Rating: Moody's "A2"
(See "RATING" and "BOND INSURANCE"
and "BOND INSURANCE GENERAL RISKS" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated October 31, 2024

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

The City will designate the Certificates as "Qualified Tax-Exempt Obligations."
See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions" herein.

NEW ISSUE - Book-Entry-Only

CITY OF BLANCO, TEXAS
(A political subdivision of the State of Texas located in Blanco County, Texas)

$1,500,000*
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A

Dated Date: November 1, 2024 **Due: February 15, as shown on page ii**
Interest to accrue from Delivery Date

PAYMENT TERMS . . . Interest on the $1,500,000* City of Blanco, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024A (the "Certificates") will accrue from the Delivery Date (defined below) and will be payable on February 15 and August 15 of each year, commencing August 15, 2025, thereafter until stated maturity or prior redemption. Interest on the Certificates will be calculated based on a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is Wilmington Trust, N.A., Buffalo, New York (see "THE CERTIFICATES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued by the City of Blanco, Texas (the "City") pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended, Chapter 1502, Texas Government Code, and an ordinance to be adopted by the City Council of the City on November 12, 2024 (the "Ordinance"). See "THE CERTIFICATES – Authority for Issuance of the Certificates".

The Certificates are direct obligations of the City payable from the levy and collection of a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Ordinance and a limited pledge of surplus revenues of the City's sewer system revenues not to exceed $1,000 (see "THE CERTIFICATES – AUTHORITY FOR ISSUANCE OF THE CERTIFICATES" and "THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT").

PURPOSE . . . Proceeds from the Certificates will be used for the purpose of providing funds for paying contractual obligations incurred or to be incurred for constructing, improving, designing, acquiring, and equipping the City's (i) water/wastewater system, (ii) drainage improvements, (iii) street improvements, to include acquisition of street maintenance equipment, (iv) public safety, to include improvements to the City's fire suppression system, and (v) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates.

MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page ii

INSURANCE... The City has made applications to municipal bond insurance companies to have the payment of the principal of and interest on the Certificates insured by a municipal bond insurance policy and will consider the purchase of such insurance after an analysis of the bids from such companies has been made. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchaser at a competitive sale (the "Initial Purchaser") and subject to the approving opinion of the Attorney General of Texas and the legal opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel (see Appendix B, "Form of Legal Opinion of Bond Counsel").

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on or about November 26, 2024 (the "Delivery Date").

BIDS DUE TUESDAY, NOVEMBER 12, 2024 AT 10:00A.M. CENTRAL TIME

*Preliminary, subject to change.

MATURITY SCHEDULE

$1,500,000*
CITY OF BLANCO, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A

CUSIP Prefix: 093340 (A)

Maturity Date	Principal Amount*	Interest Rate	Initial Yield	CUSIP Suffix(A)
2/15/2025	-			
2/15/2026	-			
2/15/2027	-			
2/15/2028	25,000			
2/15/2029	30,000			
2/15/2030	30,000			
2/15/2031	30,000			
2/15/2032	35,000			
2/15/2033	35,000			
2/15/2034	35,000			
2/15/2035	40,000			
2/15/2036	40,000			
2/15/2037	40,000			
2/15/2038	45,000			
2/15/2039	45,000			
2/15/2040	50,000			
2/15/2041	50,000			
2/15/2042	55,000			
2/15/2043	55,000			
2/15/2044	60,000			
2/15/2045	65,000			
2/15/2046	65,000			
2/15/2047	70,000			
2/15/2048	75,000			
2/15/2049	75,000			
2/15/2050	80,000			
2/15/2051	85,000			
2/15/2052	90,000			
2/15/2053	95,000			
2/15/2054	100,000			

(Interest to accrue from the Delivery Date)

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

OPTIONAL REDEMPTION . . . The City reserves the right to redeem the Certificates maturing on and after February 15, 2035, in whole or in part, in the principal amount of $5,000 or any integral multiple thereof (and, if less than all Certificates within a stated maturity are redeemed, selected by lot by the Paying Agent/Registrar), on February 15, 2034, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. If two or more certificates of consecutive maturities are combined into one or more "term" certificates (the "Term Certificates") by the Purchaser, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with the provisions of the Ordinance. (See "THE CERTIFICATES – Optional Redemption" herein).

*Preliminary, subject to change.

CITY OF BLANCO, TEXAS

CITY COUNCIL

Name	Position	Term Expires
Mike Arnold	Mayor	May 2026
Bobby Mack-McClung	Mayor Pro-Tem	May 2025
Laura Swinson	Councilmember	May 2026
Ryan Moses	Councilmember	May 2026
Candy Cargill	Councilmember	May 2025
Dennis J. Moore, Jr.	Councilmember	May 2025

ADMINISTRATIVE OFFICERS

Name	Position	Length of Service	Total Years of Experience
Warren Escovy	City Administrator	7 years	12 years
Laurie Cassidy	City Secretary	5 years	38 years

CONSULTANTS AND ADVISORS

McCall, Parkhurst & Horton L.L.P., Austin, Texas	Bond Counsel
Belt Harris Pechacek, LLLP, CPA, Houston, Texas	Independent Certified Public Accountant
D.A. Davidson & Co., Plano, Texas	Financial Advisor

For additional information regarding the City, please contact:

Warren Escovy, City Administrator City of Blanco, Texas 300 Pecan Street Blanco, Texas 78606 Phone: (830)-833-4525	or	Steven Perry, Senior Vice President D.A. Davidson & Co. 5601 Granite Parkway, Suite 560 Plano, Texas 75024 Phone: (972) 523-3913

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement, which includes the cover pages 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 Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor.

This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the accuracy of such estimates and opinions, or that they will be realized. CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau for the convenience of the owners of the Certificates.

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

In connection with this offering, the Initial Purchaser may over-allot or effect transactions which stabilize the market price of the issue at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

None of the City, the Financial Advisor, or the Initial Purchaser makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system described under the caption "THE CERTIFICATES - BOOK-ENTRY-ONLY SYSTEM", or the insurer, if any, and its municipal bond insurance policy described herein (or incorporated by reference) under the heading "BOND INSURANCE", as such information has been provided by DTC and the insurer, respectively.

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

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

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TABLE OF CONTENTS

SUMMARY STATEMENT

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

The Issuer	The City of Blanco, Texas (the "City") is a general law Type A municipality and political subdivision of the State of Texas located in Blanco County. For information regarding the City and its economy see Appendix A.
The Certificates	The City of Blanco, Texas $1,500,000* Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024A (the "Certificates") are being issued as serial Certificates maturing on February 15 in the years 2028 through and including 2054 unless the Initial Purchaser elects to aggregate two or more consecutive maturities as term certificates.
Payment of Interest	Interest on the Certificates accrues from the Delivery Date, expected to be November 26, 2024, and is payable on February 15 and August 15 of each year, commencing August 15, 2025, until stated maturity or prior redemption (see "THE CERTIFICATES – Description of the Certificates").
Purpose of Certificates	Proceeds from the Certificates will be used for the purpose of providing funds for paying contractual obligations incurred or to be incurred for constructing, improving, designing, acquiring, and equipping the City's (i) water/wastewater system, (ii) drainage improvements, (iii) street improvements, to include acquisition of street maintenance equipment, (iv) public safety, to include improvements to the City's fire suppression system, and (v) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates.
Authorization and Security	The Certificates are direct obligations of the City payable from the levy and collection of a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Ordinance and a limited pledge of surplus revenues of the City's sewer system revenues not to exceed $1,000 (see "THE CERTIFICATES – AUTHORITY FOR ISSUANCE OF THE CERTIFICATES" and "THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT").
Redemption	The Certificates having stated maturities on and after February 15, 2035, are subject to optional redemption in whole or in any part thereof, in the principal amounts of $5,000 or any integral multiple thereof on February 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If two or more serial Certificates of consecutive maturity are combined into one or more "term" Certificates (each, a "Term Certificate") by the Initial Purchaser, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with the provisions of the Ordinance.
Rating	Moody's Investors Service ("Moody's") has assigned their municipal bond rating of "A2" to the Certificates (See "RATING"). In addition, the City has made an application for an insurance policy insuring the timely payment of the principal of and interest on the Certificates. The purchase of such insurance, if available and the payment of all associated costs will be at the option and expense of the Initial Purchaser, subject to approval by the City. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
Tax Exemption	In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.
Qualified Tax-Exempt Obligations	The City will designate the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions").

*Preliminary, subject to change.

Book-Entry-Only System	The Certificates are initially issued only to Cede & Co., the nominee of the Depository Trust Company, New York, New York, pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 and any integral multiple of $5,000 in excess thereof. No physical delivery of the Certificates will be made to the purchasers thereof. Principal of and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the DTC Participants (as defined herein) for subsequent remittance to the owners of the beneficial interests in the Certificates (see "THE CERTIFICATES - Book-Entry-Only System").
Legal Opinion	Delivery of the Certificates is subject to the approving opinions of the Attorney General of the State of Texas and the legal opinions of McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel.
Payment Record	The City has never defaulted on any of its debt obligations.
Delivery Date	When issued, anticipated to be on or about November 26, 2024.
Bond Insurance	The City has made an application to municipal bond insurance companies to have the payment of the principal of and interest on the Certificates insured by a municipal bond insurance policy and will consider the purchase of such insurance after an analysis of the bids from such companies has been made. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)

*Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT
RELATING TO

CITY OF BLANCO, TEXAS

$1,500,000*
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $1,500,000 City of Blanco, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024A (the "Certificates"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance") to be adopted by the City Council (the "City Council") of the City of Blanco, Texas (the "City") on November 12, 2024, which will authorize the issuance of the Certificates.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, D.A. Davidson & Co., 5601 Granite Parkway, Suite 560, Plano, Texas 75024.

