Building 4, Cedar Park, Texas 78613. Upon awarding the Bonds, the City will also adopt the ordinance authorizing the Bonds (the "Ordinance") and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. Sale of the Bonds will be made subject to the terms, conditions and provisions of the Ordinance to which ordinance reference is hereby made for all purposes. The City reserves the right to reject any and all bids and to waive any and all irregularities, except time of bid submission.

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

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

EXTENSION OF SALE DATE . . . The City reserves the right to extend the date and/or time for the receipt of bids by giving notice by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CST on Wednesday, November 18, 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 BONDS

DESCRIPTION . . . The Bonds will be dated December 10, 2026 (the "Dated Date"). Interest will accrue from the date of initial delivery of the Bonds and will be due on February 15, 2027, and each August 15 and February 15 thereafter until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity. The Bonds will mature on February 15 in each year as follows:

MATURITY SCHEDULE*

Maturity (February 15)	Principal Amount	Maturity (February 15)	Principal Amount
2027	$ 340,000	2037	$ 1,550,000
2028	965,000	2038	1,630,000
2029	1,015,000	2039	1,720,000
2030	1,070,000	2040	1,815,000
2031	1,130,000	2041	1,910,000
2032	1,190,000	2042	2,015,000
2033	1,255,000	2043	2,120,000
2034	1,325,000	2044	2,235,000
2035	1,395,000	2045	2,355,000
2036	1,470,000	2046	2,485,000

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

REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2037, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more consecutive maturities as Term Bonds.

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

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be BOKF, NA, Dallas, Texas (see "THE BONDS – PAYING AGENT/REGISTRAR" in the Official Statement).

SOURCE OF PAYMENT . . . The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City.

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

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . **The Bonds will be sold in one block on an "All or None" basis, and at a price of not less than 102% of their par value and not more than 112% of their par value.** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.00% in rate. The maximum coupon rate shall not exceed 5.25%. For Bonds having stated maturities on and after February 15, 2037, no reoffering yield

producing a dollar price less than 97.5% for any individual maturity will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

POST BID MODIFICATION OF PRINCIPAL AMOUNTS . . . After selecting the winning bid, the aggregate principal amount of the Bonds 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 Bonds by more than 15% from the amount set forth herein. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds 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 Bonds 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 Bonds 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 Bonds and/or the maturity schedule for the Bonds made by the City or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to "CONDITIONS OF THE SALE – BASIS FOR AWARD" herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

BASIS FOR AWARD . . . Subject to the City's right to reject any or all bids and to waive any irregularities except time of bid submission, the sale of the Bonds 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 Bonds on the basis of semiannual compounding, produces an amount equal to the sum of the par value of the Bonds, 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 BONDS . . . The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the City receives bids from **at least three underwriters** of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds **(the "Competitive Sale Requirement")**.

In the event that the bidding process does not satisfy the Competitive Sale Requirement, Bids will **not** be subject to cancellation and the winning bidder (i) agrees to promptly report to the City the first prices at which at least 10% of each maturity of the Bonds **(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 Bonds 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 Bonds 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 Bonds' "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 Bonds 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 Bonds 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 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds 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 Bonds 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 Bonds 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 Bonds, 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 Bonds 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 Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds 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 Bonds 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 Bonds 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 Bonds of each maturity allocated to it until either all such Bonds 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 Bonds of that maturity. Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale and Bidding Instruction.

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

PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 ("TEC FORM 1295") . . . In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Bonds 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 Bonds 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 Cedar Park, Texas*) and box 3 is the identification number assigned to this contract by the City *(Cedar Park GO 2026)* and description of the goods or services (*Purchase of the City of Cedar Park General Obligation Bonds, Series 2026*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require certain business entities contracting with the City to complete the TEC Form 1295 electronically at https:www.ethics.state.tx.us/main/file.htm, print, complete the**

unsworn declaration, sign, and deliver, in physical form, the certified TEC Form 1295 that is generated by the TEC's "electronic portal" to the City. The completed and signed TEC Form 1295 must be sent by email, to the City's financial advisor at dan@spfmuni.com and Bond Counsel at jbfowler@mphlegal.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, the winning bidder must submit the TEC Form 1295 with original signatures by email to Bond Counsel as follows: rdonoghue@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 Bonds 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 Bonds 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.

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

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

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

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

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

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

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

the All Bond Counsel Letter.

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

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

To the extent the Purchaser and any syndicate member listed on the Official Bid Form is unable to provide a standing letter in a form satisfactory to the Texas Office of the Attorney General, the City reserves the right to cash, accept and retain the Good Faith Deposit (see "CONDITIONS OF THE SALE – GOOD FAITH DEPOSIT"). **THE LIABILITY OF THE BIDDER FOR BREACH OF ANY OF THE VERIFICATIONS MADE IN CONNECTION WITH CHAPTERS 2252, 2271, 2274, AND 2276, TEXAS GOVERNMENT CODE, AS AMENDED (COLLECTIVELY, THE "COVERED VERIFICATIONS") SHALL SURVIVE UNTIL BARRED BY THE STATUTE OF LIMITATIONS, AND SHALL NOT BE LIQUIDATED OR OTHERWISE LIMITED BY ANY PROVISION OF THIS 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 bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

GOOD FAITH DEPOSIT . . . A bank cashier's check, payable to the order of "City of Cedar Park," in the amount of $619,800 which is 2% of the proposed par value of the Bonds (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the City pending the Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Bonds in accordance with its bid then said check shall be cashed and accepted by the City and shall constitute full and complete liquidated damages; however, if it is determined after the acceptance of the bid by the City that the Purchaser was found not to satisfy the requirements described under "Covered Verifications" and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then said check shall be cashed and accepted by the City but shall not be the sole or exclusive remedy available to the City. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of Initial Delivery. No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Bonds has been made by the City.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond 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 Bonds in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Bonds are awarded or as soon thereafter as practicable. All expenses in relation to the assignment, printing or typing of CUSIP numbers on the Bonds shall be paid by the City.

DELIVERY OF BONDS . . . Delivery will be accomplished by the issuance of one Initial Bond (also called the "Bond" or "Bonds"), either in typed or printed form, in the aggregate principal amount of $30,990,000*, payable in stated installments to the Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Texas Comptroller of Public Accounts. Upon delivery of the Initial Bond, it shall be immediately cancelled and one definitive Bond 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 Bonds 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 Bonds. It is anticipated that delivery of the Bonds can be made on or about December 10, 2026, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Bonds by 10:00 AM, CST, on December 10, 2026, or thereafter on the date the Bond is tendered for delivery, up to and including December 23, 2026. If for any reason the City is unable to make delivery on or before December 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

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

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 Bonds, 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 Bonds is subject to the Purchaser's receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel for the City ("Bond Counsel") and (b) the no-litigation certificate, all as further described in the Official Statement. In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Bonds 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 Bonds for sale, such certificate may be modified in a manner approved by the City. In no event will the City fail to deliver the Bonds as a result of the Purchaser's inability to sell a substantial amount of the Bonds 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 Bonds 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 Bonds is subject to the receipt by the Purchaser of opinions of Bond Counsel, to the effect that the Bonds are valid and binding obligations of the City (except as the enforceability may be limited by governmental immunity, 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 Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the City to deliver the Bonds and of the Purchaser to accept delivery of and pay for the Bonds are subject to the condition that at the time of delivery of and receipt of payment for the Bonds, 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 Bonds 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 Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officials of the City.

GENERAL

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. 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 Bonds, 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 Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The City agrees to cooperate with the Purchaser, at the Purchaser's written request and expense, in registering the Bonds 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 Bonds, but is merely notice of the sale of the Bonds. The offer to sell the Bonds 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 Bonds.

ISSUANCE OF ADDITIONAL DEBT . . . The City does anticipate the issuance of additional ad valorem tax debt within the next twelve months.

RATING . . . The Bonds and the outstanding tax supported debt of the City have been rated "AAA" 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 Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The City will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. 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 certain specified events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

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

The City has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Bonds. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Bonds, 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 Bonds by the Purchaser.

/s/ Dyanne Hargrove
City Secretary, City of Cedar Park, Texas

/s/ James Penniman-Morin
Mayor, City of Cedar Park, Texas

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Cedar Park, Texas
450 Cypress Creek Road, Building 2
Cedar Park, Texas 78613

November 19, 2026

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated November 5, 2026, of $30,990,000* CITY OF CEDAR PARK, TEXAS GENERAL OBLIGATION BONDS, SERIES 2026, both of which constitute a part hereof.

For your legally issued Bonds, in the aggregate principal amount of $30,990,000*, we will pay you a price of $_____, representing approximately _____% of the par value. Such Bonds mature February 15, in each of the years and in the amounts and interest rates shown below:

Maturity (February 15)	Principal Amount*	Interest Rate	Maturity (February 15)	Principal Amount*	Interest Rate
2027	$ 340,000	%	2037	$ 1,550,000	%
2028	965,000	%	2038	1,630,000	%
2029	1,015,000	%	2039	1,720,000	%
2030	1,070,000	%	2040	1,815,000	%
2031	1,130,000	%	2041	1,910,000	%
2032	1,190,000	%	2042	2,015,000	%
2033	1,255,000	%	2043	2,120,000	%
2034	1,325,000	%	2044	2,235,000	%
2035	1,395,000	%	2045	2,355,000	%
2036	1,470,000	%	2046	2,485,000	%

Of the principal maturities set forth in the table above, Term bonds have been created as indicated in the following table (which may include multiple Term bonds, one Term bond or no Term bond if none is indicated). For those years which have been combined into Term bonds, 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 bond maturity date shall mature in such year. The Term bonds created are as follows:

Term Bonds Maturing February 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
		$	%
		$	%
		$	%
		$	%
		$	%

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

TRUE INTEREST COST _____ %

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

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

A wire transfer or a cashiers or certified check to the City in the amount of $619,800 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 Bonds in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the City as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

We agree to accept delivery of the Bonds utilizing the book-entry-only system through DTC and make payment for the Initial Bond in immediately available funds in the Corporate Trust Division, BOKF, NA, Dallas, Texas, not later than 10:00 AM, CST, on December 10, 2026, or thereafter on the date the Bonds 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 Bonds to complete the DTC Eligibility Questionnaire.

The bidder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Official Bid Form. 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 through the delivery date of the Bonds shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Notice of Sale, notwithstanding anything in this Official Bid Form or the Notice of Sale to the contrary.

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

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

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

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

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

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

The Purchaser agrees to provide such further representations, certifications or assurances in connection with the Covered Verifications, as of the delivery date of the Bonds 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.

By submitting this bid, the Purchaser understands and agrees that if the Purchaser fails or refuses to pay for the Bonds in accordance with this bid, then the Purchaser's Good Faith Deposit shall be retained, cashed and accepted by the City as full and complete liquidated damages; provided however, if it is determined after the acceptance of the bid by the City that the Purchaser or any

syndicate member listed on this Official Bid Form was found not to satisfy the requirements described in the Notice of Sale under the heading "CONDITIONS OF THE SALE – VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS" and as a result the Texas Attorney General will not deliver its approving opinion for the Bonds, then the Good Faith Deposit shall be retained, cashed and accepted by the City but shall not be the sole or exclusive remedy available to 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.

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

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

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

The undersigned agrees to complete, execute, and deliver to the City, at least five business days prior to delivery of the Bonds, a certificate relating to the "issue price" of the Bonds 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 Cedar Park, Texas, this the 19th day of November, 2026.

ATTEST:

_____
City Secretary
City of Cedar Park, Texas

_____
Mayor
City of Cedar Park, Texas

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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 General Obligation Bonds, Series 2026 issued by the City of Cedar Park, Texas ("Issuer") in the principal amount of $30,990,000* ("Bonds"), 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 Bonds by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Bonds 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 Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds 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 Bonds.

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

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

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

EXECUTED and DELIVERED as of this _____, 2026.

[NAME OF PURCHASER], as Purchaser

By:_____

Name:_____

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

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

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 General Obligation Bonds, Series 2026 issued by the City of Cedar Park, Texas ("Issuer") in the principal amount of $30,990,000* ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Bonds 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 Bonds 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 Bonds 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 Bonds ("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 Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

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

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

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

EXECUTED and DELIVERED as of this _____, 2026.

[NAME OF PURCHASER], as Purchaser

By:_____

Name:_____

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

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

PRELIMINARY OFFICIAL STATEMENT

Dated November 5, 2026

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

NEW ISSUE – BOOK-ENTRY-ONLY

In the opinion of Bond Counsel, interest on the Bonds (defined herein) 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.

$30,990,000*
CITY OF CEDAR PARK, TEXAS
(A political subdivision of the State of Texas located in Williamson and Travis Counties)
GENERAL OBLIGATIONBONDS, SERIES 2026

Dated Date: December 10, 2026
Interest accrues from the Date of Initial Delivery (defined below)

Due: February 15, as shown on page 2 hereof

PAYMENT TERMS . . . Interest on the $30,990,000* City of Cedar Park, Texas, General Obligation Bonds, Series 2026 (the "Bonds") will accrue from the Date of Initial Delivery, will be payable February 15 and August 15 of each year commencing February 15, 2027, until stated maturity or earlier redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds 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 Bonds (see "THE BONDS – BOOK-ENTRY-ONLY SYSTEM"). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE BONDS – PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on May 7, 2022, and an ordinance to be adopted by the City Council of the City of Cedar Park, Texas (the "City") on the date of sale of the Bonds (the "Ordinance"). The Bonds are direct obligations of the City payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Ordinance (see "THE BONDS – AUTHORITY FOR ISSUANCE" and "THE BONDS – SECURITY AND SOURCE OF PAYMENT").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) designing, acquiring, constructing, renovating, improving, upgrading, updating, and equipping City transportation improvements and facilities to include streets, curbs, gutters, sidewalks, pathways, bike and pedestrian system improvements, demolition, repair, and rebuilding of existing streets and other transportation facilities, completing necessary or incidental utility relocation and drainage in connection with the foregoing and the purchase of land, easements, rights-of-way, and other real property interests necessary therefor or incidental thereto and City street maintenance improvements, (ii) designing, acquiring, constructing, renovating, improving, and equipping City park, recreation (including sports, athletics and swimming pools), trails and open space facilities or improvements, making park, recreation, trail and open space additions, acquiring land and rights-of-way necessary thereto, and (iii) paying the costs of issuing the Bonds (see "THE BONDS – PURPOSE").

CUSIP PREFIX: 150461
MATURITY SCHEDULES
SEE PAGE 2 HEREOF

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

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on December 10, 2026 (the "Date of Initial Delivery").

BIDS DUE ON THURSDAY, NOVEMBER 19, 2026, BY 9:30 AM, CST

*Preliminary, subject to change.

MATURITY SCHEDULE*

2/15 Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP Numbers[(1)]
2027	$ 340,000			
2028	965,000			
2029	1,015,000			
2030	1,070,000			
2031	1,130,000			
2032	1,190,000			
2033	1,255,000			
2034	1,325,000			
2035	1,395,000			
2036	1,470,000			
2037	1,550,000			
2038	1,630,000			
2039	1,720,000			
2040	1,815,000			
2041	1,910,000			
2042	2,015,000			
2043	2,120,000			
2044	2,235,000			
2045	2,355,000			
2046	2,485,000			

(Interest Accrues from the Date of Initial Delivery)

*Preliminary, subject to change.

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REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2037, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more consecutive maturities as Term Bonds (see "THE BONDS – REDEMPTION").

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For purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission, this document constitutes a Preliminary Official Statement of the City with respect to the Bonds that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the City 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. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

THE BONDS 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 BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, OR EXEMPTED, SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

NONE OF THE CITY, THE 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.

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

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires
James Penniman-Morin Mayor	May 2028
Kevin Harris Mayor Pro Tem, Place 5	May 2027
Alexis Frezza Councilmember, Place 1	May 2027
Darron Jurajda Councilmember, Place 2	May 2028
Anne Duffy Councilmember, Place 3	May 2027
Michael Endres Councilmember, Place 4	May 2028
Shweta Padmanabha Councilmember, Place 6	May, 2028

APPOINTED OFFICIALS

Name	Position	Length of Service
Brenda Eivens	City Manager	30½ Years
Christopher S. Copple	Assistant City Manager	12 Years
Beau Falgout	Assistant City Manager	3½ Years
Yoko Matsumoto	Assistant City Manager	1¾ Years
Erica Solis	Director of Finance	3½ Years
Dyanne Hargrove	City Secretary	New
J.P. LeCompte	City Attorney	15½ Years

CONSULTANTS AND ADVISORS

Auditors ..... Weaver & Tidwell, LLP
Austin, Texas
Bond Counsel ..... McCall, Parkhurst & Horton L.L.P.
Austin, Texas
Financial Advisor ..... Specialized Public Finance Inc.
Austin, Texas

For additional information regarding the City, please contact:

Erica Solis
Director of Finance
City of Cedar Park
450 Cypress Creek Road
Building #2
Cedar Park, Texas 78613
512/401-5156

or

Dan Wegmiller
Managing Director
Specialized Public Finance Inc.
248 Addie Roy Road
Suite B-103
Austin, Texas 78746
512/275-7300

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 Bonds 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 is a political subdivision and municipal corporation of the State of Texas (the "State") located in Williamson and Travis Counties operating as a home-rule city under the laws of the State and a home-rule charter initially approved by voters in 1987. The City operates under the City Council/Manager form of government where the Mayor and six Councilmembers are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City is approximately 23.15 square miles in area (see "INTRODUCTION – DESCRIPTION OF THE CITY").
THE BONDS	The $30,990,000* General Obligation Bonds, Series 2026 (the "Bonds") are being issued as serial Bonds maturing on February 15 in the years 2027 through and including 2046 unless the Purchaser elects to aggregate any consecutive maturities as Term Bonds (see "THE BONDS – GENERAL").
PAYMENT OF INTEREST	Interest on the Bonds will accrue from the Date of Initial Delivery and is payable February 15, 2027, and each August 15 and February 15 thereafter until stated maturity or prior redemption (see "THE BONDS – GENERAL" and "THE BONDS – OPTIONAL REDEMPTION").
AUTHORITY FOR ISSUANCE	The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on May 7, 2022, and an Ordinance to be adopted by the City (see "THE BONDS – AUTHORITY FOR ISSUANCE").
SECURITY FOR THE BONDS	The Bonds are direct obligations of the City payable from a continuing direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City sufficient to provide for the payment of principal of and interest on the Bonds (see "THE BONDS – SECURITY AND SOURCE OF PAYMENT").
REDEMPTION	The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2037, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more consecutive maturities as Term Bonds (see "THE BONDS – REDEMPTION").
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption "TAX MATTERS" herein, including the alternative minimum tax on corporations.
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used for (i) designing, acquiring, constructing, renovating, improving, upgrading, updating, and equipping City transportation improvements and facilities to include streets, curbs, gutters, sidewalks, pathways, bike and pedestrian system improvements, demolition, repair, and rebuilding of existing streets and other transportation facilities, completing necessary or incidental utility relocation and drainage in connection with the foregoing and the purchase of land, easements, rights-of-way, and other real property interests necessary therefor or incidental thereto and City street maintenance improvements, (ii) designing, acquiring, constructing, renovating, improving, and equipping City park, recreation (including sports, athletics and swimming pools), trails and open space facilities or improvements, making park, recreation, trail and open space additions, acquiring land and rights-of-way necessary thereto, and (iii) paying the costs of issuing the Bonds (see "THE BONDS – PURPOSE").

*Preliminary, subject to change.

RATING ..... The Bonds and the outstanding ad valorem tax debt of the City have been rated "AAA" by S&P Global Ratings ("S&P") (see "OTHER INFORMATION – RATING").

BOOK-ENTRY-ONLY SYSTEM..... The definitive Bonds 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 Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds 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 Bonds (see "THE BONDS – BOOK-ENTRY-ONLY SYSTEM").

PAYMENT RECORD ..... The City has never defaulted on payment of its debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population[1]	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding At End of Year[2]	Funded Debt Per Capita	Ratio of Funded Debt to Taxable Assessed Valuation	% of Total Tax Collections
2023	83,296	$ 14,647,996,070	$ 175,855	$ 200,830,000	$ 2,411	1.37%	99.83%
2024	83,354	15,907,052,880	190,837	184,910,000	2,218	1.16%	99.58%
2025	83,354	16,462,444,707	197,500	223,270,000	2,679	1.36%	98.45%
2026	84,156	16,591,055,042	197,146	221,170,000	2,628	1.33%	98.27%[4]
2027	84,532	16,760,905,328	198,279	233,890,000[3]	2,767	1.40%	N/A

(1) Source: The City's audited financial statements.
(2) Excludes self-supporting debt. See "Table 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT – FOOTNOTE 3."
(3) Projected; includes the Bonds. Preliminary, subject to change.
(4) Unaudited collections as of September 29, 2026.

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PRELIMINARY OFFICIAL STATEMENT
RELATING TO

$30,990,000*
CITY OF CEDAR PARK, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the $30,990,000* City of Cedar Park, Texas General Obligation Bonds, Series 2026 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and general laws of the State including particularly Chapter 1331, Texas Government Code, each as amended, an ordinance (the "Ordinance") to be adopted by the City Council of the City on the date of sale of the Bonds. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City of Cedar Park, Texas (the "City') and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's financial advisor, Specialized Public Finance Inc., Austin, Texas (the "Financial Advisor"), by electronic mail or upon payment of reasonable copying, handling, and delivery charges. Contact information for the Financial Advisor can be found on page 6 hereof.

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 Bonds will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314. See "CONTINUING DISCLOSURE OF INFORMATION" herein 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 and a home-rule charter initially approved by the voters in 1987. The City operates as a home-rule city under the City Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers. The term of office is two years with the terms of the Mayor and of three Councilmembers expiring in even-numbered years and the terms of the other three Councilmembers expiring in odd-numbered years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, library, public improvements, planning and zoning, and general administrative services. The estimated 2026 population is 84,156. The City covers approximately 23.15 square miles.

THE BONDS

GENERAL . . . The Bonds are dated December 10, 2026 and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the Date of Initial Delivery, will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable on February 15 and August 15 of each year until stated maturity or earlier redemption commencing February 15, 2027.

The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein ("Book-Entry-Only-System"). **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds 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 Bonds. See "– BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and general laws of the State including particularly Chapter 1331, Texas Government Code, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are direct obligations of the City payable from a continuing direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City sufficient to provide for the payment of principal of and interest on the Bonds.

REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2037, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Purchaser elects to aggregate two or more consecutive maturities as Term Bonds.

*Preliminary, subject to change.

