This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

HTS Continuing Disclosure Services
A Division of Hilltop Securities.
(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated April 29, 2025

Ratings:
S&P: "AA-"
(See "BOND INSURANCE" and "OTHER INFORMATION - Ratings" herein)-

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, 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" herein.

THE BONDS **WILL NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT BONDS" FOR FINANCIAL INSTITUTIONS

JUSTIN
1887

$19,525,000*
CITY OF JUSTIN, TEXAS
(Denton County)
GENERAL OBLIGATION BONDS, SERIES 2025

Dated Date: May 1, 2025 **Due: August 15, as shown below**
Interest Accrues from Delivery Date

PAYMENT TERMS . . . Interest on the $19,525,000* City of Justin, Texas, General Obligation Bonds, Series 2025 (the "Bonds") will accrue from the date of initial delivery, anticipated to be June 5, 2025 (the "Delivery Date"), will be payable February 15 and August 15 of each year commencing February 15, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **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 "The Bonds and Contractual Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, N.A., Dallas, Texas (see "The Bonds and Contractual Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are 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 of Justin, Texas (the "City") on November 7, 2023, and an ordinance to be adopted by the City Council of the City on May 8, 2025 (the "Bond Ordinance"), and are direct obligations of the City of Justin, Texas (the "City"), payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (see "The Bonds and Contractual Obligations - Authority for Issuance" and "Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purposes of (i) designing, acquiring, constructing, improving, and equipping firefighting facilities, and (ii) professional services rendered in relation to such projects and the financing thereof.

BOND INSURANCE . . . The City has submitted applications to municipal bond insurance companies to have the payment of the principal and interest on the Bonds insured by a municipal bond insurance policy. In the event the Bonds are qualified for municipal bond insurance, the initial purchaser of the Bonds (the "Initial Purchaser of the Bonds") may elect to purchase, at its sole expense, municipal bond insurance to insure the Bonds. (See "Bond Insurance" and "Bond Insurance – Bond Insurance Risk Factors" herein).

MATURITY SCHEDULE* **CUSIP Prefix: 482178 (1)**

Principal Amount	Maturity August 15	Interest Rate	Yield	CUSIP Suffix (1)	Principal Amount	Maturity August 15	Interest Rate	Yield	CUSIP Suffix (1)
$ 115,000	2026				$ 615,000	2041			
310,000	2027				645,000	2042			
325,000	2028				680,000	2043			
345,000	2029				715,000	2044			
360,000	2030				750,000	2045			
380,000	2031				785,000	2046			
395,000	2032				825,000	2047			
415,000	2033				865,000	2048			
440,000	2034				910,000	2049			
460,000	2035				955,000	2050			
485,000	2036				1,005,000	2051			
505,000	2037				1,055,000	2052			
530,000	2038				1,110,000	2053			
560,000	2039				1,170,000	2054			
585,000	2040				1,230,000	2055			

(1) CUSIP numbers are included solely for the convenience of the owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor or the Initial Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof within a maturity, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds and Contractual Obligations - Optional Redemption").

SEPARATE ISSUES . . . The Bonds are being offered by the City concurrently with the "City of Justin, Texas, Public Property Finance Contractual Obligations, Series 2025" (the "Contractual Obligations"), under a common Official Statement, and such Bonds and Contractual Obligations are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and Contractual Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while they share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

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

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on June 5, 2025.

SEALED BIDS DUE MAY 8, 2025, AT 10:30 AM, CDT

* Preliminary, subject to change. See "THE BONDS - Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions"

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PRELIMINARY OFFICIAL STATEMENT

Dated April 28, 2025

Ratings:
S&P: "AA-"
(See "BOND INSURANCE" and "OTHER INFORMATION - Ratings" herein)-

NEW ISSUE - Book-Entry-Only

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

THE CONTRACTUAL OBLIGATIONS **WILL NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

JUSTIN
1887

$990,000*
CITY OF JUSTIN, TEXAS
(Denton County)
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2025

Dated Date: May 1, 2025
Interest Accrues from Delivery Date

Due: August 15, as shown below

PAYMENT TERMS . . . Interest on the $990,000* City of Justin, Texas, Public Property Finance Contractual Obligations, Series 2025 (the "Contractual Obligations") will accrue from the date of initial delivery, anticipated to be June 5, 2025 (the "Delivery Date"), will be payable February 15 and August 15 of each year commencing February 15, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Contractual Obligations will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Contractual Obligations may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Contractual Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Contractual Obligations 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 Contractual Obligations. See "The Bond and Contractual Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, N.A., Dallas, Texas (see "The Bonds and Contractual Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Contractual Obligations are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), and constitute direct obligations of the City of Justin, Texas (the "City"), payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Contractual Obligations (the "Contractual Obligation Ordinance") (see "The Bonds and Contractual Obligations - Authority for Issuance" and "Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Contractual Obligations will be used for the purpose of paying contractual obligations to be incurred for (i) the purchase of fire equipment, including a fire truck; and (ii) professional services rendered in connection therewith.

BOND INSURANCE . . . The City has submitted applications to municipal bond insurance companies to have the payment of the principal and interest on the Bonds insured by a municipal bond insurance policy. In the event the Bonds are qualified for municipal bond insurance, the initial purchaser of the Bonds (the "Initial Purchaser of the Bonds") may elect to purchase, at its sole expense, municipal bond insurance to insure the Bonds. (See "Bond Insurance" and "Bond Insurance – Bond Insurance Risk Factors" herein).

MATURITY SCHEDULE*

CUSIP Prefix: 482178 (1)

Principal Amount	Maturity August 15	Interest Rate	Yield	CUSIP Suffix (1)	Principal Amount	Maturity August 15	Interest Rate	Yield	CUSIP Suffix (1)
$ 40,000	2026				$ 70,000	2034			
50,000	2027				70,000	2035			
50,000	2028				75,000	2036			
55,000	2029				80,000	2037			
55,000	2030				80,000	2038			
60,000	2031				85,000	2039			
65,000	2032				90,000	2040			
65,000	2033								

(1) CUSIP numbers are included solely for the convenience of the owners of the Contractual Obligations. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor or the Initial Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Contractual Obligations having stated maturities on and after August 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof within a maturity, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds and Contractual Obligations - Optional Redemption").

SEPARATE ISSUES . . . The Contractual Obligations are being offered by the City concurrently with the "City of Justin, Texas, General Obligation Bonds, Series 2025" (the "Bonds"), under a common Official Statement, and such Bonds and Contractual Obligations are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and Contractual Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while they share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

LEGALITY . . . The Contractual Obligations are offered for delivery when, as and if issued and received by the Initial Purchaser subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinion")**.**

DELIVERY . . . It is expected that the Contractual Obligations will be available for delivery through DTC on June 5, 2025.

SEALED BIDS DUE MAY 8, 2025, AT 11:00 AM, CDT

* Preliminary, subject to change. See "The CONTRACTUAL OBLIGATIONS - Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions"

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This Preliminary Official Statement, which includes the cover page and 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, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon.

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

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 Preliminary 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 Preliminary 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. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

NONE OF THE CITY, ITS FINANCIAL ADVISOR, OR THE INITIAL PURCHASER OF THE OBLIGATIONS 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 OR THE BOND INSURER, IF ANY, AND ITS MUNICIPAL BOND INSURANCE POLICY.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

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

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

PRELIMINARY OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Justin, Texas (the "City") is a political subdivision and municipal corporation of the State, located in Denton County, Texas. The City covers approximately 4.4 square miles (see "Introduction - Description of the City").

THE BONDS .... The Bonds are issued as $19,525,000* General Obligation Bonds, Series 2025. The Bonds are to mature on August 15 in each of the years 2026 through 2055, inclusive (see "The Bonds and Contractual Obligations - Description of the Bonds and Contractual Obligations").

THE CONTRACTUAL OBLIGATIONS .... The Contractual Obligations are issued as $990,000* Public Property Finance Contractual Obligations, Series 2025. The Contractual Obligations are to mature on August 15 in each of the years 2026 through 2040, inclusive (see "The Bonds and Contractual Obligations - Description of the Bonds and Contractual Obligations").

PAYMENT OF INTEREST .... Interest on the Bonds and Contractual Obligations accrues from the date of initial delivery, and is payable February 15, 2026, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Bonds and Contractual Obligations - Description of the Bonds and Contractual Obligations" and "The Bonds and Contractual Obligations - Optional Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on November 7, 2023 and a Bond Ordinance to be passed by the City Council of the City (see "The Bonds and Contractual Obligations- Authority for Issuance").

The Contractual Obligations are issued pursuant to the Constitution and general laws of the State, including particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), and a Contractual Obligation Ordinance to be passed by the City Council of the City (see "The Bonds and Contractual Obligations - Authority for Issuance").

SECURITY FOR THE BONDS AND CONTRACTUAL OBLIGATIONS . The Bonds and the Contractual Obligations constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see "The Bonds and Contractual Obligations - Security and Source of Payment").

REDEMPTION .... The City reserves the right, at its option, to redeem Obligations having stated maturities on and after August 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds and Contractual Obligations - Optional Redemption").

TAX EXEMPTION .... In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "Tax Matters" herein.

____
* Preliminary, subject to change.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used for (i) designing, acquiring, constructing, improving, and equipping firefighting facilities, and (ii) professional services rendered in relation to such projects and the financing thereof.

Proceeds from the sale of the Contractual Obligations will be used for the purpose of paying contractual obligations to be incurred for (i) the purchase of fire equipment, including a fire truck; and (ii) professional services rendered in connection therewith.

MUNICIPAL BOND INSURANCE RATINGS .... Applications have been made for a commitment for municipal bond guaranty insurance on the Obligations. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies, other than S&P Global Ratings, a division of S&P Global, Inc. ("S&P") as a result of such insurance, will be paid by the Initial Purchasers of the Bonds and Contractual Obligations. The Obligations and the City's presently outstanding debt are rated "AA-" by S&P (see "Other Information - Ratings").

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

PAYMENT RECORD .... The City has never defaulted on the payment of its bonded indebtedness.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	Tax Supported Debt at End of Year (3)	Per Capita Tax Supported Debt	Ratio Tax Supported Debt to Taxable Assessed Valuation	% of Total Tax Collections
2021	5,100	$ 480,109,890	$ 94,139	$ 13,935,000	$ 2,732	2.90%	99.80%
2022	5,300	619,445,862	116,877	15,105,000	2,850	2.44%	99.86%
2023	6,127	772,734,431	126,120	18,105,000	2,955	2.34%	101.47%
2024	6,828	1,012,415,792	148,274	16,720,000	2,449	1.65%	98.43%
2025	7,600	1,127,604,934	148,369	23,800,000 (4)	3,132	2.11%	97.65% (5)

(1) City Estimate.
(2) Valuations shown are certified taxable assessed values reported by the Denton Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.
(3) Excludes self-supporting debt.
(4) Projected; includes the Obligations. Preliminary, subject to change.
(5) Collections for part year only, through March 1, 2025.

For additional information regarding the City, please contact:

Abbey Reece		Nick Bulaich
City of Justin		Steven Murray
415 N. College Avenue	or	Hilltop Securities Inc.
P.O. Box 129		777 Main Street, Suite 1525
Justin, TX 76247		Fort Worth, Texas 76102
(940) 648-2541		(817) 332-9710

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
James Clark Mayor	4 Years	May 2026	Sales Professional
Alyssa Linenkugel Councilmember/Place #1	2 Years	May 2025	Education
Tomas Mendoza Councilmember/Place #2	3 Year	May 2025	IT Professional
John Mounce Councilmember/Place #3	6 Years	May 2025	Small business owner
James Castle Councilmember/Place #4	1 Year	May 2026	Construction
Daniel Tennis Councilmember/Place #5	1 Year	May 2026	Finance/Lending
Shelby St. Claire Councilmember/Place #6	1 Year	May 2026	Sales Professional

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service with City	Length of Government Service
Jarrod Greenwood	City Manager	2 Years	31 Years
Abbey Reece	Assistant to the City Manager	8 Years	8 Years
Michael Coon	Finance Director	4 Months	12 Years
Amy M. Piukana, TRMC, CMC	City Secretary	1 Year	25 Years

CONSULTANTS AND ADVISORS

Auditors .... CliftonLarsonAllen LLP
Fort Worth , Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor.. Hilltop Securities Inc.
Fort Worth, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF JUSTIN, TEXAS

$19,525,000*	**$990,000***
CITY OF JUSTIN, TEXAS	**CITY OF JUSTIN, TEXAS**
GENERAL OBLIGATION BONDS, SERIES 2025	**PUBLIC PROPERTY FINANCE**
	CONTRACTUAL OBLIGATIONS, SERIES 2025

INTRODUCTION

This Official Statement, which includes Appendices hereto, provides certain information regarding the issuance of $19,525,000* City of Justin, Texas, General Obligation Bonds, Series 2025 (the "Bonds") and $990,000* City of Justin, Texas, Public Property Finance Contractual Obligations, Series 2025 (the "Contractual Obligations", and collectively with the Bonds, the "Obligations"). The Obligations are separate and distinct securities offerings being authorized for issuance under separate ordinances (the "Bond Ordinance" and the "Contractual Obligation Ordinance") adopted by the City Council of the City, but are being offered and sold pursuant to a common Official Statement, and while the Bonds and Contractual Obligations share certain common attributes, each issue is separate and apart from the other and should be reviewed and analyzed independently, including the kind and type of obligation being issued, its terms of payment, the security for its payment, the rights of the holders, and the covenants and agreements made with respect thereto. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Ordinance and Contractual Obligation Ordinance to be adopted on the date of sale of the Bonds and Contractual Obligations (collectively, the "Ordinances"), which will authorize the issuance of the Bonds and Contractual Obligations, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and Contractual Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, First Southwest Company, Fort Worth, Texas.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including Article XI, Section 5 of the Texas Constitution and a home rule charter. The City was incorporated in 1946, and prior to November 8, 2022, operated as a general law city under the laws of the State. At an election held on November 8, 2022, the voters of the City by a majority vote adopted a home rule charter (the "Home Rule Charter"). Pursuant to the Home Rule Charter, the City Council consists of the Mayor and six councilmembers who are elected at large by majority vote. The term of office of the Mayor is three years. Council Places 1-3 were elected at an election held in May, 2023 and at each regular municipal election at two year intervals thereafter. Council Places 4-6 were elected an election held in May, 2024 and at each regular municipal election at two-year intervals thereafter. The City Council formulates the operating policy of the government, and the City Manager serves as the chief administrative officer. Some of the services that the City provides are: public safety (police and fire protection) ambulance, streets, sanitation, public library and general administrative services. The 2020 Census population for the City was 4,409, while the estimated 2025 population is 7,600. The City covers approximately 4.4 square miles.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) designing, acquiring, constructing, improving, and equipping firefighting facilities, and (ii) professional services rendered in relation to such projects and the financing thereof.