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

Description of the City

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State. The City was incorporated in 1938. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers elected for staggered two-year terms. The City Administrator is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, drinking water, solid waste, planning and zoning, and general administrative services.

The City's audited financial statements for the Fiscal Year ended September 30, 2023 (the "Financial Statements"), which are set forth as APPENDIX C, present information on the general financial condition of the City at the dates and for the periods described therein. The Financial Statements and other financial information of this Official Statement are not intended to imply that any other tax receipts, revenues or moneys of the City are pledged to pay the principal of or interest on the Certificates. As used herein, the term "Fiscal Year," unless otherwise indicated, means the City's Fiscal Year, which currently is the twelve-month period beginning on October 1 of a calendar year and ending on September 30 of the next succeeding calendar year. Each such period may be designated with the number of the calendar year in which such period ends.

PLAN OF FINANCING

Purpose

Proceeds from the Certificates will be used for the purpose of providing funds for paying contractual obligations incurred or to be incurred for constructing, improving, designing, acquiring, and equipping the City's (i) water/wastewater system, (ii) drainage improvements, (iii) street improvements, to include acquisition of street maintenance equipment, (iv) public safety, to include improvements to the City's fire suppression system, and (v) payment of professional services in connection therewith including legal, engineering, architectural and fiscal fees and the costs of issuing the Certificates.

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*Preliminary, subject to change.

Sources and Uses of Proceeds

Proceeds from the sale of the Certificates are expected to be expended as follows:

Sources of Funds	
Par Amount	$
Reoffering Premium	
Total Sources of Funds	**$**
Uses of Funds	
Deposit to Project Fund	$
Costs of Issuance	
Total Uses of Funds	**$**

THE CERTIFICATES

Description of the Certificates

The Certificates are dated November 1, 2024 and mature on February 15 in each of the years and in the amounts shown on page ii. Interest on the Certificates will accrue from the Delivery Date as defined on the cover hereof and 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 August 15, 2025, until stated maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in denominations of $5,000 or any integral multiple thereof and will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see “THE CERTIFICATES - Book-Entry-Only System” herein).

Authority for Issuance of the Certificates

The Certificates are being issued by the City of Blanco, Texas (the “City”) pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended, Chapter 1502, Texas Government Code, and an ordinance to be adopted by the City Council of the City on November 12, 2024 (the “Ordinance”). See “THE CERTIFICATES – Authority for Issuance of the Certificates”.

Security and Source of Payment

The Certificates are direct obligations of the City payable from the levy and collection of a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Ordinance and a limited pledge of surplus revenues of the City’s sewer system revenues not to exceed $1,000 (see “THE CERTIFICATES – AUTHORITY FOR ISSUANCE OF THE CERTIFICATES” and “THE CERTIFICATES – SECURITY AND SOURCE OF PAYMENT”).

Optional Redemption

The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2034, or any date thereafter at a price of par, plus accrued interest to the date of redemption. If two or more serial Certificates of consecutive maturity are combined into one or more “term” Certificates (each, a “Term Certificate”) by the Initial Purchaser, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with the provisions of the Ordinance.

Selection of Certificates for Redemption

If less than all of the Certificates are redeemed within a stated maturity at any time, the Certificates to be redeemed shall be selected by the Paying Agent/Registrar at random and by lot or other customary method in multiples of $5,000 within any stated maturity.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books relating to the Certificates kept by the Paying Agent/Registrar (the "Security Register") at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE CERTIFICATEHOLDERS FAILED TO RECEIVE SUCH NOTICE.

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the designated corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the registered owner. If a Certificate is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as provided in the Ordinance, such Certificate (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and on the redemption date designated in such notice, interest on said Certificate (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue and such Certificate shall not be deemed to be Outstanding.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will mail any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates held by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the Beneficial Owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. See "BOOK- ENTRY-ONLY SYSTEM" herein.

Amendments to the Ordinance

The City may, without the consent of or notice to any Holders of the Certificates, from time to time and at any time, amend the Ordinance in any manner not detrimental to the interests of the Holders of the Certificates, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of Holders of a majority in aggregate principal amount of the applicable Certificates then Outstanding, amend, add to, or rescind any of the provisions of the Ordinance; provided that, without the consent of all Holders of applicable Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the such Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on such Certificates, (2) give any preference to any Certificate over any other Certificate, as applicable, or (3) reduce the aggregate principal amount of Certificates, required to be held by Holders for consent to any such amendment, addition, or rescission.

Defeasance

The Ordinance provides for the defeasance of the Certificates when payment of the principal of and premium, if any, on such Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent (or other financial institution permitted by applicable law), in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to ensure 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 such Certificates, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance

Securities. The Ordinance provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and, (d) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Certificates. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates for redemption that have been defeased to stated maturity is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Because the Ordinance provides that securities or obligations that may be authorized under future State law may also be used to defease the Certificates, registered owners are 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 or any other Defeasance Securities that may be used to defease the Certificates as described in this section will be maintained at any particular rating category.

Paying Agent/Registrar

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

Transfer, Exchange and Registration

In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "THE CERTIFICATES - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

Record Date for Interest Payment

The record date for determining the person to whom the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the preceding month (the "Record Date"). In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which must 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 owner of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Remedies

If the City defaults in the payment of principal or interest, or redemption price, on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the certificateholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Texas cities are generally immune from suits for money damages for breach of contracts under the doctrine of sovereign immunity. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language.

Furthermore, Tooke, and subsequent jurisprudence, held that a municipality is not immune from suit for torts committed in the performance of its proprietary functions, as it is for torts committed in the performance of its governmental functions (the "Proprietary-Governmental Dichotomy"). Governmental functions are those that are enjoined on a municipality by law and are given by the State as a part of the State's sovereignty, to be exercised by the municipality in the interest of the general public, while proprietary functions are those that a municipality may, in its discretion, perform in the interest of the inhabitants of municipality.

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

Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. As noted above, the Ordinance provides that Certificate holders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates 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.

BOND INSURANCE

The City has made application to municipal bond insurance companies (the "Insurer") to have the payment of the principal of and interest on the Certificates insured by a municipal bond insurance policy (the "Policy"). No representation is hereby made that the City will use municipal bond insurance in connection with the issuance of the Certificates. If the City obtains a commitment from the Insurer to provide the Policy, the final Official Statement shall disclose, to the extent necessary, any relevant information relating to the Policy.

BOND INSURANCE GENERAL RISKS

The City has applied for a Policy to guarantee payment of the Certificates. The City has yet to determine whether a Policy will be purchased with the Certificates. If a Policy is purchased, the following are risk factors relating to bond insurance.

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

Payment of principal of and interest on the Certificates is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE CERTIFICATES –Remedies" herein). The Insurer may direct the pursuit of available remedies, and generally must consent to any remedies available to and requested by the Beneficial Owners. In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable primarily from ad valorem taxes levied annually against all taxable property therein, within the limits prescribed by law, and are further secured by a limited pledge of surplus revenues of the City's sewer system revenues not to exceed $1,000. In the event the Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates.

If a Policy is acquired, the long-term rating on the Certificates will be dependent 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 rating on the Certificates, whether or not subject to the Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Certificates. (See the disclosure described in "RATING" herein.)

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

Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal of and interest on the Certificates and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND

INSURANCE" herein.

Moody's Investors Services, Inc., S&P Global Ratings ("S&P"), and Fitch Ratings, Inc. (collectively the "Rating Agencies") have, since 2008, downgraded, and/or placed on negative credit watch, the claims-paying ability and financial strength of all providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of municipal bond insurers. Thus, when making an investment decision, potential investors should carefully consider the ability of any such municipal bond insurer to pay principal and interest on the Certificates and the claims-paying ability of any such municipal bond insurer, particularly over the life of the investment.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Certificates 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 and the Initial Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City and the Initial Purchaser cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement.

The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered 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 certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each 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 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the Book-Entry-Only System for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as, redemption, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued, printed Certificates will be issued to the DTC Participants or the owner, as the case may be, and such Certificates will be subject to transfer, exchange, and registration provisions as set forth in the Ordinance and summarized under "THE CERTIFICATES - Transfer, Exchange and Registration" below.

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the City believes to be reliable, but none of the City, the Financial Advisor, or the Initial Purchaser take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

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

TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. 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 Blanco County 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 challenge the granting of exemptions, exclusion of the property from the tax roll, determination that property qualifies for agriculture, open space or timber valuation and the failure to identify the taxing unit as one in which a property is taxable.

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 "TAX INFORMATION – City and Taxpayer Remedies").

State Mandated Homestead Exemptions

State law grants, with respect to each city 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 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.

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.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the Governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the City, adopting its tax rate for the tax year. A taxing unit, such as the City, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established by the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

For a discussion of how the various exemptions described above are applied by the City, see "TAX INFORMATION – 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 $59,562,331 for the 2024 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 "TAX INFORMATION – 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.

"foregone revenue amount" means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit's current total value in the applicable preceding tax year.

"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).

"preceding total value" means a taxing unit's current total value in the applicable preceding tax year.

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

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

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

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

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

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

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

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

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

City Application of Property Tax Code

The City does not exempt freeport property from taxation.

The City has adopted a tax abatement policy and has no abatements in place.

The City does grant disabled veterans exemptions as follows:

A $5,000 to $12,000 exemption to the market value of residences of veterans rated 10 to 29% disabled.

TAX RATE LIMITATIONS

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 4, of the Texas Constitution is applicable to the City (a Type A municipality with a population less than 5,000), and limits its maximum ad valorem tax rate to $1.50 per $100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

INVESTMENTS

The City invests its investable funds in investments authorized by State law 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 United States 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; (15) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the Public Funds Investment Act; and (16) 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% 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 is required to 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.