If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot or any other customary random method the Bonds, or portions thereof, within such maturity to be redeemed. If an Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, 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 Bond 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 BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND 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 Bonds will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds 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 Bond called for redemption or any other action premised on any such notice.

Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bond 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 Bond from the beneficial owners. Any such selection of Bonds 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 Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption. See "– BOOK-ENTRY-ONLY SYSTEM" herein.

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

DTC REDEMPTION PROVISIONS . . . The Paying Agent/Registrar or a commercial bank or trust company and the City, so long as a book-entry-only system (the "Book-Entry-Only System") is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds 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 Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds 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 Bonds 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 Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption (see "THE BONDS – BOOK-ENTRY-ONLY SYSTEM").

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

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

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

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

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

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

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

For the purposes of these provisions, "Defeasance Securities" means (i) Federal Securities and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding obligations or otherwise provide for the funding of an escrow to effect the defeasance of the obligations are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. For the purposes of these provisions, "Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds 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 Bonds, 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 Bonds), 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 Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each stated maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds 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 Bonds 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 Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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 Bonds 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, bond 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.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Bonds 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 Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is 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 Bonds 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 Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds 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 Bonds 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.

Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds 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 Bonds issued in an exchange or transfer of Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of an Bond 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.

BONDHOLDERS' REMEDIES . . . The Ordinance establishes specific events of default with respect to the Bonds. If the City defaults in the payment of the principal of or interest on the Bonds when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds 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 Bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

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

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

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

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

AMENDMENTS TO THE ORDINANCE . . . In the Ordinance, the City has reserved the right to amend the Ordinance without the consent of any owners for the purpose of amending or supplementing such Ordinance to (1) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the owners, (2) grant additional rights or security for the benefit of the owners, (3) add events of default as shall not be inconsistent with the provisions of the Ordinance that do not materially adversely affect the interests of the owners, (4) qualify such Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising under the Ordinance that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interest of the owners.

The Ordinance further provides that the owners of the Bonds aggregating in principal amount 51% of the outstanding Bonds shall have the right from time to time to approve any amendment not described above to such Ordinance if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the owners in original principal amount of the then outstanding Bonds no amendment may be made of the purpose of: (1) making any change in the maturity of any of the outstanding Bonds; (2) reducing the rate of interest borne by any of the outstanding Bonds; (3) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds; (4) modifying the terms of payment of principal or of interest or redemption premium on outstanding Bonds, or imposing any condition with respect to such payment; or (5) changing the minimum percentage of principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) designing, acquiring, constructing, renovating, improving, upgrading, updating, and equipping City transportation improvements and facilities to include streets, curbs, gutters, sidewalks, pathways, bike and pedestrian system improvements, demolition, repair, and rebuilding of existing streets and other transportation facilities, completing necessary or incidental utility relocation and drainage in connection with the foregoing and the purchase of

land, easements, rights-of-way, and other real property interests necessary therefor or incidental thereto and City street maintenance improvements, (ii) designing, acquiring, constructing, renovating, improving, and equipping City park, recreation (including sports, athletics and swimming pools), trails and open space facilities or improvements, making park, recreation, trail and open space additions, acquiring land and rights-of-way necessary thereto, and (iii) paying the costs of issuing the Bonds.

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

SOURCES:	
Par Amount of Bonds	$
Reoffering Premium	
Total Sources	$
USES:	
Deposit to the Construction Fund	$
Deposit to Debt Service Fund	
Underwriters' Discount	
Costs of Issuance	
Total Uses	$

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TAX INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TAX INCREMENT FINANCING ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones ("TIRZ") within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the "Incremental Value" in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "Incremental Value," and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the City, see "AD VALOREM PROPERTY TAXATION – CITY APPLICATION OF PROPERTY TAX CODE" herein.

PUBLIC HEARING AND TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below: "adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

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

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

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

"unused increment rate" means the greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2022 through 2024 divided by the current total value.
"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate."

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

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

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 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 was 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.

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

LEVY AND COLLECTION OF TAXES . . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. Taxpayers 65 years old or older, disabled veterans or an unmarried surviving spouse of a disabled veteran, are permitted by State law to pay taxes on homesteads in four installments with the first installment due before February 1 of each year and the final installment due before August 1. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) of delinquent tax, penalty and interest collected if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property 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.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $30,000; the disabled are also granted an exemption of $20,000.

The City grants a 1% or $5,000 minimum homestead exemption.

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

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

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

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

The City does not tax freeport property, and the City has not taken action to tax goods-in-transit.

The City has adopted a tax abatement policy.

The City currently has one Tax Increment Reinvestment Zones which are used to facilitate public improvements.

The City does not collect penalties to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Property Tax Code.

In 2012, the City entered into a Chapter 380 agreement with Cedar Park Town Center L.P. and Costco as an economic development incentive to create a 200,000 square foot retail development anchored by a Costco Warehouse. The agreement is a 15-year performance based agreement for 50% of sales tax and 20% of ad valorem tax capped at $6 million subject to expiration in 2029.

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

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

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

In addition to the one percent (1%) local sales and use tax referred to above, voters of the City have approved the imposition of an additional one percent (1%) aggregate local sales and use tax for economic development (3/8 cent), and community development (1/2 cent) and storm water (1/8 cent). The 1/8 cent sales and use tax for the storm water program became effective in May, 2018.

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TABLE 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT

2026/27 Market Valuation Established by Williamson and Travis Central Appraisal Districts		$	17,732,273,824
Less Exemptions/Reductions at 100% Market Value:			971,368,496
2026/27 Certified Taxable Assessed Valuation		$	16,760,905,328
City Funded Debt Payable from Ad Valorem Taxes (as of 9/30/2026)	$ 257,715,000 (1)		
The Bonds	30,990,000 (2)		
Total Debt Payable from Ad Valorem Taxes		$	288,705,000
Less: Self-Supporting Debt			(36,545,000) (3)
Net Debt Payable from Ad Valorem Taxes		$	252,160,000
Unaudited Interest and Sinking Fund (as of 9/30/2026)		$	19,416,951
Ratio Tax Supported Debt to Taxable Assessed Valuation			1.50%

2027 Estimated Population - 84,532
Per Capita Taxable Assessed Valuation - $198,279
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $2,983

(1) Includes self-supporting debt, excludes the Bonds. Preliminary, subject to change.
(2) Preliminary, subject to change.
(3) Certain tax-supported indebtedness which was issued for water and sewer purposes and is currently being paid from waterworks and sewer system revenues are considered by the City to be self-supporting debt. While the City considers such tax-supported debt to be self-supporting, revenues are not (except to the extent of certain limited pledges of surplus net revenues of the waterworks and sewer system, which may or may not have been fully satisfied) pledged to the payment of such debt. **The transfers of such revenues to make debt service payments on such tax debt is discretionary and may be discontinued by the City, in whole or in part, at any time.** In the event and to the extent the City elects to discontinue such revenue transfers, the City will be required to levy ad valorem taxes or to appropriate other lawfully available funds of the City in an amount sufficient to pay the debt service on such debt.

TABLE 2 – VALUATION AND AD VALOREM TAX DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population(1)	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End Of Year(2)	Ratio of Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2023	83,296	$ 14,647,996,070	$ 175,855	$ 200,830,000	1.37%	$ 2,411
2024	83,354	15,907,052,880	190,837	184,910,000	1.16%	2,218
2025	83,354	16,462,444,707	197,500	223,270,000	1.36%	2,679
2026	84,156	16,591,055,042	197,146	221,170,000	1.33%	2,628
2027	84,532	16,760,905,328	198,279	233,890,000 (3)	1.40%	2,767

(1) Source: The City's audited financial statements.
(2) Excludes self-supporting debt. See "Table 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT, FOOTNOTE 3."
(3) Projected; includes the Bonds. Preliminary, subject to change.

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TABLE 3 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2023	$ 0.3900	$ 0.2041	$ 0.1859	$ 55,580,309	99.83%	99.83%
2024	0.3700	0.1944	0.1756	57,040,104	99.58%	99.58%
2025	0.3630	0.1909	0.1721	59,265,000	98.45%	98.45%
2026	0.3600	0.1936	0.1664	61,308,109	98.27% (1)	98.27% (1)
2027	0.3779	0.2115	0.1664	62,063,361	In process of collection	

(1) Unaudited collections as of September 29, 2026.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2026/27 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
121 Acquisition Company LLC	$ 219,210,480	1.31%
IVT Parke Cedar Park LLC	126,500,000	0.75%
Core Power 1890 Ranch LLC	116,678,527	0.70%
Ranger Excavating	81,328,948	0.49%
TX Alden Apartments LLC	74,400,000	0.44%
12600 Avery Ranch Property LLC	67,676,671	0.40%
UDR Red Stone Ranch LLC	66,675,000	0.40%
Latitude Cedar Park SPE LLC	66,500,554	0.40%
Northland Lakeline II LLC	66,500,000	0.40%
Allure Acquisition LLC	66,000,000	0.39%
	$ 951,470,180	5.68%

AD VALOREM TAX DEBT LIMITATION . . . No ad valorem tax debt limitation is imposed on the City under current State law, except as set forth in the State Constitution (see "TAX INFORMATION – DEBT TAX RATE LIMITATION"). Article XI, Section 5 of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to $2.50 per $100 taxable assessed valuation for all purposes. The Texas Attorney General's office will permit allocation of $1.50 of the $2.50 maximum tax rate for general obligation debt service. Under the City's Home-Rule Charter, the total general obligation debt of the City shall never exceed ten percent (10%) of the net taxable value of property on the tax rolls of the City.

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DEBT INFORMATION

TABLE 5 – PRO-FORMA DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	Outstanding Ad Valorem Tax Debt			The Bonds[1]			LESS: Self-Supporting	Total Net Ad Valorem Tax Debt Service
9/30	Principal	Interest	Total	Principal	Interest	Total	Debt[2]	Requirements
2027	$ 21,170,000	$ 10,596,440	$ 31,766,440	$ 340,000	$ 1,098,322	$ 1,438,322	$ 4,607,094	$ 28,597,668
2028	21,005,000	9,656,219	30,661,219	965,000	1,583,794	2,548,794	4,607,081	28,602,932
2029	19,485,000	8,756,805	28,241,805	1,015,000	1,531,819	2,546,819	4,609,016	26,179,607
2030	18,460,000	7,912,073	26,372,073	1,070,000	1,477,088	2,547,088	4,607,304	24,311,856
2031	18,730,000	7,099,289	25,829,289	1,130,000	1,419,338	2,549,338	4,608,389	23,770,238
2032	19,320,000	6,293,608	25,613,608	1,190,000	1,358,438	2,548,438	4,603,314	23,558,731
2033	16,015,000	5,551,850	21,566,850	1,255,000	1,294,256	2,549,256	4,604,513	19,511,594
2034	13,465,000	4,870,688	18,335,688	1,325,000	1,226,531	2,551,531	1,390,916	19,496,303
2035	14,040,000	4,284,759	18,324,759	1,395,000	1,155,131	2,550,131	1,389,175	19,485,716
2036	15,180,000	3,683,338	18,863,338	1,470,000	1,079,925	2,549,925	1,385,813	20,027,450
2037	13,525,000	3,098,619	16,623,619	1,550,000	1,000,650	2,550,650	1,385,469	17,788,800
2038	14,105,000	2,536,503	16,641,503	1,630,000	917,175	2,547,175	1,387,969	17,800,709
2039	11,745,000	2,037,272	13,782,272	1,720,000	829,238	2,549,238	1,388,150	14,943,359
2040	11,840,000	1,593,541	13,433,541	1,815,000	736,444	2,551,444	1,386,000	14,598,984
2041	9,195,000	1,146,697	10,341,697	1,910,000	638,663	2,548,663	857,375	12,032,984
2042	9,145,000	710,681	9,855,681	2,015,000	535,631	2,550,631	857,250	11,549,063
2043	5,115,000	386,188	5,501,188	2,120,000	427,088	2,547,088	855,375	7,192,900
2044	5,340,000	158,206	5,498,206	2,235,000	312,769	2,547,769	856,625	7,189,350
2045	835,000	20,875	855,875	2,355,000	192,281	2,547,281	855,875	2,547,281
2046	-	-	-	2,485,000	65,231	2,550,231	-	2,550,231
	$ 257,715,000	$ 80,393,648	$ 338,108,648	$ 30,990,000	$ 18,879,809	$ 49,869,809	$ 46,242,701	$ 341,735,757

(1) Interest calculated at an assumed rate for purposes of illustration only. Preliminary, subject to change.
(2) See "Table 1 – VALUATIONS, EXEMPTIONS AND AD VALOREM TAX DEBT, FOOTNOTE 3."

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TABLE 6 – ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt as of 10/31/202
Austin Community College District	$ 728,710,000	4.15%	$ 30,241,465
Leander Independent School District	1,547,891,568	29.17%	451,519,970
Round Rock Independent School District	1,089,435,000	2.70%	29,414,745
Travis County Healthcare District	398,205,000	0.48%	1,911,384
Upper Brushy Creek WCID	46,955,000	16.86%	7,916,613
Travis County	1,202,190,000	0.48%	5,770,512
Williamson County	1,380,105,000	10.59%	146,153,120
City of Cedar Park	252,160,000	100.00%	252,160,000
Total Direct and Overlapping Tax Supported Debt			$ 925,087,809
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			5.52%
Per Capita Overlapping Tax Supported Debt			$ 10,944

(1) Includes the Bonds and excludes self-supporting debt. See "Table 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT, FOOTNOTE 3." Preliminary, subject to change.

TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION

Estimated Ad Valorem Tax Debt Service Requirements, Fiscal Year Ending 9/30/2027		$ 28,597,668 (1)
Interest and Sinking Fund Tax Levy @ 98% Collections	$ 27,332,344	
Unaudited Fiscal Year 2026 Interest and Sinking Fund Balance	19,416,951	46,749,295
Estimated Balance, 9/30/2027		$ 18,151,627

(1) Includes the Bonds and excludes self-supporting debt. See "Table 1 – VALUATION, EXEMPTIONS AND AD VALOREM TAX DEBT, FOOTNOTE 3." Preliminary, subject to change.

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TABLE 8 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Authorization Being Used[(1)]	Unissued Balance
Transportation	5/7/2022	$ 86,600,000	$ 73,795,000	$ 12,805,000	$ -
Park	5/7/2022	42,200,000	24,015,000	18,185,000	-
Total		$ 128,800,000	$ 97,810,000	$ 30,990,000	$ -

(1) Preliminary, subject to change.

ANTICIPATED ISSUANCE OF AD VALOREM TAX DEBT . . . The City does anticipate the issuance of additional ad valorem tax debt within the next twelve months.

OTHER OBLIGATIONS . . . The City has no other obligations outstanding as of September 30, 2026. See "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT."

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

FINANCIAL POLICIES

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

The accrual basis of accounting is utilized by proprietary funds. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

General Fund Balance. The City's policy is to establish surplus and unencumbered funds equal to 25% to 50% of budgeted expenditures in the General Fund. This allows the City to avoid interim borrowing pending tax receipts.

Use of Bond Proceeds, Grants, etc. The City's policy is to use bond proceeds, grants, or other non-recurring revenues for capital expenditures only. Such revenues are never to be used to fund City operations.

Budgetary Procedures. The City's Home-Rule Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the first of June. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15. The City Council holds a public hearing on the budget after giving at least seven days' notice of the hearing in the official newspaper of the City. The City Council then makes any changes in the budget as it deems advisable and adopts a budget not later than the 27th day of the last month of the fiscal year.

During the fiscal year, budgetary control is maintained by the review of departmental appropriation balances with purchase orders prior to their release to vendors.

Departmental appropriations that have not been encumbered lapse at the end of the fiscal year. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated by the City Council in the ensuing fiscal year's budget.

Fund Investments. The City investment policy parallels State law governing investment of public funds. The City restricts investments to direct obligations of the United States Government, insured or collateralized bank certificates of deposits, Local Government Investment Pools, and other legal investments that are specifically approved by the City Council and are authorized pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. See "INVESTMENTS."

Other Post-Employment Benefits. In addition to pension benefits, the City currently provides certain other post-employment health benefits for retired employees ("OPEB"). The costs of these benefits are recognized as expenditures on a modified accrual basis when the underlying claims are paid. The City implemented GASB Statement No. 45 "Accounting and Financial Reporting By Employers for Post-Employment Benefits Other Than Pensions." in fiscal year 2009. Following the initial implementation of GASB 45, the City evaluated the existing benefit levels to determine if the program was sustainable. Realizing that the program

would not be sustainable at the original levels, the program has been amended to provide employees an inflation adjusted $250 toward the unblended cost of health insurance after 30 years of service with the City. At this level, the majority of the Accrued Liability is related to employees who have already qualified to receive the benefit. As a result, the program is now expected to be sustainable for the long term with the liability ultimately being reduced over the next 15 to 20 years as the plan experiences natural attrition.

For more information concerning the City's current post-employment benefits, see "APPENDIX B – EXCERPTS FROM THE CITY'S ANNUAL FINANCIAL REPORT" and the notes thereto.

FINANCIAL INFORMATION

TABLE 9 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
Revenues:					
Taxes	$ 61,983,216	$ 62,221,316	$ 59,741,662	$ 57,129,517	$ 50,640,730
Charges for Services	5,655,292	4,961,936	4,887,264	4,297,298	4,296,059
Intergovernmental	445,995	410,995	429,092	-	190,000
Licenses and Permits	1,796,111	1,023,902	1,197,059	1,405,766	951,795
Fines and Forfeitures	886,483	716,024	604,771	495,774	478,959
Interest	2,055,572	2,309,696	1,454,943	(375,505)	93,951
Miscellaneous	3,013,966	3,313,107	2,084,525	2,546,782	3,106,987
Total Revenues	$ 75,836,635	$ 74,956,976	$ 70,399,316	$ 65,499,632	$ 59,758,481
Expenditures:					
General Government	$ 19,348,058	$ 17,756,688	$ 16,278,049	$ 14,958,574	$ 12,584,504
Public Safety	42,189,369	39,702,324	37,217,717	33,805,542	31,301,895
Culture and Recreation	9,591,197	9,112,904	8,340,414	7,337,844	6,258,009
Streets and Lighting	5,290,602	5,133,773	7,251,014	5,256,968	4,369,806
Economic Development	560,652	1,495,068	2,122,285	2,035,369	1,931,096
Debt Service	1,245,688	1,609,174	692,184	38,999	118,277
Capital Outlay	3,168,519	6,144,957	3,597,539	609,599	782,833
Total Expenses	$ 81,394,085	$ 80,954,888	$ 75,499,202	$ 64,042,895	$ 57,346,420
Excess (Deficiency) of Revenues over Expenditures	$ (5,557,450)	$ (5,997,912)	$ (5,099,886)	$ 1,456,737	$ 2,412,061
Budgeted Transfers In and Other Sources	$ 8,652,270	$ 13,673,461	$ 8,699,481	$ 6,200,170	$ 6,929,486
Budgeted Transfers Out	(2,154,588)	(2,680,151)	(3,171,905)	(8,105,824)	(2,495,235)
Net Increase (Decrease)	$ 940,232	$ 4,995,398	$ 427,690	$ (448,917)	$ 6,846,312
Fund Equity at Beginning of Year	38,295,042	33,299,644	32,871,954	33,320,871	26,474,559
Adjustments to Fund Balance/Annexation	-	-	-	-	-
Fund Equity at End of Year[(1)]	$ 39,235,274	$ 38,295,042	$ 33,299,644	$ 32,871,954	$ 33,320,871

Source: City's audited financial statements.

(1) Unaudited General Fund Balance as of September 30, 2026 is $28,756,706, excluding amounts held in certain funds that are consolidated and reported as General Fund Balance in the City's audited financial statements. The decrease in the General Fund Balance reflects amounts withdrawn for planned capital expenditures.

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TABLE 10 – MUNICIPAL SALES TAX HISTORY[1]

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

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2022	$ 24,417,572	48.77%	$ 0.2071	$ 293
2023	24,856,999	44.72%	0.1697	298
2024	26,088,600	45.74%	0.1640	313
2025	24,687,905	41.66%	0.1500	296
2026[2]	25,521,277	41.63%	0.1538	303

(1) Excludes 1% sales tax reserved for Economic Development Corporations Type A and Type B.
(2) Unaudited collections as of September 30, 2026. Excludes stormwater water sales tax revenue because stormwater is in a stand alone fund beginning for the fiscal year ended September 30, 2025.

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, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA") that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) 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 (B) a depository institution that has its main office or 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, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the

State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

An eligible political subdivision such as the City may enter into hedging transactions, including hedging contracts, related security, credit, and insurance agreements in connection with commodities used the political subdivision in its general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the SEC. The political subdivision may pledge to such contracts or agreements any general or special revenues or funds it is authorized by law to pledge to the payment of any other obligations. The political subdivision's cost under such contract or agreement may be considered an operations and maintenance expense, an acquisition costs, a project cost, or a construction expense.

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

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

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

Under State law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it

relates to: (a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance, or resolution stating that it has reviewed its investment policy and investment strategies and records 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 City'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 no-load 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.

The City's current investment policy is in compliance with the State law requirements described above.

TABLE 11 – CURRENT INVESTMENTS

As of September 30, 2026, the City's investable funds were invested in the following categories:

Investments	Market Value	% of Total
U.S. Agencies	$ 112,980,367	34.15%
Commercial Paper	29,613,058	8.95%
LGIP	78,294,346	23.67%
U.S. Obligations	99,407,006	30.05%
Bank Accounts	10,529,020	3.18%
	$ 330,823,797	100.00%

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TAX MATTERS

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

In rendering its opinions, 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 Bonds and certain other matters. Failure by the City to observe the aforementioned representations or covenants, could cause the interest on the Bonds 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 Bonds in order for interest on the Bonds be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the City with the covenants and requirements described in the preceding paragraph, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

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 Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. 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 opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders 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 Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Certificates"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which

differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

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

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

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

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

Under section 6012 of the Code, owners of tax-exempt obligations, such as the Bonds, 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 Bonds, 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 owner 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 owner 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 Bonds 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 Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. 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 Bonds should consult their own tax advisors regarding the foregoing matters.

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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 Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

ANNUAL REPORTS . . . The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 11 and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available, and in any event, within 12 months of the end of each fiscal year. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in APPENDIX B hereto or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the official statement, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this section.

NOTICE OF CERTAIN EVENTS . . . The City will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The City will provide notice of any of the following events with respect to the Bonds: (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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City (as defined by the Rule, which includes certain debt, debt-like, and debt related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. Neither the Bonds nor the Ordinance make any provision for debt service reserves, credit enhancement or a trustee.