Proceeds from the sale of the Contractual Obligations will be used for the purpose of paying contractual obligations to be incurred for (i) the purchase of fire equipment, including a fire truck; and (ii) professional services rendered in connection therewith.

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* Preliminary, subject to change.

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

	The Bonds	The Contractual Obligations
Sources:		
Par Amount	$ -	$ -
Net Premium	-	-
Total Sources of Funds	$ -	$ -
Uses:		
Deposit to Construction Fund	$ -	$ -
Deposit to Project Fund	-	-
Costs of Issuance	-	-
Total Uses of Funds	$ -	$ -

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THE BONDS AND CONTRACTUAL OBLIGATIONS

DESCRIPTION OF THE BONDS AND CONTRACTUAL OBLIGATIONS . . . The Bonds and Contractual Obligations are dated May 1, 2025 (the "Dated Date"), and mature on August 15 in each of the years and in the amounts shown on the cover page and page 3 hereof. Interest will accrue from the Delivery Date, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2026, until maturity or prior redemption. The definitive Bonds and Contractual Obligations will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds and Contractual Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds and Contractual Obligations 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 and Contractual Obligations. See "Book-Entry-Only System" herein.

Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Obligations will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Obligations, all payments will be made as described under "The Bonds and Contractual Obligations - Book-Entry-Only System" herein. If the date for any payment on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on November 7, 2023 and by the Bond Ordinance to be passed by the City Council.

The Contractual Obligations are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), and the Contractual Obligation Ordinance to be passed by the City Council of the City.

SECURITY AND SOURCE OF PAYMENT . . . The principal of and interest on the Obligations is payable from a direct and continuing annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limit prescribed by law. Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to $2.50 per $100 taxable assessed valuation for all purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum of $2.50 per $100 taxable assessed valuation for all City purposes. 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.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Bonds or Contractual Obligations, or both, having stated maturities on and after August 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds or Contractual Obligations are to be redeemed, the City may select the maturities of Bonds or Contractual Obligations, as the case may be, to be redeemed. If less than all of the Bonds or Contractual Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Bonds or Contractual Obligations, or portions thereof, within such maturity to be redeemed. If a Bond or Contractual Obligation (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 Contractual Obligation (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 Obligations, 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 Obligations 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. If a Bond or Contractual Obligation (or any portion of its principal sum) shall have been duly called for redemption and any other condition to redemption satisfied, then upon the redemption date such Bond or Contractual Obligation (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

With respect to any optional redemption of the Obligations, unless certain prerequisites to such redemption required by the respective Ordinances have been met and money sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is 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 Obligations, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Obligations have not been redeemed.

DEFEASANCE . . . The respective Ordinances provide for the defeasance of the Bonds or Contractual Obligations when the payment of the principal of and premium, if any, on the Bonds or Contractual Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the paying agent/registrar or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent certified public accountant, the Paying Agent/Registrar, the City's Financial Advisor, or another qualified third party to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds or Contractual Obligations being defeased, and thereafter, the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds or Contractual Obligations, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Government Securities. The respective Ordinances provide that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any other then authorized securities or obligations under applicable law that may be used to defease obligations such as the Bonds or Contractual Obligations. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds or Contractual Obligations. Because the respective Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or those for any other defeasance security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Obligations are registered in its nominee 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 Obligations, 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 Obligations), 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 Obligations. The Obligations will be issued as fully-registered securities 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 Obligation certificates will be issued for each maturity and series of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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.

Redemption notices for the Obligations shall be sent to DTC. If less than all of the Obligations within a maturity and series 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 Obligations unless authorized by a Direct Participant in accordance with DTC's 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Obligations 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 dates 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 in the case with securities 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 and principal and interest to DTC is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to one or both series of the Obligations at any time by giving reasonable notice to the City or the respective 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 the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, obligation certificates, will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the Obligations 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 Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

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

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System of the Obligations is discontinued, printed certificates will be issued to the DTC Participants or the holder, as the case may be, and such Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under "The Bonds and Contractual Obligations - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, N.A., Dallas (the "Paying Agent/Registrar"), Texas. In the respective Ordinances, 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 Obligations are duly paid and any successor Paying Agent/Registrar shall be a bank, a trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations affected by the changes by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Obligations will be paid to the registered owner at their stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds and Contractual Obligations will be printed and delivered to the registered owners thereof and thereafter 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 and Contractual Obligations may be assigned by the execution of an assignment form on the respective Bonds and Contractual Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds and Contractual Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Bonds and Contractual Obligations 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 and Contractual Obligations issued in an exchange or transfer of Bonds and Contractual Obligations 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 and Contractual Obligations 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 and Contractual Obligations 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 and series as the Bonds and Contractual Obligations 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 Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond or Contractual Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond or Contractual Obligation, as applicable.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds and Contractual Obligations 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 (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond or Contractual Obligation 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.

OBLIGATIONHOLDERS' REMEDIES . . . The Ordinances do not specify events of default with respect to the Olbgiations. If the City defaults in the payment of the principal of or interest on any of the Obligations when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Ordinancse, any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the obligations under the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but it may not be arbitrarily refused. There is no acceleration of maturity of any of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in Wasson Interests, Ltd. v. City of Jacksonville, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in Tooke v. City of Mexia, 197 S.W. 3d 325 (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, holders of the Obligations may not be able to bring such a suit against the City for breach of the covenants in the Obligations or in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations.

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, including holders of the Obligations, 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 remedies 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 Obligations are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

Initially, the only registered owner of the Obligations will be Cede & Co., the nominee of DTC. See "The Bonds and Contractual Obligations - Book-Entry-Only System" above for a description of the duties of DTC with regard to ownership of the Obligations.

BOND INSURANCE

General . . . The City has submitted applications to municipal bond insurance companies to have the payment of the principal of and interest on the Obligations insured by a municipal bond insurance policy. In the event the Obligations are qualified for municipal bond insurance, and the Initial Purchasers desire to purchase such insurance, the cost will be paid by the Initial Purchasers. Any fees to be paid to S&P as a result of said insurance will be paid by the City. It will be the responsibility of the Initial Purchasers to disclose the existence of insurance, its terms, and the effect thereof with respect to the reoffering of the Obligations. If the City obtains a commitment from a bond insurance company (the "Insurer") to provide a municipal bond insurance policy relating to the Obligations (the "Policy"), the final Official Statement shall disclose certain information relating to the Insurer and the Policy.

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

Payment of principal of and interest on the Obligations is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist. The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the owners.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Obligations are payable solely from the sources of funds pledged to the payment of the Obligations (see "The Bonds and Contractual Obligations – Security and Source of Payment"). In the event the Insurer becomes obligated to make payments with respect to the Obligations, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Obligations.

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

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

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AD VALOREM PROPERTY TAXATION

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

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

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

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

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

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

LOCAL OPTION HOMESTEAD EXEMPTIONS. . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

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

PERSONAL PROPERTY. . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

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

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

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

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.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

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

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

For a discussion of how the various exemptions described above are applied by the City, see "Ad Valorem Property Taxation – City Application of Property Tax Code" herein.

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount," as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $52,978,200 for the 2022 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

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

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

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

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations. . . The following terms as used in this section have the meanings provided below:

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

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

"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 cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

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

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

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

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

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has 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 Obligations.

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

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $5,000.

The City has not granted an additional exemption of up to 20% of the market value of residence homesteads.

The City has established a freeze on the taxes on residence homesteads of persons 65 years of age or who are disabled.

See Table 1 for a listing of the amounts of the exemptions described above.

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 intangible personal property and Denton County collects taxes for the City.

The City does not offer discounts and the only split payment offered is quarter payment for over 65 and disabled persons.

The City does not tax freeport property.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2024/25 Market Valuation Established by Denton Central Appraisal District (excluding totally exempt property)		$ 1,277,114,869
Less Exemptions/Reductions at 100% Market Value:		
Over 65	$ 1,913,320	
Disabled Veterans Exemption	28,083,056	
Other Exemptions	43,000	
Homestead Cap	48,997,217	
Productivity Loss	27,704,775	
Totally Exempt	42,768,567	149,509,935
2024/25 Taxable Assessed Valuation		$ 1,127,604,934
Debt Payable from Ad Valorem Taxes (as of 2-1-25)		
General Obligation Indebtedness	$ 19,220,000	
The Bonds	19,525,000 (1)	
The Contractual Obligations	990,000 (1)	
City Funded Debt Payable from Ad Valorem Taxes		$ 39,735,000
Less Self Supporting General Obligation Debt: (2)		
Waterworks and Sewer System General Obligation Bonds	$ 14,615,000	
Economic Development Corporation (4A) Debt	310,000	
Community Development Corporation (4B) Debt	610,000	15,535,000
Net Funded Debt Payable From Ad Valorem Taxes		$ 24,200,000
Interest and Sinking Fund as of 3-1-25		$ 1,801,672
Ratio Tax Supported Debt to Taxable Assessed Valuation		3.52%
Ratio Net Tax Supported Debt to Taxable Assessed Valuation		2.15%

2025 Estimated Population - 7,600
Per Capita Taxable Assessed Valuation - $148,369
Per Capita Funded Debt - $5,228
Per Capita Net Funded Debt - $3,184

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(1) Preliminary, subject to change.
(2) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. In the event that revenues of the respective revenue systems are not sufficient to pay debt service on such obligations, the City is obligated to levy and collect an ad valorem tax, within the limits prescribed by law, sufficient for the payment thereof. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2025		2024		2023	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	$ 886,890,058	69.44%	$ 854,381,119	74.35%	$ 603,953,824	73.55%
Real, Residential Multi-Family	61,372,049	4.81%	64,434,242	5.61%	57,199,987	6.97%
Real, Vacant Lots/Tracts	40,827,765	3.20%	34,311,794	2.99%	22,571,982	2.75%
Real, Acreage (Land Only)	27,941,503	2.19%	31,848,075	2.77%	6,312,671	0.77%
Real, Farm and Ranch Improvements	13,993,729	1.10%	20,949,887	1.82%	13,001,284	1.58%
Real, Commercial and Industrial	69,685,055	5.46%	66,235,360	5.76%	46,621,852	5.68%
Minerals, Oil and Gas	3,473,564	0.27%	6,022,653	0.52%	6,826,169	0.83%
Real and Tangible Personal, Utilities	32,481,366	2.54%	11,528,320	1.00%	10,049,201	1.22%
Tangible Personal, Commercial	28,046,831	2.20%	21,933,148	1.91%	21,038,911	2.56%
Tangible Personal, Industrial	7,581,590	0.59%	15,794,630	1.37%	16,564,425	2.02%
Tangible Personal, Other	61,246,600	4.80%	21,714,062	1.89%	17,010,913	2.07%
Real Property, Inventory	39,028	0.00%	34,654	0.00%	35,062	0.00%
Totoal Exempt	43,535,731	3.41%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 1,277,114,869	100.00%	$ 1,149,187,944	100.00%	$ 821,186,281	100.00%
Adjustments	-		-		-	
Less: Total Exemptions/Reductions	(149,509,935)		(136,772,152)		(48,451,850)	
Taxable Assessed Value	$ 1,127,604,934		$ 1,012,415,792		$ 772,734,431	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2022		2021	
Category	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	$ 462,016,034	72.32%	$ 365,753,355	73.55%
Real, Residential Multi-Family	45,491,872	7.12%	6,452,820	1.30%
Real, Vacant Lots/Tracts	15,666,674	2.45%	16,841,157	3.39%
Real, Acreage (Land Only)	7,519,697	1.18%	8,709,982	1.75%
Real, Farm and Ranch Improvements	5,399,712	0.85%	4,764,426	0.96%
Real, Commercial and Industrial	34,341,714	5.38%	33,451,282	6.73%
Minerals, Oil and Gas	3,415,934	0.53%	4,170,263	0.84%
Real and Tangible Personal, Utilities	11,785,320	1.84%	12,453,019	2.50%
Tangible Personal, Commercial	18,427,720	2.88%	16,707,937	3.36%
Tangible Personal, Industrial	16,892,310	2.64%	17,164,110	3.45%
Tangible Personal, Other	17,878,523	2.80%	10,803,113	2.17%
Real Property, Inventory	11,068	0.00%	8,706	0.00%
Total Appraised Value Before Exemptions	$ 638,846,578	100.00%	$ 497,280,170	100.00%
Adjustments	-		-	
Less: Total Exemptions/Reductions	(19,400,716)		(17,170,280)	
Taxable Assessed Value	$ 619,445,862		$ 480,109,890	

NOTE: Valuations shown are certified taxable assessed values reported by the Denton Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population [1]	Taxable Assessed Valuation [3]	Taxable Assessed Valuation Per Capita	GO Tax Supported Debt Outstanding at End of Year [4]	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita
2021	5,100	$ 480,109,890	$ 94,139	$ 13,935,000	2.90%	$ 2,732
2022	5,300	619,445,862	116,877	15,105,000	2.44%	2,850
2023	6,127	772,734,431	126,120	18,105,000	2.34%	2,955
2024	6,828	1,012,415,792	148,274	16,720,000	1.65%	2,449
2025	7,600 [2]	1,127,604,934	148,369	23,800,000 [5]	2.11%	3,132