Current Investments

As of October 26, 2024 the City had $239,435 in bank deposits and $2,705,463 in local government investment pools.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Certificates and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Certificates to become includable in gross income retroactively to the date of issuance of the Certificates.

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

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the facilities financed or refinanced with the proceeds of the Certificates. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Certificateholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

Qualified Tax-Exempt Obligations for Financial Institutions

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

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

LITIGATION

In the opinion of certain officials of the City, the City is not a party to any litigation or other proceedings pending or, to its knowledge, threatened, in any court, agency or other administrative body (either state or federal which, if decided adversely to the City, would have a material adverse effect on the financial statements of the City).

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

LEGAL MATTERS

The City will furnish the Initial Purchaser with a complete transcript of proceedings for the Certificates incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Certificates are valid and legally binding general obligations of the City, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Certificates, issued in compliance with the provisions of the Ordinance, are valid and legally binding general obligations of the City and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Certificates is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. In its capacity as Bond Counsel, such firm has reviewed the information relating to the Certificates and the Ordinance contained in this Official Statement under the captions "THE CERTIFICATES" (except under the subcaption "Remedies"), "BOOK-ENTRY-ONLY SYSTEM," "TAX MATTERS," "REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Undertakings"), "LEGAL INVESTMENTS IN TEXAS", and "LEGAL MATTERS," and such firm is of the opinion that the information contained under such captions is a fair and accurate summary of the information purported to be shown and is correct as to matters of law. 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 Certificates or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Certificates, will also be furnished. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System.

LEGAL INVESTMENTS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, requires that the Certificates be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

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

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

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

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The City will file with EMMA annually certain updated financial information and operating data to the MSRB. The information to be updated includes the quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1-5 and 7-9 of Appendix A and in Appendix C. The City will update and provide this information within nine months after the end of each fiscal year ending in and after 2024. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule. The updated information will include audited financial statements, if the City Councils an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix C or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

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

Notice of Certain Events

The City will file with the MSRB notice of any of the following events with respect to the Certificates in a timely manner (and not more than 10 business days after occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation of the City (as defined by the Rule, which includes certain debt, debt- like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. Neither the Certificates nor the Ordinance make any provision for debt service reserves, credit enhancement (though the City has applied for a municipal bond insurance policy), or liquidity enhancement. In the Ordinance, the City will adopt policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports." The City will provide each notice described in this paragraph to the MSRB.

For these purposes, (a) any event described in clause (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, and (b) the City intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34- 83885 dated August 20, 2018.

Availability of Information

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 via EMMA.

Limitations and Amendments

The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement. The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an Initial Purchaser to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized Certificate counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an Initial Purchaser from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The City previously entered into a continuing disclosure undertaking. For fiscal years 2019 through 2022, the City did not timely file its audited financial statements and also failed to file its financial operating data for such period. A notice of late filing and all missing information has been provided to EMMA as of July 17, 2024. Other than as described, the City has complied in all material respects with its continuing disclosure obligations.

RATING

Moody's Investors Service Inc. ("Moody's") has assigned its municipal bond rating of "A2" to the Certificates.

An explanation of the significance of such rating may be obtained from Moody's. The rating of the Certificates by Moody's reflects only the view of such company at the time the rating is given, and the City makes no representation as to the appropriateness of such rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by Moody's if, in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Certificates.

FINANCIAL ADVISOR

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

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

WINNING BIDDER

After requesting competitive bids for the Certificates, the City accepted the bid of ____________ (the "Purchaser" or the "Initial Purchaser") to purchase the Certificates at the interest rates shown on the inside cover of this Official Statement at a price of par, plus a cash premium of $___________, and no accrued interest. The City can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

FORWARD LOOKING STATEMENTS

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. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and 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 would prove to be accurate.

CONCLUDING STATEMENT

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

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

The Ordinance will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering and sale of the Certificates by the Initial Purchaser in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

CITY OF BLANCO, TEXAS

/S/

Mayor, City of Blanco, Texas

ATTEST:

/S/

City Secretary, City of Blanco, Texas

APPENDIX A

FINANCIAL INFORMATION REGARDING THE CITY

TABLE 1
CITY OF BLANCO, TEXAS
VALUATIONS, EXEMPTIONS AND TAX DEBT

2024 Market Valuation Established by Blanco County Appraisal District[1]	**$ 453,291,547**
Less Adjustments/Exemptions:	$ (89,144,424)
2024 Taxable Assessed Valuation	**$ 364,147,123**
Total Tax Debt	**$ 16,000,000**
Plus: The Certificates [2]	1,500,000
Less: Self Supporting Debt [3]	(4,680,000)
Net Tax Debt	**$ 12,820,000**
Ratio Net Ad Valorem Tax Supported Debt to Taxable Assessed Valuation	3.52%

2024 Estimated Population[4] -		2,000
Per Capita Taxable Assessed Valuation -	$	182,074
Per Capita Tax Debt -	$	8,000
Per Capita Net Tax Debt -	$	6,410

(1) Source: Blanco County Appraisal District
(2) Preliminary, subject to change.
(3) Source: The City; Self-Supporting Debt in the amounts shown is currently provided from revenues of the City's water and wastewater utility system.
(4) Source: Municipal Advisory Coucil of Texas

TABLE 2
CITY OF BLANCO, TEXAS
CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY

	Fiscal Year Ended 9/30				
	2025	**2024**	**2023**	**2022**	**2021**
Real Property:					
Single Family Residence	$186,176,363	$ 180,528,820	$146,203,161	$ 112,466,572	$ 97,708,109
Multifamily Residence	8,769,399	8,648,988	5,288,500	4,395,240	3,864,440
Vacant Lots and Land Tracts	8,559,897	9,444,843	6,448,190	4,894,060	3,330,480
Qualified Open-Space Land	39,056,460	39,650,030	30,738,420	18,569,620	14,707,420
Improvements Qualified OP	506,040	725,568	446,790	390,990	377,520
Rural Land, Non-Qualified OPE	39,841,320	39,577,501	30,596,209	22,149,190	19,093,691
Commercial Real Property	122,050,704	102,642,980	88,091,370	68,557,625	59,473,361
Industrial and Manufacturing	16,386,710	12,065,420	797,420	629,290	606,530
Gas Distribution System	3,370	3,930	5,910	7,670	7,670
Electric/Telecom Utility	994,019	980,120	407,661	354,007	294,690
Other Utility	81,795	-	131,461	156,962	247,770
Commercial Personal Property	28,194,533	27,014,370	24,814,768	15,866,481	16,458,800
Industrial Personal Property	1,761,753	1,712,450	-	-	-
Mobile Homes	791,054	814,513	548,970	608,420	609,150
Special Inventory Tax	118,130	18,720	2,480	3,880	-
Total Market Value	**453,291,547**	**423,828,253**	**334,521,310**	**249,050,007**	**216,779,631**
Less Adjustments/Exemptions [(1)]					
Total Exemptions	**(89,144,424)**	**(81,343,142)**	**(57,771,375)**	**(29,651,131)**	**(22,794,370)**
Net Taxable Valuation	**$364,147,123**	**$ 342,485,111**	**$276,749,935**	**$ 219,398,876**	**$ 193,985,261**

Source: Blanco County Appraisal District

PERCENTAGE TOTAL ASSESSED VALUATION BY CATEGORY

Property Use Category	**2025**	**2024**	**2023**	**2022**	**2021**
Single Family Residence	41.07%	42.59%	43.71%	45.16%	45.07%
Multifamily Residence	1.93%	2.04%	1.58%	1.76%	1.78%
Vacant Lots and Land Tracts	1.89%	2.23%	1.93%	1.97%	1.54%
Qualified Open-Space Land	8.62%	9.36%	9.19%	7.46%	6.78%
Improvements Qualified OP	0.11%	0.17%	0.13%	0.16%	0.17%
Rural Land, Non-Qualified OPE	8.79%	9.34%	9.15%	8.89%	8.81%
Commercial Real Property	26.93%	24.22%	26.33%	27.53%	27.43%
Industrial and Manufacturing	3.62%	2.85%	0.24%	0.25%	0.28%
Gas Distribution System	0.00%	0.00%	0.00%	0.00%	0.00%
Electric/Telecom Utility	0.22%	0.23%	0.12%	0.14%	0.14%
Other Utility	0.02%	0.00%	0.04%	0.06%	0.11%
Commercial Personal Property	6.22%	6.37%	7.42%	6.37%	7.59%
Industrial Personal Property	0.39%	0.40%	0.00%	0.00%	0.00%
Mobile Homes	0.17%	0.19%	0.16%	0.24%	0.28%
Special Inventory Tax	0.03%	0.00%	0.00%	0.00%	0.00%
Total	99.97%	100.00%	100.00%	100.00%	100.00%

TABLE 3
CITY OF BLANCO, TEXAS
PROPERTY TAX COLLECTIONS

Tax Year	Taxable Assessed Valuation	Tax Rate	Tax Levy	F/Y Ended
2019	179,891,614	0.2583	650,052	09/30/20
2020	193,985,261	0.3218	679,362	09/30/21
2021	219,398,876	0.3218	767,301	09/30/22
2022	276,749,935	0.3215	972,169	09/30/23
2023	342,485,111	0.3615	(in collection)	09/30/24