For these purposes, (a) any event described in clause (12) in the preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the 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 preceding paragraph and the definition of financial obligation in this section to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

The City intends the words used in (i)(7) and (ii)(10) above and the definition of financial obligation in this Section to have the meanings as when they are used in the Rule, as evidenced by Securities and Exchange Commission Release No. 34-83885, dated August 20, 2018.

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

AVAILABILITY OF INFORMATION FROM MSRB . . . The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under "ANNUAL REPORTS" and "NOTICE OF CERTAIN EVENTS" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Financial information and operating data to be provided as set forth above under the subcaption "ANNUAL REPORTS" may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's internet web site or filed with the SEC.

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

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above.

The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds 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 Bonds 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 Bonds 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 Bonds 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 registered and beneficial owners of the Bonds.

The City may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (i) such provisions as so amended and (ii) any amendments or interpretations of the Rule.

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

COMPLIANCE WITH PRIOR AGREEMENTS . . . In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for each of the last five years have consisted of the related City's Annual Comprehensive Financial Report ("ACFR"), which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFRs but can be derived from information in the ACFRs.

LEGAL MATTERS

LEGAL OPINIONS . . . Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Bonds are valid and binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property within the City. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the City payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the City. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

NO-LITIGATION CERTIFICATE . . . The City will furnish to the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, 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 Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

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

CYBERSECURITY RISKS

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

OTHER INFORMATION

RATING . . . The Bonds and the outstanding ad valorem tax debt of the City have been rated "AAA" by S&P Global Ratings ("S&P"). A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The rating reflects only the respective views of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of any of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION . . . The City is a defendant in various tort claims and lawsuits involving general liability, civil rights actions, and various contractual matters. In the opinion of the City's management and the City Attorney's office, the outcome of the pending litigation will not have a material adverse effect on the City's financial position or operations of the City.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . The sale of the Bonds 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 Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Under the Texas Public Security Procedures Act, Chapter 1201, Texas Government Code, as amended, the Bonds (1) are negotiable instruments, (2) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (3) are legal and authorized investments for (a) an insurance company, (b) a fiduciary or trustee, or (c) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, Chapter 2236, Texas Government Code, as amended, the Bonds may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "OTHER INFORMATION – RATING" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. No review has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

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

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

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

INITIAL PURCHASER . . . After requesting competitive bids for the Bonds, the City accepted the bid of _____ (the "Purchaser") to purchase the Bonds at the interest rates shown on page 2 of the Official Statement at a price of approximately _____% of par. The Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

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

The Ordinances authorizing the issuance of the Bonds approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Bonds by the Purchaser.

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

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

This Official Statement has been approved by the City Council 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.

Mayor
City of Cedar Park, Texas

ATTEST:

City Secretary
City of Cedar Park, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY . . . Located in southern Williamson County and northern Travis County, Cedar Park has participated in the rapid growth occurring along the US 183 corridor during recent years. The City is bisected by US Highway 183, which links the southeast and northwest sectors of the Austin Metro Area.

POPULATION

	1995	2000	2002	2006	2010	2019	2021
Cedar Park	14,832	26,322	32,234	45,594	56,072	79,259	82,192
Williamson County	177,745	225,884	249,967	366,802	394,193	566,749	609,017

EDUCATION . . . Leander Independent School District: 6 high schools, 6 middle schools and 23 elementary schools

Higher Education	
Cedar Park:	Austin Community College (Cedar Park Campus)
Williamson County:	Southwestern University, Georgetown
Area Colleges:	The University of Texas at Austin, Austin
	St. Edwards University, Austin
	Huston-Tillotson University, Austin
	Concordia University, Austin
	Austin Community College, Austin
	Le Tourneau University, Austin
	Round Rock Higher Education Center

LABOR MARKET PROFILE . . . The most recent civilian labor force estimates for the metropolitan statistical area of Cedar Park, Williamson County and for the State of Texas are as follows:

City of Cedar Park

	September 2026	September 2025
Total Civilian Labor Force	46,705	46,542
Total Employment	44,996	44,797
Total Unemployment	1,709	1,745
Percent Unemployed	3.7%	3.7%

Williamson County

	September 2026	September 2025
Total Civilian Labor Force	436,738	434,947
Total Employment	420,387	418,517
Total Unemployment	16,351	16,430
Percent Unemployed	3.7%	3.8%

State of Texas

	September 2026	September 2025
Total Civilian Labor Force	16,001,839	15,984,945
Total Employment	15,315,457	15,273,625
Total Unemployment	686,382	711,320
Percent Unemployed	4.3%	4.4%

Source: Texas Workforce Commission.

APPENDIX B

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

The information contained in this APPENDIX consists of excerpts from the City of Cedar Park, 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.

1601 South MoPac Expressway, Suite D250
Austin, Texas 78746
512-609-1900

Independent Auditor's Report

The Honorable Mayor
and Members of the City Council of
Cedar Park, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences.* Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, 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 this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Statements and Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 and Individual Fund Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report ("ACFR"). The other information comprises the Introduction and Statistical Sections, as listed in the table of contents, 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 March 13, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March 13, 2026


CEDAR
PARK
TEXAS



MANAGEMENT'S DISCUSSION AND ANALYSIS


CEDAR
PARK
TEXAS

The Management's Discussion and Analysis (MD&A) section of the City of Cedar Park's (the "City") Annual Comprehensive Financial Report presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB). 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 on pages **1-5** of this report.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the end of the fiscal year 2025, resulting in $745,714,307 of net position. Net position for governmental activities totaled $447,741,019 while net position for business-type activities is $297,973,288. The largest portion of net position consists of net investment in capital assets, which is $574,391,113.

The City's unrestricted net position, which may be used to meet the City's ongoing obligations, is $93,341,728. An unrestricted net position of $44,744,091 is reported for governmental activities, and $48,597,637 is reported as unrestricted for business-type activities.

The City's total net position increased $65,728,887 or 9.7% during fiscal year 2025. The City's total increase in net position consists of an increase in governmental net position of $52,357,393 or 13.2%, and an increase in business-type activities of $13,371,494 or 4.7%.

Total revenues for the City increased $22,351,984. Revenues for governmental activities increased $14,727,523 and revenues for business-type activities increased $7,624,461. Total expenses for the City increased $2,711,178. Expenses for governmental activities increased $366,840 and expenses for business-type activities increased $2,344,338.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements, which begin on **page 31** of this report, are designed to provide readers with a broad overview of the City of Cedar Park's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cedar Park is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused compensated absences.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Both of the government-wide financial statements distinguish functions of the City of Cedar Park 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 and charges (business-type activities). The governmental activities of the City include general government, public safety, culture and recreation, streets and lighting, and Economic Development. The business-type activities of the City of Cedar Park include water, sewer and solid waste operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Community Development Corporation and a legally separate Economic Development Corporation for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories – governmental, proprietary and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, 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.

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

Beginning on page 34 of this report, information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund which are considered to be major funds. Data from the Other Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these Other Governmental Funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water and sewer and solid waste activities. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for maintenance and replacement costs of vehicles, computers and heavy equipment, and to pay employee healthcare costs. These services predominantly benefit governmental rather than business-type functions and have been included within governmental activities in the government-wide financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Solid Waste Fund, which are reported as major funds. The Solid Waste Fund does not meet the criteria of a major fund, as established in GASB Statement No. 34, but is reported as a major fund because it is the City's only other enterprise fund. Also, separate information is provided for the Internal Service Fund on the proprietary fund financial statements.

The basic proprietary fund financial statements can be found beginning on page 42 of this report.

Fiduciary Funds

Fiduciary funds account for resources held by the City in a trustee capacity or as an agent for the benefit of parties outside the City. Fiduciary funds include trust type funds. Trust fund statements allow the City to present the Other Post Employment Benefit (OPEB) trust fund. While the fund represents a trust responsibility, the assets are restricted in purpose and do not represent discretionary resources of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

The fiduciary fund statements can be found beginning on page 48 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on **page 55** of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) immediately following the basic financial statements and related notes section of this report. The City adopts an annual appropriated budget for the General Fund. RSI provides a comparison of revenues, expenditures and other financing sources and uses to budget and demonstrates budgetary compliance for General Fund departments. In addition, trend information related to the City's retirement and other post-employment benefits plans is presented in RSI. Following RSI are other combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules for special revenue funds are presented beginning on page 116 of this report.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Net Position

The following table reflects a summary of net position compared to prior year (lease assets and subscription assets are included as capital assets, net, in this table):

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 235,299,995	$ 184,965,998	$ 99,862,618	$ 90,171,439	$ 335,162,613	$ 275,137,437
Capital assets, net	540,693,325	504,591,618	240,000,077	241,422,355	780,693,402	746,013,973
Total Assets	775,993,320	689,557,616	339,862,695	331,593,794	1,115,856,015	1,021,151,410
Deferred outflows of resources	12,854,858	15,407,656	2,312,006	2,749,789	15,166,864	18,157,445
Current liabilities	13,550,567	16,823,723	3,868,703	5,714,389	17,419,270	22,538,112
Noncurrent liabilities	319,629,307	282,769,188	39,589,568	43,140,611	359,218,875	325,909,799
Total Liabilities	333,179,874	299,592,911	43,458,271	48,855,000	376,638,145	348,447,911
Deferred inflows of resources	7,927,285	7,711,365	743,142	546,555	8,670,427	8,257,920
Net position:						
Net investment in capital assets	363,092,838	306,448,433	211,298,275	209,604,744	574,391,113	516,053,177
Restricted	39,904,090	36,305,001	38,077,376	39,496,167	77,981,466	75,801,168
Unrestricted	44,744,091	54,907,562	48,597,637	35,841,117	93,341,728	90,748,679
Total Net Position	$ 447,741,019	$ 397,660,996	$ 297,973,288	$ 284,942,028	$ 745,714,307	$ 682,603,024

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

As noted earlier, net position may serve over time as a useful indicator of government's financial position. As of September 30, 2025, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $745,714,307. Total assets increased $94,704,605, while total liabilities increased $28,190,234. Governmental assets increased by $86,435,704 and business-type assets increased by $8,268,901. Governmental liabilities increased $33,586,963 and business-type liabilities decreased $5,396,729.

The increase in governmental total assets of $86,435,704 was primarily attributable to an increase in resources resulting from a bond issue November 2024, completion and capitalization of the City's new library facility, and sales tax revenues ending higher than budgeted for fiscal year 2025. The increase in governmental liabilities was primarily attributable to an increase in outstanding debt due to a bond issue November 2024.

The increase in business-type total assets of $8,268,901 is primarily attributable to an increase of $8,225,215 in the investment in joint venture resulting from cash contributions for capital projects and debt service payments of the Brushy Creek Regional Utility Authority. The decrease in business-type liabilities of $5,396,729 is primarily attributable to debt service payments during the fiscal year ended September 30, 2025, decreasing the outstanding debt of the business-type activities.

The largest portion of the City's net position is invested in capital assets (e.g., land, buildings, equipment, improvements, lease assets, construction in progress and infrastructure), less any outstanding debt used to acquire those assets, and represents $574,391,113 or 77.0% of the City's total net position. The City uses these capital assets to provide service 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.

A portion of the City's net position, $77,981,466, represents resources that are subject to restriction on how they may be used. The remaining balance of unrestricted net position, $93,341,728, may be used to meet the City's obligations to citizens and creditors.

Changes in Net Position

Total net position of the City increased $65,728,887 as provided by operating activities. Governmental net position increased by $52,357,393 due to governmental revenues exceeding expenses by $44,579,404, before net transfers of $7,777,989 from business-type activities. Business-type activities net position increased $13,371,494 due to revenues exceeding expenses by $21,149,483, before net transfers to governmental activities of $7,777,989.

The table on the next page provides a summary of the City's operations for the year ended September 30, 2025:

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	2024 (Restated)	2025	2024 (Restated)	2025	2024 (Restated)
Revenues:						
Program revenues:						
Charges for services	$ 9,486,521	$ 8,377,019	$ 46,276,004	$ 44,625,735	$ 55,762,525	$ 53,002,754
Operating grants and contributions	948,113	3,571,275	-	-	948,113	3,571,275
Capital grants and contributions	37,801,455	12,702,130	10,223,176	4,834,148	48,024,631	17,536,278
General revenues:						
Property taxes	58,077,265	57,183,350	-	-	58,077,265	57,183,350
Sales taxes	28,290,569	26,088,600	-	-	28,290,569	26,088,600
Franchise taxes	5,799,811	5,681,523	-	-	5,799,811	5,681,523
Other taxes	1,938,407	2,054,233	-	-	1,938,407	2,054,233
Intergovernmental	-	3,666,230	-	-	-	3,666,230
Interest and other	11,172,322	19,462,580	3,454,863	2,869,699	14,627,185	22,332,279
Total revenues	153,514,463	138,786,940	59,954,043	52,329,582	213,468,506	191,116,522
Expenses:						
General government	28,305,539	32,202,446	-	-	28,305,539	32,202,446
Public safety	42,963,443	42,455,627	-	-	42,963,443	42,455,627
Culture and recreation	12,263,538	10,480,733	-	-	12,263,538	10,480,733
Streets and lighting	12,207,261	12,306,157	-	-	12,207,261	12,306,157
Economic development	1,402,931	2,137,836	-	-	1,402,931	2,137,836
Stormwater	1,175,479	-	-	-	1,175,479	-
Interest on long-term debt	10,616,868	8,985,420	-	-	10,616,868	8,985,420
Water and sewer	-	-	33,865,690	31,776,386	33,865,690	31,776,386
Solid waste	-	-	4,938,870	4,683,836	4,938,870	4,683,836
Total expenses	108,935,059	108,568,219	38,804,560	36,460,222	147,739,619	145,028,441
Excess before transfers	44,579,404	30,218,721	21,149,483	15,869,360	65,728,887	46,088,081
Transfers	7,777,989	2,879,831	(7,777,989)	(2,879,831)	-	-
Increase (decrease) in net position	52,357,393	33,098,552	13,371,494	12,989,529	65,728,887	46,088,081
Net position, beginning	395,383,626	362,285,074	284,601,794	271,612,265	679,985,420	633,897,339
Net position, ending	$ 447,741,019	$ 395,383,626	$ 297,973,288	$ 284,601,794	$ 745,714,307	$ 679,985,420

General/Program Revenues and Expenses – Governmental Activities

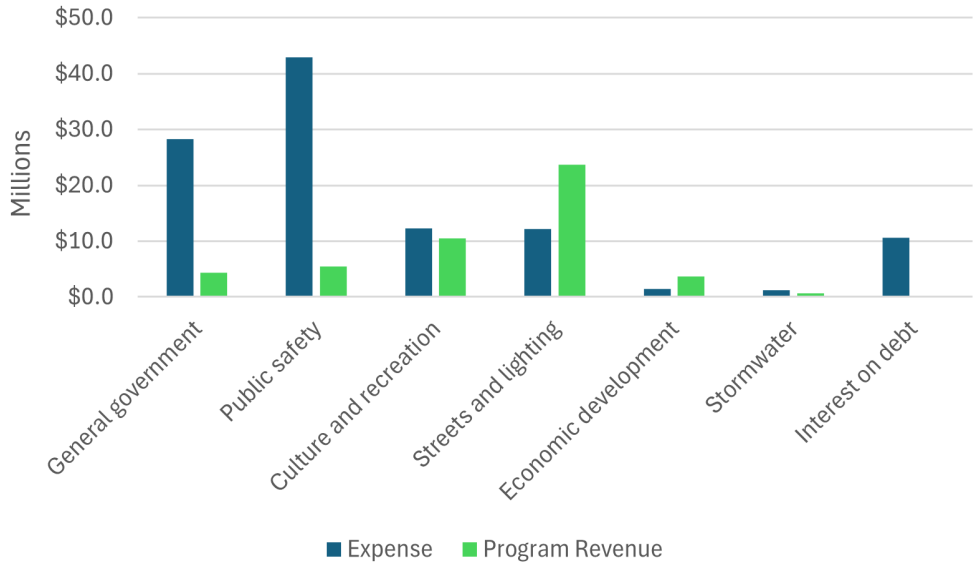
Governmental activities increased the City's net position by $52,357,393 or 13.2% during fiscal year 2025. The increase was attributable to several factors, including:

- $893,915 increase in property tax (ad valorem) collections. Although the City reduced the property tax rates for fiscal year 2025, the increase in assessed values resulted in more collections compared to the prior fiscal year.
- $2,201,969 increase in sales tax collections.
- $7,777,989 in transfers from the business-type activities for support provided to the utility systems and general capital projects with a utility system benefit, exceeding the transfers for fiscal year 2024 by $4,898,158.
- $38,749,568 operating and capital grants received. This includes $7,757,754 of reimbursements from Williamson County for cost sharing on the Toro Grande-Parmer to RM 1431 and RM 1431 and 183A Intersection projects, along with $11,831,000 of developer contributions.
- $11,172,322 in interest and other revenue, primarily driven by favorable market conditions.

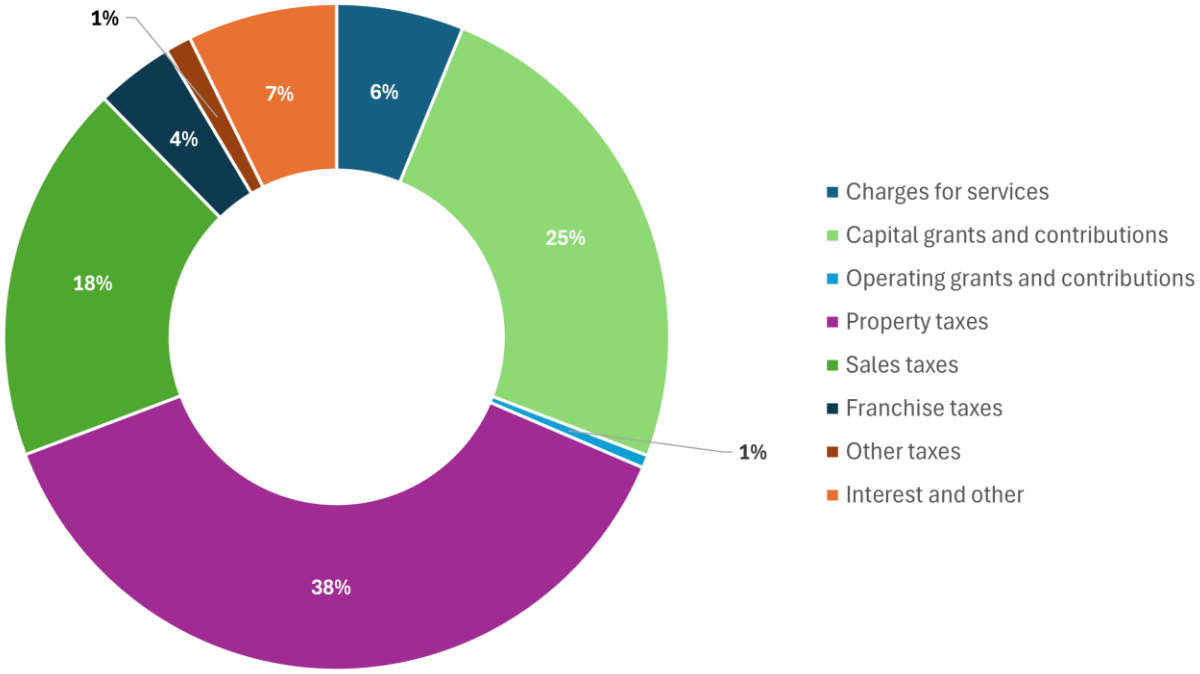
FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

The chart below illustrates the City's governmental expenses and revenues by function: general government, public safety, culture and recreation, streets and lighting, economic development and interest on debt.

Government-wide Program Expenses and Revenues – Governmental Activities



General revenues such as property taxes, sales taxes, and franchise taxes are not shown by program, but are used to support all governmental activities. Property taxes are the largest source of governmental revenues, followed by sales taxes, and interest and other revenues.



FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS, continued

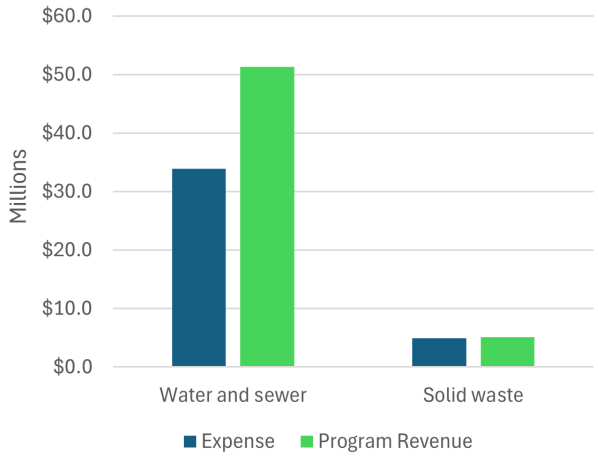
Program Revenues and Expenses – Business-type Activities

Business-type activities increased the City's net position by $13,371,494 or 4.7% during fiscal year 2025. In most cases, an increase to net position is a result of activities outperforming budget projections. The increase in net position in fiscal year 2025 was primarily attributable to several factors, including:

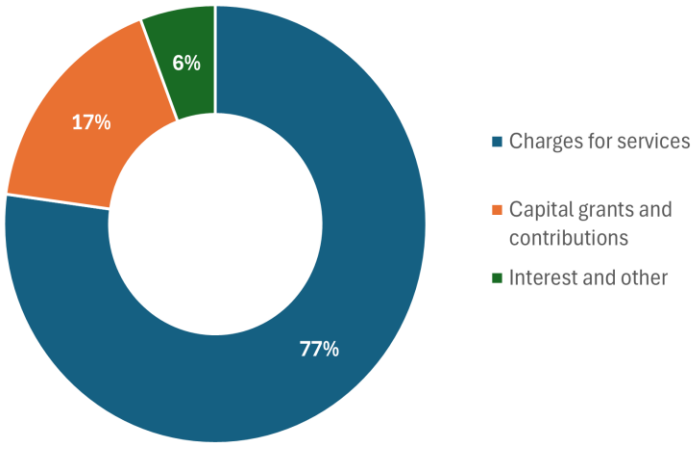
- Service revenues of $46,276,004 exceeding operating expenses of $38,804,560 by $7,471,444.
- Capital contributions of $10,223,176.
- Interest earnings of $3,454,863.
- $7,777,989 transfer to the governmental activities for support provided to the utility systems and general capital projects with a utility system benefit.