(1) Source: North Central Texas Council of Governments.
(2) City Estimate.
(3) Valuations shown are certified taxable assessed values reported by the Denton Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.
(4) Excludes self-supporting debt.
(5) Projected. Includes the Obligations. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution: General Fund	Distribution: Interest and Sinking Fund	Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
2021	$ 0.650000	$ 0.539195	$ 0.110805	$ 3,013,979	99.43%	99.80%
2022	0.650000	0.566808	0.083192	3,895,572	99.47%	99.86%
2023	0.630693	0.565485	0.065208	4,722,055	100.47%	101.47%
2024	0.628363	0.537569	0.090794	6,157,279	98.40%	98.43%
2025	0.600118	0.522863	0.077255	6,509,021	97.52% [1]	97.65% [1]

(1) Collections for partial year only, through March 1, 2025.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
810 Tally Owner LP	Apartments	$ 56,500,000	5.01%
Oncor Electric Delivery Co.	Electric Utility	24,157,090	2.14%
Bloomfield Homes LP	Home Builder	16,507,247	1.46%
KB Home Loan Star Inc	Home Builder	8,483,296	0.75%
Enterprise Texas Pipeline LP	Oil & Gas Pipeline	7,485,420	0.66%
JTX Storage LLC	Storage Facility	7,366,191	0.65%
Frontier Access LLC	Trash/Landfill Utility	7,230,762	0.64%
M/I Homes of DFW LLC	Home Builder	7,188,179	0.64%
TCL Land BK 4 (2022) LP	Residential Development	5,364,813	0.48%
Justin 197 Partners LP	Developer	5,076,224	0.45%
		$ 145,359,222	12.89%

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law (see "The Bonds and Contractual Obligations– Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY [(1)]

2025 Principal and Interest Requirements	$	505,327
$0.0453 Tax Rate at 99% Collection Produces	$	505,697
Average Annual Principal and Interest Requirements, 2025 - 2055	$	1,440,397
$0.1291 Tax Rate at 99% Collection Produces	$	1,441,181
Maximum Principal and Interest Requirements, 2026	$	1,879,176
$0.1684 Tax Rate at 99% Collection Produces	$	1,879,898

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(1) Excludes revenue-supported general obligation debt. See Tables 8 and 10 herein.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2024/25 Taxable Assessed Value	2024/25 Tax Rate	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt As of 3-1-25	Authorized But Unissued Debt As Of 3-1-25
City of Justin	$ 1,127,604,934	$ 0.600118	$ 24,200,000 [(1)]	100.00%	$ 24,200,000 [(1)]	$ 2,190,000
Denton County	192,688,469,909	0.187869	673,670,000	0.52%	3,503,084	438,690,625
Northwest Independent School District	35,673,009,586	1.117900	2,205,085,000	2.55%	56,229,668	1,195,500,000
Total Direct and Overlapping Tax Supported Debt					$ 83,932,752	
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation					7.44%	
Per Capita Overlapping Tax Supported Debt					$ 11,043.78	

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(1) Excludes revenue supported general obligation debt. Preliminary, subject to change. See Table 10 herein.

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt (1)			The Bonds (2)		The Contractual Obligations (3)		Total Outstanding Debt	Less W&S Self-Supporting Requirements	Less EDC Self-Supporting Requirements	Less CDC Self-Supporting Requirements	Total Debt Less Self-Supporting Requirements	% of Total Outstanding Principal Retired
	Principal	Interest	Total	Principal	Interest	Principal	Interest						
2025	$ 1,485,000	$ 447,610	$ 1,932,610	$ -	$ -	$ -	$ -	$ 1,932,610	$ 1,232,134	$ 81,789	$ 113,359	$ 505,327	
2026	1,485,000	428,252	1,913,252	115,000	1,179,383	40,000	54,646	3,302,280	1,231,788	85,147	106,169	1,879,176	
2027	1,515,000	397,389	1,912,389	310,000	981,640	50,000	43,750	3,297,779	1,234,907	78,395	109,089	1,875,389	
2028	1,335,000	365,414	1,700,414	325,000	966,140	50,000	41,250	3,082,804	1,237,214	81,752	111,899	1,651,940	
2029	1,280,000	338,854	1,618,854	345,000	949,890	55,000	38,750	3,007,494	1,240,555	-	109,599	1,657,340	21.65%
2030	880,000	312,954	1,192,954	360,000	932,640	55,000	36,000	2,576,594	837,955	-	107,300	1,631,340	
2031	785,000	295,293	1,080,293	380,000	914,640	60,000	33,250	2,468,183	833,143	-	-	1,635,040	
2032	805,000	279,056	1,084,056	395,000	895,640	65,000	30,250	2,469,946	842,606	-	-	1,627,340	
2033	815,000	261,878	1,076,878	415,000	875,890	65,000	27,000	2,459,768	836,128	-	-	1,623,640	
2034	840,000	243,876	1,083,876	440,000	855,140	70,000	23,750	2,472,766	838,976	-	-	1,633,790	37.75%
2035	860,000	224,975	1,084,975	460,000	833,140	70,000	20,250	2,468,365	841,225	-	-	1,627,140	
2036	885,000	205,216	1,090,216	485,000	810,140	75,000	17,310	2,477,666	842,766	-	-	1,634,900	
2037	905,000	184,299	1,089,299	505,000	785,890	80,000	14,160	2,474,349	843,449	-	-	1,630,900	
2038	775,000	162,563	937,563	530,000	760,640	80,000	10,800	2,319,003	693,463	-	-	1,625,540	
2039	795,000	144,198	939,198	560,000	734,140	85,000	7,440	2,325,778	691,998	-	-	1,633,780	55.39%
2040	570,000	125,161	695,161	585,000	706,140	90,000	3,870	2,080,171	695,161	-	-	1,385,010	
2041	440,000	112,822	552,822	615,000	676,890	-	-	1,844,712	552,822	-	-	1,291,890	
2042	320,000	101,818	421,818	645,000	646,140	-	-	1,712,958	421,818	-	-	1,291,140	
2043	325,000	91,976	416,976	680,000	613,890	-	-	1,710,866	416,976	-	-	1,293,890	
2044	335,000	81,905	416,905	715,000	579,890	-	-	1,711,795	416,905	-	-	1,294,890	68.11%
2045	195,000	71,400	266,400	750,000	544,140	-	-	1,560,540	266,400	-	-	1,294,140	
2046	200,000	63,600	263,600	785,000	506,640	-	-	1,555,240	263,600	-	-	1,291,640	
2047	210,000	55,600	265,600	825,000	467,390	-	-	1,557,990	265,600	-	-	1,292,390	
2048	220,000	47,200	267,200	865,000	426,140	-	-	1,558,340	267,200	-	-	1,291,140	
2049	225,000	38,400	263,400	910,000	382,890	-	-	1,556,290	263,400	-	-	1,292,890	81.26%
2050	235,000	29,400	264,400	955,000	337,390	-	-	1,556,790	264,400	-	-	1,292,390	
2051	245,000	20,000	265,000	1,005,000	289,640	-	-	1,559,640	265,000	-	-	1,294,640	
2052	255,000	10,200	265,200	1,055,000	237,380	-	-	1,557,580	265,200	-	-	1,292,380	
2053	-	-	-	1,110,000	182,520	-	-	1,292,520	-	-	-	1,292,520	
2054	-	-	-	1,170,000	124,800	-	-	1,294,800	-	-	-	1,294,800	96.83%
2055	-	-	-	1,230,000	63,960	-	-	1,293,960	-	-	-	1,293,960	100.00%
	$ 19,220,000	$ 5,141,305	$ 24,361,305	$ 19,525,000	$ 19,260,793	$ 990,000	$ 402,476	$ 64,539,573	$ 18,902,785	$ 327,082	$ 657,414	$ 44,652,293	

(1) "Outstanding Debt" includes self-supporting debt.
(2) Average life of the Bonds – 19.406 years. Interest calculated at 4.98% for purposes of illustration. Preliminary, subject to change.
(3) Average life of the Contractual Obligations – 9.098 years. Interest calculated at 4.31% for purposes of illustration. Preliminary, subject to change.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION (1)

Projected Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9-30-25		$ 505,327
Interest and Sinking Fund, 9-30-24 (2)	$ 1,077,739	
Calculated Interest and Sinking Fund Tax Levy	871,131	1,948,870
Estimated Balance, 9-30-25		$ 1,443,543

(1) Excludes self-supporting debt.
(2) Unaudited.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT

Waterworks and Sewer System	
Net Revenue from Waterworks and Sewer System, Fiscal Year Ended 9-30-24	$ 1,863,887 (1)
Waterworks and Sewer System General Obligation Bond Requirements, 2025 Fiscal Year	1,232,134
Balance	$ 631,753
Economic Development Corporation	
Revenue Available from Economic Development Corporation Sales Tax, Fiscal Year Ended 9-30-24	$ 431,468 (1)
Economic Development Corporation Sales Tax General Obligation Bond Requirements, 2025 Fiscal Year	81,789
Balance	$ 349,679
Community Development Corporation	
Revenue Available for Debt from Community Development Corporation Fund, Fiscal Year Ended 9-30-24	$ 411,062 (1)
Community Development Corporation Fund General Obligation Bond Requirements, 2024 Fiscal Year.	113,359
Balance	$ 297,703

(1) Preliminary and unaudited information; subject to change.

TABLE 11- AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Amount Being Issued (1)	Unissued Balance
Firefighting Facilities	11/07/2023	$ 21,790,000	$ -	$ 19,600,000	$ 2,190,000

(1) Includes bond issuance premium, if any.

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

TABLE 12 – OTHER OBLIGATIONS (1)

During the current fiscal year, the City entered into thirteen (13) lease agreements as lessee for the use of vehicles and equipment. An initial lease liability was recorded in the amount of $626,458. As of September 30, 2024, the value of the lease liability was $549,883. The City is required to make monthly principal and interest payments based on the respective lease agreement. The interest rate was not provided by the lessor. Accordingly, the City calculated an implicit interest rate for each asset, resulting in interest rates ranging from 9.6% to 12.5%. Each vehicle had an estimated useful life of 5 years. The value of the right-to-use assets as of the end of the current fiscal year was $1,582,396 and had accumulated amortization of $552,026.

The future principal and interest lease payments as of September 30, 2024, were as follows:

	Governmental		Business-Type		
Year Ending September 30	Principal	Interest	Principal	Interest	Total
2025	$ 146,903	$ 38,169	$ 91,726	$ 24,752	$ 301,550
2026	140,645	27,390	63,111	18,440	249,586
2027	129,265	17,389	59,865	12,166	218,685
2028	94,674	7,325	66,365	5,667	174,031
2029	15,630	271	18,795	432	35,128
Totals	$ 527,117	$ 90,544	$ 299,862	$ 61,457	$ 978,980

(1) Preliminary and unaudited information; subject to change.

PENSION FUND . . . The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (ACFR) that can be obtained at www.tmrs.com.

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

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

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

	Plan Year 2022
Employee Deposit Rate:	7.00%
Matching Ratio (City to Employee):	2 to 1
Years Required for Vesting	5
Service Retirement Eligibility	
(Expressed as Age/Years of	60/5, 0/20
Updated Service Credit	50% Repeating
Annuity Increase (to Retirees)	0% of CPI

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receving Benefits	15
Inactive Employees Entitled to But Not Yet Receving Benefits	37
Active Employees	57
	109

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

Employees for the City of Justin were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Justin were 7.26% in calendar years 2023 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2023, were $260,372.

Net Pension Liability . . . The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per Year
Overall Payroll Growth	3.50% to 11.50% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return (Arithmetic)**
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Market	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	100.00%	

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

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance - December 31, 2021	$ 3,268,813	$ 3,345,763	$ (76,950)
Changes for the year:			
Service cost	426,207	-	$ 426,207
Interest	230,457	-	230,457
Change of benefit terms	-	-	-
Difference between expected and actual experience	(19,882)	-	(19,882)
Changes of assumptions	-	-	-
Contributions - employer	-	226,358	(226,358)
Contributions - employee	-	217,060	(217,060)
Net investment income	-	(244,826)	244,826
Benefit payments, including refunds of employee contributions	(135,479)	(135,479)	-
Administrative expense	-	(2,113)	2,113
Other changes	-	2,523	(2,523)
Net changes	501,303	63,523	437,780
Balance - December 31, 2022	$ 3,770,116	$ 3,409,286	$ 360,830

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

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

	1% Decrease (5.75%)	**Current Single Rate Assumption (6.75%)**	**1% Increase (7.75%)**
City's Net Pension Liability	$ 1,014,264	$ 360,830	$ (162,757)

Pension Plan Fiduciary Net Pension:

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

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

For the year ended September 30, 2023, the City recognized pension expense of $230,514.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,520	$ 102,526
Changes in actuarial assumptions	992	-
Net difference between projected and actual investment earnings	235,802	-
Contributions subsequent to the measurement date	202,718	-
Total	$ 451,032	$ 102,526

For the year ending September 30, 2023, $202,717 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability on the year ended September 30, 2024. 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,	
2024	$ (8,408)
2025	25,902
2026	37,335
2027	90,959
2028	-
Total	$ 145,788

OTHER POST-EMPLOYMENT BENEFITS . . . The City has no other post-employment benefit plans.

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FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET ASSETS

Revenues:	Fiscal Year Ended September 30,				
Program Revenues	2024 (1)	2023	2022	2021	2020
Charges for Services	$ 3,477,485	$ 1,133,739	$ 2,329,690	$ 1,328,125	$ 1,070,432
Operating Grants and Contributions	-	461,039	683,717	287,618	16,393
General Revenues					
Property Taxes	6,043,644	4,784,881	3,879,738	3,004,941	2,591,654
Other Taxes	3,729,653	3,524,145	3,033,033	2,070,951	1,853,024
Investment Earnings	82,392	130,432	18,319	1,100	46,296
Other	587,606	270,678	274,988	265,237	261,465
Transfers	-	-	-	-	(465,462)
Total Revenues	$ 13,920,780	$ 10,304,914	$ 10,219,485	$ 6,957,972	$ 5,373,802
Expenses:					
General Government	$ 2,865,347	$ 2,100,556	$ 1,239,246	$ 1,513,474	$ 1,051,323
Police Department	2,173,951	1,493,491	1,229,734	1,017,448	1,041,419
Fire Services	1,999,284	1,262,073	1,101,451	619,109	-
Municipal Court	273,526	282,053	181,049	155,112	150,813
Parks and Recreation	1,033,124	825,766	1,551,604	1,193,930	1,120,845
Library	239,915	213,889	159,739	131,046	119,912
Development	1,220,131	898,304	928,812	1,228,861	877,978
Nondepartmental	2,224,218	1,896,406	1,431,136	832,077	847,244
Interest and Amortization	178,546	157,804	186,805	155,069	314,794
Total Expenses	$ 12,676,925	$ 9,130,342	$ 8,009,576	$ 6,846,126	$ 5,524,328
Increase (Decrease) in Net Assets	$ 1,243,855	$ 1,174,572	$ 2,209,909	$ 111,846	$ (150,526)
Beginning Net Position	14,509,002	13,334,430	5,781,519	5,669,673	5,820,199
Prior Period Adjustment	-	-	5,343,002	-	-
End Net Position	$ 15,752,857	$ 14,509,002	$ 13,334,430	$ 5,781,519	$ 5,669,673

(1) Unaudited; preliminary information subject to change.

TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
Revenues	2024 (1)	2023	2022	2021	2020
Property Taxes	$ 6,043,644	$ 4,787,482	$ 3,875,441	$ 3,002,587	$ 2,588,406
Sales and Bevarage Taxes	1,678,738	1,622,185	1,385,948	927,207	811,211
Franchise Taxes	391,480	308,219	286,572	252,135	234,228
License and Permits	3,451,677	559,337	2,159,426	1,140,663	886,556
Fines and Forfeitures	364,731	379,526	222,152	178,369	176,156
Charges for Services	27,171	23,316	22,120	18,761	6,646
Intergovernmental	18,400	430,636	560,105	236,250	13,100
Contributions and Donations	21,516	11,053	8,319	25,793	3,293
Investment income	54,621	57,604	15,168	918	32,696
Miscellaneous	163,596	438,488	180,184	262,395	244,299
Total Revenues	$ 12,215,574	$ 8,617,846	$ 8,715,435	$ 6,045,078	$ 4,996,591
Expenditures					
General Government	$ 1,488,224	$ 1,292,235	$ 951,857	$ 955,519	$ 901,624
Police Department	1,875,439	1,477,789	1,237,120	1,080,347	1,097,864
Fire Department	1,924,595	1,281,501	997,028	613,867	-
Municipal Court	273,526	282,630	183,462	157,401	150,813
Parks and Recreation	930,484	835,332	731,825	756,370	726,211
Library	239,915	214,663	154,398	138,571	115,961
Development	1,199,909	892,544	941,756	840,680	885,804
Nondepartmental	728,274	921,188	1,464,805	569,253	1,732,400
Capital Outlay	2,016,998	1,880,518	306,822	656,053	-
Debt Service	882,496	758,641	588,652	661,722	616,563
Total Expenditures	$ 11,559,860	$ 9,837,041	$ 7,557,725	$ 6,429,783	$ 6,227,240
Excess (Deficiency) of Revenues Over Expenditures	$ 655,714	$ (1,219,195)	$ 1,157,710	$ (384,705)	$ (1,230,649)
Other Financing Sources (Uses):					
Transfers In	$ 27,000	$ 36,000	$ 36,000	$ 36,000	$ 36,000
Transfers Out	-	-	-	-	(1,266,645)
Proceeds from Capital Leases	-	209,893	114,639	146,302	43,805
SBITAs	-	66,572	-	-	-
Debt Service Principal	-	-	-	-	-
Bond Proceeds	735,387	-	-	-	-
Total Other Financing Sources (Uses)	$ 762,387	$ 312,465	$ 150,639	$ 182,302	$ (1,186,840)
Net Change in Fund Balance	$ 1,418,101	$ (906,730)	$ 1,308,349	$ (202,403)	$ (2,417,489)
Beginning Fund Balance	2,910,618	3,817,348	2,508,999	2,711,402	5,128,891
Ending Fund Balance	$ 4,328,719	$ 2,910,618	$ 3,817,348	$ 2,508,999	$ 2,711,402

(1) Unaudited; preliminary information subject to change.

TABLE 14 - MUNICIPAL SALES TAX HISTORY

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

Fiscal Year Ended 9/30	1% Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2021	$ 927,207	30.76%	$ 0.1931	$ 182
2022	1,385,948	35.58%	0.2237	261
2023	1,593,741	33.75%	0.2062	260
2024	1,658,895 (1)	26.94%	0.1639	243
2025	596,870 (2)	09.17%	0.0529	79

In May of 2002, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for economic development. Collection for the additional tax went into effect on October 1, 2002. The sales tax for economic development is collected solely for the benefit of the Justin Economic Development Corporation, and may be pledged to secure payment of sales tax revenue bonds issued by the Justin Economic Development Corporation. In May of 2003, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for community development. Collection for the additional tax went into effect on January 1, 2004. The sales tax for community development is collected solely for the benefit of the Justin Community Development Corporation, and may be pledged to secure payment of sales tax revenue bonds issued by the Justin Community Development Corporation. On November 6, 2018, the voters of the City voted to reallocate ¼ of 1% from both the Justin Economic Development Corporation and the Justin Community Development Corporation to Street Maintenance.

Fiscal Year Ended 9/30	4A Sales Tax Collected	4B Sales Tax Collected	Street Maintenance
2021	$ 195,506	$ 195,506	500,596
2022	340,128	340,128	680,257
2023	398,435	398,435	796,871
2024	414,724 (1)	414,724 (1)	829,447 (1)
2025	149,217 (2)	149,217 (2)	298,435 (2)

As of August 2022, the sales tax breakdown for the City is as follows:

	Cents
Property Tax Relief	0
JEDC (4A)	1/4
JCDC (4B)	1/4
Street Maintenance	1/2
City Sales & Use Tax	1
State Sales and Use Tax	6 1/4
Total	8 1/4

(1) Unaudited
(2) Collections as of March 1, 2025.

Financial Policies

Basis of Accounting . . . All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collection governments and are recognized as revenues at that time. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified basis of accounting when the related fund liability is incurred. Exceptions to this general rule include accumulated unpaid vacation which are not accrued and principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Budgetary Procedures . . . The City follows these procedures in establishing the budgetary data reflected in the financial statements: Prior to July 1, the City Secretary submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through the passage of an ordinance. The City Secretary is authorized to transfer budgeted amounts between departments within any fund: any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgets for the General and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Unused appropriations for all the above annually budgeted funds lapse at the end of the fiscal year.

Investments

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

Legal Investments . . . Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized U.S. government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15 percent of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

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

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

State law requires the City's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

TABLE 15 - CURRENT INVESTMENTS

As of March 1, 2025, the City's investable funds were invested in the following categories:

Description	Percent	Market Value
TexStar	100.00%	$ 7,467,326
	100.00%	$ 7,467,326

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TAX MATTERS

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

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

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

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

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

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Obligations from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed or future changes in tax law.

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

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

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

The purchase price of certain Obligations (the "Premium Obligations") paid by an owner may be greater than the amount payable on such Obligations at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Obligation in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Obligation, the yield based on a call date that results in the lowest yield on the Obligations).

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

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CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City ending in or after 2025, financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and (2) if not provided as part of such financial information and operating data, audited financial statements of the City within the twelve months after the end of each fiscal year, ending in or after 2024, if available, as described below. 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.

The City’s current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by March 31 in each year, and audited financial statements, or unaudited financial statements if audited financial statements are not yet available, by September 30 in each year, unless the City changes its fiscal year. 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 also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information or operating data in accordance with its agreement described above under "Annual Reports".

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

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, 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 Obligations 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 Obligations 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 Obligations 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 (or any greater amount required by any other provisions of the Ordinances that authorizes such amendment) of the outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter of the initial public offering of the Obligations from lawfully purchasing or selling Obligations in such offering. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Obligations and the presently outstanding tax-supported debt of the City are rated "AA-" by S&P. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view 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 it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending or, to their knowledge, threatened litigation or other proceeding against the City that would have a material adverse financial impact upon the City or its operations.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the operations of the City. Information technology and infrastructure of the City may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the City. To mitigate these risks, the City continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for City staff and administration.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Obligations are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Obligations be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The City will furnish to the Initial Purchasers a complete transcript of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and Contractual Obligation, and to the effect that such Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described in "TAX MATTERS" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Obligations, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Obligations will also be furnished. Though it may represent the Financial Advisor and the Initial Purchaser from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel has been engaged by and only represents the City in the issuance of the Obligations. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notices of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in the Notices of Sale and Bidding Instructions, the Official Bid Form and the Official Statement to verify that such information conforms to the provisions of the Ordinances. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinions will accompany the Obligations deposited the DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System.

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

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

FINANCIAL ADVISOR

Hilltop Securities Inc. (“HilltopSecurities”) is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. HilltopSecurities, 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 Obligations, 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.

of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASERS OF THE OBLIGATIONS

After requesting competitive bids for the Bonds, the City accepted the bid of ________________________ (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on the cover page of the Official Statement at a price of par plus a cash premium (if any) of $_______________. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds. 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 sole responsibility of the Initial Purchaser of the Bonds.

After requesting competitive bids for the Contractual Obligations, the City accepted the bid of ________________________ (the "Initial Purchaser of the Contractual Obligations") to purchase the Contractual Obligations at the interest rates shown on page 3 of the Official Statement at a price of par plus a cash premium (if any) of $_______________. The Initial Purchaser of the Contractual Obligations can give no assurance that any trading market will be developed for the Contractual Obligations after their sale by the City to the Initial Purchaser of the Contractual Obligations. The City has no control over the price at which the Contractual Obligations are subsequently sold and the initial yield at which the Contractual Obligations will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Contractual Obligations.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The Ordinances authorizing the issuance of the Obligations will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Obligations by the Initial Purchasers.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION AND HISTORY . . . The City of Justin, Texas (the "City") is located in Denton County. Some of the services that the City provides are: public safety (police and fire protection), ambulance, streets, sanitation, public library and general administrative services. The 2020 Census Population for the City was 4,409, while the estimated 2025 population is 7,600. The City covers approximately 4.4 square miles.

EDUCATION

The City is served by the Northwest Independent School District. The Northwest Independent School District encompasses 232 square miles and is situated northwest of the Dallas-Fort Worth Metroplex in the counties of Denton, Tarrant, and Wise. Within its boundaries are the communities of Haslet, Justin, Newark, Rhome, Roanoke, Trophy Club, Aurora, Avondale, Drop, Fairview, Marshal Creek and Northlake. Portions of Flower Mounds, Fort Worth, Southlake and Westlake are also in the Northwest Independent School District.

DENTON COUNTY – LABOR FORCE

	January	Annual Averages				
	2025	2024	2023	2022	2021	2020
Civilian Labor Force	599,355	594,996	568,450	551,918	529,274	511,246
Total Employment	577,207	572,903	548,549	533,977	505,915	478,345
Unemployed	22,148	22,093	19,901	17,941	23,359	32,901
Percent of Unemployed	3.7%	3.7%	3.5%	3.3%	4.4%	6.4%

BUILDING PERMITS – CITY OF JUSTIN

	Building Permits	
Fiscal Year	Number of Units	Value
2020	184	$ 33,419,009
2021	231	74,419,519
2022	167	62,846,044
2023	62	19,039,602
2024	356	112,160,803

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APPENDIX B

EXCERPTS FROM THE

CITY OF JUSTIN, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2023

The information contained in this Appendix consists of excerpts from the City of Justin, Texas Annual Comprehensive Financial Report for the Year Ended September 30, 2023, 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.

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Justin, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Justin, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Justin, Texas as of September 30, 2023, 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Justin, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2023, the City of Justin, Texas implemented Governmental Accounting Standards Board (GASB) Statement No.96, *Subscription-Based Information Technology Arrangements.* Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Justin, Texas' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Justin, Texas' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of change in net pension liability and related ratios, and the schedule of contributions on pages 3-8 and 43-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
March 24, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

INTRODUCTION

As management of the City of Justin, Texas (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023.

Management's discussion and analysis (MD&A) has been designed to 1) assist readers and interested parties in focusing on significant financial issues, 2) provide an overview of the City's financial activity, 3) identify changes in the City's financial position, including its ability to address the next and subsequent years challenges, 4) identify material deviations from the approved budgets adopted by the City Council (those charged with governance), and 5) identify individual fund issues or concerns.

Because MD&A focuses on the current year's activity, resulting changes, and currently known facts, you are encouraged to read it in conjunction with the basic financial statements including notes thereto, required supplemental information, and other supplementary data provided below.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at September 30, 2023 by $39,945,462, an increase of $9,094,744 from the prior year.

- At September 30, 2023, the City's governmental funds reported combined fund balances of $5,806,462, a decrease of $263,596 from the prior year.

- The City's capital assets and right-to-use leased assets, reported at cost less accumulated depreciation, totaling $40,487,531 at September 30, 2023 while the City's long-term obligations totaled $18,110,000 at September 30, 2023.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. There are two government-wide statements: the statement of net position and the statement of activities.

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 between them presented as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., arbitrage rebate owed but not due until a future year and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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, police department, municipal court, parks and municipal maintenance, library and development. The business-type activities of the City include water and sewer services.

The government-wide financial statements include not only the City of Justin (the primary government) but also the legally separate Justin Economic Development Corporation (JEDC) and Justin Community Development Corporation (JCDC) (the component units). Financial information for JEDC and JCDC are reported as major governmental funds for the City of Justin. The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council may establish other funds to help it control and manage money for particular purposes. The City's types of funds—*governmental and proprietary*—use different accounting approaches.

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of the funds and the balances left at the end of the year that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation on the page directly following the related fund financial statement. The governmental fund statements can be found on pages 11-14 of this report.

- Proprietary Funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's water and sewer fund are the same as the business-type activities we report in the government-wide statements, but we provide more detail and additional information, such as cash flows, for proprietary funds. The proprietary fund financial statements can be found on pages 15-17 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 on pages 20-41 of this report.