Source: Blanco County Appraisal District

(a) excludes penalties and interest

	Fiscal Year Ended 9/30				
	2024	**2023**	**2022**	**2021**	**2020**
Maintenance & Operations	$0.2026	$0.1917	$0.1430	$0.1470	$0.1481
Interest & Sinking Fund	0.1589	0.1660	0.2073	0.2033	0.2134
Total	**$0.3532**	**$0.3577**	**$0.3503**	**$0.3503**	**$0.3615**

Source: Blanco County Appraisal District

TABLE 4
CITY OF BLANCO, TEXAS
TOP TEN PROPERTY TAX PAYERS

Name of Taxpayer	Type of Business	2023 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Humulus Lupulus Ent. Inc.	Alcohol Distribution	$ 15,115,090	4.15%
The Fringe Group Blanco LLC	Hotel/Motel	6,890,060	1.89%
Uptown Blanco Ltd.	Commercial Bldg.	4,885,169	1.34%
Cox Paving of Texas	Asphalt Paving	4,806,280	1.32%
JW Blanco I Ltd	Commercial Bldg.	3,577,190	0.98%
Maria Investments	Real Estate	3,495,886	0.96%
Texas Regional Bank	Financial/Banking	3,495,308	0.96%
Behrends David Family Trust	Medical Clinic	3,471,480	0.95%
Thomson Real Estate Investments LLC	Real Estate	3,394,570	0.93%
Six Wheeler Investments	Real Estate	3,194,230	0.88%
Total		$ 52,325,263	14.37%

Name of Taxpayer	Type of Business	2022 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Humulus Lupulus Ent. Inc.	Alcohol Distribution	$ 9,887,620	3.57%
Cox Paving of Texas	Asphalt Paving	4,622,000	1.67%
Thomson Real Estate Investments LLC	Real Estate	3,581,990	1.29%
JW Blanco I Ltd	Commercial Bldg.	3,404,290	1.23%
The Fringe Group Blanco LLC	Hotel/Motel	3,100,000	1.12%
Texas Regional Bank	Financial/Banking	3,099,080	1.12%
Uptown Blanco Ltd	Commercial Bldg.	2,846,896	1.03%
Behrends David Family Trust	Medical Clinic	2,682,358	0.97%
7-Eleven Inc	Commercial Bldg.	2,623,160	0.95%
Pedernales Elec Co-Op	Utility	2,225,200	0.80%
Total		$ 38,072,594	13.76%

Name of Taxpayer	Type of Business	2021 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Humulus Lupulus Ent. Inc.	Alcohol Distribution	$ 8,521,810	3.88%
West Texas Host Inc	Hotel/Motel	3,300,000	1.50%
Texas Regional Bank	Financial/Banking	2,897,140	1.32%
JW Blanco I Ltd	Commercial Bldg.	2,848,920	1.30%
7-Eleven Inc	Commercial Bldg.	2,756,270	1.26%
Uptown Blanco Inc	Commercial Bldg.	2,652,706	1.21%
Thomson Real Estate Investments LLC	Real Estate	2,528,190	1.15%
Behrends David Family Trust	Medical Clinic	2,325,058	1.06%
Pedernales Elec Co-Op	Utility	2,063,230	0.94%
Maria Investments Ltd	Real Estate	1,794,320	0.82%
Total		$ 31,687,644	14.44%

Name of Taxpayer	Type of Business	2020 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Humulus Lupulus Ent. Inc.	Alcohol Distribution	$ 7,822,000	4.03%
West Texas Host Inc	Hotel/Motel	3,271,490	1.69%
7-Eleven Inc	Commercial Bldg.	2,527,200	1.30%
JW Blanco I Ltd	Commercial Bldg.	2,499,180	1.29%
Uptown Blanco Ltd	Commercial Bldg.	2,289,790	1.18%
Thomson Real Estate Investments LLC	Real Estate	2,184,720	1.13%
Texas Regional Bank	Financial/Banking	2,012,390	1.04%
Behrends David Family Trust	Medical Clinic	1,962,706	1.01%
Six Wheeler Investments	Real Estate	1,820,890	0.94%
Pedernales Elec Co-Op	Utility	1,679,440	0.87%
Total		$ 28,069,806	14.47%

Name of Taxpayer	Type of Business	2019 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Humulus Lupulus Ent. Inc.	Alcohol Distribution	$ 7,831,630	2.15%
West Texas Host Inc	Hotel/Motel	3,282,570	0.90%
JW Blanco I Ltd	Commercial Bldg.	2,462,080	0.68%
7-Eleven Inc	Commercial Bldg.	2,417,490	0.66%
Uptown Blanco Ltd	Commercial Bldg.	2,394,630	0.66%
Texas Regional Bank	Financial/Banking	2,018,850	0.55%
Pedernales Elec Co-Op	Utility	2,003,610	0.55%
Behrends David Family Trust	Medical Clinic	1,754,340	0.48%
Six Wheeler Investments	Real Estate	1,684,830	0.46%
Rio Blanco Apartments LLC	Apartments	1,452,730	0.40%
Total		$ 27,302,760	7.50%

TABLE 5
CITY OF BLANCO, TEXAS
OVERLAPPING DEBT

	Total Tax Debt	As of	Estimated % Applicable	City's Overlapping Tax Debt
Blanco County	$ 11,175,000	2/29/2024	9.89%	$ 1,105,208
Blanco ISD	42,310,000	2/29/2024	15.77%	$ 6,672,287
Total Net Overlapping Debt				**$ 7,777,495**
City of Blanco (Net Tax Debt)				$12,820,000
Total Direct & Overlapping Tax Debt				**$20,597,495**
Total Direct & Overlapping Tax Debt as % of TAV				11.45%
Per Capital Total Direct and Overlapping Tax Debt				$ 10,299

Source: Municipal Advisory Council of Texas

TABLE 6
CITY OF BLANCO, TEXAS
DEBT SERVICE REQUIREMENTS

Year Ending	Total Outstanding Debt			LESS: Self Supporting Debt			Plus: The Certificates (1)			Net Tax Debt		
30-Sep	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	710,000	317,293	1,027,293	170,000	71,296	241,296	-	52,292	52,292	540,000	298,289	838,289
2026	730,000	304,344	1,034,344	170,000	70,126	240,126	-	75,000	75,000	560,000	309,218	869,218
2027	745,000	287,594	1,032,594	170,000	68,736	238,736	-	75,000	75,000	575,000	293,858	868,858
2028	600,000	269,975	869,975	175,000	67,163	242,163	25,000	74,375	99,375	450,000	277,188	727,188
2029	725,000	255,408	980,408	180,000	65,328	245,328	30,000	73,000	103,000	575,000	263,080	838,080
2030	740,000	239,532	979,532	180,000	63,280	243,280	30,000	71,500	101,500	590,000	247,752	837,752
2031	515,000	222,759	737,759	185,000	61,107	246,107	30,000	70,000	100,000	360,000	231,652	591,652
2032	520,000	215,663	735,663	185,000	58,732	243,732	35,000	68,375	103,375	370,000	225,306	595,306
2033	525,000	208,082	733,082	185,000	56,252	241,252	35,000	66,625	101,625	375,000	218,455	593,455
2034	530,000	200,148	730,148	185,000	53,645	238,645	35,000	64,875	99,875	380,000	211,378	591,378
2035	545,000	191,847	736,847	195,000	50,927	245,927	40,000	63,000	103,000	390,000	203,920	593,920
2036	555,000	182,929	737,929	195,000	47,948	242,948	40,000	61,000	101,000	400,000	195,981	595,981
2037	560,000	173,545	733,545	200,000	44,871	244,871	40,000	59,000	99,000	400,000	187,675	587,675
2038	570,000	163,801	733,801	200,000	41,612	241,612	45,000	56,875	101,875	415,000	179,064	594,064
2039	580,000	153,574	733,574	205,000	38,275	243,275	45,000	54,625	99,625	420,000	169,924	589,924
2040	590,000	143,013	733,013	210,000	34,823	244,823	50,000	52,250	102,250	430,000	160,440	590,440
2041	605,000	131,938	736,938	210,000	31,198	241,198	50,000	49,750	99,750	445,000	150,490	595,490
2042	615,000	120,390	735,390	220,000	27,510	247,510	55,000	47,125	102,125	450,000	140,005	590,005
2043	630,000	108,443	738,443	220,000	23,598	243,598	55,000	44,375	99,375	465,000	129,221	594,221
2044	640,000	96,084	736,084	225,000	19,652	244,652	60,000	41,500	101,500	475,000	117,932	592,932
2045	650,000	83,281	733,281	230,000	15,557	245,557	65,000	38,375	103,375	485,000	106,099	591,099
2046	665,000	70,271	735,271	235,000	11,369	246,369	65,000	35,125	100,125	495,000	94,028	589,028
2047	675,000	56,756	731,756	235,000	7,042	242,042	70,000	31,750	101,750	510,000	81,465	591,465
2048	430,000	42,970	472,970	115,000	2,691	117,691	75,000	28,125	103,125	390,000	68,404	458,404
2049	325,000	32,854	357,854				75,000	24,375	99,375	400,000	57,229	457,229
2050	330,000	25,190	355,190				80,000	20,500	100,500	410,000	45,690	455,690
2051	340,000	17,308	357,308				85,000	16,375	101,375	425,000	33,683	458,683
2052	175,000	10,704	185,704				90,000	12,000	102,000	265,000	22,704	287,704
2053	180,000	5,436	185,436				95,000	7,375	102,375	275,000	12,811	287,811
2054							100,000	2,500	102,500	100,000	2,500	102,500
TOTALS	**$ 16,000,000**	**$ 4,331,126**	**$ 20,331,126**	**$ 4,680,000**	**$ 1,032,729**	**$ 5,712,729**	**$ 1,500,000**	**$ 1,437,042**	**$ 2,937,042**	**$ 12,820,000**	**$ 4,735,439**	**$ 17,555,439**