The chart below illustrates the City's business-type expenses and revenues by proprietary fund: water and sewer and solid waste.

Government-wide Program Expenses and Revenues – Business-type Activities



General revenues for business-type activities are comprised of interest and other revenue. Program revenues for business-type activities are comprised of charges for services and capital grants and contributions.



FINANCIAL ANALYSIS OF FUND-LEVEL STATEMENTS

Governmental Funds

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

At the end of the current fiscal year, the City of Cedar Park's governmental funds reported combined ending fund balances of $206,826,467. Approximately 18.6% of this total amount, $38,515,123, represents unassigned fund balance. The remainder of the fund balance, $168,311,344, is nonspendable, committed, or restricted to indicate it is not available for new spending.

The General Fund is the chief operating account of the City. Unassigned fund balance for the General Fund was $38,515,123 at the end of the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance are approximately 47.3% and 48.2%, respectively, of total General Fund expenditures of $81,394,085.

The General Fund fund balance increased $940,232, or 2.5%, during fiscal year 2025 due to higher than budget charges for services.

Fund balance in the Debt Service Fund decreased $2,846,315 for the fiscal year ended September 30, 2025, primarily driven by a debt refunding and associated interest and fiscal charges.

Fund balance for the Capital Projects Fund increased $54,885,094 primarily due the issuance of general obligation bonds for capital projects in November 2024.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Overall, net position of the City's enterprise funds increased $13,280,101 (excluding internal service funds).

Factors that contributed to the increase in net position are discussed in the business-type activities section of the government-wide financial statement analysis.

Fiduciary Funds

Fiduciary funds are not a component of the City's net position; thus they do not represent discretionary resources of the City. Fiduciary net position increased $392,279 in fiscal year 2025, primarily attributable to contributions totaling $280,825 and investment earnings of $127,349.

OTHER INFORMATION

General Fund Budgetary Highlights

Throughout the year, the budget is amended by City Council to appropriately reflect year-end projections and to fund various projects and initiatives. During fiscal year 2025, the General Fund expenditure budget increased by $485,000, including $180,000 for capital projects such as the police station elevator repair and a scope change in the parks master plan. The budget amendment also included $305,000 for operational overages relating to legal fees and a one-time property tax reimbursement per an economic development agreement.

The General Fund budget was also amended at the departmental level to reallocate budgeted employee compensation and vacancy savings from our General administrative department into the appropriate departments.
Property tax collections came in at 99.95% of budget while sales tax collections came in at 8.47% higher than the budget.

OTHER INFORMATION

Capital Assets

The City's capital assets for governmental and business-type activities as of September 30, 2025, totaled $780,693,402 (net of accumulated depreciation/amortization). Capital assets include land and other non-depreciable assets, lease assets, buildings and improvements, machinery and equipment, infrastructure, intangible assets and construction in progress.

Capital Assets, Net

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and other non-depreciable assets	$ 69,941,702	$ 66,266,987	$ 3,948,355	$ 3,948,355	$ 73,890,057	$ 70,215,342
Construction in progress	35,350,476	80,812,112	37,897,233	43,275,051	73,247,709	124,087,163
Lease assets	61,763	60,618	-	-	61,763	60,618
Subscription assets	2,587,095	5,712,117	-	-	2,587,095	5,712,117
Building and improvements	112,909,222	78,001,360	13,274,809	14,058,902	126,184,031	92,060,262
Machinery and equipment	23,373,252	18,160,909	1,827,266	2,265,699	25,200,518	20,426,608
Improvements other than buildings	238,921	-	-	-	238,921	-
Infrastructure	296,230,894	255,577,515	183,052,414	177,874,348	479,283,308	433,451,863
Total net capital assets	$ 540,693,325	$ 504,591,618	$ 240,000,077	$ 241,422,355	$ 780,693,402	$ 746,013,973

- Governmental capital assets increased $36,101,707 primarily attributable to the following capital projects during fiscal year 2025:
  - Transportation (Roads and Streets)
    - Neighborhood and Major Road resurfacing with $4.6 million of capital outlay in the fiscal year.
    - New Hope Drive at 183A-Innovative High Capacity with $972 thousand of capital outlay in the fiscal year.
    - Lakeline Boulevard Shared Use Path with $718 thousand of capital outlay in the fiscal year.
  - Stormwater Projects
    - Ranchettes 2 and 3 drainage project with $1.4 million of capital outlay in the fiscal year which was substantially completed by September 30, 2025.
    - Various other stormwater projects with $1.1 million of capital outlay in the fiscal year.
  - Parks and Recreation
    - Bell Boulevard Park with $2.3 million of capital outlay in the fiscal year which was substantially completed by September 30, 2025.
    - Project RE|CREATE with $653 thousand of capital outlay in the fiscal year, scheduled for completion Spring 2026.
  - Facilities
    - New Library facility with $2.4 million of capital outlay in the fiscal year which was completed and opened to the public November 2024. This facility was capitalized at a total cost of $39.0 million.
    - Public Safety Training Facility with $13.2 million of capital outlay in the fiscal year, scheduled for completion Spring 2026.
    - Utility Billing remodel project with $125 thousand of capital outlay in the fiscal year which was completed summer 2025.
- Business-type capital assets decreased $1,422,278, holding fairly steady from September 30, 2024. Project activity during the fiscal year includes:
  - Water Projects
    - Water Infrastructure Rehabilitation with $753 thousand of capital outlay in the fiscal year.

OTHER INFORMATION, continued

- Drought Contingency Barge Recommissioning with $603 thousand of capital outlay in the fiscal year.
- Water Treatment Plant Generators with $225 thousand of capital outlay in the fiscal year, which was capitalized at September 30, 2025

- Wastewater Projects
  - Brushy Creek Regional Wastewater System improvements with $1.4 million of capital outlay in the fiscal year.
  - Lift Stations Rehabilitation project with $326 thousand of capital outlay in the fiscal year. This project was capitalized at a total cost of $6.1 million.

Additional information on the City's capital assets can be found in **Note 2-D** of this report.

Debt Administration

At the end of the current fiscal year, the City of Cedar Park reported $319,412,673 in outstanding debt including unamortized bond premiums, the lease liability, and subscription liability. The table below reflects the outstanding debt at September 30, 2025.

Outstanding Debt Information

	Governmental Activities		Business-type Activities		Total	
Primary Government Debt	2025	2024 (restated)	2025	2024 (restated)	2025	2024 (restated)
General obligation bonds	$ 205,305,000	$ 165,115,000	$ -	$ 135,000	$ 205,305,000	$ 165,250,000
Certificates of obligation	20,835,000	22,645,000	-	-	20,835,000	22,645,000
Economic development bonds	21,915,000	24,275,000	-	-	21,915,000	24,275,000
Tax Notes	3,555,000	4,435,000	-	-	3,555,000	4,435,000
Revenue bonds	-	-	30,135,000	33,370,000	30,135,000	33,370,000
Premium on issuance of bonds	19,761,280	16,099,334	2,656,629	2,929,512	22,417,909	19,028,846
Compensated absences	11,765,589	11,193,098	1,372,199	1,346,244	13,137,788	12,539,342
Lease liability	65,246	66,607	-	-	65,246	66,607
Subscription liability	2,046,730	5,151,768	-	-	2,046,730	5,151,768
Total primary government	$ 285,248,845	$ 248,980,807	$ 34,163,828	$ 37,780,756	$ 319,412,673	$ 286,761,563

The City's bond ratings at September 30, 2025, for the City's general obligation and revenue bonds are as follows:

Debt	Standards & Poor's
General obligation bonds	AAA
Utility system revenue bonds	AA+
Community Development Corporation	AA

Debt Limitations

The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), most recently approved by voters on May 9, 2010. The City Charter does not limit direct debt but limits general obligation debt to 10% of the net taxable value of property on the tax rolls of the City. The state of Texas imposes limitations as established by Article VI, Section 5 of the Texas Constitution, which limits the maximum ad valorem tax rate to $2.50 per $100 per assessed valuation (for all City purposes). Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the maximum tax rate for general obligation debt service. The City's ability to issue additional general obligation is debt is constrained by constitutional property tax rate limitations and voter authorization requirements.

OTHER INFORMATION, continued

Economic Factors and Next Year's Budgets and Rates

The City's AA+ bond rating of its Utility System Revenue Bonds was reaffirmed by Standard & Poor's in April 2024. The City's AAA bond rating of its General Obligation Bonds was reaffirmed by Standard & Poor's in November 2024.

Additional information on the City of Cedar Park's long term-debt can be found in **Note 2-F** of this report.

Cedar Park is a vibrant city that attracts people with its unique charm, safe communities, and business-friendly environment.

Stewardship in Action

The fiscal year 2026 budget reflects a strong alignment between the City Council's strategic vision and the evolving priorities of our residents highlighted in the 2025 Resident Survey results. The budget supports initiatives that strengthen core services, invest in the future, and respond to what matters most to Cedar Park's residents.

Property tax revenue was budgeted to increase slightly. Sales tax was budgeted to increase as well, unlike the fiscal year 2025 budget, due to sales tax revenues trending 7-8% higher than budget for fiscal year 2025.

The fiscal year 2026 budget adds new personnel and funds new programs in a strategic manner which aligns with the Council Goals.

This budget prioritizes public safety and features funds for the following: year 2 of Police's Meet and Confer agreement, occupancy costs for opening of the Public Safety Training Facility, three firefighters for Fire Station No. 5, funding for a rescue swim program, two police officers, a case management specialist, and compensation adjustments.

The budget also prioritizes staffing per staffing studies completed for the Parks and Recreation Department as well as Public Works.

The property tax rate for fiscal year 2026 is $0.360000 per $100 of value, a decrease of 0.3 cents. This is the lowest tax rate for Cedar Park in over 20 years and one of the lowest rates in the Central Texas region. This budget keeps our reserve levels within our policy requirements, a key component of our AAA Bond rating.

Rating and continues our long-term financial sustainability by defeasing debt. This strategy generates long-term interest savings and reduces the amount of debt that the City has at one time. Over the last nine years, the City has been able to defease, or pay off early, $21.6 million in debt for a total interest savings of $7.0 million. The fiscal year 2026 budget includes an additional $2.5 million of defeasance.

The fiscal year 2026 budget features $88.5 million of Capital Improvement Projects. This includes $12.0 million for drainage projects including Riviera East Drainage Improvements, $6.2 million for City-wide facilities including the Police Department Communications remodel, $10.0 million for Parks and Recreation including $5.0 million for the Arts Collective design and $3.0 million for Milburn Pool, $24.3 million for roads and streets including $8.0 million for the Lakeline Boulevard Shred Use Path, $15.8 million for wastewater projects including $7.5 million for a Lift Stations Rehabilitation Project, and $19.4 million for water projects including $8.6 million for AMI meter replacements and $4.2 million for Water Treatment Plant Rehabilitation.

In summary, the fiscal year 2026 budget not only reduces the tax rate but also supports the Council's Strategic Goals and invests in our staff and City services. With the guidance of our robust fiscal policies and the direction of the Council, the budget contributes to maintaining Cedar Park as one of the top communities in Texas.



BASIC FINANCIAL STATEMENTS

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and investments	$ 50,532,717	17,484,354	68,017,071	-
Receivables, net				
Taxes	6,702,437	-	6,702,437	3,721,238
Accounts	-	6,699,030	6,699,030	-
Other	8,246,498	268,034	8,514,532	-
Lease receivable	3,393,147	-	3,393,147	-
Internal balances	(3,972,127)	3,972,127	-	-
Inventories and prepaid items	4,397	33,222	37,619	-
Cash and investments - restricted	163,738,244	36,681,956	200,420,200	25,009,751
Notes receivable	6,654,682	2,071,375	8,726,057	-
Investment in joint venture	-	32,652,520	32,652,520	-
Capital assets:				
Lease assets, net of amortization	61,763	-	61,763	-
Subscription assets, net	2,587,095	-	2,587,095	-
Land and construction in progress	105,292,178	41,845,588	147,137,766	26,025,698
Capital assets, net of accumulated depreciation	432,752,289	198,154,489	630,906,778	-
Total capital assets	540,693,325	240,000,077	780,693,402	26,025,698
Total assets	775,993,320	339,862,695	1,115,856,015	54,756,687
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - refunding losses	2,172,166	582,993	2,755,159	-
Deferred outflow - pension	10,161,850	1,644,225	11,806,075	-
Deferred outflow - OPEB	520,842	84,788	605,630	-
Total deferred outflow of resources	12,854,858	2,312,006	15,166,864	-
LIABILITIES				
Accounts payable	5,593,115	2,339,290	7,932,405	859,299
Accrued interest payable	1,395,011	152,708	1,547,719	42,852
Accrued liabilities	3,948,039	489,529	4,437,568	-
Customer deposits	36,167	859,651	895,818	-
Unearned revenue	746,123	-	746,123	-
Funds held in escrow and other liabilities	1,832,112	27,525	1,859,637	-
Noncurrent liabilities:				
Due within one year	21,156,671	3,451,313	24,607,984	725,000
Due in more than one year	298,472,636	36,138,255	334,610,891	12,985,000
Total liabilities	333,179,874	43,458,271	376,638,145	14,612,151
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	2,750,551	447,763	3,198,314	-
Deferred inflows related to pensions	1,814,467	295,379	2,109,846	-
Deferred inflows related to leases	3,362,267	-	3,362,267	-
Total deferred inflows of resources	7,927,285	743,142	8,670,427	-
NET POSITION				
Net investment in capital assets	363,092,838	211,298,275	574,391,113	12,315,698
Restricted for:				
Debt service	22,247,164	1,830,654	24,077,818	-
Grants	835,604	-	835,604	-
Construction	5,105,644	36,246,722	41,352,366	-
Parkland development	5,146,250	-	5,146,250	-
Stormwater	1,081,986	-	1,081,986	-
Tourism	4,609,184	-	4,609,184	-
Public safety	484,852	-	484,852	-
Cable equipment acquisition	86,142	-	86,142	-
Community and economic development	307,264	-	307,264	27,828,838
Unrestricted balance	44,744,091	48,597,637	93,341,728	-
Total net position	$ 447,741,019	297,973,288	745,714,307	40,144,536

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

Statement of Activities
For the Year Ended September 30, 2025

City of Cedar Park, Texas

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary Government:								
Government activities:								
General government	$ 28,305,539	2,616,168		1,745,699	(23,943,672)		(23,943,672)	-
Public safety	42,963,443	5,218,861	212,912	-	(37,531,670)	-	(37,531,670)	-
Culture and recreation	12,263,538	1,651,492	289,206	8,528,379	(1,794,461)	-	(1,794,461)	-
Streets and lighting	12,207,261	-	-	23,690,364	11,483,103	-	11,483,103	-
Economic development	1,402,931	-	445,995	3,220,975	2,264,039	-	2,264,039	-
Stormwater	1,175,479	-	-	616,038	(559,441)	-	(559,441)	-
Long-term debt	10,616,868	-	-	-	(10,616,868)	-	(10,616,868)	-
Total governmental activities	108,935,059	9,486,521	948,113	37,801,455	(60,698,970)		(60,698,970)	-
Business-type Activities:								
Water and sewer	33,865,690	41,109,904	-	10,223,176	-	17,467,390	17,467,390	-
Solid waste	4,938,870	5,166,100	-	-	-	227,230	227,230	-
Total business-type activities	38,804,560	46,276,004		10,223,176		17,694,620	17,694,620	-
Total Primary Government	$ 147,739,619	55,762,525	948,113	48,024,631	(60,698,970)	17,694,620	(43,004,350)	-
Component units:								
Community development	12,995,532	-	-	-	-	-	-	(12,995,532)
Economic development	7,946,207	-	-	-	-	-	-	(7,946,207)
Total component units	$ 20,941,739	-	-	-	-	-	-	(20,941,739)
	General revenues:							
	Property taxes				$ 58,077,265	-	58,077,265	-
	Sales taxes				28,290,569	-	28,290,569	21,866,425
	Franchise taxes				5,799,811	-	5,799,811	-
	Other taxes				1,938,407	-	1,938,407	-
	Interest and other				11,172,322	3,454,863	14,627,185	985,198
	Transfers				7,777,989	(7,777,989)	-	-
	Total general revenues and transfers				113,056,363	(4,323,126)	108,733,237	22,851,623
	Change in net position				52,357,393	13,371,494	65,728,887	1,909,884
	Net position, beginning - restated				395,383,626	284,601,794	679,985,420	38,234,652
	Net position, ending				$ 447,741,019	297,973,288	745,714,307	40,144,536

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

Governmental Funds
Balance Sheet
September 30, 2025

	Major Funds			
	General	Debt Service	Capital Projects Fund	Other Governmental Funds
ASSETS				
Cash and investments	$ 39,729,437	-	-	-
Receivables (net of allowances)				
Property taxes	147,984	169,326	-	-
Sales taxes	4,319,159	-	-	530,676
Franchise taxes	1,302,924	-	-	-
Taxes receivable	-	-	-	232,368
Other receivables	435,895	-	7,869,770	20,967
Cash and investments - restricted	-	16,843,273	134,989,114	11,905,857
Lease receivable	3,393,147	-	-	-
Notes receivable	-	6,654,682	-	-
Inventory and prepaid items	785	-	-	-
Total assets	49,329,331	23,667,281	142,858,884	12,689,868
LIABILITIES				
Accounts payable	1,981,019	25,106	4,217,221	80,586
Accrued liabilities	2,461,963	-	-	-
Customer deposits	36,167	-	-	-
Unearned revenues	280,123	-	408,000	58,000
Escrow deposits and other liabilities	1,832,112	-	-	-
Total liabilities	6,591,384	25,106	4,625,221	138,586
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	140,406	181,245	-	-
Unavailable revenue - note receivable	-	6,654,682	-	-
Deferred inflows related to leases	3,362,267	-	-	-
Total deferred inflows of resources	3,502,673	6,835,927	-	-
FUND BALANCES				
Nonspendable				
Inventory and prepaid items	785	-	-	-
Restricted				
Debt service	-	16,806,248	-	-
Stormwater	-	-	-	1,081,986
Tourism	-	-	-	4,609,184
Grant	-	-	-	835,604
Parkland development	-	-	-	5,146,250
Cable equipment acquisition	-	-	-	86,142
Economic development and other purposes	-	-	-	307,264
Public safety	-	-	-	484,852
Construction	-	-	138,233,663	-
Committed				
Operating projects	719,366	-	-	-
Unassigned	38,515,123	-	-	-
Total fund balances	39,235,274	16,806,248	138,233,663	12,551,282
Total liabilities, deferred inflows of resources, and fund balances	$ 49,329,331	23,667,281	142,858,884	12,689,868

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

September 30, 2025

	Total Governmental Funds
ASSETS	
Cash and investments	39,729,437
Receivables (net of allowances)	
Property taxes	317,310
Sales taxes	4,849,835
Franchise taxes	1,302,924
Taxes receivable	232,368
Other receivables	8,326,632
Cash and investments - restricted	163,738,244
Lease receivable	3,393,147
Notes receivable	6,654,682
Inventory and prepaid items	785
Total assets	228,545,364
LIABILITIES	
Accounts payable	6,303,932
Accrued liabilities	2,461,963
Customer deposits	36,167
Unearned revenues	746,123
Escrow deposits and other liabilities	1,832,112
Total liabilities	11,380,297
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	321,651
Unavailable revenue - note receivable	6,654,682
Deferred inflows related to leases	3,362,267
Total deferred inflows of resources	10,338,600
FUND BALANCES	
Nonspendable	
Inventory and prepaid items	785
Restricted	
Debt service	16,806,248
Stormwater	1,081,986
Tourism	4,609,184
Grant	835,604
Parkland development	5,146,250
Cable equipment acquisition	86,142
Economic development and other purposes	307,264
Public safety	484,852
Construction	138,233,663
Committed	
Operating projects	719,366
Unassigned	38,515,123
Total fund balances	206,826,467
Total liabilities, deferred inflows of resources, and fund balances	228,545,364

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2025

Total fund balance - governmental funds		$ 206,826,467
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds.		527,512,976
Deferred outflows of resources do not require current resources and, therefore, are not reported in the governmental funds		
Deferred outflows - refunding loss	2,172,166	
Deferred outflows - pension	10,161,850	
Deferred outflows - OPEB	520,842	12,854,858
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds.		(1,395,011)
Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Bonds payable	(271,371,280)	
Compensated absences	(11,765,589)	
Net pension liability	(31,552,859)	
Net OPEB liability	(2,827,603)	(317,517,331)
Lease liability		(65,246)
Subscription liability		(2,046,730)
Revenues related to receivables that are unavailable for governmental funds are reported as deferred inflows of resources:		
Unavailable revenues - property taxes	321,651	
Unavailable revenues - notes receivable	6,654,682	6,976,333
The difference between projected and actual earnings on pension and OPEB assets are not reported in the governmental funds		
Deferred inflows from OPEB activity	(2,750,551)	
Deferred inflows from pension activity	(1,814,467)	(4,565,018)
Accrued interest receivable		(204,312)
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service funds are not included in the governmental funds balance sheet. The amount is net of amounts allocated to business-type activities.		19,364,033
Total net position - governmental activities		$ 447,741,019

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


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Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2025

	Major Funds			
	General	Debt Service	Capital Projects Fund	Prior Year Major Fund Restricted Grant Fund
REVENUES				
Taxes	$ 61,983,216	27,535,673	-	-
Permits, licenses, and fees	1,796,111	-	-	-
Fines and forfeitures	886,483	-	-	-
Charges for services	5,655,292	-	-	-
Intergovernmental	445,995	3,220,975	10,201,926	-
Contributions	1,022,646	-	8,826,196	-
Grant proceeds	-	-	616,038	-
Interest earnings	2,055,572	1,031,870	5,683,111	-
Other	1,991,320	-	304,252	-
Total revenues	75,836,635	31,788,518	25,631,523	-
EXPENDITURES				
Current				
General government	19,348,058	-	-	-
Public safety	42,189,369	-	-	-
Culture and recreation	9,591,197	-	-	-
Streets and lighting	5,290,602	-	-	-
Economic development	560,652	-	-	-
Stormwater	-	-	-	-
Capital outlay	3,168,519	-	40,989,231	-
Debt service				
Principal	1,245,688	21,085,000	-	-
Interest and fiscal charges	-	10,019,339	-	-
Payment to refunded bond escrow agent - current	-	15,364,295	-	-
Bond issuance costs	-	9,500	537,286	-
Total expenditures	81,394,085	46,478,134	41,526,517	-
Excess (Deficiency) Of Revenues Over Expenditures	(5,557,450)	(14,689,616)	(15,894,994)	-
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	10,720,000	60,670,000	-
Leases issued	39,835	-	-	-
Premium on bonds issued	-	631,033	5,788,883	-
Payment to refunded bond escrow agent - advanced	-	(86,738)	-	-
Issuance of Subscriptions	1,859,689	-	-	-
Transfers in	6,752,746	579,006	4,832,793	-
Transfers out	(2,154,588)	-	(511,588)	-
Total other financing sources (uses)	6,497,682	11,843,301	70,780,088	-
Net Change in Fund Balances	940,232	(2,846,315)	54,885,094	-
Fund Balances, Beginning, as Previously Reported	38,295,042	19,652,563	83,348,569	897,617
Change within Financial Reporting Entity	-	-	-	(897,617)
Fund Balances, Ending	$ 39,235,274	16,806,248	138,233,663	-