Government-Wide Financial Analysis

The following table reflects the condensed statement of net position:

Table A-1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	$ 4,408,293	$ 6,522,996	$ 2,893,060	$ 9,734,253	$ 7,301,353	$ 16,257,249
Capital and Noncurrent Assets	16,908,210	13,616,444	39,190,637	18,378,762	56,098,847	31,995,206
Total Assets	21,316,503	20,139,440	42,083,697	28,113,015	63,400,200	48,252,455
Deferred Outflows of Resources	438,225	218,848	117,872	86,555	556,097	305,403
Liabilities:						
Current Liabilities	1,659,664	1,101,953	4,419,199	1,823,145	6,078,863	2,925,098
Long-Term Liabilities	5,498,624	5,667,728	12,330,822	8,816,023	17,829,446	14,483,751
Total Liabilities	7,158,288	6,769,681	16,750,021	10,639,168	23,908,309	17,408,849
Deferred Inflows of Resources	87,438	254,177	15,088	44,114	102,526	298,291
Net Position:						
Net Investment in Capital Assets	10,421,289	9,310,002	16,458,644	12,630,729	26,879,933	21,940,731
Restricted	1,990,155	1,412,050	2,177,304	3,674,346	4,167,459	5,086,396
Unrestricted	2,097,558	2,612,378	6,800,512	1,211,213	8,898,070	3,823,591
Total Net Position	$ 14,509,002	$ 13,334,430	$ 25,436,460	$ 17,516,288	$ 39,945,462	$ 30,850,718

The City's capital and right-to-use assets (land, construction in progress, building, equipment, and infrastructure) represent 64% of the City's total assets. The City uses these capital assets to provide services to the City's citizens; consequently, these assets are not available for future spending.

The City's net position increased $9,094,744 during the fiscal year to a balance of $39,945,462. Restricted net position is $4,167,459, and represents net resources that are subject to external restrictions on how they may be used. Unrestricted net position totals $8,898,070 or 22% of total net position and may be used to meet the government's ongoing obligations to its citizens and creditors.

The largest portion of the City's net position is its net investment in capital assets of $26,879,933. This amount represents the City's total capital assets less the related debt used to acquire the capital assets. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Activities

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

Table A-2
Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Fines, Fees, and Charges for Services	$ 1,133,739	$ 2,329,690	$ 5,545,498	$ 5,467,608	$ 6,679,237	$ 7,797,298
Operating Grants and Contributions	461,039	683,717	-	493,965	461,039	1,177,682
General Revenues:						
Property Taxes	4,784,881	3,879,738	-	-	4,784,881	3,879,738
Sales Taxes	3,215,926	2,746,461	-	-	3,215,926	2,746,461
Franchise and Local Taxes	308,219	286,572	-	-	308,219	286,572
Investment Earnings	130,432	18,319	166,230	3,911	296,662	22,230
Miscellaneous	270,678	274,988	6,532,971	316,759	6,803,649	591,747
Total Revenues	10,304,914	10,219,485	12,244,699	6,282,243	22,549,613	16,501,728
Program Expenses:						
General Government	2,100,556	1,239,246	-	-	2,100,556	1,239,246
Police Department	1,493,491	1,229,734	-	-	1,493,491	1,229,734
Fire Services	1,262,073	1,101,451	-	-	1,262,073	1,101,451
Municipal Court	282,053	181,049	-	-	282,053	181,049
Parks and Municipal Maintenance	825,766	1,551,604	-	-	825,766	1,551,604
Library	213,889	159,739	-	-	213,889	159,739
Development	898,304	928,812	-	-	898,304	928,812
Nondepartmental	1,896,406	1,431,136	-	-	1,896,406	1,431,136
Interest and Amortization	157,804	186,805	179,083	185,667	336,887	372,472
Water and Sewer	-	-	4,145,444	3,326,490	4,145,444	3,326,490
Total Expenses	9,130,342	8,009,576	4,324,527	3,512,157	13,454,869	11,521,733
Change in Net Position Before Transfers	1,174,572	2,209,909	7,920,172	2,770,086	9,094,744	4,979,995
Transfers	-	-	-	-	-	-
Change in Net Position	1,174,572	2,209,909	7,920,172	2,770,086	9,094,744	4,979,995
Beginning Net Position	13,334,430	11,124,521	17,516,288	14,746,202	30,850,718	25,870,723
Ending Net Position	$ 14,509,002	$ 13,334,430	$ 25,436,460	$ 17,516,288	$ 39,945,462	$ 30,850,718

The government's net position increased by $9,094,744 during the fiscal year, compared to the prior year increase of $16,035,870. Governmental activities had an increase in net position of $1,174,572 compared to the prior year increase of $2,209,909. Business-type activities increased the City's net position by $7,920,172 compared to an increase in the prior year of $2,770,086.

Governmental activities revenues increased $5,962,456 primarily due to increases in property and sales taxes during 2023 compared to 2022. Total governmental activities expenses increased $812,370 from the prior fiscal year. Governmental activities expenses include depreciation expense of $971,094 and interest and amortization expense of $157,804. The depreciation expense is allocated to the function/program that primarily uses the related capital assets.

Business-type activities revenues increased 95% from 2022, primarily due to an increase from land developers in contributed capital for growth related infrastructure projects. Business-type expenses increased 23% from 2022 primarily due to the higher prices of water, solid waste services, and increased costs related to infrastructure maintenance as well as increased depreciation expense associated with the City's new infrastructure assets.

City's Funds Financial Analysis

The focus of the City's governmental fund 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, unreserved fund balance may serve a measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds include the general fund and three special revenue funds. These special revenue funds are used to account for the activities of the City's blended component units; the Justin Economic Development Corporation (EDC) and the Justin Community Development Corporation (CDC) as well as the funds restricted for street maintenance improvements. EDC and CDC are controlled by the City Council of the City of Justin and their revenues are restricted for economic and community development as described in their by-laws. The City residents approved via ballot measure to create the street maintenance fund in 2019, and the fund balance is restricted by Texas Statute to be used in accordance with a council-approved capital improvement plan.

The City's governmental fund balance at September 30, 2023 totaled $5,806,462. The fund balance includes funds restricted for economic development ($853,271), community development ($886,889), debt service ($1,079,919), child safety ($13,273), building security ($28,600), court technology ($27,508), and street maintenance ($1,155,684). The unassigned fund balance at September 30, 2023 is $1,748,780.

General Fund Budgetary Highlights

Actual general fund revenues exceeded budgeted revenues by $1,096,610 (15%) with various revenue line items exceeding budgeted expectations. The largest variance among the major revenues was the receipt of $312,171 in intergovernmental revenue related to reimbursement from the State for a Green Ribbon Project grant. With continued growth and development in Justin as well as the post-COVID economic recovery, General Fund tax revenues increased by $214,031. The City's revenues from fines and forfeitures come in $211,443 higher than budgeted.

Actual general fund expenditures were greater than budgeted expenditures by $219,921 primarily due to debt service payments that were not budgeted for and capital outlay being overbudget offset by savings in Police, Fire, and Park services. Other financing sources included transfers in of $36,000, leases of $209,893, and SBITAs of $66,572.

Capital Asset

At September 30, 2023, the City's governmental activities had invested $14,644,702 in capital assets including land, building, vehicles, equipment, and infrastructure. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities had invested $25,842,829 in capital assets including land, building, vehicles, equipment, and infrastructure.

Capital asset purchases during the 2023 fiscal year included water, sewer and other infrastructure improvements. More detailed information about the City's capital assets is presented in Note 4 of the financial statements.

Long-Term Debt

At the end of the current year, the City had total bonds outstanding of $18,110,000. More detailed information about the City's long-term liabilities is presented in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Dallas-Fort Worth metro area is growing more quickly than almost any other metro area in the United States. In addition, Denton County is in one of the fastest growing Counties in the nation. Justin sits in the middle of this growth and has continued to grow rapidly over the past few years. That growth is expected to continue and increase over the next several years.

The City anticipates a steady climb in population over the coming years with the continued development of the many current subdivisions: Timberbrook, The Preserve, Reatta Ridge, Treeline, Oliver Creek Ranch, and the new Cuesta development. The increase in residential homes has continued to spur additional commercial development, including Justin Town Square, Timberbrook Crossing, Glen Coe, and FM 407 Retail developments, which will assist with diversification of the City's tax base into the future.

Fiscal year 2024 general fund budgeted revenues are $9,433,783 and budgeted expenditures are $9,433,782. Total budgeted capital outlays are $1,191,169, primarily for the completion of various infrastructure projects in the City.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City of Justin. If you have questions about this report or need any additional information, contact the Finance Director at 415 N. College Street, Justin, Texas 76247 or at 940-648-2541.

BASIC FINANCIAL STATEMENTS

CITY OF JUSTIN, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 3,758,678	$ 2,389,130	$ 6,147,808
Receivables, Net of Allowance of $47,581 in Business-Type Activities	637,077	503,930	1,141,007
Prepaid Expenses	12,538	-	12,538
Restricted Cash and Investments	2,054,990	13,556,326	15,611,316
Internal Balances	208,518	(208,518)	-
Capital Assets (Net of Accumulated Depreciation):			
Land and CIP	4,524,491	8,651,113	13,175,604
Infrastructure	7,985,242	16,407,429	24,392,671
Buildings and Improvements	366,244	-	366,244
Equipment and Vehicles	1,279,708	620,801	1,900,509
Right-to-Use Leased Equipment and Vehicles	349,105	151,903	501,008
Right-to-Use SBITAs	139,912	11,583	151,495
Total Assets	21,316,503	42,083,697	63,400,200
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	384,657	66,375	451,032
Loss on Refunding	53,568	51,497	105,065
Total Deferred Outflows of Resources	438,225	117,872	556,097
LIABILITIES			
Current Liabilities:			
Accounts Payable and Other Current Liabilities	592,388	3,210,347	3,802,735
Accrued Interest Payable	30,425	36,889	67,314
Current Portion of Long-Term Obligations:			
Lease Liability	129,985	70,021	200,006
SBITAs Liability	51,716	3,805	55,521
Payable from Restricted Sources:			
Customer Deposits	-	323,137	323,137
Long-Term Obligations, Due within One Year	610,000	775,000	1,385,000
Unearned Revenue	245,150	-	245,150
Noncurrent Liabilities:			
Long-Term Obligations	4,898,659	12,226,728	17,125,387
Net Pension Liability	307,730	53,100	360,830
Lease Liability	233,959	43,136	277,095
SBITAs Liability	58,276	7,858	66,134
Total Liabilities	7,158,288	16,750,021	23,908,309
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	87,438	15,088	102,526
Total Deferred Inflows of Resources	87,438	15,088	102,526
NET POSITION			
Net Investment in Capital Assets	10,421,289	16,458,644	26,879,933
Restricted for:			
Community Development	853,271	-	853,271
Economic Development	886,889	-	886,889
Child Safety	13,273	-	13,273
Building Security	28,600	-	28,600
Court Technology	27,508	-	27,508
System Improvements	-	2,177,304	2,177,304
Street Maintenance	180,614	-	180,614
Unrestricted	2,097,558	6,800,512	8,898,070
Total Net Position	$ 14,509,002	$ 25,436,460	$ 39,945,462

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

		Program Revenues			Net Revenue (Expense) and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Fines, Fees, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	$ 2,100,556	$ -	$ 419,152	$ -	$ (1,681,404)	$ -	$ (1,681,404)
Police Department	1,493,491	6,877	-	-	(1,486,614)	-	(1,486,614)
Fire Department	1,262,073	-	-	-	(1,262,073)	-	(1,262,073)
Municipal Court	282,053	373,567	-	-	91,514	-	91,514
Parks and Municipal Maintenance	825,766	23,123	-	-	(802,643)	-	(802,643)
Library	213,889	844	41,887	-	(171,158)	-	(171,158)
Development	898,304	729,328	-	-	(168,976)	-	(168,976)
Nondepartmental	1,896,406	-	-	-	(1,896,406)	-	(1,896,406)
Interest and Amortization	157,804	-	-	-	(157,804)	-	(157,804)
Total Governmental Activities	9,130,342	1,133,739	461,039	-	(7,535,564)	-	(7,535,564)
Business-Type Activities:							
Water and Sewer	4,324,527	5,545,498	-	-	-	1,220,971	1,220,971
Total Business-Type Activities	4,324,527	5,545,498	-	-	-	1,220,971	1,220,971
Total Primary Government	$ 13,454,869	$ 6,679,237	$ 461,039	$ -	(7,535,564)	1,220,971	(6,314,593)
	GENERAL REVENUES						
	Taxes:						
	Property				4,784,881	-	4,784,881
	Sales				3,215,926	-	3,215,926
	Franchise				308,219	-	308,219
	Investment Earnings				130,432	166,230	296,662
	Miscellaneous Revenues				270,678	6,532,971	6,803,649
	Total General Revenues				8,710,136	6,699,201	15,409,337
	CHANGE IN NET POSITION				1,174,572	7,920,172	9,094,744
	Net Position - Beginning of Year				13,334,430	17,516,288	30,850,718
	NET POSITION - END OF YEAR				$ 14,509,002	$ 25,436,460	$ 39,945,462

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	General Fund	Justin EDC	Justin CDC	Street Maintenance Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 1,939,626	$ 1,023,988	$ 795,064	$ -	$ 3,758,678
Receivables, Net	307,707	66,087	131,108	132,175	637,077
Prepaid Expenses	12,538	-	-	-	12,538
Due from Other Funds	439,564	-	-	134,721	574,285
Restricted Cash and Investments	1,079,919	-	-	975,071	2,054,990
Total Assets	$ 3,779,354	$ 1,090,075	$ 926,172	$ 1,241,967	$ 7,037,568
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	$ 429,950	$ 76,155	$ -	$ 86,283	$ 592,388
Due to Other Funds	165,835	127,031	72,901	-	365,767
Unearned Revenue	245,150	-	-	-	245,150
Total Liabilities	840,935	203,186	72,901	86,283	1,203,305
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes	27,801	-	-	-	27,801
Total Deferred Inflows of Resources	27,801	-	-	-	27,801
FUND BALANCES					
Nonspendable:					
Prepaid items	12,538	-	-	-	12,538
Restricted Fund Balances:					
Community Development	-	-	853,271	-	853,271
Economic Development	-	886,889	-	-	886,889
Debt Service	1,079,919	-	-	-	1,079,919
Child Safety	13,273	-	-	-	13,273
Building Security	28,600	-	-	-	28,600
Court Technology	27,508	-	-	-	27,508
Street Maintenance	-	-	-	1,155,684	1,155,684
Unassigned	1,748,780	-	-	-	1,748,780
Total Fund Balance	2,910,618	886,889	853,271	1,155,684	5,806,462
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 2,938,419	$ 886,889	$ 853,271	$ 1,155,684	$ 5,834,263