TABLE 7
CITY OF BLANCO, TEXAS
GENERAL FUND HISTORY

	For the Year Ended September 30th				
REVENUES	**2023**	**2022**	**2021**	**2020**	**2019**
Property Taxes	$ 520,905	$ 313,512	$ 297,132	$ 271,626	$ 264,301
General Sales and Use Taxes	1,037,064	975,830	862,569	763,414	600,958
Franchise Tax	108,040	101,645	96,310	102,808	140,908
Other Taxes	-	-	-	8,442	11,992
Licenses and Permits	109,418	97,296	45,497	44,312	81,118
Intergovernmental Revenue and Grants	227,857	67,125	-	181,317	519,746
Charges for Services	77,035	69,174	30,817	50,514	49,832
Fines	133,421	134,942	142,889	152,164	171,008
Investment Earnings	51,663	271	1,869	845	940
Other Revenue	4,721	15,217	9,563	41,896	63,255
Total Revenues	$ 2,270,124	$ 1,775,012	$ 1,486,646	$ 1,617,338	$ 1,904,058
EXPENDITURES					
Financial Administration	$ 741,235	$ 687,187	$ 484,781	$ 287,493	$ 302,463
Code Compliance	48,808	30,718	7,040	18,656	18,261
Police	1,249,325	1,147,227	1,035,871	929,319	1,062,816
Highways, Streets and Parks	337,094	108,593	154,797	353,238	853,486
Mayor and Council	15,619	13,229	12,983	14,947	18,579
Municipal Court	155,544	133,646	121,858	109,602	107,223
Tourism/Community Aid	14,318	17,142	17,595	19,403	25,300
Debt Service:					
Other Debt Principal	56,374	57,345	80,118	-	-
Other Debt Interest	3,519	4,184	6,324	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	$ 2,621,836	$ 2,199,271	$ 1,921,367	$ 1,732,658	$ 2,388,128
Excess (Deficiency) of Revenues Over Expenditures	$ (351,712)	$ (424,259)	$ (434,721)	$ (115,320)	$ (484,070)
OTHER FINANCING SOURCES (USES)					
Transfers In	$ -	$ -	$ 7,492	$ -	$ 1,001,582
Transfers Out	-	-	(9,088)	(182,335)	-
Subscription Arrangements	62,440				
Capital lease/Loan proceeds	30,185	49,647	84,280	-	-
Total Other Financing Sources(Uses)	$ 92,625	$ 49,647	$ 82,684	$ (182,335)	$ 1,001,582
Net Change in Fund Balances	(259,087)	(374,612)	(352,037)	(297,655)	517,512
Beginning Fund Balance	698,147	1,072,759	1,247,849	1,545,504	1,027,992
Prior Period Adjustment	-	-	176,947	-	-
Adjusted Beginning Fund Balance	698,147	1,072,759	1,424,796	1,545,504	1,027,992
Ending Fund Balance	$ 439,060	$ 698,147	$ 1,072,759	$ 1,247,849	$ 1,545,504

Source: The City's Audited Financial Statements

TABLE 9
CITY OF BLANCO, TEXAS
WATER AND SEWER SYSTEM HISTORY

	For the Year Ended September 30th				
OPERATING REVENUES	**2023**	**2022**	**2021**	**2020**	**2019**
Water and Sewer Fees	$2,222,213	$ 2,204,840	$ 2,021,171	$ 1,390,517	$ 1,302,439
Tap Fees	-	-	-	26,981	25,050
Sanitation Fees	-	-	-	339,400	347,544
Other Income	7,054	7,689	21,555	37,302	39,112
Total Operating Revenues	$2,229,267	$ 2,212,529	$ 2,042,726	$ 1,794,200	$ 1,714,145
OPERATING EXPENSES					
Water and Sewer					
Personnel Services-Salaries and Wages	$ 47,729	$ 351,374	$ 410,624	$ 350,565	$ 323,209
Personnel Services-Employee Benefits	-	-	-	130,046	144,927
Purchased Professional & Technical Services	461,561	458,257	400,485	380,787	284,153
Purchased Property Services	-	-	-	-	-
Other Operating Costs	1,520,479	1,125,882	477,929	446,766	862,263
Supplies	-	-	-	60,518	51,784
Sanitation					
Purchased Professional & Technical Services	-	-	-	-	230,101
Depreciation	499,968	402,367	397,217	410,052	261,210
Total Operating Expense	$2,529,737	$ 2,337,880	$ 1,686,255	$ 1,778,734	$ 2,157,647
Operating Income	$ (300,470)	$ (125,351)	$ 356,471	$ 15,466	$ (443,502)
NONOPERATING REVENUES (EXPENSES)					
Investment Earnings	$ 71,624	$ 15,077	$ 2,863	$ 16,845	$ 1,588
Interest Expense - Non-Operating	(274,853)	(198,429)	(206,316)	(216,918)	(193,023)
Other Non-Operating Revenue/(Expenses)	-	-	-	(23,100)	$ 423,427
Total Nonoperating Revenues (Expenses)	$ (203,229)	$ (183,352)	$ (203,453)	$ (223,173)	$ 231,992
Income Before Contributions, Transfers, Contributions, Gains or Losses	$ (503,699)	$ (308,703)	$ 153,018	$ (207,707)	$ (211,510)
Capital contributions	$ 190,165	$ -	$ -	$ -	$ -
Non-Operating Transfers In	455,126	450,316	416,333	552,517	-
Transfers Out (Use)	-	-	-	(50,000)	(769,257)
Change in Net Postion	$ 141,592	$ 141,613	$ 569,351	$ 294,810	$ (980,767)
Total Net Position - October 1 (Beginning)	$7,756,832	$ 7,615,219	$ 7,045,868	$ 6,414,785	$ 7,395,552
Prior Period Adjustment	-	-	-	336,273	-
Total Net Position - September 30 (Ending)	$7,756,832	$ 7,615,219	$ 7,045,868	$ 6,751,058	$ 7,395,552
Total Net Assets, End of Year	**$7,898,424**	**$ 7,756,832**	**$ 7,615,219**	**$ 7,045,868**	**$ 6,414,785**

Source: The City's Audited Financial Statements

TABLE 9
CITY OF BLANCO, TEXAS
SALES TAX COLLECTIONS

Calendar Year	Sales Tax Collections [1]
2019	$622,786
2020	$822,990
2021	$857,291
2022	$965,566
2023	$1,021,931
2024	$742,295 [2]

[1] *Source: Municipal Advisory Council of Texas*

APPENDIX B

FORM OF LEGAL OPINION OF BOND COUNSEL

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

CITY OF BLANCO, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A IN THE AGGREGATE PRINCIPAL AMOUNT OF $________

AS BOND COUNSEL FOR THE CITY OF BLANCO, TEXAS (the "City") of the certificates of obligation described above (the "Certificates"), we have examined in to the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates, until maturity or redemption, at the rates and payable on the dates specified in the text of the Certificates and in the Ordinance of the City adopted on ____________, 2024 authorizing the issuance of the Certificates (the "Ordinance").

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

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

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

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

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

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

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

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

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

Respectfully,

APPENDIX C

BASIC FINANCIAL STATEMENTS, MANAGEMENT DISCUSSION AND ANALYSIS, AND REQUIRED SUPPLEMENTAL INFORMATION FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

ANNUAL FINANCIAL REPORT

of the

CITY OF BLANCO, TEXAS

For the Year Ended
September 30, 2023

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City of Blanco, Texas

TABLE OF CONTENTS

September 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Blanco, 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 Blanco, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note I.F.10 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

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

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

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Belt Harris Pechacek, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 4, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Blanco, Texas

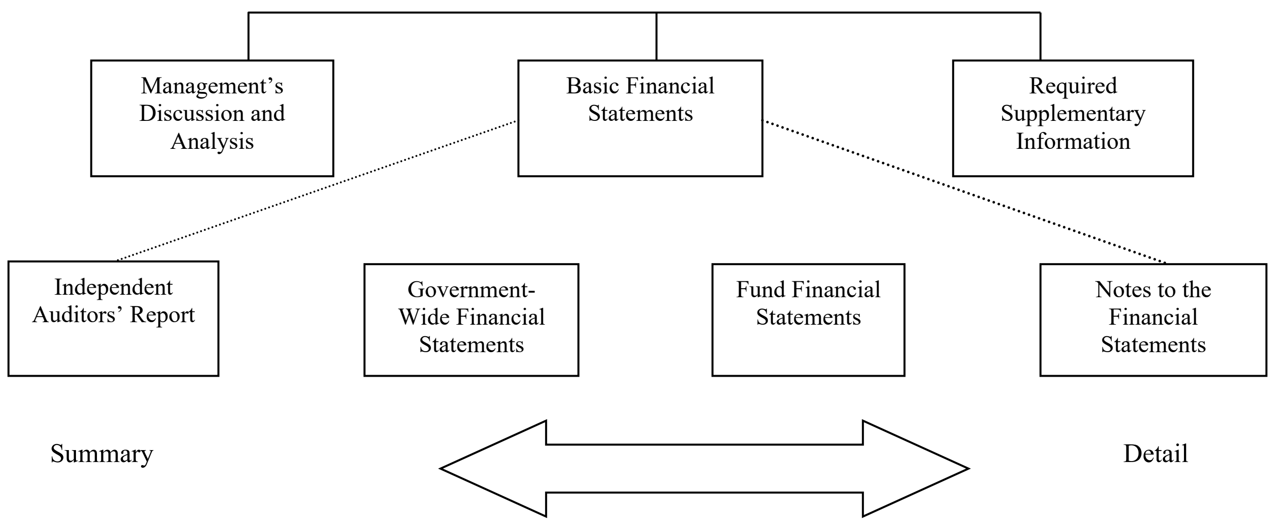
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2023

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Blanco, Texas (the "City") for the year ended September 30, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

<u>Government-Wide Statements</u>

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

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

1. *Governmental Activities* – Most of the City's basic services are reported here including city hall, code compliance, police, mayor and council, municipal court, streets and parks, tourism, and community aid. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.