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

For the Year Ended September 30, 2025

	Other Governmental Funds	Total Governmental Funds
REVENUES		
Taxes	4,719,495	94,238,384
Permits, licenses, and fees	-	1,796,111
Fines and forfeitures	64,917	951,400
Charges for services	-	5,655,292
Intergovernmental	-	13,868,896
Contributions	1,862,055	11,710,897
Grant proceeds	723,053	1,339,091
Interest earnings	458,211	9,228,764
Other	55,200	2,350,772
Total revenues	7,882,931	141,139,607
EXPENDITURES		
Current		
General government	151,440	19,499,498
Public safety	191,066	42,380,435
Culture and recreation	290,750	9,881,947
Streets and lighting	-	5,290,602
Economic development	835,181	1,395,833
Stormwater	1,087,198	1,087,198
Capital outlay	306,320	44,464,070
Debt service		
Principal	-	22,330,688
Interest and fiscal charges	-	10,019,339
Payment to refunded bond escrow agent - current	-	15,364,295
Bond issuance costs	-	546,786
Total expenditures	2,861,955	172,260,691
Excess (Deficiency) Of Revenues Over Expenditures	5,020,976	(31,121,084)
OTHER FINANCING SOURCES (USES)		
Issuance of debt	-	71,390,000
Leases issued	-	39,835
Premium on bonds issued	-	6,419,916
Payment to refunded bond escrow agent - advanced	-	(86,738)
Issuance of Subscriptions	-	1,859,689
Transfers in	623,154	12,787,699
Transfers out	(2,343,534)	(5,009,710)
Total other financing sources (uses)	(1,720,380)	87,400,691
Net Change in Fund Balances	3,300,596	56,279,607
Fund Balances, Beginning, as Previously Reported	8,353,069	150,546,860
Change within Financial Reporting Entity	897,617	-
Fund Balances, Ending	12,551,282	206,826,467

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2025

Net change in fund balances - governmental funds		$ 56,279,607
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. This is the amount by which capital outlays exceeded depreciation and disposal losses in the current period.		
Capital outlay	41,533,261	
Depreciation/amortization	(16,978,521)	24,554,740
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Developer contributions	11,831,806	
Unavailable revenues	(132,332)	11,699,474
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long-term debt and related items.		
Bonds issued	(71,390,000)	
Premium on bonds issued	(6,465,045)	
Amortization of bond premiums and refunding losses	2,803,099	
Accrued interest on bonds payable	(262,179)	
Principal retirements and defeasance	36,250,000	
Refunding loss from current resources	(1,630,764)	(40,694,889)
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	(572,491)	
Pension costs, net	(913,755)	
OPEB costs, net	469,400	(1,016,846)
Lease activity, net		(162,361)
Subscription activity, net		(19,984)
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. The amount is net of amounts allocated to business-type activities.		1,717,652
Change in net position of governmental activities		$ 52,357,393

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



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	Business-type Activities Enterprise Funds			Governmental Activities
	Major	Nonmajor		
	Water and Sewer	Solid Waste	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	$ 16,337,492	1,146,862	17,484,354	10,803,280
Accounts receivable, net	6,206,580	713,878	6,920,458	124,178
Inventories and prepaid expenses	33,222	-	33,222	3,612
Interest receivable	46,606	-	46,606	-
Total current assets	22,623,900	1,860,740	24,484,640	10,931,070
Noncurrent assets:				
Cash and investments - restricted	36,681,956	-	36,681,956	-
Notes receivable	2,071,375	-	2,071,375	-
Investment in joint venture	32,652,520	-	32,652,520	-
Capital assets:				
Nondepreciable	41,845,588	-	41,845,588	-
Depreciable, net	198,154,489	-	198,154,489	13,180,349
Total capital assets	240,000,077	-	240,000,077	13,180,349
Total noncurrent assets	311,405,928	-	311,405,928	13,180,349
Total assets	334,029,828	1,860,740	335,890,568	24,111,419
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - refunding losses	582,993	-	582,993	-
Deferred outflow - pension	1,644,225	-	1,644,225	-
Deferred outflow - OPEB	84,788	-	84,788	-
Total deferred outflow of resources	2,312,006	-	2,312,006	-

(Continued)

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

Statement of Net Position
September 30, 2025

	Business-type Activities Enterprise Funds			Governmental Activities
	Major	Nonmajor		
	Water and Sewer	Solid Waste	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	1,936,135	403,155	2,339,290	91,843
Accrued interest payable	152,708	-	152,708	-
Accrued liabilities	489,529	-	489,529	683,416
Customer deposits	859,651	-	859,651	-
Other liabilities	27,525	-	27,525	-
Compensated absences	311,313	-	311,313	-
Bonds payable	3,140,000	-	3,140,000	-
Total current liabilities	6,916,861	403,155	7,320,016	775,259
Noncurrent liabilities:				
Compensated absences	1,060,886	-	1,060,886	-
Net OPEB liability	168,992	-	168,992	-
Net pension liability	5,256,748	-	5,256,748	-
Bonds payable	29,651,629	-	29,651,629	-
Total noncurrent liabilities	36,138,255	-	36,138,255	-
Total liabilities	43,055,116	403,155	43,458,271	775,259
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - OPEB	447,763	-	447,763	-
Deferred inflows of resources - pension	295,379	-	295,379	-
Total deferred inflows of resources	743,142	-	743,142	-
NET POSITION				
Net investment in capital assets	211,298,275	-	211,298,275	13,180,349
Restricted for debt service	1,830,654	-	1,830,654	-
Restricted for construction	36,246,722	-	36,246,722	-
Unrestricted	43,167,925	1,457,585	44,625,510	10,155,811
Total net position	$ 292,543,576	1,457,585	294,001,161	23,336,160
Reconciliation to government-wide statement of net position				
Adjustment to reflect the cumulative net profit of the internal service funds that was allocated to enterprise fund functions.	3,972,127	-	3,972,127	
Net position of business-type activities	$ 296,515,703	1,457,585	297,973,288	

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

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended September 30, 2025

	Business-type Activities Enterprise Funds			Government Activities
	Major	Nonmajor		
	Water and Sewer	Solid Waste	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 41,018,511	5,166,100	46,184,611	11,748,153
Total operating revenues	41,018,511	5,166,100	46,184,611	11,748,153
OPERATING EXPENSES				
Distribution services and charges	11,343,377	4,839,581	16,182,958	1,234,977
Personnel services	9,281,074	-	9,281,074	-
Healthcare claims	-	-	-	6,550,809
Maintenance and repair	828,342	-	828,342	-
Supplies and materials	1,406,925	99,289	1,506,214	231,405
Depreciation	9,562,693	-	9,562,693	3,222,358
Total operating expenses	32,422,411	4,938,870	37,361,281	11,239,549
OPERATING INCOME	8,596,100	227,230	8,823,330	508,604
NONOPERATING REVENUES (EXPENSES)				
Interest and other revenue	3,413,142	41,721	3,454,863	1,300,441
Grant Proceeds	2,001,808	-	2,001,808	-
Interest and fiscal charges	(1,443,279)	-	(1,443,279)	-
Total nonoperating revenues (expenses)	3,971,671	41,721	4,013,392	1,300,441
Income before contributions and transfers	12,567,771	268,951	12,836,722	1,809,045
CONTRIBUTIONS AND TRANSFERS				
Contributions	4,595,928	-	4,595,928	-
Community impact fees	3,625,440	-	3,625,440	-
Transfers in	209,011	50,000	259,011	-
Transfers out	(8,037,000)	-	(8,037,000)	-
Total contributions and transfers	393,379	50,000	443,379	-
CHANGE IN NET POSITION	12,961,150	318,951	13,280,101	1,809,045
Total net position, beginning - restated	279,582,426	1,138,634	280,721,060	21,527,115
Total net position, ending	$ 292,543,576	1,457,585	294,001,161	23,336,160
Reconciliation to government-wide statement of activities Change in net position	12,961,150	318,951	13,280,101	
Adjustment to reflect the net profit of the internal service fund that was allocated to enterprise fund functions	91,393	-	91,393	
Change in net position - business-type activities	$ 13,052,543	318,951	13,371,494	

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


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Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2025

	Business-type Activities Enterprise Funds			Governmental Activities
	Major Water and Sewer	Nonmajor Solid Waste	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 41,829,751	$ 5,137,302	$ 46,967,053	$ -
Receipts from interfund charges for employee benefits and vehicle & equipment services	-	-	-	11,623,975
Payments to suppliers for goods and services	(15,041,180)	(5,335,464)	(20,376,644)	(2,236,686)
Payments to employees for salaries and benefits	(8,842,548)	-	(8,842,548)	-
Payments for medical insurance and claims	-	-	-	(6,550,809)
Net cash provided by (used in) operating activities	17,946,023	(198,162)	17,747,861	2,836,480
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	209,011	50,000	259,011	-
Transfers to other funds	(8,037,000)	-	(8,037,000)	-
Net cash provided by (used in) noncapital financing activities	(7,827,989)	50,000	(7,777,989)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Impact Fees	3,625,440	-	3,625,440	-
Contributions and other	2,684,921	-	2,684,921	-
Proceeds from sale of capital assets	-	-	-	642,844
Investment in joint venture	(8,225,215)	-	(8,225,215)	-
Acquisition and construction of capital assets	(4,177,608)	-	(4,177,608)	(6,062,519)
Principal paid on capital debt	(3,642,883)	-	(3,642,883)	-
Interest and fiscal charges paid on debt	(1,111,747)	-	(1,111,747)	-
Net cash used in capital and related financing activities	(10,847,092)	-	(10,847,092)	(5,419,675)
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	3,294,632	41,721	3,336,353	657,597
Net cash provided by investing activities	3,294,632	41,721	3,336,353	657,597
Net increase (decrease) in cash and cash equivalents	2,565,574	(106,441)	2,459,133	(1,925,598)
Cash and cash equivalents, October 1 (including restricted cash accounts)	50,453,874	1,253,303	51,707,177	12,728,878
Cash and cash equivalents, September 30 (including restricted cash accounts)	$ 53,019,448	$ 1,146,862	$ 54,166,310	$ 10,803,280

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

(Continued)

	Business-type Activities Enterprise Funds			Governmental Activities
	Major Water and Sewer	Nonmajor Solid Waste	Total	Internal Service Funds
Reconciliation of cash and cash equivalents to proprietary fund statement of net position				
Cash and investments	$ 16,337,492	$ 1,146,862	$ 17,484,354	$ 10,803,280
Cash and investments - restricted	36,681,956	-	36,681,956	-
	53,019,448	1,146,862	54,166,310	10,803,280
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income	8,596,100	227,230	8,823,330	508,604
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	9,562,693	-	9,562,693	3,222,358
Changes in assets and liabilities:				
Decrease (increase) in assets and deferred outflows:				
Accounts receivable	753,948	(28,798)	725,150	(124,178)
Inventory and prepaid expenses	-		-	(3,612)
Deferred outflows - pensions	133,155	-	133,155	-
Deferred outflows - OPEB	16,944	-	16,944	-
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable	(1,118,561)	(396,594)	(1,515,155)	(1,164,876)
Accrued liabilities	(345,347)	-	(345,347)	398,184
Compensated absences payable	366,189	-	366,189	-
Total OPEB Liability	(15,229)	-	(15,229)	-
Changes in pension activity	(259,120)	-	(259,120)	-
Customer deposits	57,292	-	57,292	-
Other liabilities	1,372	-	1,372	-
Deferred inflows - OPEB	(78,130)	-	(78,130)	-
Deferred inflows - pension	274,717	-	274,717	-
Net cash provided by (used in) operating activities	$ 17,946,023	$ (198,162)	$ 17,747,861	$ 2,836,480

NOTES:

Noncash capital and related financing activities:

In fiscal year 2025, the Water and Sewer Fund had $4,175,269 in capital assets contributed. Additionally, the Water and Sewer Fund has a balance of $950,979 in capital project accounts payable and $89,185 in retainage payable.

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

Statement of Fiduciary Net Position **City of Cedar Park, Texas**
September 30, 2025

	Trust Fund
ASSETS	
Investments:	
Mutual funds	$ 2,704,779
Total assets	2,704,779
Net Position	
Restricted for OPEB	2,704,779
Total net position	$ 2,704,779

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

Statement of Change in Fiduciary Net Position **City of Cedar Park, Texas**
For the Year Ended September 30, 2025

	Trust Fund
ADDITIONS	
Contributions	$ 280,825
Interest and dividends	127,349
Total additions	408,174
DEDUCTIONS	
Custodial fees	15,895
Total deductions	15,895
Change in net position	392,279
Total net position, beginning	2,312,500
Total net position, ending	$ 2,704,779

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

	Community Development Corporation	Economic Development Corporation	Total
ASSETS			
Taxes receivable	$ 2,126,180	1,595,058	3,721,238
Cash and investments - restricted	6,658,308	18,351,443	25,009,751
Capital Assets, nondepreciable	26,025,698	-	26,025,698
Total assets	34,810,186	19,946,501	54,756,687
LIABILITIES			
Accounts payable	-	859,299	859,299
Accrued interest	42,852	-	42,852
Bonds payable - current	725,000	-	725,000
Bonds payable - noncurrent	12,985,000	-	12,985,000
Total liabilities	13,752,852	859,299	14,612,151
NET POSITION			
Net investment in capital assets	12,315,698	-	12,315,698
Community and economic development	8,741,636	19,087,202	27,828,838
Total net position	$ 21,057,334	19,087,202	40,144,536

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

Discretely Presented Component Units **City of Cedar Park, Texas**
Statement of Activities
For the Year Ended September 30, 2025

	Community Development Corporation	Economic Development Corporation	Total
GENERAL REVENUES			
Taxes	$ 12,495,461	9,370,964	21,866,425
Interest earnings and other revenue	342,751	642,447	985,198
Total revenues	12,838,212	10,013,411	22,851,623
EXPENSES			
Community development	12,644,307	-	12,644,307
Economic development	-	7,946,207	7,946,207
Interest and fiscal charges	351,225	-	351,225
Total expenses	12,995,532	7,946,207	20,941,739
Net Change in Net Position	(157,320)	2,067,204	1,909,884
Net Position, Beginning	21,214,654	17,019,998	38,234,652
Net Position, Ending	$ 21,057,334	19,087,202	40,144,536

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


CEDAR
PARK
TEXAS



NOTES TO THE BASIC FINANCIAL STATEMENTS



CEDAR PARK

TEXAS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cedar Park, Texas (the "City"), a Home-Rule Municipal Corporation, organized and existing under the Provisions of the constitution of the State of Texas, adopted its present Charter on May 5, 2018. The City operates under the Council-Manager form of government and provides the following services as authorized by its Charter: Public Safety (e.g., Police and Fire), Planning and Zoning, Streets and Lighting, Water, Sewer, Solid Waste, Cultural and Recreational (e.g., Library and Parks), Maintenance, and General Administrative.

A. Reporting Entity

As required by generally accepted accounting principles in the United States of America (GAAP), these basic financial statements present the City and its component units, entities for which the City is considered financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Discretely presented component units -- In May 1999, the citizens of Cedar Park approved the formation of an Economic Development Corporation (4A) and a Community Development Corporation (4B), effective October 1, 1999, by the authority of the Development Corporation Act of 1979. The 4A corporation collects three-eighths of a cent and the 4B corporation collects a one-half cent sales tax to support their respective activities for the City. Separate financial statements are not prepared for either Corporation.

The 4A Corporation's purpose is the promotion and development of new and expanded business enterprises in Cedar Park. The 4B Corporation's purpose is to promote economic development within the City, to promote and encourage employment and the public welfare of, for, and on behalf of the City, and for transportation system improvements. These Corporations are both governed by separate Boards, which are appointed by the City Council. The separate boards and designated corporate management have operational responsibility for the corporations. Accordingly, they are discretely presented to emphasize that they are legally separate from the primary government.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component units. Internal service fund asset and liability balances that are not eliminated in the statement of net position are reported in the governmental activities column on the government-wide statements. The effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the government is financially accountable.

The City's statement of net position includes both non-current assets and non-current liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

The fund financial statements provide a separate set of statements for each governmental and proprietary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Major funds are determined by criteria specified by GASB Statement No. 34. Information on non-major governmental funds is aggregated in a column labeled “Other Governmental Funds.”

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting these definitions are reported as non-operating revenue and expenses. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as needed.

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

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

Interfund activities between governmental funds and between governmental and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of activities as interfund transfers. Interfund activities between governmental and proprietary funds remain as due to/due from on the government-wide Statement of Net Position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period they are both measurable and available. Revenues, other than grants, are considered to be available by the City when they are available and expected to be collected within the current fiscal year or within 60 days thereafter, to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, regardless of the related cash flows. However, debt service expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded only when the liability is matured.

Revenues from local sources consist primarily of property taxes and sales taxes. Property, sales and other tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City’s availability period is no more than 60 days beyond the end of the fiscal year. Revenues from state and federal grants are recorded as revenue when they are expected to be collected within the current fiscal year, or within 60 days thereafter, and all eligibility requirements have been met. Investment earnings are recorded as earned, since they are both measurable and available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

The Proprietary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred, regardless of the timing of the related cash flow. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted, and unrestricted net position.

D. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and other debits, liabilities, fund balances and other credits, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the proceeds of revenue sources, those proceeds' restrictions, or commitments for which they are to be spent and the means by which spending activities are controlled. The City has three types of funds: governmental, proprietary, and fiduciary funds. The fund financial statements provide more detailed information about the City's most significant funds, but not on the City as a whole. Major governmental and enterprise funds are reported separately in the fund financial statements. Nonmajor funds are aggregated in the fund financial statements and independently presented in the combining statements. The criteria used to determine if a governmental or enterprise fund should be reported as a major fund are as follows: the total assets and deferred outflows of resources, the total liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual government or enterprise fund are at least 10% of the corresponding element total for all funds of that category or type (that is, total governmental or total enterprise funds), and the same element that met the 10% criterion above in the governmental or enterprise fund is at least 5% of the corresponding element total for all governmental and enterprise funds combined.

Governmental Funds: Consist of the general fund, debt service fund, capital projects fund and special revenue funds.

The City reports the following major governmental funds:

General Fund – is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, and related costs.

Capital Projects Fund – to account for financial resources for the acquisition or construction of major capital facilities (other than those reported within proprietary funds). It is funded primarily by general obligation debt, other tax supported debt, interest income, and other intergovernmental revenues.

In addition, the City reports the following non-major governmental funds:

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes, including grant funds.

The Restricted Grant Fund, previously presented as a major governmental fund, is presented as a Special Revenue Fund for the fiscal year ended September 30, 2025. As of this fiscal year, the Restricted Grant Fund no longer meets the criteria to be a major fund. This is a result of the American Rescue Plan Act funding spent down by the City. The unspent proceeds have resided in the Restricted Grant Fund.

Additionally, the Stormwater Fund is a new Special Revenue Fund this fiscal year. In the fiscal year 2025 budget adopted by City Council, a stand alone fund schedule was approved for the Stormwater Fund, which was historically classified as part of the General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Proprietary Funds: Consist of enterprise funds and internal service funds.

The City reports the following major enterprise fund:

Water and Sewer Fund – to account for the activities necessary for the provision of water and sewer services.

In addition, the City reports the following other proprietary funds:

Solid Waste Fund – to account for solid waste collection services. The Solid Waste Fund was established during fiscal year 2010 to disaggregate solid waste activities that were combined with the Water and Sewer Fund in prior years. The Solid Waste Fund is presented in a separate column as a non-major fund in the proprietary statements.

Internal Service Funds – to account for the financing of goods or services provided by one department to other City departments or to other governmental units on a cost-reimbursement basis. The internal service funds include:

Employee Benefits Fund – to account for activities related to the health, dental, and life insurance costs of City employees and their beneficiaries.

Vehicle & Equipment Services Fund – to account for maintenance and replacement costs of City-owned vehicles and heavy equipment.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Fiduciary Funds: - Consist of resources held by the City in a trustee capacity or as an agent for the benefit of parties outside the City.

Other Post-Employment Benefits Fund – to account for activities related to other post-employment benefits, including an irrevocable trust established after the measurement date to offset liability for future outflows.