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds Balance Sheet		$ 5,806,462
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 balance sheet.		14,644,702
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		27,801
The statement of net position includes the City's proportionate share of the TMRS net pension liability as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of resources.		
Net Pension Liability	$ (307,730)	
Deferred Inflows Related to Pensions	(87,438)	
Deferred Outflows Related to Pensions	384,657	(10,511)
Long-term liabilities, including capital leases and the related interest payable, and compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.		
Bonds Payable	(5,215,000)	
Leases Payable	(363,944)	
SBITAs Payable	(109,992)	
Accrued Interest Payable	(30,425)	
Deferred Loss on Refunding	53,568	
Bond Premium	(123,592)	
Compensated Absences	(170,067)	(5,959,452)
Net Position of Governmental Activities		$ 14,509,002

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Justin EDC	Justin CDC	Street Maintenance Fund	Total Governmental Funds
REVENUES					
Taxes:					
Property	$ 4,787,482	$ -	$ -	$ -	$ 4,787,482
Sales and Beverage	1,622,185	398,435	398,435	796,871	3,215,926
Franchise and Local	308,219	-	-	-	308,219
License and Permits	559,337	-	-	-	559,337
Fines and Forfeitures	379,526	-	-	-	379,526
Charges for Services	23,316	-	-	-	23,316
Intergovernmental	430,636	-	-	-	430,636
Contributions and Donations	11,053	-	-	-	11,053
Investment Income	57,604	9,933	12,627	50,268	130,432
Other Revenue	438,488	23,100	-	-	461,588
Total Revenues	8,617,846	431,468	411,062	847,139	10,307,515
EXPENDITURES					
Current:					
General Government	1,292,235	42,424	47,342	644,493	2,026,494
Police Department	1,477,789	-	-	-	1,477,789
Fire	1,281,501	-	-	-	1,281,501
Municipal Court	282,630	-	-	-	282,630
Parks and Municipal Maintenance	835,332	-	-	-	835,332
Library	214,663	-	-	-	214,663
Development	892,544	-	-	-	892,544
Nondepartmental	921,188	-	-	-	921,188
Debt Service:					
Principal	625,899	75,000	90,000	50,000	840,899
Interest and Fiscal Charges	132,742	9,965	17,411	33,900	194,018
Capital Oulay	1,880,518	-	-	-	1,880,518
Total Expenditures	9,837,041	127,389	154,753	728,393	10,847,576
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,219,195)	304,079	256,309	118,746	(540,061)
OTHER FINANCING SOURCES (USES)					
Transfers In	36,000	-	-	-	36,000
Transfers Out	-	(18,000)	(18,000)	-	(36,000)
Leases	209,893	-	-	-	209,893
SBITAs	66,572	-	-	-	66,572
Total Other Financing Sources (Uses)	312,465	(18,000)	(18,000)	-	276,465
NET CHANGE IN FUND BALANCES	(906,730)	286,079	238,309	118,746	(263,596)
Fund Balances - Beginning of Year	3,817,348	600,810	614,962	1,036,938	6,070,058
FUND BALANCES - END OF YEAR	$ 2,910,618	$ 886,889	$ 853,271	$ 1,155,684	$ 5,806,462

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$ (263,596)
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the statement of activities and does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(971,094)
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.	
Capital Outlays	1,999,352
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(3,260)
Net pension liabilities as well as the related deferred inflows and outflows of resources generated from those assets are not payable from current resources and therefore, are not reported in the governmental funds. These balances increased (decreased) by this amount.	23,606
Current year changes in accrued interest payable do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	6,066
Current year changes in compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(57,436)
The issuance of long-term debt (e.g., 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.	
Principal Repayments	605,000
Amortization of Premium on Long-Term Debt	15,871
Leases Issued	(209,893)
Lease Payments	150,737
SBITAs Issued	(185,407)
SBITA Payments	75,415
Loss on Refunding	(10,789)
Change in Net Position of Governmental Activities	$ 1,174,572

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2023

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 2,389,130
Receivables, Net of Allowance of $47,581	503,930
Restricted Cash and Equivalents	13,556,326
Due from Other Funds	31,114
Total Current Assets	16,480,500
Noncurrent Assets:	
Capital Assets:	
Land and Construction in Progress	8,651,113
Infrastructure	23,398,165
Equipment and Vehicles	1,047,395
Right-to-use Leased Equipment and Vehicles	328,833
Right-to-use SBITAs	13,835
Less: Accumulated Depreciation	(7,596,512)
Capital Assets, Net	25,842,829
Total Noncurrent Assets	25,842,829
Total Assets	42,323,329
DEFERRED OUTFLOWS	
Deferred Outflows Related to Pensions	66,375
Loss on Refunding	51,497
Total Deferred Outflows	117,872
LIABILITIES	
Current Liabilities:	
Accounts Payable	3,175,927
Due to Other Funds	239,632
Accrued Expenses	34,419
Accrued Interest	36,889
Customer Deposits	323,137
Current Portion of Bonds Payable	775,000
Current Portion of Lease Liability	70,021
Current Portion of SBITAs Liability	3,805
Total Current Liabilities	4,658,830
Noncurrent Liabilities:	
Net Pension Liability	53,100
Bonds Payable	12,216,557
Lease Liability	43,136
SBITAs Liability	7,858
Compensated Absences	10,172
Total Noncurrent Liabilities	12,330,823
Total Liabilities	16,989,653
DEFERRED INFLOWS	
Deferred Inflows Related to Pensions	15,088
Total Deferred Inflows	15,088
NET POSITION	
Net Investment in Capital Assets	16,458,644
Restricted - System Upgrade/Expansion	2,177,304
Unrestricted	6,800,512
Total Net Position	$ 25,436,460

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Fund Water and Sewer Fund
OPERATING REVENUES	
Charges for Services	$ 5,545,498
OPERATING EXPENSES	
Cost of Water	1,224,368
Cost of Labor	998,897
Repair and Maintenance	198,689
Utilities	82,944
Vehicle Expense	23,616
Insurance	4,442
Contractual Services	392,598
Depreciation	715,280
Other Operating Expense	362,633
Total Operating Expenses	4,003,467
OPERATING INCOME	1,542,031
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	166,230
Miscellaneous Revenue	49,038
Contibuted Capital	6,483,933
Bond Issuance Costs	(59,431)
Interest and Amortization Expense	(261,629)
Total Nonoperating Expenses	6,378,141
CHANGE IN NET POSITION	7,920,172
Net Position - Beginning of Year	17,516,288
NET POSITION - END OF YEAR	$ 25,436,460

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2023

	Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 4,148,311
Cash Paid to Employees	(1,002,453)
Cash Paid to Suppliers	(1,067,350)
Net Cash Provided by Operating Activities	2,078,508
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Use of Grant Proceeds	(612,084)
Net Cash Used in Noncapital Financing Activities	(612,084)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Debt Issuances	4,556,557
Principal Repayment on Debt	(855,000)
Proceeds from SBITAs	13,835
Contributed Capital	6,483,933
Repayment of Lease Obligations	(71,820)
Repayment of SBITA Obligations	(2,172)
Payment of Bond Issuance Costs	(59,431)
Interest and Fees Paid	(243,316)
Purchase of Capital Assets	(5,178,491)
Net Cash Provided by Capital and Related Financing Activities	4,644,095
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	166,230
Miscellaneous Revenue Received	49,038
Net Cash Provided by Investing Activities	215,268
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,325,787
Cash and Cash Equivalents - Beginning of Year	9,619,669
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 15,945,456
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents	$ 2,389,130
Restricted Cash and Investments	13,556,326
Total Cash and Cash Equivalents	$ 15,945,456
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 1,542,031
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	715,280
Increase (Decrease) in Assets:	
Accounts Receivable	(192,209)
Deferred Outflows	(31,317)
Increase (Decrease) in Liabilities:	
Accounts Payable	5,481
Accrued Expenses	(7,909)
Customer Deposits	19,390
Compensated Absences Payable	(7,694)
Deferred Inflows	(29,026)
Total Adjustments	536,477
Net Cash Provided by Operating Activities	$ 2,078,508

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

		Custodial Fund
ASSETS		
Cash and Pooled Investments	$	112,513
LIABILITIES		
Accounts Payable		2,364
NET POSITION		
Restricted for:		
Debt Service		110,150
Total Net Position	$	110,150

See accompanying Notes to Basic Financial Statements.

CITY OF JUSTIN, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2023

	Custodial Fund
ADDITIONS	
Property Tax Collections for Other Governments	$ 3,340,077
DEDUCTIONS	
Payments of Long-Term Debt	3,277,190
CHANGE IN NET POSITION	62,887
Net Position - Beginning of Year	47,263
NET POSITION - END OF YEAR	$ 110,150

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Justin, Texas (the City) was incorporated in 1947 and operates under a Council-City Manager form of government. The City provides: police; code enforcement; public works; street repair and maintenance; parks; general administrative services; water; wastewater; and sanitation. The City is an independent political subdivision of the state of Texas governed by an elected council and a mayor and is considered a primary government.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America applicable to state and local governments. General accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units. The more significant accounting policies of the City are described below:

A. The Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of the fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

The following entities were found to be blended component units of the City as the City Council approves all Board appointments and are able to remove Board members at their discretion and are included in the accompanying financial statements:

Justin Economic Development Corporation – The Justin Economic Development Corporation (JEDC) is governed by a board of five directors, all of whom are appointed by the City Council of the City of Justin and any of whom can be removed from office by the City Council at its will. The JEDC was incorporated in the state of Texas as a nonprofit industrial development corporation under Section 4A of the Development Corporation Act of 1979. The Corporation was organized for the purpose of the promotion and development of new and expanded business enterprises and to provide and encourage employment in the furtherance of the public welfare.

Justin Community Development Corporation – The Justin Community Development Corporation (JCDC) is governed by a board of seven directors, all of whom are appointed by the City Council of the City of Justin and any of whom can be removed from office by the City's Council at its' will. The JCDC was incorporated in the state of Texas as a nonprofit industrial development corporation under Section 4B of the Development Corporation Act of 1979. The purpose of the JCDC is to promote economic and community development within the City of Justin.

Separate financial statement of these component units have not been prepared.

B. Basis of Presentation

Government-Wide Statements

The statement of net position and the statement of activities include the financial activities of the overall government, except for the City's fiduciary activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major Governmental funds:

The **General Fund** is the City's primary operating fund. This fund is used to account for all financial resources not reported in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Justin EDC Fund** collects sales tax for the purpose of the promotion and development of new and expanded business enterprises and to provide and encourage employment in the furtherance of the public welfare. All EDC activity is accounted for in this fund.

The **Justin CDC Fund** collects sales tax for the purpose of promoting economic and community development within the City of Justin. All CDC activity is accounted for in this fund.

The **Street Maintenance Fund** collects sales tax for the purpose of promoting road repairs within the City of Justin. All street maintenance activity is accounted for in this fund.

The City reports the following major Enterprise fund:

The **Water and Sewer Fund** reports for revenues and expenses associated with water and sewer services for the citizens of the City. Activities of the fund include administration, operations, and maintenance of the water, sewer, and sanitation system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for enterprise debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The City also reports a custodial fund to account for assets held by the City as an agent for individuals, private organizations, other governments or other funds. The custodial fund accounts for the collection of tax receipts related to a project improvement district and disbursement to the District's trustee and administrator to make debt service payments.

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property taxes, interest revenue, charges for services and sales tax revenues are susceptible to accrual. Franchise taxes, fines, and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Adoption of New Accounting Standards

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

Effective October 1, 2022 the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The implementation of this standard resulted in the Entity reporting a SBITA asset and liability of $185,407 as of October 1, 2022 in the governmental activities and $13,835 in the business-type activities. The implementation of this standard did not affect beginning net position.

E. Budgetary Control

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for general fund. The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budget control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. While all appropriations lapse at year-end, surpluses may be re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have an original maturity of three months or less when purchased.

G. Accounts Receivable – Utilities

Accounts receivable related to utility service calculate an allowance for bad debts using the allowance method based on management’s estimates of collectability. Services are sold on an unsecured basis. Payment is generally required within 30 days of the date of the billing.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets purchased or constructed are reported at acquisition cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other capital assets.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Infrastructure	10 to 25 Years
Buildings and Improvements	5 to 40 Years
Equipment and Vehicles	2 to 40 Years

I. Accrued Compensated Absences

The City Council has adopted a policy whereby employees are paid lump sum payments for unused vacation if they leave City employment. Upon termination, up to one year of accumulated vacation at full pay will be paid if the employee meets the prescribed conditions. Employees are not compensated for unused sick leave.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in the government-wide and proprietary fund's Statement of Net Position relate to debt refunding and pension.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resourced in the governmental funds result from the city's unavailable revenue which are receivables for revenue that are not considered available to liquidate liabilities in the current period. Deferred inflows of resources reported in the government-wide and proprietary fund's Statement of Net Position relate to pension.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/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.

L. Fund Balance and Net Position

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in the spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the City Council, the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.

- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Balance and Net Position (Continued)

In circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be extended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance. Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. In circumstances where an expense is to be made for a purpose for which amounts are available in multiple net position classifications, restricted position will be fully utilized first followed by unrestricted, as necessary.

M. Use of Estimates

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

NOTE 2 DEPOSITS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents as of September 30, 2023 consist of the following:

	Cash Deposits	TexStar	Total
Governmental Activities:			
General Fund	$ 1,905,390	$ 1,114,155	$ 3,019,545
Economic Development Corporation	799,379	224,609	1,023,988
Community Development Corporation	509,554	285,510	795,064
Street Maintenance Fund	-	975,071	975,071
Total Governmental Activities	3,214,323	2,599,345	5,813,668
Business-Type Activity:			
Water and Sewer Fund	15,299,509	645,947	15,945,456
Total Business-Type Activity	15,299,509	645,947	15,945,456
Fiduciary Funds:			
Custodial Funds	112,513	-	112,513
Total	$ 18,626,345	$ 3,245,292	$ 21,871,637

	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	$ 3,758,678	$ 2,389,130	$ 6,147,808
Restricted Cash and Investments	2,054,990	13,556,326	15,611,316
Total	$ 5,813,668	$ 15,945,456	$ 21,759,124

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in investment pools which purchase a combination of short-term investments with an average maturity of less than 30 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2023, the City had investments in TexStar totaling $3,245,292 which had a weighted average maturity of 29 days.