2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water distribution, wastewater collection/treatment, and sanitation collection.

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

FUND FINANCIAL STATEMENTS

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

<u>Governmental Funds</u>

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

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

The City maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, which are considered to be major funds for reporting purposes.

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

Proprietary Funds

The City maintains one type of proprietary fund, enterprise fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection/treatment, and sanitation collection services. The proprietary fund financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $10,986,663 as of year end. The largest portion of the City's net position (76%) reflects its investments in capital assets (e.g., land, City hall, fleet equipment, streets, and drainage systems, as well as the public works facilities) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	September 30, 2023			September 30, 2022		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	$ 1,165,641	$ 3,699,740	$ 4,865,381	$ 1,657,636	$ 3,335,549	$ 4,993,185
Capital assets, net	2,417,832	17,915,675	20,333,507	2,212,437	17,473,051	19,685,488
Total Assets	3,583,473	21,615,415	25,198,888	3,870,073	20,808,600	24,678,673
Deferred charge on refunding	-	16,661	16,661	-	20,826	20,826
Deferred outflows - pensions	149,769	6,056	155,825	35,330	20,751	56,081
Deferred outflows - OPEB	17,933	725	18,658	12,210	6,218	18,428
Total Deferred Outflows of Resources	167,702	23,442	191,144	47,540	47,795	95,335
Long-term liabilities	210,291	13,128,511	13,338,802	162,709	12,388,802	12,551,511
Other liabilities	299,188	605,717	904,905	520,599	676,168	1,196,767
Total Liabilities	509,479	13,734,228	14,243,707	683,308	13,064,970	13,748,278
Deferred inflows - pensions	122,908	4,970	127,878	81,613	33,066	114,679
Deferred inflows - OPEB	30,549	1,235	31,784	2,631	1,527	4,158
Total Deferred Inflows of Resources	153,457	6,205	159,662	84,244	34,593	118,837
Net Position:						
Net investment in capital assets	2,309,950	6,020,004	8,329,954	2,140,806	5,487,786	7,628,592
Restricted	331,152	265,604	596,756	319,395	457,048	776,443
Unrestricted	447,137	1,612,816	2,059,953	689,860	1,811,998	2,501,858
Total Net Position	$ 3,088,239	$ 7,898,424	$ 10,986,663	$ 3,150,061	$ 7,756,832	$ 10,906,893

A portion of the primary government's net position, $596,756, represents resources that are subject to external restriction on how they may be used.

There was an increase in total net position of $79,770, which was due to revenues exceeding expenses. Total assets are $25,198,888, an increase of $520,215 compared to prior year, which includes an increase in capital assets and a decrease in current and other assets. The decrease in current and other assets consists of a decrease in cash and restricted cash primarily from capital outlay for capital additions. Increases in capital assets include capital asset additions for construction in progress for wastewater treatment plant improvements, the sewer system, and the dam system of $942,592. Total liabilities are $14,243,707, an increase of $495,429 compared to prior year, which includes a decrease in other liabilities and an increase in long-term liabilities. Long-term liabilities consist of outstanding debt which increased due primarily to issuance of note payables for $1,275,000. Other liabilities decreased mainly due to a decrease in accounts payable from construction performed during the fiscal year 2023, along with a decrease in unearned revenue from advance payments of federal grants. The fiscal year end 2023 balances for deferred outflows and inflows of resources increased from prior year end balances. There was an increase in deferred outflows of resources of $95,809 and an increase in total deferred inflows of resources of $40,825.

Statement of Activities

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

	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 328,386	$ 2,222,213	$ 2,550,599	$ 307,556	$ 2,204,840	$ 2,512,396
Operating grants and contributions	227,857	-	227,857	67,125	-	67,125
Capital grants and contributions	-	190,165	190,165	-	-	-
General revenues:						
Property taxes	968,038	-	968,038	773,224	-	773,224
Sales taxes	1,037,064	-	1,037,064	975,830	-	975,830
Hotel taxes	108,136	-	108,136	114,847	-	114,847
Franchise fees	108,040	-	108,040	101,645	-	101,645
Investment income	66,899	71,624	138,523	338	15,077	15,415
Other revenue	4,721	7,054	11,775	15,217	7,689	22,906
Total Revenues	2,849,141	2,491,056	5,340,197	2,355,782	2,227,606	4,583,388
Expenses						
City hall	694,464	-	694,464	630,567	-	630,567
Code compliance	48,808	-	48,808	30,718	-	30,718
Police	1,260,151	-	1,260,151	1,200,337	-	1,200,337
Mayor and council	15,619	-	15,619	13,229	-	13,229
Municipal court	180,992	-	180,992	153,064	-	153,064
Streets and parks	144,181	-	144,181	129,765	-	129,765
Tourism	92,877	-	92,877	63,007	-	63,007
Community aid	15,226	-	15,226	18,050	-	18,050
Interest and fees on long-term debt	3,519	274,853	278,372	4,184	198,429	202,613
Utility	-	2,529,737	2,529,737	-	2,337,880	2,337,880
Total Expenses	2,455,837	2,804,590	5,260,427	2,242,921	2,536,309	4,779,230
Increase (Decrease) in Net Position Before Transfers	393,304	(313,534)	79,770	112,861	(308,703)	(195,842)
Transfers in (out)	(455,126)	455,126	-	(450,316)	450,316	-
Change in Net Position	(61,822)	141,592	79,770	(337,455)	141,613	(195,842)
Beginning net position	3,150,061	7,756,832	10,906,893	3,487,516	7,615,219	11,102,735
Ending Net Position	$ 3,088,239	$ 7,898,424	$ 10,986,663	$ 3,150,061	$ 7,756,832	$ 10,906,893

For the year, revenues from governmental activities totaled $2,849,141, an increase of 20.9% compared to the prior year. This increase is largely due to an increase in sales tax revenues from an increase in economic activity, property tax revenues from an increase in appraised values, investment income from an increase in interest rates on investments, and operating grants and contributions from federal grants. Expenses from governmental activities totaled $2,455,837, an overall increase of 9.5% compared to the prior year. Governmental activities expenses increased primarily due to contractual costs related to professional assistance and tourism services.

Revenues from business-type activities totaled $2,491,056, an increase of 11.8% compared to the prior year. This increase was largely related to an increase in investment income. Expenses from business-type activities totaled

$2,804,590, an increase of 10.6% compared to the prior year. The increase in business-type activities expenses was primarily due to an increase in operational costs for Inframark, LLC.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of $770,212, of which $27,488 is restricted for debt service, $303,664 is restricted for enabling legislation, and $1,000 is assigned by the City for claims and judgments. $438,060 is reported as unassigned fund balance.

There was a decrease in the combined fund balance of $247,330 from the prior year, which included a transfer to the utility fund of $455,126, revenues in excess of expenditures of $115,171, and other financing sources of $30,185 from loan proceeds and issuance of subscription arrangements for $62,440 based contracts related to software.

The general fund is the chief operating fund of the City. At the end of the current year, the general fund reported a net decrease in fund balance of $259,087. The general fund's revenue increased by $783,478 from the prior year mainly due to an increase in revenues from property tax collections, sales taxes, investment income, and intergovernmental revenues. The general fund expenditures increased by $700,469 from the prior year mainly due to increases in City hall, police department, planning department, and parks and streets department expenditures from increases in contractual costs for professional services and costs related to capital additions.

The debt service fund reported a net increase in fund balance of $5,877 after transfers to the utility fund for debt service costs. The debt service fund includes property tax revenue of $451,264.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were greater than budgeted general fund revenues by $277,547 during the year. This positive budget revenue variance is mainly due to more anticipated revenues from sales taxes and investment income. General fund expenditures were less than the final budget by $9,387. The general fund expenditures include a positive budget variance from City Hall, police, municipal court, community aid, and mayor and council.

CAPITAL ASSETS

At the end of the year, the City's governmental and business-type activities had invested $20,333,507 in a variety of capital assets (net of accumulated depreciation). Capital assets reported also include right-to-use assets from leases and software subscription assets (net of accumulated amortization). The increase in capital assets of $648,019 includes capital additions of $1,354,331, net of depreciation and amortization expense of $706,312. Additions to capital asset during the current year include the following:

- Construction in progress for improvements to existing City infrastructure of $700,096
- Equipment and software subscription assets for public safety of $92,625
- Streets and infrastructure for $246,045
- Infrastructure for the City's sewer and dam system of $315,565

More detailed information on the City's capital assets is presented in note III.C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt of $13,232,882. Included within total long-term debt were certificates of obligation of $10,890,000, general obligation refunding bonds of $960,000, notes payable for $1,275,000, loans for equipment of $25,498, lease payable of $33,480, and liabilities from a software subscription arrangements of $48,904.

More detailed information about the City's long-term liabilities is presented in note III.D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City adopted a budget for the fiscal year ending September 30, 2024 that included general fund revenues of $2,437,695 and expenditures of $2,386,445. The City also budgeted $511,159 in property tax revenues and transfers out to the utility fund for debt service costs within the debt service fund for fiscal year ending September 30, 2024. The total property tax rate for fiscal year ended September 30, 2024 was approved at $0.3532 per $100 assessed property value which was a $0.0045 decrease from prior year. The maintenance and operations portion of the total property tax rate is $0.2026 and debt service portion of the total property tax rate is $0.1506.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City of Blanco Finance Department at 300 Pecan Street, Blanco, Texas 78606.