E. Deferred Inflows and Outflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in the government-wide statement of net position, governmental funds balance sheet, or the proprietary funds statement of net position:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

- Deferred outflows - OPEB: Actuarial losses related to OPEB are reported on the government-wide and the proprietary funds statements of net position. These losses are the result of changes in assumptions and differences between expected and actual result. The balance of deferred outflows also includes employer contributions made after the measurement date. This deferred outflow is reported in the government-wide and the proprietary funds statements of net position.
- Deferred outflows - pension: Actuarial losses related to pensions are reported on the government-wide and the proprietary funds statements of net position. These losses are the result of differences between the expected and actual experience of the plan, changes in assumptions, and employer contributions made after the measurement date. This deferred outflow is reported in the government-wide and the proprietary funds statements of net position.
- Deferred inflows - pension: Actuarial gains related to pensions are reported on the government-wide and the proprietary funds statements of net position. This gain is the result of differences between the projected and actual earnings on pension plan investments.
- Deferred inflows – OPEB: Actuarial gains related to OPEB are reported on the government-wide and proprietary funds statements of net position. This gain is the result of changes in assumptions.
- Deferred inflows – leases: This amount is deferred and amortized over the life of the lease term.
- Unavailable revenues: Unavailable revenues arise under the modified accrual basis of accounting and are reported only in the governmental funds balance sheet. The City records unavailable revenues from uncollected property taxes and a note receivable, which are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation, outstanding balances of capital-related borrowings, and capital-related deferred outflows (inflows) of resources. Net position classified as restricted are balances with constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

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

G. Fund Balance Flow Assumption

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

H. Investments

Investments, except for certain investment pools that meet the requirements of GASB Statement No. 79, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and strive to maintain a $1 net asset value (NAV) and are reported at amortized cost. Investments in nonparticipating interest-earning contracts, such as certificates of deposit, are reported at cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the City. A primary stated objective of the City of Cedar Park's adopted Investment Policy is the safety of principal and avoidance of principal loss. Credit risk within the City's portfolio among the authorized investments approved by the City's adopted Investment Policy includes the following:

- Obligations of the United States Government, its agencies, and instrumentalities with a maximum stated maturity of three years.
- Obligations of the State of Texas or other states and the agencies, counties, cities, and other political subdivisions, excluding capital appreciation bonds, of those states rated as investment grade by at least one nationally recognized rating agency.
- AAA-rated, constant-dollar Local Government Investment Pools as defined by the Act and authorized by City Council.
- Commercial paper rated A1/P1 or equivalent by two nationally recognized rating agencies with a maximum maturity of three to six months. No more than 5% of the total portfolio may be invested in any one issuer's securities.
- AAA-rated, SEC registered money market mutual funds AAA-rated as defined by the Act and striving to maintain a $1 NAV.
- Brokered CDs must be FDIC insured and delivered versus payment to the City's depository with a maximum maturity of one year. FDIC insurance must be verified for the CD before purchase. In addition, a procedure to monitor continued.
- Collateral is restricted to obligations of the US Government, its agencies or instrumentalities or direct obligations of any state, its subdivisions or agencies rated at least A, or equivalent, as to investment quality by two NRSROs. Independent safekeeping is required outside the bank holding company with monthly reporting.
- Fully FDIC or collateralized depository certificates of deposit of banks doing business in Texas, with a maturity of one year.

Securities are primarily rated by Standard & Poor's or Moody's. As of September 30, 2025:

- U.S. Government Agencies represented 42.6% of the investment portfolio
- U.S. Government Treasuries represented 31.39% of the investment portfolio
- Commercial paper represented 7.22% of the investment portfolio, rated A-1+
- Investment in local government investment pools represented 18.79% of the total portfolio, rated AAA

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investments in a single issuer.

The City of Cedar Park recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The City's adopted Investment Policy establishes diversification as a major objective of the investment

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

program and sets diversification limits for all authorized investment types which are monitored on at least a monthly basis. Diversification limits are set by Policy as:

Investment Type	Limit
U.S. Obligations	100%
U.S. Agencies/Instrumentalities	80%
Municipal Obligations	35%
Any one issuer	5%
Certificates of Deposit	40%
Any one bank	20%
Repurchase Agreements	50%
Flex in CIP Funds	100%
Local Government Investment Pools	100%
Money Market Funds	100%
Commercial Paper	25%
Any one issuer	10%
Brokered CD Securities	20%

Policy compliance is monitored on a monthly basis and reported to the City Council quarterly. As of September 30, 2025, all parameters and limits of the diversification policy were met. The City had 42.6% of its investments in U.S. Agencies, 31.39% in U.S. Treasuries, 7.22% in commercial paper, and 18.79% in local government investment pools.

Interest Rate Risk

Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment.

In order to limit interest and market rate risk from changes in interest rates, the City of Cedar Park's adopted Investment Policy sets a maximum stated maturity limit of three years. The weighted average maturity (WAM) of the total City portfolio is restricted to a maximum of twelve months.

As of September 30, 2025, the portfolio’s dollar weighted average maturity was 305 days, and 34.4% of the total portfolio had maturities longer than one year. No holding in the portfolio had a stated maturity date beyond August 18, 2028, or 1,053 days.

As of September 30, 2025, the portfolio held the investments on the next page:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Investment Type	Balance	% of Portfolio	Investment Maturities in Years: Less than 1 Year	1-2 Years	2-4 Years
U.S. Government Agencies	$ 115,376,182	42.60%	$ 41,902,774	$ 28,523,584	$ 44,949,824
U.S. Government Treasuries	85,015,629	31.40%	65,331,644	10,091,602	9,592,383
Commercial Paper	19,567,910	7.20%	19,567,910	-	-
Local Government Investment Pools	50,879,484	18.80%	50,879,484	-	-
Total Value	$ 270,839,205		$ 177,681,812	$ 38,615,186	$ 54,542,207
% of Portfolio		100.00%	65.6%	14.3%	20.1%

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside third party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the City and are held by the counterparty, its trust or agent, but not in the City's name.

The City's investment securities are not exposed to custodial risk because all securities held by the City's custodial banks are in the City's name.

To control custody and safekeeping risk state law and the City of Cedar Park's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held by an independent party approved by the City and held in the City's name. The custodian provides original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and all deposits must be collateralized to 102% and be executed under written agreements. Depository agreements are executed under the terms of the U.S. Financial Resource and Recovery Enforcement Act (FIRREA). The counterparty of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

Portfolio disclosure as of September 30, 2025:

- All time and demand deposits were fully FDIC insured or collateralized in accordance with statute and policy.
- All pledged collateral was held by an independent institution outside the bank's holding company.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles in the United States of America (GAAP). GASB Statement No. 72, *Fair Value Measurement and Application,* provides framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The City and its investment advisor utilize an independent pricing service to obtain recurring fair value measurements using quoted prices for similar assets to determine the fair value.

As of September 30, 2025, the City has the recurring fair value measurements for agencies, treasuries and municipal bonds of $200,391,811 valued using quoted prices for similar assets in active markets. (Level 2 inputs.)

As of September 30, 2025, the securities to be priced in the portfolio were:

	Security Type	Level 2	Total
	Investments Measured at Fair Value:		
Treasury	US Government Treasuries	$ 85,015,629	$ 85,015,629
Agency	US Government Agencies	115,376,182	115,376,182
	Investments Measured at Amortized Cost:		
TPOOL	TexPool		45,384,533
CP	Commercial Paper		19,567,910
	Investments Measured at Net Asset Value:		
TSTAR	TexSTAR		404,917
TCLASS	Texas Class		5,090,034
	Total Investments	$ 200,391,811	$ 270,839,205

Texas Local Government Investment Pool

Texas Local Government Investment Pool ("TexPool") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, TexPool is rated AAAm by Standard & Poor's and had a weighted average maturity of 44 days as of September 30, 2025.

TexPool meets the requirements of GASB Statement No. 79, and as such, measures and reports its investments at amortized cost. The City carries its investment in TexPool at amortized cost.

TexSTAR Investment Pool

TexSTAR is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created through a contract among its participating governmental units and is

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

governed by a board of directors to provide for the joint investment of participants' public funds and funds under their control. TexSTAR is managed by J.P. Morgan Investment Management, Inc., an affiliate of JP Morgan Chase Bank, N.A. a national banking association, and First Southwest Asset Management, Inc., an affiliate of Texas based First Southwest Company. TexSTAR's investment manager will maintain the dollar-weighted average maturity of sixty (60) days or less, and the maximum stated maturity for any obligation of the United States, its agencies, or instrumentalities is limited to 397 days for fixed rate securities and 24 months for variable rate notes. TexSTAR is rated AAAm by Standard and Poor's and had a weighted average maturity of 49 days at September 30, 2025.

TexSTAR does not meet the requirements of GASB Statement No. 79, and as such, measures and reports its investments at fair value. The City carries its investment in TexSTAR at fair value measured using NAV.

TexSTAR's strategy is to seek preservation of principal, liquidity, and current income through investments in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pools. TexSTAR has a redemption notice period of one day and may redeem daily.

Texas CLASS Investment Pool

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

I. Receivables and Payables

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statement of net position as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 1% of outstanding property taxes at September 30, 2025.

J. Inventories

Inventories are valued at cost. The inventories for all funds are accounted for using the consumption method and expenditures are recorded when consumed. Inventories reported in the General Fund are offset by an equal amount in nonspendable fund balance, which indicates that they do not represent available spendable resources.

K. Joint Venture

Investment in joint venture represents an equity interest in the Brushy Creek Regional Utility Authority (BCRUA). The investment account balance represents Cedar Park's share in the joint venture's net position at September 30, 2025.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

L. Capital Assets

Capital assets, which include property, plant, equipment, lease assets, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as building and infrastructure additions and improvements with a cost of $50,000 or more, vehicles, equipment, artworks and furniture with a cost of $5,000 or more, land and right-of-way acquisitions of any value. In addition, items must have a useful life of at least two years, and ownership of the asset must clearly rest with the City. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completed.

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

Assets	Years
Buildings	30 - 40
Vehicles	5 - 10
Lease assets	2 - 10
Equipment	5 - 10
Infrastructure (streets and drainage)	30 - 40
Water and Sewer plants and lines	20 - 30

M. Compensated Absences

The City recognizes a leave liability once an employee has completed the service required to earn that leave which can be paid, used, or otherwise settled in a future reporting period, provided the following criteria are met:

- The City's obligation to fund accumulated vacation, sick, and personal leave benefits attributable to employees' services already rendered.
- The obligation relates to rights that vest or accumulate.
- The leave is more likely than not to be used as time off or settled during or upon separation from employment.
- The amount can be reasonably estimated. The liability for compensated absences includes salary-related benefits, where applicable.

Employees are entitled to paid leave as follows:

Vacation: Employees will be paid for all accumulated, unused, vacation leave. Vacation leave hours are accrued over 24 pay periods. An employee shall be allowed to carry over accumulated vacation leave equal to one year of accrued vacation leave, referred to as the Maximum Annual Limit. This carryover date shall be the leave anniversary date. Police and fire civil service employees have different maximum annual vacation limits based on years of completed continuous service. During fiscal year 2025, an exception was made by the City to allow any vacation overage to be converted to sick time on the employee's anniversary date between January 1, 2025 and December 31, 2025. Accruals beyond the maximum annual limits had occurred because of the staffing needs during COVID and natural disasters that followed after that where vacation time was blocked.

Sick: Employees may accumulate an unlimited amount of sick leave. Regular full-time and part-time employees who are normally scheduled to work at least 20 hours per week earn sick leave. Hours of sick leave accrued depend on full-time (full-time 40 hours accrues 5 hours per pay period; full-time 30-39 hours accrues 3.75 hours per pay period) or part-time (accrues 2.5 hours per pay period) status. Additionally, shift firefighters accrue 7.5 hours per pay period. The City buys back unused sick leave accumulated since July 1, 2005 (up to 720 hours, or 1,080 hours for shift-work firefighters) at the time such employee terminates

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

employment from the City, including retiring from City service under TMRS. Civil service employees must have one year of continuous service at separation while non-civil service employees must have ten years of continuous service at separation to be eligible for sick leave buyback.

Holiday: Employees will be paid for all accumulated holiday leave. Employees that work holidays may bank holiday leave for up to one year before expiring.

Compensatory: Employees will be paid for all accumulated compensatory leave earned in lieu of overtime. Employees may accumulate up to 48 hours of compensatory leave.

N. Fund Balance

Fund balances for governmental funds are reported in classifications that demonstrate the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The governmental fund type classifications are as follows:

Nonspendable: The portion of fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.

Restricted: The portion of fund balance that is restricted to specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitution provisions or enabling legislation.

Committed: Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Unassigned: The portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes. The General Fund is the only governmental fund that can report a positive unassigned fund balance. Deficit fund balances in special revenue or capital project funds are considered unassigned.

O. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles in the United States of America (GAAP), requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates.

P. Pensions

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

Q. Other Post-Employment Benefits

The City maintains two OPEB plans, one for supplemental death benefits and the other for healthcare benefits. Supplemental death benefits are funded on a pay-as-you-go basis. Healthcare plan contributions are on a pay-as-you-go basis plus an annual, actuarially-determined contribution to an irrevocable trust created in fiscal year 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Contributions to the trust, prior to the measurement date of each year, reduce the total OPEB liability by the fair value of the trust balance.

R. New Financial Reporting Requirement

Statement No. 101, "*Compensated Absences.*" - This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The implementation of GASB Statement No. 101 resulted in restatement of beginning net position. Retroactively applying this change results in the adjustment below:

	Government-Wide Statement of Activities			Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
	Governmental Activities	Business-type Activities	Total Primary Government	Water and Sewer Fund
Net position at September 30, 2024 as previously reported	$ 397,660,996	$ 284,942,028	$ 682,603,024	$ 279,922,660
Adjustment to compensated absences liability per GASB 101 at October 1, 2024	(2,277,370)	(340,234)	(2,617,604)	(340,234)
Net position at October 1, 2024, restated	$ 395,383,626	$ 284,601,794	$ 679,985,420	$ 279,582,426

Statement No. 102, "*Certain Risk Disclosures.*" - The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement was effective for the fiscal year ending September 30, 2025. The City identified no such concentrations or constraints for this fiscal year.

Statement No. 103, "*Financial Reporting Model Improvements.*" - The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for the fiscal year ending September 30, 2026.

Statement No. 104, "*Disclosure of Certain Capital Assets.*" - The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement is effective for the fiscal year ending September 30, 2026.

2. DETAILED NOTES ON ALL FUNDS

A. Deposits

The City maintains bank accounts with its contracted depository institution and three Texas Local Government Investment Pools. For financial statement purposes, both the bank accounts and pool investments are combined and considered cash and cash equivalents. Each fund's share of the pool balances is reported in the financial statements. Earnings from the pooled accounts are allocated monthly to each participating fund based on the ratio of each fund's month-end balance to the combined balances.

The City's bank deposits were fully insured or collateralized by Federal Depository Insurance Corporation coverage and securities held by the City's agent bank in the City's name. The total carrying value of all bank deposits was $22,599,254, including outstanding checks and deposits in transit of $559,370.

Investments in United States government agency securities are considered short-term and all such investment activity is conducted through a depository bank. During the fiscal year ended September 30, 2025, the City did not invest through any security brokers or dealers.

A summary of the City's cash and investments follows:

Cash and Investments	Carrying Amount
Primary Government	
Petty cash and change drawers	$ 8,563
Cash in bank	22,599,254
TexPool	20,374,782
TexSTAR	404,917
Texas Class	5,090,034
United State Treasury	85,015,629
Commercial paper	19,567,910
U.S. government securities	115,376,182
Primary government cash and investments	$ 268,437,271
Component Units	
TexPool	
Community Development Corporation	6,658,308
Economic Development Corporation	18,351,443
	$ 25,009,751

Reconciliation of cash and investments to the statement of net position cash and investments is as follows:

Cash in bank accounts	$ 22,599,254
Petty cash and change in drawers	8,563
Total portfolio value	270,839,205
Total cash and investments	$ 293,447,022

Statement of net position presentation:

	Governmental Activities	Business-Type Activities	Component Unit Activities	Total
Cash and investments	$ 50,532,717	$ 17,484,354	$ -	$ 68,017,071
Restricted cash and investments	163,738,244	36,681,956	25,009,751	225,429,951
Total cash and investments	$ 214,270,961	$ 54,166,310	$ 25,009,751	$ 293,447,022

2. DETAILED NOTES ON ALL FUNDS, (continued)

The following table details the cash and investments balances by purpose restriction as of September 30, 2025:

	Governmental Activities	Business-Type Activities	Component Unit Activities	Total
Debt service	$ 16,843,273	$ 3,301,376	$ -	$ 20,144,649
Construction	134,989,114	33,380,580	-	168,369,694
Cable equipment acquisition	86,142	-	-	86,142
Grants	873,278	-	-	873,278
Occupancy tax	4,437,333	-	-	4,437,333
Parkland	5,161,583	-	-	5,161,583
Public safety	485,567	-	-	485,567
Public Arts	227,430	-	-	227,430
Stormwater	552,851	-	-	552,851
Community and economic development and other purposes	81,673	-	25,009,751	25,091,424
	$ 163,738,244	$ 36,681,956	$ 25,009,751	$ 225,429,951

B. Receivables

Receivables as of year-end for the City's governmental funds (individual major funds and non-major funds in the aggregate) and enterprise funds, including the applicable allowances for uncollectible accounts respectively, are as follows:

	Governmental Funds				
	General	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Property taxes	$ 149,402	$ 171,157	$ -	$ -	$ 320,559
Sales taxes	4,319,159	-	-	530,676	4,849,835
Franchise taxes	1,302,924	-	-	-	1,302,924
Other taxes	-	-		232,368	232,368
Other receivables	435,895	-	7,869,770	20,967	8,326,632
Lease receivable	3,393,147				3,393,147
Notes receivable	-	6,654,682	-	-	6,654,682
Allowance for doubtful accounts	(1,418)	(1,831)	-	-	(3,249)
Net Receivables	$ 9,599,109	$ 6,824,008	$ 7,869,770	$ 784,011	$ 25,076,898

	Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Charges for services	$ 6,805,558	$ 767,600	$ 7,573,158
Notes receivable	2,071,375	-	2,071,375
Interest receivable	46,606	-	46,606
Allowance for doubtful accounts	(598,978)	(53,722)	(652,700)
Net Receivables	$ 8,324,561	$ 713,878	$ 9,038,439

In fiscal year 2012, the City entered into a pass-through funding agreement with the Texas Department of Transportation (TxDOT). Consequently, the City established a receivable from TxDOT which will be payable over future periods as follows:

- TxDOT will pay the City $0.035 for each vehicle mile traveled on the project during the previous year.
- The number of vehicle-miles traveled on the project will be based on actual traffic data, to the extent available.
- TxDOT's payments will be no less than $680,000 and no more than $1,360,000 per year.
- As of September 30, 2025, the receivable balance recorded in the Debt Service Fund is $6,654,682.

2. DETAILED NOTES ON ALL FUNDS, (continued)

The Water and Sewer Fund receivable balance includes a note receivable of $2,071,375 from the City of Leander for their share of the buy-in cost for the Brushy Creek Regional Wastewater System with a stated interest rate of 3.0%. The City of Leander paid $262,454 toward the note receivable during the fiscal year and is scheduled to make annual principal and interest payments of $332,469 through January 2032.

Governmental funds report deferred inflows for which revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of *deferred inflows* reported in the governmental funds were as follows:

Deferred Inflows of Resources

Fund	Delinquent Property Taxes	Leases	Notes and Other Deferrals
General fund	$ 140,406	$ 3,362,267	$ -
Debt service fund	181,245	-	6,654,682
	$ 321,651	$ 3,362,267	$ 6,654,682

In accordance with Texas statutes, the City approves a tax rate and an order to levy property taxes in October of each year. Property taxes are billed by the county tax assessor collector as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are payable on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of the year following the City's order to levy taxes (the assessment date), a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessment date represents the date on which an enforceable legal claim arises and attaches as a lien on the assessed property. In the government-wide financial statements, property tax revenue is recognized in the year for which the taxes are levied, net of an allowance for uncollectible taxes. In the Governmental Fund financial statements, property tax revenues are considered available when they become due and receivable within the current fiscal year or within 60 days thereafter.

Legislation was passed in 1979 and amended in 1981 by the Texas Legislature, which affects the method of property assessment and tax collection in the City. This legislation created a "Property Tax Code" and provides, among other things, for the establishment of countywide appraisal districts and for a State Property Tax Board, which commenced operations in January 1980.

Since 1982, the appraisal of property within the City has been the responsibility of the Williamson County Appraisal District. The Texas Legislature passed HB1010, requiring that property be appraised by the County appraisal district in which it is located. Therefore, a portion of the property appraisals were performed by Travis County Appraisal District. The appraisal districts are required, under the Property Tax Code, to assess all property within the appraisal on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property must be reviewed at least every five years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. The City continues to set tax rates on property within the City limits.

However, if the tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the no-new-revenue rate by more than 3.5%, an election must be held to determine whether to limit the tax rate increase to no more than 3.5%.

The tax rate to finance general governmental services, other than the payment of principal and interest on general obligation long-term debt, for the year ended September 30, 2025, was $0.190886 per $100 of assessed valuation. The tax rate for servicing the payment of principal and interest on general obligation long-term debt for the fiscal year ended September 30, 2025, was $0.172114 per $100 of assessed valuation. The City levied taxes based on

2. DETAILED NOTES ON ALL FUNDS, (continued)

a combined tax rate of $0.363000 per $100 of assessed valuation for general governmental services and debt service.

C. Investment in Joint Venture

In September 2009, the cities of Cedar Park, Round Rock, and Leander agreed to jointly pursue a regional water supply system that will ultimately provide treatment capacity for an additional 105.8 million gallons per day of potable water supply needed to meet future water demands of the three cities. In accordance with State law, the City Councils of the three cities authorized and approved the creation of the Brushy Creek Regional Utility Authority (BCRUA). The BCRUA intends to plan, design, construct, finance, and operate a regional water system that supplies treated water to the three cities. Construction of Phase 1 of the project began in late 2009 and the plant opened in July 2012. This consisted of an interim, floating intake structure near Cedar Park's existing plant on the Sandy Creek arm of Lake Travis, a new raw water pipeline within right-of-way along Trails End Road, and a new treatment plant in Cedar Park to serve all three cities with an initial capacity of 17 million gallons per day. Phase 1B included rerating the capacity of the treatment facilities to 22.6 mgd which was approved by TCEQ in February 2018. Phase 1C was an expansion of the floating intake and treatment facilities to 32.5 mgd and this was completed in July 2021. Phase 1D, for expansion of the BCRUA regional water treatment facilities, began in August 2023, and this project was substantially completed in November 2024. Phase 2 and Phase 2A are in progress and consist of a permanent, deep-water intake structure on Lake Travis and expansion of the water treatment plant to 64.2 mgd. Phase 2 is anticipated to be substantially completed in mid-2027, and Phase 2A is anticipated to be completed in Fall of 2028.