As of September 30, 2023, the City was not invested in any securities which are highly sensitive to interest rate fluctuation.

NOTE 2 DEPOSITS AND SHORT-TERM INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, is AAA. The actual rating as of September 30, 2023 for TexStar was AAA.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2023, other than external investment pools and certificates of deposit, the City did not have 5% or more of its investments with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transactions, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times. At September 30, 2023, the carrying amount of the City's cash on hand and deposits were $9,335,531 and the bank balance was $18,534,736. Of this amount, $7,802,938 is carried in the City's name while $900,022 is carried by the Justin EDC and $632,571 by the Justin CDC. $250,000 each of the City's bank balance was covered by depository insurance under the Federal Depository Insurance Corporation (FDIC insured), with the remaining balance secured with securities held by pledging financial institutions.

Investment in State Investment Pools

The City is a voluntary participant in the TexSTAR external investment pool. The State Comptroller of Public Accounts exercises responsibility over TexSTAR. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexSTAR and other persons who do not have a business relationship with TexSTAR. TexSTAR uses net asset value rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexSTAR is the same as the value of TexSTAR shares. The City, at its option, can withdraw funds within a twenty-four hour period from TexSTAR.

NOTE 3 PROPERTY TAXES

Taxes assessed on valuations as of January 1 each year are levied during the subsequent fiscal year beginning October 1. Property taxes attach as an enforceable lien on property at the time levied. Taxes are due 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 each year a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and when they are expected to be collected during a 60-day period after the close of the fiscal year. The City has its property taxes collected by the Denton County Tax Assessor/Collector. Property taxes that are deemed uncollectible are presented as a reserve against revenues and property taxes receivable.

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2023 is as follows:

	Beginning Balance	Additions/ Completions	Retirements	Reclassification	Ending Balance
Governmental Activities:					
Capital Assets, not Being Depreciated:					
Land	$ 3,484,974	$ -	$ -	$ -	$ 3,484,974
Construction in Progress	-	1,039,517	-	-	1,039,517
Total Assets Not Being Depreciated	3,484,974	1,039,517	-	-	4,524,491
Capital Assets, Being Depreciated:					
Infrastructure	17,428,978	-	-	-	17,428,978
Buildings and Improvements	1,019,861	15,000	-	-	1,034,861
Equipment and Vehicles	2,359,211	549,536	-	-	2,908,747
Right-to-Use Leased Equipment and Vehicles	394,170	209,892	9,523	-	594,539
Right-to-Use SBITAs	-	185,407	-	-	185,407
Total Capital Assets Being Depreciated	21,202,220	959,835	9,523	-	22,152,532
Accumulated Depreciation:					
Infrastructure	8,855,653	588,083	-	-	9,443,736
Buildings and Improvements	641,555	27,062	-	-	668,617
Equipment and Vehicles	1,462,528	166,510	-	-	1,629,038
Right-to-Use Leased Equipment and Vehicles	111,014	143,944	9,523	-	245,435
Right-to-Use SBITAs	-	45,495	-	-	45,495
Total Accumulated Depreciation	11,070,750	971,094	9,523	-	12,032,321
Total Capital Assets Being Depreciated, Net	10,131,470	(11,259)	-	-	10,120,211
Governmental Activities Capital Assets, Net	$ 13,616,444	$ 1,028,258	$ -	$ -	$ 14,644,702

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increase	Decrease	Reclassification	Ending Balance
Business-Type Activities:					
Capital Assets, not Being Depreciated:					
Land	$ 249,184	$ -	$ -	$ -	$ 249,184
Construction in Process	345,650	8,056,279	-	-	8,401,929
Total Assets not Being Depreciated	594,834	8,056,279	-	-	8,651,113
Capital Assets, Being Depreciated:					
Infrastructure	23,704,609	-	-	(306,444)	23,398,165
Equipment and Vehicles	631,719	109,232	-	306,444	1,047,395
Right-to-Use Leased Equipment and Vehicles	328,833	-	-	-	328,833
Right-to-Use SBITAs	-	13,835	-	-	13,835
Total Capital Assets Being Depreciated	24,665,161	123,067	-	-	24,788,228
Accumulated Depreciation:					
Infrastructure	6,436,995	553,741	-	-	6,990,736
Equipment and Vehicles	355,772	70,822	-	-	426,594
Right-to-Use Leased Equipment and Vehicles	88,465	88,465	-	-	176,930
Right-to-Use SBITAs	-	2,252	-	-	2,252
Total Accumulated Depreciation	6,881,232	715,280	-	-	7,596,512
Total Capital Assets Being Depreciated, Net	17,783,929	(592,213)	-	-	17,191,716
Business-Type Activities Capital Assets, Net	$ 18,378,763	$ 7,464,066	$ -	$ -	$ 25,842,829

Depreciation was charged to functions/programs of the government as follows:

Governmental Activities:	
General Government	$ 56,138
Library	78,936
Public Works	679,237
Police	29,037
Fire	4,407
Parks and Municipal Maintenance	123,339
Total Depreciation Expense - Governmental Activities	$ 971,094
Business-Type Activities:	
Water and Sewer Fund	$ 715,280

NOTE 5 LONG-TERM DEBT

Bonds Payable

General Obligation bonds are direct obligations and pledge the full faith and credit of the government. Certificates obligations are direct borrowings in the form of loan commitments from the Texas Water Development Board (Board) for financial assistance and are secured by surplus revenues of the water and wastewater funds and ad valorem taxes.

At September 30, 2023, the original issuance amounts for the City's bonds payable were as follows:

Description	Governmental Activities	Business-Type Activities
2014 Revenue Certificates of Obligation due in annual installments through 2029, bearing interest at a rate of 2.92%	$ -	$ 1,630,000
2014 General Obligation Refunding Bonds due in annual installments through 2025, bearing interest at a rate of 2.2%	315,000	745,000
2017 General Obligation Refunding Bonds due in annual installments through 2030, bearing interest at a rate of 2.19%	3,690,000	2,080,000
2017 Certificates of Obligation due in annual installments through 2037, bearing interest at a rate ranging between 0.55% - 1.77%	-	2,400,000
2019 Combination Tax and Surplus Revenue Certificates of Obligation due in annual installments through 2039, bearing interest at a rate of 2.42%	4,070,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020, due in annual installments through 2040, bearing interest at a rate ranging between 0.09% - 1.2%	-	2,400,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021, due in annual installments through 2041, bearing interest at a rate ranging between 0.12% - 1.25%	-	2,400,000
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2023, due in annual installments through 2040, bearing interest at a rate of 5.00%	-	4,460,000
Total	$ 8,075,000	$ 16,115,000

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

The following is a summary of all long-term debt transactions of the City for the year ended September 30, 2023:

Description	Beginning Balance 10/1/22	Increase	Decrease	Ending Balance 9/30/23	Due Within One Year
Governmental Activities:					
Bonds Payable	$ 5,820,000	$ -	$ 605,000	$ 5,215,000	$ 610,000
Bond Premium	139,463	-	15,871	123,592	-
Leases Payable	304,788	209,893	150,737	363,944	129,985
SBITAs Payable	-	185,407	75,415	109,992	51,716
Compensated Absences	112,631	57,436	-	170,067	-
Total Governmental Activities Long-Term Liabilities	$ 6,376,882	$ 452,736	$ 847,023	$ 5,982,595	$ 791,701
Business-Type Activities:					
Bonds Payable	$ 9,290,000	$ 4,460,000	$ 855,000	$ 12,895,000	$ 775,000
Bond Premium	-	96,557	-	96,557	-
Leases Payable	184,977	-	71,820	113,157	70,021
SBITAs Payable	-	13,835	2,172	11,663	3,805
Compensated Absences	17,866	-	7,694	10,172	-
Total Business-Type Activities Long-Term Liabilities	$ 9,492,843	$ 4,570,392	$ 936,686	$ 13,126,549	$ 848,826

Compensated absences, due to State, and capital leases in Governmental Activities are liquidated by the General Fund. Bonds payable in Governmental Activities are liquidated by all governmental funds based on the City's financial advisor's recommendations.

The annual requirements to amortize all bonds payable outstanding as of September 30, 2023 are as follows:

Certificates of Obligation Due	Business-Type Activities		Governmental Activities		Total
Fiscal Year Ending September 30,	Principal	Interest	Principal	Interest	Requirements
2024	$ 550,000	$ 278,866	$ 230,000	$ 100,400	$ 1,159,266
2025	565,000	270,046	175,000	91,200	1,101,246
2026	620,000	260,590	185,000	85,950	1,151,540
2027	635,000	249,162	195,000	80,400	1,159,562
2028	640,000	237,009	195,000	74,550	1,146,559
2029-2033	2,605,000	1,031,671	960,000	285,750	4,882,421
2034-2038	2,545,000	769,174	1,090,000	136,050	4,540,224
2039-2043	1,505,000	511,574	240,000	7,200	2,263,774
2044-2048	1,010,000	316,600	-		1,326,600
2049-2053	960,000	98,000	-		1,058,000
Total	$ 11,635,000	$ 4,022,690	$ 3,270,000	$ 861,500	$ 19,789,190

NOTE 5 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

General Obligation Refunding Bonds	Business-Type Activities		Governmental Activities		Total
Due Fiscal Year Ending September 30,	Principal	Interest	Principal	Interest	Requirements
2024	$ 225,000	$ 27,493	$ 380,000	$ 42,600	$ 675,092
2025	235,000	22,561	400,000	34,276	691,837
2026	190,000	17,520	385,000	25,514	618,034
2027	195,000	13,359	385,000	17,082	610,441
2028	205,000	9,089	185,000	8,651	407,739
2029-2033	210,000	4,599	210,000	6,899	431,498
Total	$ 1,260,000	$ 94,620	$ 1,945,000	$ 135,020	$ 3,434,640

NOTE 6 LEASE PAYABLE

During the current fiscal year, the City entered into two lease agreements as lessee for the use of vehicles and equipment. An initial lease liability was recorded in the amount of $209,893 during the current fiscal year. As of September 30, 2023, the City's lease liability was $477,102. The City is required to make monthly principal and interest payments based on the respective lease agreement. The interest rate was not provided by the lessor. Accordingly, the City used its estimated incremental borrowing rate of 2.13%. The vehicles and equipment had an estimated useful life ranging from 2 to 5 years. The value of the right-to-use assets as of the end of the current fiscal year was $501,007 and had accumulated amortization of $422,365.

The future principal and interest lease payments as of September 30, 2023, were as follows:

	Governmental Activities		Business-Type Activities		
Year Ending September 30,	Principal	Interest	Principal	Interest	Total
2024	$ 129,986	$ 13,741	$ 70,022	$ 3,100	$ 216,849
2025	91,613	6,422	38,759	723	137,517
2026	78,419	2,580	4,376	177	85,552
2027	53,960	694	-	-	54,654
2028	9,966	32	-	-	9,998
Totals	$ 363,944	$ 23,468	$ 113,157	$ 4,000	$ 504,569

NOTE 7 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into subscription based-information technology arrangements (SBITAs) as follows:

On October 1, 2022, the City entered into a 60 month subscription for the use of evidence management software. An initial subscription liability was recorded in the amount of $54,102. As of September 30, 2023, the value of the subscription liability is $41,006. The City is required to make annual fixed payments of $14,010. The City used an incremental borrowing interest rate of 2.13%. The value of the right to use asset as of September 30, 2023 was $41,242 with accumulated amortization of $12,860.

NOTE 7 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

On March 1, 2023, the City entered into a 36 month subscription for the use of cloud-based budget cycle management software. An initial subscription liability was recorded in the amount of $44,583. As of September 30, 2023, the value of the subscription liability is $37,582. The City is required to make annual fixed payments of $12,795. The City used an incremental borrowing interest rate of 2.13%. The value of the right to use asset as of September 30, 2023 was $37,325 with accumulated amortization of $7,258.

On October 1, 2022, the City entered into a 36 month subscription for the use of software as a service. An initial subscription liability was recorded in the amount of $64,732. As of September 30, 2023, the value of the subscription liability is $21,613. The City is required to make annual fixed payments of $22,000. The City used an incremental borrowing interest rate of 2.13%. The value of the right to use asset as of September 30, 2023 was $42,415 with accumulated amortization of $22,317.

On February 6, 2023, the City entered into a 48 month subscription for the use of software as a service. An initial subscription liability was recorded in the amount of $18,513. As of September 30, 2023, the value of the subscription liability is $13,929. The City is required to make annual fixed payments of $4,776. The City used an incremental borrowing interest rate of 2.13%. The value of the right to use asset as of September 30, 2023 was $15,497 with accumulated amortization of $3,017.

On May 8, 2023, the City entered into a 36 month subscription for the use of agenda management software. An initial subscription liability was recorded in the amount of $17,311. As of September 30, 2023, the value of the subscription liability is $7,525. The City is required to make annual fixed payments of $3,850, with an initial payment of $9,850. The City used an incremental borrowing interest rate of 2.13%. The value of the right to use asset as of September 30, 2023 was $15,016 with accumulated amortization of $2,297.