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BASIC FINANCIAL STATEMENTS

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City of Blanco, Texas

STATEMENT OF NET POSITION

September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 623,723	$ 1,403,193	$ 2,026,916
Receivables (net of allowance for uncollectible)	214,335	310,042	524,377
Inventory	-	19,060	19,060
Restricted assets:			
Cash and cash equivalents	245,542	1,964,128	2,209,670
Net pension asset	82,041	3,317	85,358
Capital assets and right-to-use assets:			
Nondepreciable	250,637	5,790,248	6,040,885
Net depreciable capital assets	2,134,886	12,125,427	14,260,313
Net amortizable right-to-use assets	32,309	-	32,309
Total Assets	3,583,473	21,615,415	25,198,888
Deferred Outflows of Resources			
Deferred charge on refunding	-	16,661	16,661
Deferred outflows - pensions	149,769	6,056	155,825
Deferred outflows - OPEB	17,933	725	18,658
Total Deferred Outflows of Resources	167,702	23,442	191,144
Liabilities			
Accounts payable	53,646	453,809	507,455
Accrued interest	-	29,594	29,594
Customer deposits payable	-	122,314	122,314
Unearned revenue	245,542	-	245,542
Noncurrent liabilities:			
Long-term liabilities due within one year	70,603	516,049	586,652
Long-term liabilities due in more than one year	81,729	12,610,118	12,691,847
Total OPEB liability	57,959	2,344	60,303
Total Liabilities	509,479	13,734,228	14,243,707
Deferred Inflows of Resources			
Deferred inflows - pensions	122,908	4,970	127,878
Deferred inflows - OPEB	30,549	1,235	31,784
Total Deferred Inflows of Resources	153,457	6,205	159,662
Net Position			
Net investment in capital assets	2,309,950	6,020,004	8,329,954
Restricted for:			
Enabling legislation	303,664	-	303,664
Debt service	27,488	265,604	293,092
Unrestricted	447,137	1,612,816	2,059,953
Total Net Position	$ 3,088,239	$ 7,898,424	$ 10,986,663

See Notes to Financial Statements.

City of Blanco, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
City hall	$ 694,464	$ 109,418	$ -	$ -
Code compliance	48,808	-	-	-
Police	1,260,151	77,035	-	-
Mayor and council	15,619	-	-	-
Municipal court	180,992	141,933	-	-
Streets and parks	144,181	-	-	-
Tourism	92,877	-	-	-
Community aid	15,226	-	227,857	-
Interest and fees on long-term debt	3,519	-	-	-
Total Governmental Activities	2,455,837	328,386	227,857	-
Business-Type Activities				
Utility	2,529,737	2,222,213	-	190,165
Interest and fees on long-term debt	274,853	-	-	-
Total Business-Type Activities	2,804,590	2,222,213	-	190,165
Total Primary Government	$ 5,260,427	$ 2,550,599	$ 227,857	$ 190,165

General Revenues:

Property taxes

Sales taxes

Hotel taxes

Franchise fees

Investment income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (585,046)	$ -	$ (585,046)
(48,808)	-	(48,808)
(1,183,116)	-	(1,183,116)
(15,619)	-	(15,619)
(39,059)	-	(39,059)
(144,181)	-	(144,181)
(92,877)	-	(92,877)
212,631	-	212,631
(3,519)	-	(3,519)
(1,899,594)	-	(1,899,594)
-	(117,359)	(117,359)
-	(274,853)	(274,853)
-	(392,212)	(392,212)
(1,899,594)	(392,212)	(2,291,806)
968,038	-	968,038
1,037,064	-	1,037,064
108,136	-	108,136
108,040	-	108,040
66,899	71,624	138,523
4,721	7,054	11,775
(455,126)	455,126	-
1,837,772	533,804	2,371,576
(61,822)	141,592	79,770
3,150,061	7,756,832	10,906,893
$ 3,088,239	$ 7,898,424	$ 10,986,663

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City of Blanco, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 311,828	$ 27,488	$ 284,407	$ 623,723
Receivables, net	188,938	6,140	19,257	214,335
Restricted:				
Cash and cash equivalents	245,542	-	-	245,542
Total Assets	$ 746,308	$ 33,628	$ 303,664	$ 1,083,600
Liabilities				
Accounts payable	$ 53,646	$ -	$ -	$ 53,646
Unearned revenue	245,542	-	-	245,542
Total Liabilities	299,188	-	-	299,188
Deferred Inflows of Resources				
Unavailable revenue - property taxes	8,060	6,140	-	14,200
Fund Balances				
Restricted for:				
Debt service	-	27,488	-	27,488
Tourism	-	-	221,878	221,878
Municipal court technology	-	-	52,381	52,381
Municipal court security	-	-	29,405	29,405
Assigned for:				
Claims and judgments	1,000	-	-	1,000
Unassigned	438,060	-	-	438,060
Total Fund Balances	439,060	27,488	303,664	770,212
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 746,308	$ 33,628	$ 303,664	$ 1,083,600

See Notes to Financial Statements

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City of Blanco, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2023

Total fund balances – governmental funds	$	770,212
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, not reported in the governmental funds.		
Capital assets – nondepreciable		250,637
Capital assets – net depreciable		2,134,886
Right-to-use assets - net amortizable		32,309
Changes in pension/other postemployment benefits (OPEB) activity do not affect the fund balance on the statement of revenues, expenditures, and changes in fund balance for the governmental funds. These changes in pension/OPEB activity that affect the City's net position are as follows:		
Net pension asset		82,041
Deferred outflows - pensions		149,769
Deferred inflows - pensions		(122,908)
Total OPEB liability		(57,959)
Deferred outflows - OPEB		17,933
Deferred inflows - OPEB		(30,549)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		14,200
Some liabilities, including loans, lease payable, and compensated absences, are not reported as liabilities in the governmental funds.		
Long-term liabilities due in one year		(70,603)
Long-term liabilities due in more than one year		(81,729)
Net Position of Governmental Activities	$	3,088,239

See Notes to Financial Statements.

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City of Blanco, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
Revenues				
Property taxes	$ 520,905	$ 451,264	$ -	$ 972,169
Sales taxes	1,037,064	-	-	1,037,064
Hotel occupancy taxes	-	-	108,136	108,136
Franchise fees	108,040	-	-	108,040
Fines and court costs	133,421	-	8,512	141,933
Licenses and permits	109,418	-	-	109,418
Charges for services	77,035	-	-	77,035
Intergovernmental revenue	227,857	-	-	227,857
Interest earnings	51,663	9,739	5,497	66,899
Miscellaneous	4,721	-	-	4,721
Total Revenues	2,270,124	461,003	122,145	2,853,272
Expenditures				
General government:				
City hall	741,235	-	-	741,235
Code compliance	48,808	-	-	48,808
Police	1,249,325	-	-	1,249,325
Mayor and council	15,619	-	-	15,619
Municipal court	155,544	-	23,388	178,932
Streets and parks	337,094	-	-	337,094
Tourism	-	-	92,877	92,877
Community aid	14,318	-	-	14,318
Debt service:				
Principal	56,374	-	-	56,374
Interest and fees	3,519	-	-	3,519
Total Expenditures	2,621,836	-	116,265	2,738,101
Excess (Deficiency) of Revenues Over (Under) Expenditures	(351,712)	461,003	5,880	115,171
Other Financing Sources (Uses)				
Transfers (out)	-	(455,126)	-	(455,126)
Loan proceeds	30,185	-	-	30,185
Subscription arrangements	62,440	-	-	62,440
Total Other Financing Sources (Uses)	92,625	(455,126)	-	(362,501)
Net Change in Fund Balances	(259,087)	5,877	5,880	(247,330)
Beginning fund balances	698,147	21,611	297,784	1,017,542
Ending Fund Balances	$ 439,060	$ 27,488	$ 303,664	$ 770,212

See Notes to Financial Statements.

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City of Blanco, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

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

Net changes in fund balances - governmental funds	$	(247,330)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation amortization expense.		
Capital outlay and increase in subscription assets		411,739
Depreciation and amortization		(206,344)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(4,131)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. In addition, pension and other postemployment benefits (OPEB) expenses and the amortization of deferred items are accounted for in the Statement of Activities.		
Principal payment on vehicle loan, lease payable, and SBITAs		56,374
Loan proceeds		(30,185)
SBITAs		(62,440)
Deferred outflows - pensions		114,439
Deferred inflows - pensions		(41,295)
Net pension asset		(19,123)
Deferred outflows - OPEB		5,723
Deferred inflows - OPEB		(27,918)
Total OPEB liability		(1,157)
Change in compensated absences		(10,174)
Change in Net Position of Governmental Activities	$	(61,822)

See Notes to Financial Statements.

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CITY OF BLANCO, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2023

		Business-Type Activities Utility
Assets		
Current Assets		
Cash and cash equivalents	$	1,403,193
Receivables, net		310,042
Inventory		19,060
Restricted assets:		
Cash and cash equivalents		1,964,128
Net pension asset		3,317
Total Current Assets		3,699,740
Noncurrent Assets		
Capital assets:		
Nondepreciable		5,790,248
Depreciable capital assets		12,125,427
Total Capital Assets, Net of Accumulated Depreciation		17,915,675
Total Noncurrent Assets		17,915,675
Total Assets		21,615,415
Deferred Outflows of Resources		
Deferred charge on refunding		16,661
Deferred outflows - pensions		6,056
Deferred outflows - OPEB		725
Total Deferred Outflows of Resources		23,442
Liabilities		
Current Liabilities		
Accounts payable		453,809
Accrued interest payable		29,594
Customer deposits		122,314
Bonds payable - current		515,000
Compensated absences - current		1,049
Total Current Liabilities		1,121,766
Noncurrent liabilities		
Bonds payable		12,610,000
Compensated absences		118
Total OPEB liability		2,344
Total Noncurrent Liabilities		12,612,462
Total Liabilities		13,734,228
Deferred Inflows of Resources		
Deferred inflows - pensions		4,970
Deferred inflows - OPEB		1,235
Total Deferred Inflows of Resources		6,205
Net Position		
Net investment in capital assets		6,020,004
Restricted for debt service		265,604
Unrestricted		1,612,816
Total Net Position	$	7,898,424

See Notes to Financial Statements.