The City accounts for this partnership as a joint venture in the Water and Sewer Fund. The change in BCRUA's net position for the year is allocated to the City in proportion to the reserve capacity, as defined by the contract, for the financing of construction, ownership, and operation of BCRUA. Condensed financial statements for the BCRUA are presented below:

STATEMENT OF NET POSITON
As of September 30, 2025

ASSETS	Total	City's Share
Current assets:		
Cash and cash equivalents	$ 4,078,156	$ 1,012,360
Accounts receivable	20,900	3,485
Due from partner cities	1,120,712	240,252
Total current assets	5,219,768	1,256,097
Noncurrent assets:		
Restricted cash and cash equivalents and investments	153,799,892	50,370,265
Capital assets:		
Land, easements, and construction in progress	202,293,426	55,110,054
Buildings, infrastructure, and equipment, net of accumulated depreciation	151,314,949	27,639,531
Total noncurrent assets	507,408,267	133,119,850
Total assets	512,628,035	134,375,947
Deferred outflows of resources - refunding	9,589,145	1,480,881
Total assets and deferred outflows of resources	$ 522,217,180	$ 135,856,828

2. DETAILED NOTES ON ALL FUNDS, (continued)

STATEMENT OF NET POSITION, (continued)

LIABILITIES	Total	City's Share
Current liabilities:		
Accounts payable	$ 5,906,271	$ 1,636,234
Retainage payable	7,746,257	2,220,579
Due to partner cities	1,820,425	668,824
Total current liabilities	15,472,953	4,525,637
Current liabilities payable from restricted assets:		
Current portion of revenue bonds payable	16,765,000	3,950,000
Accrued interest	1,928,832	382,841
Total current liabilities payable from restricted assets	18,693,832	4,332,841
Noncurrent liabilities:		
Revenue bonds payable	377,538,783	94,345,830
Total noncurrent liabilities	377,538,783	94,345,830
Total liabilities	$ 411,705,568	$ 103,204,308
NET POSITION		
Unrestricted	6,579,462	303,833
Net investment in capital assets	103,932,150	32,348,687
Net position	$ 110,511,612	$ 32,652,520

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended September 30, 2025

	Total	City's Share
Operating revenues	$ 5,768,861	$ 258,213
Operating expenses	27,441,509	4,895,218
Operating loss	(21,672,648)	(4,637,005)
Non-operating revenues (expenses)	10,339,330	4,242,469
Change in net position before capital contributions	(11,333,318)	(394,536)
Net position, September 30, 2024	88,587,268	24,427,305
Capital contributions from partner cities	33,257,662	8,619,751
Net position, September 30, 2025	$ 110,511,612	$ 32,652,520

Complete audited financial statements may be obtained at the BCRUA, 450 Cypress Creek Building 2, Cedar Park, TX 78613.

2. DETAILED NOTES ON ALL FUNDS, (continued)

D. Capital Assets

Governmental Activities

Capital asset activity for the year ended September 30, 2025, was as follows:

Governmental Activities	Balance October 1, 2024	Increases	Retirements	Completed Projects	Balance September 30, 2025
Capital assets not depreciated/amortized:					
Land and other non-depreciable assets	$ 66,266,987	$ 306,320	$ -	$ 3,368,395	$ 69,941,702
Construction in progress	80,812,112	40,224,865	(55,150)	(85,631,351)	35,350,476
Total assets not being depreciated/amortized	147,079,099	40,531,185	(55,150)	(82,262,956)	105,292,178
Capital assets being depreciated/amortized:					
Lease assets	118,715	39,835	(48,545)	-	110,005
Subscription assets	7,316,603	2,161,025	(5,636,021)	-	3,841,607
Buildings and improvements	117,947,101	530,809	(500,834)	38,367,640	156,344,716
Machinery and equipment	67,098,493	6,713,749	(6,635,529)	3,192,564	70,369,277
Improvements Other Than Buildings	-	-	-	240,929	240,929
Infrastructure	362,035,234	11,830,684	-	40,461,823	414,327,741
Total capital assets being depreciated/amortized	554,516,146	21,276,102	(12,820,929)	82,262,956	645,234,275
Less accumulated depreciation/amortization:					
Lease assets	58,097	37,940	(47,795)	-	48,242
Subscription assets	1,604,486	1,103,702	(1,453,676)	-	1,254,512
Buildings and improvements	39,945,741	3,854,724	(364,971)	-	43,435,494
Machinery and equipment	48,937,584	4,693,970	(6,635,529)	-	46,996,025
Improvements Other Than Buildings	-	2,008	-	-	2,008
Infrastructure	106,457,719	11,639,128	-	-	118,096,847
Total accumulated depreciation/amoritzation	197,003,627	21,331,472	(8,501,971)	-	209,833,128
Total capital assets being depreciated/ amortized, net	357,512,519	(55,370)	(4,318,958)	82,262,956	435,401,147
Total capital assets, net	$ 504,591,618	$ 40,475,815	$ (4,374,108)	$ -	$ 540,693,325

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
General government	$ 2,735,858
Public safety	1,774,007
Culture and recreation	2,557,562
Streets and lighting	9,610,468
Economic development	1,473,947
Internal service fund	3,179,630
Total depreciation expense - governmental activities	$ 21,331,472

2. DETAILED NOTES ON ALL FUNDS, (continued)

Business-type Activities

Capital asset activity for the year ended September 30, 2025, was as follows:

Business-Type Activities	Balance October 1, 2024	Increases	Retirements	Completed Projects	Balance September 30, 2025
Capital assets not depreciated:					
Land and other non-depreciable assets	$ 3,948,355	$ -	$ -	$ -	$ 3,948,355
Construction in progress	43,275,051	4,195,991	(237,775)	(9,336,034)	37,897,233
Total assets not being depreciated	47,223,406	4,195,991	(237,775)	(9,336,034)	41,845,588
Capital assets being depreciated:					
Buildings and improvements	29,673,036	-	-	-	29,673,036
Machinery and equipment	10,031,377	6,927	(296,180)	136,280	9,878,404
Infrastructure	303,812,090	4,175,272	-	9,199,754	317,187,116
Total capital assets being depreciated	343,516,503	4,182,199	(296,180)	9,336,034	356,738,556
Less accumulated depreciation:					
Buildings and improvements	15,614,134	784,093	-	-	16,398,227
Machinery and equipment	7,765,678	581,640	(296,180)	-	8,051,138
Infrastructure	125,937,742	8,196,960	-	-	134,134,702
Total accumulated depreciation	149,317,554	9,562,693	(296,180)	-	158,584,067
Total capital assets being depreciated, net	194,198,949	(5,380,494)	-	9,336,034	198,154,489
Total capital assets, net	$ 241,422,355	$ (1,184,503)	$ (237,775)	$ -	$ 240,000,077

Depreciation expense was charged to business-type activities as follows:

Business-type activities:	
Water and sewer	$ 9,562,693
Solid waste	-
Total depreciation expense - business-type activities	$ 9,562,693

Component Unit Activities

Capital asset activity for the year ended September 30, 2025, was as follows:

COMMUNITY DEVELOPMENT ACTIVITIES:	Beginning Balance	Increases	Retirements	Completed Projects	Ending Balance
Capital assets not depreciated:					
Land and other non depreciable assets	$ 24,379,080	$ 1,646,618	$ -	$ -	$ 26,025,698
Total assets not being depreciated	24,379,080	1,646,618	-	-	26,025,698
Total capital assets, net	$ 24,379,080	$ 1,646,618	$ -	$ -	$ 26,025,698

2. DETAILED NOTES ON ALL FUNDS, (continued)

Commitments

Commitments under related construction contracts at September 30, 2025 are as follows:

Project Description	Authorized Project Amount	Project Expenditures To Date	Remaining Project Balance
Governmental Activities:			
Park Projects	$ 60,313,942	$ 25,873,202	$ 34,440,740
Transportation Projects	160,976,405	97,620,807	63,355,598
Drainage Projects	15,727,047	13,445,117	2,281,930
Facilities Projects	91,780,957	70,339,803	21,441,154
Governmental Activities Total	$ 328,798,351	$ 207,278,929	$ 121,519,422
Business-Type Activities:			
Wastewater Projects	$ 41,654,517	$ 31,596,766	$ 10,057,751
Water Projects	43,238,428	35,374,482	7,863,946
Business-Type Activities Total	$ 84,892,945	$ 66,971,248	$ 17,921,697

E. Interfund Receivables, Payables, and Transfers

Interfund transfers for the year ended September 30, 2025, consisted of the following:

	Transfer out:				
	General Fund	Capital Projects Fund	Other Governmental Funds	Water & Sewer Fund	Total
Transfer in:					
Governmental Funds					
General Fund	$ -	$ 34,489	$ 421,257	$ 6,297,000	$ 6,752,746
Debt Service Fund	-	-	579,006	-	579,006
Capital Projects Fund	2,108,533	-	1,034,260	1,690,000	4,832,793
Other Governmental Funds	46,055	477,099	100,000	-	623,154
Enterprise Funds					
Water & Sewer Fund	-	-	209,011	-	209,011
Solid Waste Fund	-	-	-	50,000	50,000
	$ 2,154,588	$ 511,588	$ 2,343,534	$ 8,037,000	$ 13,046,710

Interfund transfers are authorized by City Council. Significant transfers include the Water and Sewer transfer to the General Fund for administrative and contract services provided by the General Fund, and to fund common facility projects. Significant transfers from the General Fund provided cash for capital project activity utilizing increased sales and AV tax receipts.

At September 30, 2025, the City had no interfund payables or receivables.

2. DETAILED NOTES ON ALL FUNDS, (continued)

F. Long-term Liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Balance October 1, 2024 Restated	Increases	Decreases	Balance September 30, 2025	Amounts Due Within One Year
Governmental Activities					
General obligation bonds	$ 165,115,000	$ 71,390,000	$ 31,200,000	$ 205,305,000	$ 13,765,000
Certificates of obligation	22,645,000	-	1,810,000	20,835,000	1,110,000
Tax notes	4,435,000	-	880,000	3,555,000	905,000
Economic development bonds	24,275,000	-	2,360,000	21,915,000	2,430,000
Premium on issuance of bonds	16,099,334	6,419,916	2,757,970	19,761,280	-
Total bonds payable	232,569,334	77,809,916	39,007,970	271,371,280	18,210,000
Other long-term liabilities:					
Compensated absences	11,193,098	572,491	-	11,765,589	1,908,716
Lease liability	66,607	39,835	41,196	65,246	35,918
Subscription liability	5,151,768	2,037,306	5,142,344	2,046,730	1,002,037
Net OPEB Liability	2,921,151	431,504	525,052	2,827,603	-
Net pension liability	33,144,599	-	1,591,740	31,552,859	-
Other long-term liabilities total	52,477,223	3,081,136	7,300,332	48,258,027	2,946,671
Governmental activities total	$ 285,046,557	$ 80,891,052	$ 46,308,302	$ 319,629,307	$ 21,156,671
Business-type Activities					
Water and Sewer activities					
Revenue bonds	$ 33,370,000	$ -	$ 3,235,000	$ 30,135,000	$ 3,140,000
General obligation bonds	135,000	-	135,000	-	-
Premiums on issuance of bonds	2,929,512	-	272,883	2,656,629	-
Total bonds payable	36,434,512	-	3,642,883	32,791,629	3,140,000
Other long-term liabilities:					
Compensated absences	1,346,244	25,955	-	1,372,199	311,313
Net OPEB Liability	184,221	114,402	129,631	168,992	-
Net pension liability	5,515,868	-	259,120	5,256,748	-
Other long-term liabilities total	7,046,333	140,357	388,751	6,797,939	311,313
Water and sewer activities total	$ 43,480,845	$ 140,357	$ 4,031,634	$ 39,589,568	$ 3,451,313
Component Unit					
Senior Lien Sales Tax Revenue	$ 14,425,000	$ -	$ 715,000	$ 13,710,000	$ 725,000
Component unit total	$ 14,425,000	$ -	$ 715,000	$ 13,710,000	$ 725,000

The general fund is responsible for liquidating liabilities for compensated absences, other post-employment benefits and pensions in the governmental activities.

2. DETAILED NOTES ON ALL FUNDS, (continued)

Governmental activities bonds, certificates of obligation, economic development bonds, and tax notes payable at September 30, 2025, consisted of the following:

Governmental Activities		
$15,865,000 Series 2013 General Obligation Refunding Bonds due in installments of $350,000 to $925,000 through February 15, 2027; interest at 2.395% to 3.195% for the tax supported portion	$	710,000
$8,585,000 Series 2014 General Obligation Bonds due in installments of $470,000 to $670,000 through February 15, 2034; interest at 3.00% to 3.75%		1,515,000
$36,260,000 Series 2015 General Obligation Refunding and Improvement Bonds due in installments of $325,000 to $3,535,000 through February 15, 2039; interest at 3.00% to 5.00%		5,175,000
$37,410,000 Series 2015 General Obligation Refunding Bonds, Taxable Series, due in installments of $2,360,000 to $3,095,000 through August 15, 2033; interest at 2.80% to 4.00%		21,915,000
$42,775,000 Series 2016 General Obligation Refunding and Improvement Bonds due in installments of $175,000 to $2,815,000 through February 15, 2040; interest at 3.00% to 5.00%		22,325,000
$33,375,000 Series 2018 General Obligation Bonds, due in installments of $1,450,000 to $2,780,000 through February 15, 2038; interest at 5.00%		27,240,000
$18,065,000 Series 2020 Certificates of Obligation bonds, due in installments of $765,000 to $570,000 through February 15, 2040, interest at 1.00% to 4.00% for the tax supported portion		14,475,000
$29,225,000 Series 2020 General Obligation Bonds, due in installments of $1,225,000 to $1,790,000 through February 15, 2040; interest at 1.125% to 4.00%		23,515,000
$7,540,000 Series 2021 Combination Tax & Revenues Certificates of Obligation, due in installments of $310,000 to $475,000 through February 15 2041; interest at 2.00% to 4.00%		6,360,000
$2,345,000 Series 2021 Limited Tax Notes, due in installments of $340,000 to $360,000 through February 15, 2028; interest at 2.00% to 4.00%		1,055,000
$9,750,000 Series 2021 General Obligation Refunding Bonds, due in installments of $ 65,000 to $1,600,000 through February 15, 2032; interest at 1.00% to 5.00% for the tax supported portion		3,440,000
$56,300,000 Series 2022 General Obligation Bonds, due in installments of $ 1,870,000 to $4,250,000 through February 15, 2042; interest at 4.00% to 5.00%		51,000,000
$2,880,000 Series 2023 Limited Tax Notes, due in installments of $365,000 to $475,000 through February 15, 2030; interest at 5.25%		2,150,000
$71,390,000 Series 2024 General Obligation Refunding & Improvement Bonds, due in installments of $2,300,000 to $5,420,000 through February 14,2044; interest at 4.25% to 5.000%	$	68,835,000
Subtotal	$	249,710,000

2. DETAILED NOTES ON ALL FUNDS, (continued)

Governmental activities (continued)

Direct Placement Debt	
$8,045,000 Series 2020 General Obligation Refunding Bonds, due in installments of $240,000 to $1,430,000 through February 15, 2029; interest at 1.11%	$ 1,550,000
$1,200,000 Series 2020 Limited Tax Notes, due in installments of $175,000 through February 15, 2027; interest at 1.15%	350,000
Total Direct Placement Debt	1,900,000
Total Governmental Activities	$ 251,610,000

Business-type activities bonds payable at September 30, 2025, consisted of the following:

Water and Sewer activities	
$19,760,000 Series 2015 Utility System Revenue Refunding Bonds due in installments of $380,000 to $2,395,000 through Augus t 15, 2030; interest at 3.125% to 5.00%	9,265,000
$16,400,000 Series 2016 Utility System Revenue Refunding Bonds due in installments of $380,000 to $585,000 through August 15, 2036; interest at 3.50% to 4.00%	5,335,000
$10,100,000 Series 2020 Utility System Revenue Bonds due in installments of $420,000 to $630,000 through August 15, 2040; interest at 2.00% to 4.00%	8,105,000
$7,565,000 Series 2024 Utility System Revenue Bonds due in installments of $135,000 to $565,000 through August 15, 2044; interest at 4.00% to 5.00%	7,430,000
Total Water and Sewer activities	$ 30,135,000
Component unit activities	
$16,625,000 Senior Lien Sales Tax Revenue Bonds, Taxable Series 2021 due in installments of $715,000 to $1,040,000 through August 15, 2041; interest at 1.28% to 3.04%	13,710,000
Total Component unit activities	$ 13,710,000

All bonded debt requires semi-annual payments of interest. The various bond ordinances provide the City with rights of redemption at par, plus accrued interest, at specified future dates.

2. DETAILED NOTES ON ALL FUNDS, (continued)

Annual debt service requirements for bonds, certificates of obligation, and tax notes outstanding are as follows:

	Governmental Activities		Governmental Direct Placement		Business-Type Activities	
September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 17,465,000	$ 10,068,086	$ 745,000	$ 17,060	$ 3,140,000	$ 1,221,669
2027	18,215,000	9,303,051	485,000	10,164	3,285,000	1,072,969
2028	17,970,000	8,494,819	430,000	5,051	3,450,000	917,319
2029	16,515,000	7,732,497	240,000	1,332	3,610,000	753,819
2030	15,590,000	7,029,097	-	-	1,625,000	582,619
2031-2035	74,675,000	25,613,106	-	-	7,070,000	2,123,700
2036-2040	63,440,000	11,617,897	-	-	5,815,000	952,300
2041-2045	25,840,000	1,930,147	-	-	2,140,000	218,000
	$ 249,710,000	$ 81,788,700	$ 1,900,000	$ 33,607	$ 30,135,000	$ 7,842,395

	Component Unit Activities	
September 30,	Principal	Interest
2024	$ 725,000	$ 342,817
2025	735,000	332,450
2026	750,000	319,881
2027	765,000	305,931
2028	780,000	290,555
2029-2033	4,165,000	1,179,907
2034-2038	4,750,000	593,504
2039-2043	1,040,000	31,616
	$ 13,710,000	$ 3,396,661

Due to the requirements of the Tax Reform Act of 1986, the City contracts for the computations of arbitrage rebate requirements for the City's various bond issues. At September 30, 2025, there was an arbitrage total cumulative liability of $197,699 with the next arbitrage payment due October 2026.

The City does not have any outstanding special assessment debt and is not obligated in any manner for special assessment debt.

Fiscal Year 2025 Debt Issuances

$71,390,000 General Obligation Refunding and Improvement Bonds, Series 2024

In November 2024, the City issued General Obligation Refunding and Improvement Bonds, Series 2024, in the par amount of $71.39 million. The par amount of bonds for the new money is $60.67 million. This represents the second takedown of the 2022 voter approved debt. The purpose of these funds is for the purpose of (i) designing, acquiring, constructing, renovating, improving, upgrading, updating, and equipping City transportation improvements and facilities to include streets, curbs, gutters, sidewalks, pathways, bike and pedestrian system improvements, demolition, repair, and rebuilding of existing streets and other transportation facilities, completing necessary or incidental utility relocation and drainage in connection with the foregoing and the purchase of land, easements, rights-of-way, and other real property interests necessary therefor or incidental thereto and City street maintenance improvements; (ii) designing, acquiring, constructing, renovating, improving, and equipping City park, recreation (including sports, athletics and swimming pools), trails and open space facilities or improvements, making park, recreation, trail and open space additions, acquiring land and rights-of-way necessary thereto; (iii) constructing,

2. DETAILED NOTES ON ALL FUNDS, (continued)

rehabilitating, renovating, improving, upgrading, updating, enlarging, demolishing, and equipping City public safety facilities for police and fire protection, including training facilities and the acquisition of any necessary sites and related infrastructure.

The part amount of the refunding bonds is $10.72 million. The bonds were issued to legally defease General Obligation Bonds Series, Series 2014, and General Obligation Refunding and Improvement Bonds, Series 2015. An additional $4.1 million in cash, approved by the City Council in the fiscal year 2024 adopted budget, was used to defease this debt. This refunding transaction yielded a reduction in debt service of $1.87 million and an economic gain of $765,945.

Direct Placement Debt

In FY 2020 the City issued direct placement debt. In the event of default on direct placement debt, no remedy conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given the bonds now or hereafter existing at law or in equity; provided, however, the right to accelerate the debt evidenced by the direct placement bonds shall not be available as a remedy. The balance of the outstanding direct placement debt at September 30, 2025 is shown below:

Debt Placement Debt Issuances	Issued	Outstanding Balance	Maturity
2020 General obligation Refunding Bonds	$ 8,045,000	$ 1,550,000	2/15/2029
2020 Limited Tax Notes	1,200,000	350,000	2/15/2027

Pledged Revenues

The City has pledged future operating revenues net of specified operating expenses of the Water and Sewer Fund for the payment of interest and principal on the outstanding revenue bonds. The bonds are payable from the Water and Sewer fund net revenues, and payable through 2040. The total principal and interest remaining to be paid on the bonds is $37,977,395. Annual principal and interest payments on the bonds for current year were $4,252,186, and net revenues available were $21,496,077.

G. Employee Retirement Plan

Plan Description

The City participates as one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at *www.tmrs.com*.

2. DETAILED NOTES ON ALL FUNDS, (continued)

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

Benefits Provided

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

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

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service requirement eligibility	age 60 with 5 years of service, or any age with 20 years of service
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	Yes
Supplemental Death Benefit to Retirees	Yes

Employees Covered by Benefit Terms

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

	2024	2023
Inactive employees or beneficiaries currently receiving benefits	224	210
Inactive employees entitled to but not yet receiving benefits	407	375
Active employees	542	522
Total	1,173	1,107

Contributions

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

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 17.5% and 18.2% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2025, were $8,716,629, and were equal to the required contributions.

Net Pension Liability

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

2. DETAILED NOTES ON ALL FUNDS, (continued)

Actuarial Assumptions

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

Inflation	2.5% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Overall payroll growth	2.75% per year, adjusted down for population declines, if any

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

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

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.1%
Core Fixed Income	6.0%	5.0%
Non-Core Fixed Income	6.0%	6.8%
Other Public & Private Markets	23.0%	21.5%
Real Estate	12.0%	6.7%
Hedge funds	5.0%	6.4%
Private Equity	13.0%	8.5%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future

2. DETAILED NOTES ON ALL FUNDS, (continued)

benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Changes for the year:			
Service cost	$ 8,337,372	$ -	$ 8,337,372
Interest	11,920,584	-	11,920,584
Change in benefit terms	-	-	-
Difference between expected and actual experience	3,073,311	-	3,073,311
Change in assumptions	-	-	-
Contributions - employer	-	7,899,044	(7,899,044)
Contributions - employee	-	3,196,145	(3,196,145)
Net investment income	-	14,179,593	(14,179,593)
Benefit payments, including refunds of employee contributions	(4,186,984)	(4,186,984)	-
Administrative expense	-	(90,538)	90,538
Other changes	-	(2,117)	2,117
Net changes	19,144,283	20,995,143	(1,850,860)
Balance at December 31, 2023	174,526,055	135,865,588	38,660,467
Balance at December 31, 2024	$ 193,670,338	$ 156,860,731	$ 36,809,607

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
City's Net Pension Liability	$ 69,256,591	$ 36,809,607	$ 10,602,745

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by participating city. That report may be obtained at www.tmrs.com.