The future subscription payments under SBITA agreements are as follows:

	Governmental Activities		Business-Type Activities		
Year Ended September 31,	Principal	Interest	Principal	Interest	Total
2024	$ 51,716	$ 1,745	$ 3,805	$ 165	$ 57,431
2025	30,750	710	3,887	84	35,431
2026	27,526	84	3,971	-	31,581
Totals	$ 109,992	$ 2,539	$ 11,663	$ 249	$ 124,443

NOTE 8 RETIREMENT PLAN

Plan Description

The City of Justin participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the TMRS. TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the state of Texas. The TMRS Act places the general administration and management of the System with a six-member board of trustees. Although the Governor, with the advice and consent of the Senate, appoints the board, TMRS is not fiscally dependent on the state of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

Plan provisions for the City were as follows:

	Plan Year 2022
Employee Deposit Rate	7.0%
Matching Ratio (City to Employee)	2-to-1
Years Required for Vesting	5
Service Retirement Eligibility	
(Expressed as Age/Years of Service)	60/5, 0/20
Updated Service Credit	50% Repeating
Annuity Increase (to Retirees)	0% of CPI

NOTE 8 RETIREMENT PLAN (CONTINUED)

Benefits Provided (Continued)

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees of Beneficiaries Currently Receiving Benefits	15
Inactive Employees Entitled to but Not Yet Receiving Benefits	37
Active Employees	57
Total	109

Contributions

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

Employees for the City of Justin were required to contribute 7.0% of the annual gross earnings during the fiscal year. The contribution rates for the City of Justin were 7.26% in calendar years 2023 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2023 were $260,372.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3.50% to 11.50% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

NOTE 8 RETIREMENT PLAN (CONTINUED)

Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0 %	7.70 %
Core Fixed Income	6.0	4.90
Noncore Fixed Income	20.0	8.70
Other Public and Private Markets	12.0	8.10
Real Estate	12.0	5.80
Hedge Funds	5.0	6.90
Private Equity	10.0	11.80
Total	100.0 %	

NOTE 8 RETIREMENT PLAN (CONTINUED)

Net Pension Liability (Continued)

Discount Rate

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance - December 31, 2021	$ 3,268,813	$ 3,345,763	$ (76,950)
Changes for the Year:			
Service Cost	426,207	-	426,207
Interest	230,457	-	230,457
Change of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(19,882)	-	(19,882)
Changes of Assumptions	-	-	-
Contributions - Employer	-	226,358	(226,358)
Contributions - Employee	-	217,060	(217,060)
Net Investment Income	-	(244,826)	244,826
Benefit Payment, including Refunds of Employee Contributions	(135,479)	(135,479)	-
Administrative Expense	-	(2,113)	2,113
Other Changes	-	2,523	(2,523)
Net Changes	501,303	63,523	437,780
Balance - December 31, 2022	$ 3,770,116	$ 3,409,286	$ 360,830

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
City's Net Pension Liability	$ 1,014,264	$ 360,830	$ (162,757)

NOTE 8 RETIREMENT PLAN (CONTINUED)

Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the City recognized pension expense of $230,514.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected Actual Economic Experience	$ 11,520	$ 102,526
Changes in Actuarial Assumptions	992	-
Net Difference Between Projected and Actual Investment Earnings	235,802	
Contributions Subsequent to the Measurement Date	202,718	-
Total	$ 451,032	$ 102,526

For the year ending September 30, 2023, $202,717 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2024	$ (8,408)
2025	25,902
2026	37,335
2027	90,959
2028	-
Total	$ 145,788

NOTE 9 COMMITMENTS AND CONTINGENCIES

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and collectability of any related receivable may be impaired. In the opinion of the City, there were no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statement for such contingencies.

NOTE 10 INTERFUND ACTIVITY

The City has the following interfund balances as of September 30, 2023:

	Due from			
Due to	General Fund	EDC	CDC	Water/Sewer Fund
General Fund	$ -	$ 127,031	$ 72,901	$ 239,632
Street Maintenance Fund	134,721	-	-	-
Water/Sewer Fund	31,114	-	-	-

The interfund balances are related to funds transferred from for operations during the year. All balances are expected to be repaid or collected in the normal course of business, within one year of the fiscal year-end.

The composition of interfund transfers for the City's individual major funds at September 30, 2023 is as follows:

Transfer In	Transfer Out	Amount	Purpose
General	Justin EDC	$ 18,000	Repayment of salaries expense underpaid in prior years
General	Justin CDC	18,000	Repayment of salaries expense underpaid in prior years
Total Governmental Funds Transfers		$ 36,000	

NOTE 11 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures its buildings and contents, law enforcement liability, public officials' liability, general liability and auto liability under a renewable one-year policy with the Texas Municipal League. The City insures its workers' compensation risk by participating in the Texas Municipal League Intergovernmental Risk Pool which is a self-insurance policy mechanism for political subdivisions in Texas. Rates are set by the State Insurance Board. Each participant's contribution to the pool is adjusted based on its workers' compensation history. The City is responsible only to the extent of premiums paid and contributions made to Texas Municipal League and the Intergovernmental Risk Pool. There have been no significant changes in insurance coverage as compared to last year and settlements have not exceeded coverage in each of the past three fiscal years.

NOTE 12 PUBLIC IMPROVEMENT DISTRICTS

The City of Justin issued two bonds during 2018 and one bond in 2021 related the Timberbrook Public Improvement District totaling $35,580,000. These bonds were issued to provide resources to make improvements within the district's boundaries. The bonds are special assessment debt in which the City is not liable for the obligation or repayment thereof. The City acts as the agent for the property owners in collecting special assessments and forwarding those collections on to the trustee for payment to the bond holders and initiating foreclosure proceedings, if appropriate. As of September 30, 2023, the outstanding principal on these bonds is $33,903,000 with final maturity in 2051.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JUSTIN, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Taxes:				
Property	$ 4,395,794	$ 4,748,403	$ 4,787,482	$ 39,079
Sales and Beverage	1,406,941	1,521,000	1,622,185	101,185
Franchise and Local	220,500	234,452	308,219	73,767
License and Permits	1,493,705	656,187	559,337	(96,850)
Fines and Forfeitures	167,955	168,083	379,526	211,443
Charges for Services	26,813	32,196	23,316	(8,880)
Intergovernmental	14,200	118,465	430,636	312,171
Contributions and Donations	-	-	11,053	11,053
Investment Income	3,000	-	57,604	57,604
Other Revenue	260,120	42,450	438,488	396,038
Total Revenues	7,989,028	7,521,236	8,617,846	1,096,610
EXPENDITURES				
Current:				
General Government	919,872	1,233,223	1,292,235	(59,012)
Police Department	1,624,799	1,625,874	1,477,789	148,085
Fire Department	1,468,498	1,468,498	1,281,501	186,997
Municipal Court	192,703	231,809	282,630	(50,821)
Parks and Municipal Maintenance	1,268,439	1,298,439	835,332	463,107
Library	259,303	259,303	214,663	44,640
Development	787,098	1,048,418	892,544	155,874
Nondepartmental	496,800	488,800	921,188	(432,388)
Debt Service:				
Principal	390,000	390,000	625,899	(235,899)
Interest and Fiscal Charges	101,019	101,019	132,742	(31,723)
Capital Outlay:	792,362	1,471,737	1,880,518	(408,781)
Total Expenditures	8,300,893	9,617,120	9,837,041	(219,921)
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	(311,865)	(2,095,884)	(1,219,195)	876,689
OTHER FINANCING SOURCES				
Transfers In	36,000	36,000	36,000	-
Transfer Out	-	-	-	-
Debt Service Interest	-	-	-	-
Bond Proceeds	-	-	-	-
Bond Premium	-	-	-	-
Leases	-	-	209,893	209,893
SBITAs			66,572	
Total Other Financing Sources ((Uses)	36,000	36,000	312,465	209,893
NET CHANGE IN FUND BALANCES	(275,865)	(2,059,884)	(906,730)	1,086,582
Fund Balances - Beginning of Year	3,817,348	3,817,348	3,817,348	-
FUND BALANCES - END OF YEAR	$ 3,541,483	$ 1,757,464	$ 2,910,618	$ 1,086,582

See accompanying Notes to Required Supplementary Information.

CITY OF JUSTIN, TEXAS
SCHEDULE OF CHANGE IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS (WILL ULTIMATELY BE DISPLAYED)

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability:									
Service Cost	$ 70,781	$ 95,639	$ 106,157	$ 109,531	$ 217,322	$ 263,616	$ 308,261	$ 367,477	$ 426,207
Interest (on the Total Pension Liability)	89,613	91,384	101,952	139,208	131,583	149,764	179,164	205,605	230,457
Changes of Benefit Terms	-	-	-	455,003	-	-	-	-	-
Difference Between Expected and Actual Experience	(74,939)	37,601	(8,162)	(291,329)	(23,355)	38,523	(42,438)	(111,937)	(19,882)
Change of Assumptions	-	29,491	-	-	-	15,176	-	-	-
Benefit Payments, including Refunds of Employee Contributions	(104,691)	(40,477)	(68,423)	(140,977)	(107,553)	(51,138)	(56,566)	(109,188)	(135,479)
Net Change in Total Pension Liability (Asset)	(19,236)	213,638	131,524	271,436	217,997	415,941	388,421	351,957	501,303
Total Pension Liability - Beginning	1,297,135	1,277,899	1,491,537	1,623,061	1,894,497	2,112,494	2,528,435	2,916,856	3,268,813
Total Pension Liability - Ending (a)	$ 1,277,899	$ 1,491,537	$ 1,623,061	$ 1,894,497	$ 2,112,494	$ 2,528,435	$ 2,916,856	$ 3,268,813	$ 3,770,116
Plan Fiduciary Net Position:									
Contributions - Employer	$ 27,894	$ 33,161	$ 33,201	$ 42,890	$ 148,956	$ 150,047	$ 169,726	$ 207,402	$ 226,358
Contributions - Employee	57,625	67,926	72,314	75,022	113,527	137,300	160,195	191,823	217,060
Net Investment Income	70,450	1,892	90,741	203,701	(49,359)	271,225	171,768	353,325	(244,826)
Benefit Payments, including Refunds of Employee Contributions	(104,691)	(40,477)	(68,423)	(140,977)	(107,553)	(51,138)	(56,566)	(109,188)	(135,479)
Administrative Expense	(76)	(1,152)	(1,025)	(1,056)	(955)	(1,532)	(1,110)	(1,631)	(2,113)
Other	(60)	(57)	(55)	(54)	(51)	(47)	(43)	12	2,523
Net Change in Plan Fiduciary Net Position	51,142	61,293	126,753	179,526	104,565	505,855	443,970	641,743	63,523
Plan Fiduciary Net Position - Beginning	1,231,578	1,282,060	1,343,353	1,470,106	1,649,632	1,754,197	2,260,052	2,704,021	3,345,763
Plan Fiduciary Net Position - Ending (b)	$ 1,282,720	$ 1,343,353	$ 1,470,106	$ 1,649,632	$ 1,754,197	$ 2,260,052	$ 2,704,021	$ 3,345,763	$ 3,409,286
Net Pension Liability (Asset)- Ending (a) - (b)	$ (4,821)	$ 148,184	$ 152,955	$ 244,865	$ 358,297	$ 268,383	$ 212,835	$ (76,950)	$ 360,830
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.33 %	90.07 %	90.58 %	87.07 %	83.04 %	89.39 %	92.70 %	102.35 %	90.43 %
Covered Payroll	$ 1,152,504	$ 1,358,510	$ 1,446,286	$ 1,500,430	$ 1,621,808	$ 1,961,427	$ 2,288,497	$ 2,740,324	$ 3,083,985
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(0.36)%	10.91 %	10.58 %	16.32 %	22.09%	13.68%	9.30%	-2.81%	11.70%

Note: Only nine years of data is presented in accordance with GASB 68, Paragraph 138. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.”

See accompanying Notes to Required Supplementary Information.

CITY OF JUSTIN, TEXAS
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (WILL ULTIMATELY BE DISPLAYED)

	2015	2016	2017	2018	2019	2020	2021	2022	2022	2023
Actuarially Determined Contribution	$ 32,879	$ 36,084	$ 74,662	$ 175,267	$ 122,699	$ 133,950	$ 203,661	$ 214,053	$ 214,053	$ 260,373
Contributions in Relation to the Actuarially Determined Contribution	32,879	36,084	74,662	175,267	122,699	133,950	202,687	215,359	215,359	260,373
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (974)	$ 1,306	$ 1,306	$ -
Covered Payroll	$ 1,350,516	$ 1,444,826	$ 1,447,775	$ 1,353,576	$ 1,570,062	$ 1,961,427	$ 2,689,488	$ 2,917,718	$ 2,917,718	$ 3,586,398
Contributions as a Percentage of Covered Payroll	2.43 %	2.50 %	5.16 %	12.95 %	7.81 %	6.83 %	7.54 %	7.38 %	7.38 %	7.26%

Note: Only nine years of data is presented in accordance with GASB 68, Paragraph 138. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.”

See accompanying Notes to Required Supplementary Information.

NOTE 1 VALUATION DATE

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later. GASB 68, Paragraph 81.2.b requires that the data in the Schedule of Contributions be presented as of the City's current fiscal year as opposed to the valuation/measurement date as provided in other schedules of these financial statements.

NOTE 2 METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014- 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

NOTE 3 OTHER INFORMATION

Changes to benefits during the plan year ended December 31, 2017 consisted of the following: decreased repeating USC from 100% to 50%, increased employee contribution rate from 5% to 7%, increased municipal matching ratio from 1 – 1 to 2 – 1, and increased statutory max to 13.50% due to plan changes.

NOTE 4 BUDGETARY COMPARISON SCHEDULE

The budgetary comparison schedule is presented using the same basis of accounting as the basic financial statements. Other financing sources and uses, other than transfers, are not budgeted for. These expenditures are known due to debt schedules and the proceeds (for bonds and capital leases) are known when debt is issued.

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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NORTON ROSE FULBRIGHT

[CLOSING DATE]

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IN REGARD to the authorization and issuance of the "City of Justin, Texas, General Obligation Bonds, Series 2025," dated May 1, 2025, in the principal amount of $____________ (the "Bonds"), we have examined into their issuance by the City of Justin, Texas (the "City"), solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

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

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

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

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the

owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

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

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

[CLOSING DATE]

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IN REGARD to the authorization and issuance of the "City of Justin, Texas, Public Property Finance Contractual Obligations, Series 2025," dated May 1, 2025, in the principal amount of $__________ (the "Contractual Obligations"), we have examined into their issuance by the City of Justin, Texas (the "City"), solely to express legal opinions as to the validity of the Contractual Obligations and the exclusion of the interest on the Contractual Obligations from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Contractual Obligations, or the sufficiency of the security for or the value or marketability of the Contractual Obligations.

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

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

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

1. The Contractual Obligations have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar

laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

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

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

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

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