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

For the fiscal year ended September 30, 2025, the City recognized pension expense of $9,779,136. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page:

2. DETAILED NOTES ON ALL FUNDS, (continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	$ 4,951,874	$ -
Changes in actuarial assumptions	-	152,337
Difference between projected and actual investment earnings	-	1,957,509
Pension contributions subsequent to the measurement date	6,854,201	-
Total	$ 11,806,075	$ 2,109,846

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $6,854,201 will be recognized as a reduction of the NPL for the measurement year ending December 31, 2025 (i.e., recognized in the City's financial statements September 30, 2026). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Net Deferred Outflows (Inflows) of Resources
2025	$ 1,754,785
2026	2,785,691
2027	(1,068,217)
2028	(630,231)
Thereafter	-
Total	$ 2,842,028

H. Other Post-Employment Benefits

Plan Description

The City participates in funding two other post-employment benefit (OPEB) plans: the Supplemental Death Benefits Fund administered by TMRS and a single-employer defined-benefit plan available for retirees through the City's medical insurance provider.

Benefits Provided

Supplemental Death Benefit Fund

TMRS administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which the City has elected, by ordinance, to provide supplemental death benefits to both current and retired employees. The death benefit for active members provides a lump-sum payment approximately equal to the member's annual salary. The death benefit for retirees is considered an other postemployment benefit and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated). The retiree portion of the SDBF is considered a single-employer defined benefit plan.

Retiree Health Care Plan

The City's post-employment health care benefits plan is available for retirees through the City's medical insurance provider. The benefits vary depending upon a retiree’s years of service. On September 13, 2018, the City Council approved changes to the City’s OPEB plan. Benefits provided for employees who retired on or before September 30, 2010 or employees with 15 years of service, who were eligible for TMRS retirement on October 1, 2010, were unchanged (grandfathered). Benefit payments for these employees are made on a pay-as-you-go basis and are as follows on the next page:

2. DETAILED NOTES ON ALL FUNDS, (continued)

- Tier 1: The City pays 100% of premiums of health care coverage for employees who retired prior to April 1, 2004 with 10 years of full time continuous service immediately prior to retirement.
- Tier 2: For employees who retired between March 31, 2004 and October 1, 2010 and employees with at least 15 years of service who were eligible for TMRS retirement as of October 1, 2010, the City pays the following percentages of scheduled insurance premiums:

Years of Service	Percentage Paid by the City
25 or more	75%
20 - 24	50%
15 - 19	25%

- Tier 3: Employees who were not eligible to retire as of October 1, 2010 or did not have 15 years of City service as of October 1, 2010 (non-grandfathered employees), will pay the following premiums based on years of service:

Years of Service	Percentage Paid by the City
25 or more	25%
10 - 24	0%

- Tier 4: Employees who were hired after October 1, 1995, with less than 10 years of continuous service with the City at time of retirement, have access to the medical insurance plan at the full unblended cost of retiree medical insurance, provided the employee was enrolled in the City medical insurance plan immediately prior to retirement with the City.

Upon reaching Medicare age, eligibility for medical insurance coverage will cease for all retiree groups. However, the City will provide access to Medicare supplemental coverage through the City's medical insurance provider. As of December 2023, there are four grandfathered retirees whose Medicare Supplement plan premiums are funded at 100% (Tier 1) on behalf of the City.

Employees Covered by Benefit Terms

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

	SDBF	Retiree Health Care Plan
Inactive employees currently receiving benefits	176	14
Inactive employees entitled to but not yet receiving benefits	117	-
Active employees	542	482
Total	835	496

Contributions

Supplemental Death Benefit Fund

The City contributes to SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance and represents 0.18% of required contributions.

The City's contributions on behalf of retirees to the TMRS SDBF for the plan years ended 2024, 2023 and 2022 were $21,786, $22,391, and $15,778 respectively, which equaled the required contributions for each year. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit

2. DETAILED NOTES ON ALL FUNDS, (continued)

payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The retiree-only portion of the SDBF rate was 0.05% for the plan years ended December 31, 2025, 2024, and 2023.

TMRS issues a publicly available ACFR that includes financial and supplementary information for the SDBF. That report may be obtained from the TMRS website at www.tmrs.com.

Retiree Health Care Plan
The City makes annual contributions to the OPEB trust to fund future healthcare benefit costs. The City does not currently fund OPEB costs from the trust, thus the annual trust contribution is the actuarially determined contribution less benefit payments. For the year ended September 30, 2025, the City's contributions of $401,566 consist of a trust contribution of $252,000 and benefit payments of $149,566, which were paid by the City using its own assets. Postretirement healthcare benefits vary depending upon the following criteria:

Consistent with the requirements of GASB 75, City (employer) contributions include amounts for OPEB as the benefits come due that will not be reimbursed to the City using OPEB plan assets.

The City's funding policy depends upon the net return of the Fund's assets, which varies from year to year. Investment policy decisions are determined by the City Council, and fund assets are held in trust by a third-party custodian, Public Agency Retirement Services (PARS). The annual money-weighted rate of return for the measurement year ended December 31, 2024 was 6.86%.

Upon reaching Medicare age, eligibility for coverage under the City's retiree health care plan will cease. However, the City will provide access for retirees and dependents to purchase Medicare supplement coverage through the City's provider.

Sensitivity of the OPEB Liability to Changes in the Discount Rate

Supplemental Death Benefit Fund
The following presents the SDBF's total OPEB liability, calculated using a discount rate of 4.08%, as well as what the SDBF's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 3.08%	Current Discount Rate 4.08%	1% Increase 5.08%
Total OPEB liability	$ 1,362,322	$ 1,114,878	$ 925,620

Retiree Health Care Plan
The following table presents the net OPEB liability of the City, calculated using a discount rate of 5.25%, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 4.25%	Current Discount Rate Assumption 5.25%	1% Increase 6.25%
Net OPEB Liability	$ 2,381,589	$ 1,881,717	$ 1,440,932

2. DETAILED NOTES ON ALL FUNDS, (continued)

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption

The assumed healthcare cost trend rate for non-Medicare (pre-65) costs consists of an initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years; for Medicare (post-65), costs consist of an initial rate of 5.50% declining to an ultimate rate of 4.15% after 12 years.

The following table presents the net OPEB liability of the City, calculated using the assumed healthcare cost trend rates as well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	$ 1,306,252	$ 1,881,717	$ 2,567,929

OPEB Liability

Supplemental Death Benefit Fund
For the year ended September 30, 2025, the City recognized a total OPEB liability of $1,114,878. This liability was determined by an actuary as of the measurement date of December 31, 2024.

Retiree Health Care Plan
For the year ended September 30, 2025, the City recognized a net OPEB liability of $1,881,717.

Actuarial Assumptions

The OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

	Supplemental Death Benefit Fund	Retiree Health Care Plan
Inflation rate	2.50%	2.50%
Salary increases	3.60% to 11.85%, including inflation	3.50% to 11.50%, including inflation
Discount rate	4.08%*	5.25%** as of December 31, 2024
Healthcare cost trend rate	N/A	Pre-65: initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years; post-65: initial rate of 5.50% declining to an ultimate rate of 4.15% after 12 years
Actuarial cost method	Entry Age Normal	Individual Entry-Age Normal
Mortality	Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively.	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used.

*The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024. The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period December 31, 2022.

2. DETAILED NOTES ON ALL FUNDS, (continued)

**Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Bond Buyer "20-Bond GO Index" as of December 31, 2024.

Changes in the OPEB Liability

	Retiree Health Care Plan			SDBF	Combined
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	OPEB Liability
Balance at September 30, 2024	$ 4,304,283	$ 2,312,500	$ 1,991,783	$ 1,113,589	$ 3,105,372
Changes for the year:					
Service Cost	192,458	-	192,458	59,357	251,815
Interest on total OPEB liability	227,101	-	227,101	42,671	269,772
Differences between expected and actual experience	12,220	-	12,220	(8,362)	3,858
Changes in assumptions or other inputs	-	-	-	(69,547)	(69,547)
Employer contributions	-	401,566 *	(401,566)	-	(401,566)
Net investment income	-	154,214	(154,214)	-	(154,214)
Benefit payments	(149,566)	(149,566)*	-	(22,830)	(22,830)
Administrative expenses	-	(13,935)	13,935	-	13,935
Net Changes	282,213	392,279	(110,066)	1,289	(108,777)
Balance at September 30, 2025	$ 4,586,496	$ 2,704,779	$ 1,881,717	$ 1,114,878	$ 2,996,595

*Employer contributions of $401,566 less benefit payments of $149,566 reconciles to contributions of $252,000 made in calendar year 2024. An additional employer contribution of $28,825 made subsequent to December 31, 2024 and before the fiscal year end of September 30, 2025 amounts to total contributions of $280,825.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2025 the City recognized a decrease in total OPEB expenses of ($71,044). The increase was attributable to a $137,523 decrease in healthcare expenses and an increase of $66,479 in SDBF expenses. The City also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	SDBF	Retiree Health Care Plan	Total	SDBF	Retiree Health Care Plan	Total
Differences between expected and actual economic experience	$ 19,417	$ 84,948	$ 104,365	$ 34,518	$ 914,259	$ 948,777
Changes in actuarial assumptions	166,416	106,113	272,529	407,286	1,842,251	2,249,537
Difference between projected and actual investment earnings	-	57,444	57,444	-	-	-
Current year contributions subsequent to the measurement date	12,237	159,055	171,292	-	-	-
	$ 198,070	$ 407,560	$ 605,630	$ 441,804	$ 2,756,510	$ 3,198,314

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of $171,292 will be recognized as a reduction of OPEB for the measurement year ending December 31, 2024, (i.e., recognized in the City's financial statements September 30, 2025). Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ending September 30,	Retiree Health Care Plan	SDBF	Total
2026	$ (435,196)	$ (40,644)	$ (475,840)
2027	(436,968)	(47,694)	(484,662)
2028	(511,205)	(75,254)	(586,459)
2029	(490,575)	(81,524)	(572,099)
2030	(192,806)	(6,566)	(199,372)
Thereafter	(441,255)	(4,289)	(445,544)
Total	$ (2,508,005)	$ (255,971)	$(2,763,976)

2. DETAILED NOTES ON ALL FUNDS, (continued)

I. Leases

The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financing of the lease asset. Under this Statement, a lessee is required to recognize a lease liability and lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Leases Payable

During fiscal year 2025, the City was engaged in the following lease agreements as lessee:

Lease Description	Lease Asset Value	Accumulated Amortization	Lease Asset (net) September 30, 2025
Equipment			
GASES 101 lease for the use of equipment, entered into November 1, 2024, with required quarterly fixed payments of $2,630 including interest at 2.8700%. The lease liability was initially recorded for $39,835 with an estimated useful life of 48 months.	$ 39,834	$ 9,128	$ 30,706
TA-6002 Kyocera Copiers lease for the use of equipment, entered into January 29, 2024, with required monthly fixed payments of $2,245 including interest at 3.4500%. The lease liability was initially recorded for $70,171 with an estimated useful life of 36 months.	70,171	39,114	31,057
Total	$ 110,005	$ 48,242	$ 61,763

Principal and Interest Requirements to Maturity

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 35,918	$ 1,543	$ 37,461
2027	18,976	525	19,501
2028	10,352	168	10,520
Total Payments	$ 65,246	$ 2,236	$ 67,482

2. DETAILED NOTES ON ALL FUNDS, (continued)

Leases Receivable

Following are significant lease agreements the City was engaged in during the fiscal year ended September 30, 2025.

Lease Description	Lease Receivable at September 30, 2025
Buildings	
Timberland Medical Group, Ascension Seton (formerly Cedar Park Clinic Asset Holding Company, LLC) for use of building space entered into October 1, 2021, with required monthly fixed payments to the City of $8,709 including interest at 1.1960%. The lease receivable was initially recorded for $862,518 for a lease term of 97 months. Lease expires in fiscal year 2030.	$ 463,540
Santa Catarina for use of building space entered into October 1, 2021, with required monthly fixed payments of $9,004 including interest at 1.4080%. The lease receivable was initially recorded for $1,093,965 for a lease term of 121 months. Lease expires in fiscal year 2032.	704,945
Texas Stars - HEB Center for use of building space entered into October 1, 2021, with required monthly fixed payments of $8,333 including interest at 1.5660%. The lease receivable was initially recorded for $1,285,714 for a lease term of 155 months. Lease expires in fiscal year 2029.	759,314
Others	95,193
Land	
Ranger Excavating for use of land entered into July 1, 2023, with required monthly fixed payments of $200,000 including interest at 3.5810%. The lease receivable was initially recorded for $1,656,710 for a lease term of 120 months. Lease expires in fiscal year 2033.	1,370,155
Total	$ 3,393,147

Principal and Interest Expected to Maturity

Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 584,883	$ 75,990	$ 660,873
2027	596,167	64,033	660,200
2028	613,161	51,743	664,904
2029	597,530	39,197	636,727
2030	305,470	29,119	334,589
2031-2033	695,936	41,663	737,599
Total	$ 3,393,147	$ 301,745	$ 3,694,892

2. DETAILED NOTES ON ALL FUNDS, (continued)

J. Subscriptions

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* serves to enhance the relevance and consistency of information about governments' subscription activities and establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right-to-use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

Subscriptions Payable

Following are significant SBITAs the City was engaged in during the fiscal year ended September 30, 2025.

			At September 30, 2025	
SBITA Description	**SBITA Asset Value**	**Accumulated Amortization**	**SBITA Asset Value, Net**	**SBITA Liability**
Software				
Alchemy Technology Group software subscription liability for the use of underlying right-to-use asset entered into October 31, 2024, with annual fixed payments of $135,422 including interest at 3.0000%. The subscription liability was initially recorded for $394,087 at a subscription length of 60 months.	$ 394,087	$ 124,113	$ 269,974	$ 259,125
ESRI software subscription liability for the use of underlying right-to-use asset entered into March 15, 2024, with annual fixed payments of $175,500 including interest at 2.4090%. The subscription liability was initially recorded for $514,212 at a subscription length of 36 months.	514,212	264,724	249,488	171,372
ESRI-GIS Technology software subscription liability for the use of underlying right-to-use asset entered into March 16, 2025, with annual fixed payments of $58,500 including interest at 3.0000%. The subscription liability was initially recorded for $172,315 at a subscription length of 36 months.	172,135	31,080	141,055	113,635
Motorola Solutions, Inc software subscription liability for the use of underlying right-to-use asset entered into May 1, 2025, with annual fixed payments of $98,445 including interest at 2.5700%. The subscription liability was initially recorded for $468,169 at a subscription length of 60 months.	468,169	39,014	429,155	369,724
SHI Government Solutions software subscription liability for the use of underlying right-to-use asset entered into August 1, 2025, with annual fixed payments of $253,807 including interest at 3.0000%. The subscription liability was initially recorded for $739,458 at a subscription length of 36 months.	739,458	41,081	698,377	485,651
Taser 7 Basic Bundle software subscription liability for the use of underlying right-to-use asset entered into February 1, 2023, with annual fixed payments of $202,866 including interest at 2.5820%. The subscription liability was initially recorded for $960,405 at a subscription length of 60 months.	960,405	512,216	448,189	390,542
Aggregate of others	593,141	242,284	350,857	256,681
Total	$ 3,841,607	$ 1,254,512	$ 2,587,095	$ 2,046,730

2. DETAILED NOTES ON ALL FUNDS, (continued)

Principal and Interest Requirements to Maturity

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 1,002,037	$ 57,119	$ 1,059,156
2027	846,053	29,296	875,349
2028	97,936	5,144	103,080
2029	100,704	2,608	103,312
Total	$ 2,046,730	$ 94,167	$ 2,140,897

K. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and through the Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool (the "Pool") is considered a self-sustaining risk pool that provides coverage for its members. The City's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the City. The Pool's liability is limited to the coverage that the City elects as stated in the Pool's Declarations of Coverage for that fund year. Settled claims have not exceeded insurance coverage limits for the past three years.

L. Commitments and Contingent Liabilities

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

The City is a defendant in various lawsuits. Legal counsel and City management are of the opinion that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Bell Boulevard Redevelopment District

The City is committed under a Master Development Agreement for financing public infrastructure to facilitate redevelopment of an area along Bell Boulevard (US Highway 183). The City contributed the final installment of $1,700,000 towards the public infrastructure projects in fiscal year 2025, totaling a $16,650,000 agreement.

Tax Increment Reinvestment Zone No. 3

In December of 2021, the City executed a Master Development Agreement (MDA) with CPM Development, LLC, providing for the development of a super-regional destination center that includes a convention center and hotel project on property west of the HEB Center at Cedar Park, near the intersection of 183A and West New Hope Drive (collectively, the "Project").

As a qualified hotel project, the Project will be eligible for and primarily funded by rebates of certain state tax revenues from the Project pursuant to Subchapter C of Chapter 351 of the Texas Tax Code. Per the MDA, public infrastructure, site improvements, and other eligible Project costs are also to be funded from selected city tax revenues generated from the Project and collected or received by the City.

2. DETAILED NOTES ON ALL FUNDS, (continued)

In order to designate the area/zone from which the selected city tax revenues will be collected, establish the tax increment fund, and administer the terms of the MDA, including providing the agreed rebates and payments to CPM Development, LLC, the City created TIRZ #3.

As the Project is more than one year out from completion, the City will not recognize a liability on the financial statements until selected city tax revenues per the MDA are generated from the Project and collected by the City such that reimbursement to the developer can commence.

M. Tax Abatements

The City enters into economic development agreements with local businesses under Chapter 380 of the Local Government Code, which provides for the offering of grants from any source to promote state and local economic development and to stimulate business and commercial activity.

The agreements are performance based, and rebate of a portion of sales taxes generated by the development, and/or a portion of incremental property taxes.

The City has defined certain criteria that allows for the recipients to be eligible to receive a tax abatement through repayment of collected taxes. The recipient condition for eligibility includes a commitment by the recipient to fund public improvements which allow for reimbursement of specific project costs targeted at commercial and residential improvements that are reimbursed via monthly, quarterly, or annual tax abatements.

For the fiscal year ended September 30, 2025, the City abated sales and ad valorem (AV) taxes as follows:

Tax Abatement Detail

Entity	Sales Tax	AV Tax	Total
Costco Wholesale	$ 120,639	$ 4,238	$ 124,877
Cedar Park Town Center LP	513,054	23,178	536,233
Balcones Real Estate Group	-	7,968	7,968
Total Tax Abatements	$ 633,693	$ 35,384	$ 669,078

N. Component Units

Community Development Corporation

In fiscal year 2022, the Community Development Corporation issued $16,625,000 of Senior Lien Sales Tax Revenue Bonds to acquire land at a final cost of $15,679,881. The Community Development Corporation pledged sales tax revenues of $20,308,656 to meet principal and interest requirements of the bonds over the next 16 years.

During fiscal year 2025, the Community Development Corporation contributed funds to the City for capital projects in the following governmental funds:

Capital Project Funds:	
Parks and Recreation capital projects	$ 6,100,000
Streets capital projects	4,265,000
Total contributions	$ 10,365,000

Economic Development Corporation

The Economic Development Corporation has pledged future sales tax revenues equal to the principal and interest due on certificates of obligation issued by the City, as they become due and payable. Proceeds from the bonds provided financing for the construction of the HEB Center (formerly called the Cedar Park Center). Bonds payable

2. DETAILED NOTES ON ALL FUNDS, (continued)

at year end totaled $21,915,000. In fiscal year 2025, the Economic Development Corporation contributed an amount equal to its debt service requirement of $3,220,975 to the City's Debt Service Fund in meeting its obligation.

In fiscal year 2025, the Economic Development Corporation contributed $445,995 to the City to meet HEB Center capital obligations.

Contingent Liabilities

The City's Economic Development and Community Development Corporations enter into economic development agreements with various entities for payment of incentive amounts to promote the development of new or expanded enterprises, eliminate unemployment and underemployment, and to promote public welfare within the City of Cedar Park. Payments are contingent upon the entities meeting the specific agreement goals and are not made in advance of performance.

The Community Development Corporation has no outstanding commitments at September 30, 2025. The Economic Development Corporation has $14,938,946 of maximum commitments, which are expected to be paid, pending performance, over the next five years. Maximum commitments and payments made during fiscal year 2025 for the Economic Development Corporation are as follows:

Economic Development Corporation	Maximum Commitment	Fiscal Year 2025 Payments
ABEO Solutions	$ 7,200	$ -
AMT	350,000	-
Compedia USA	705,000	-
Creative 3D Technologies	400,000	-
EcoMicron	750,000	-
Element USA	225,000	75,000
Firefly Aerospace	1,000,000	383,000
Fuse CP	923,951	-
Hanyang ENG USA	100,000	100,000
Innovative Funding Services	30,000	-
James Avery	357,504	
MSB	67,791	-
New Hope Land, LP	2,000,000	-
Perfect Game	700,000	-
PD Labs	100,000	-
Plug and Play	1,500,000	1,500,000
SHOP LC	4,500,000	-
WEXCO	22,500	-
WRIGHT ONE	1,200,000	-
	$ 14,938,946	$ 2,058,000

2. DETAILED NOTES ON ALL FUNDS, (continued)

O. Subsequent Events

The City evaluated events after the balance sheet date of September 30, 2025 through March 13, 2026, the date the financial statements were available to be issued. On December 18, 2025, the City issued $29.86 million in Combination Tax and Revenue Certificates of Obligation, $15.45 million in General Obligation Refunding Bonds , and $42.665 million in Utility System Revenue and Refunding Bonds. The purpose of the debt issued is as follows:

Certificates of Obligation

- $10.35 million for road resurfacing
- $6.0 million for public safety facility improvements
- $0.65 million for public safety radio replacements
- $3.0 million for parks and recreation
- $12.0 million for drainage infrastructure

Utility Revenue Bonds

- $14.7 million for wastewater infrastructure projects
- $16.65 million for water infrastructure projects

Additionally, $1.0 million of existing debt was defeased. The defeasance was approved by City Council in the fiscal year 2025 budget. Combined with the General Obligation Refunding Bonds, the City realized savings of $786 thousand dollars.

The City determined that no other significant events, other than those discussed above, occurred that would warrant additional disclosure.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

McCALL PARKHURST & HORTON

Focused on Public Finance since 1919.

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

CITY OF CEDAR PARK, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____

AS BOND COUNSEL FOR THE CITY OF CEDAR PARK, TEXAS (the "City") in connection with the issuance of the bonds described above (the "Bonds"), we have examined the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds and in the ordinance of the City adopted on _____, 2026 authorizing the issuance of the Bonds (the "Ordinance").

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

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

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

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 Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a 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 Bonds. 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 Bonds as includable in gross income for federal income tax purposes.

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds 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 Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of the City and the assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

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

Respectfully,