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CITY OF BLANCO, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND

For the Year Ended September 30, 2023

	Business-Type Activities
	Utility
Operating Revenues	
Charges for services	$ 2,222,213
Other revenue	7,054
Total Operating Revenues	2,229,267
Operating Expenses	
Payroll costs	47,729
Professional and contractual services	461,561
Other operation expenses	1,520,479
Depreciation expense	499,968
Total Operating Expenses	2,529,737
Operating (Loss)	(300,470)
Nonoperating Revenues (Expenses)	
Investment income	71,624
Interest and fiscal agent fees	(274,853)
Total Nonoperating (Expenses)	(203,229)
(Loss) Before Contributions and Transfers	(503,699)
Contribution for capital construction	190,165
Transfers in	455,126
Change in Net Position	141,592
Beginning net position	7,756,832
Ending Net Position	$ 7,898,424

See Notes to Financial Statements.

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City of Blanco, Texas

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended September 30, 2023

	Business-Type Activities
	Utility
Cash Flows from Operating Activities	
Cash received for services	$ 2,126,012
Cash paid for salaries and wages	(63,534)
Cash paid to suppliers	(2,061,253)
Net Cash Provided by Operating Activities	1,225
Cash Flows from Noncapital Financing Activities	
Transfer from other funds	455,126
Net Cash Provided by Noncapital Financing Activities	455,126
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(942,592)
Contribution for capital construction	190,165
Proceeds from issuance of notes payable	1,275,000
Bond issuance costs	(75,000)
Principal paid on bonds	(510,000)
Interest paid on bonds and fiscal agent fees	(189,570)
Net Cash (Used) by Capital and Related Financing Activities	(251,997)
Cash Flows from Investing Activities	
Interest on investments	71,624
Net Cash Provided by Investing Activities	71,624
Net Increase in Cash and Cash Equivalents	275,978
Beginning cash and cash equivalents	3,091,343
Ending Cash and Cash Equivalents	$ 3,367,321
Ending Cash and Cash Equivalents	
Unrestricted cash and cash equivalents	$ 1,403,193
Restricted cash and cash equivalents	1,964,128
	$ 3,367,321
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating (loss)	$ (300,470)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	499,968
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Current Assets:	
Accounts receivable	(105,899)
Net pension asset	17,686
Deferred outflows - pensions	14,695
Deferred outflows - OPEB	5,493
Increase (Decrease) in Current Liabilities:	
Accounts payable	(79,213)
Customer deposits	2,644
Compensated absences	(855)
Total OPEB liability	(24,436)
Deferred inflows - pensions	(28,096)
Deferred inflows - OPEB	(292)
Net Cash Provided by Operating Activities	$ 1,225

See Notes to Financial Statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Blanco, Texas (the "City") was incorporated under the laws of the State of Texas (the "State") in 1938 as a general law City.

The City provides the following services: general administration, public safety (police), public works (includes sanitation), parks and recreation, community aid, and water and wastewater services.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for governmental and proprietary funds.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, parks and recreation, and community services. The general fund is always considered a major fund for reporting purposes.

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

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include the hotel/motel occupancy tax fund, the municipal court technology fund, and the municipal court building security fund. The special revenue funds are considered nonmajor funds for reporting purposes.

The City reports the following proprietary fund:

The *enterprise fund* is used to account for the operations that provide water and wastewater collection, wastewater treatment operations, and sanitation collection services. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The utility fund is considered a major fund for reporting purposes.

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

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

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

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Fully collateralized repurchase agreements that meet certain criteria
Government investment pools and commercial paper

3. Inventories

Inventories are valued at cost. The consumption method is used to account for enterprise fund inventories. Under the consumption method, inventories of the enterprise fund are recorded as expenses when consumed rather than when purchased.

4. Restricted Assets

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

5. Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with the construction of the enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

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

Asset Description	Estimated Useful Life
Equipment	7 years
Vehicles	5 years
Infrastructure	20 to 40 years
Utility system	20 to 40 years
Buildings and improvements	30 years

6. 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. 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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.

- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.

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

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

7. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation time. Vacation amounts accumulated, up to 120 hours, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

8. Long-Term Obligations

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

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

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

9. Leases

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

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease.

- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

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

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

10. Subscription-Based Information Technology Arrangements

The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City recognizes a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements.

At the commencement of the SBITAs, the City initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using either the implicit rate or the City’s incremental borrowing rate if the interest rate is not readily determinable. The subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, plus payments made before the commencement of the subscription term and capitalizable implementation costs. The subscription asset is reduced for any vendor incentives received. The subscription asset is amortized on a straight-line basis over the subscription term.

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

- The City uses the interest rate charged on the SBITAs as the discount rate. When the interest rate charged on the SBITAs is not provided, the City uses its estimated incremental borrowing rate as the discount rate.

- The term includes the noncancellable period of the SBITAs plus options periods, in which one party may exercise, that the City is reasonably certain will be exercised.

- The subscription payments included in the measurement of the subscription liability are composed of fixed or fixed in substance payments and other payments associated with the SBITA that the City is reasonably certain to make based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its subscription arrangements and will remeasure the subscription liability and asset if certain changes occur that are expected to significantly affect the amount of the subscription liability. The subscription liabilities are reported with long-term debt and the subscription assets are reported with other capital assets on the Statement of Net Position.

11. Net Position Flow Assumption

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

12. Fund Balance Flow Assumptions

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

13. Fund Balance Policies

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

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

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

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

14. Estimates

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

15. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' fiduciary net position have been determined on the same basis as they are reported by

TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

16. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City Council adopts an annual operating budget for the City's general fund on a generally accepted accounting principles (GAAP) basis. Adopted budgets can be amended by the City Council throughout the year. The level of budgetary control (the level at which expenditures may not exceed budget) is the fund level. The City Administrator is authorized to approve a transfer of budgeted amounts between departments; however, any revisions that alter the total budgeted expenditures of any fund must be approved by the City Council. Unencumbered appropriations for annual budgets lapse at fiscal year end. Encumbrances outstanding at year end are reported as assigned fund balances and do not constitute expenditures on the budget to actual financial statements. In accordance with GAAP, the City presents the general fund budget to actual financial statements within the Required Supplementary Information to demonstrate that the City is within the legal level of budgetary control.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At September 30, 2023, the carrying amount of the City's deposits consisted of cash and cash equivalents in checking accounts, money market accounts, and investment pools. The City had the following pooled investments as of September 30, 2023:

Investment Type	Value	Weighted Average Maturity (Years)
Texas CLASS Investment Pool	$ 3,355,744	0.20

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

Credit risk. The City's policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/'P1' as provided by two of the top nationally recognized rating agencies. As of September 30, 2023, the City's investments in investment pools were rated 'AAAm' or 'AAA' by Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2023, fair market values of pledged securities and FDIC coverage exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

Texas CLASS

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

B. Receivables

The following comprises receivable balances at year end:

	General	Debt Service	Nonmajor Governmental	Utility
Property taxes	$ 8,061	$ 6,140	$ -	$ -
Sales taxes	178,248	-	-	-
Hotel taxes	-	-	19,257	-
Other	2,629	-	-	-
Utilities	-	-	-	310,042
	$ 188,938	$ 6,140	$ 19,257	$ 310,042

C. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

Governmental Activities:	**Beginning Balance**	**Increases**	**(Decreases)**	**Ending Balance**
Capital assets not being depreciated/amortized:				
Land	$ 140,892	$ -	$ -	$ 140,892
Construction in progress	36,676	73,069	-	109,745
Total capital assets not being depreciated/amortized	177,568	73,069	-	250,637
Other capital assets:				
Building and improvements	1,027,694	-	-	1,027,694
Streets and infrastructure	1,954,444	246,045	-	2,200,489
Vehicles, machinery, and equipment	1,489,725	30,185	(590,078)	929,832
Right-to-use assets	49,647	-	-	49,647
Subscription assets	-	62,440	-	62,440
Total other capital assets	4,521,510	338,670	(590,078)	4,270,102
Less accumulated depreciation/amortization for:				
Building and improvements	(580,448)	(36,528)	-	(616,976)
Streets and infrastructure	(601,304)	(51,175)	-	(652,479)
Vehicles, machinery, and equipment	(1,297,008)	(102,940)	590,078	(809,870)
Right-to-use assets	(7,881)	(9,457)	-	(17,338)
Subscription assets	-	(6,244)	-	(6,244)
Total accumulated depreciation/amortization	(2,486,641)	(206,344)	590,078	(2,102,907)
Other capital assets, net	2,034,869	132,326	-	2,167,195
Governmental Activities Capital Assets, Net	$ 2,212,437	$ 205,395	$ -	2,417,832
			Less associated debt	(107,882)
			Net Investment in Capital Assets	$ 2,309,950

Depreciation was charged to governmental functions as follows:

City hall	$ 12,395
Police	124,380
Municipal court	2,060
Streets and parks	66,601
Community aid	908
Total Governmental Activities Depreciation and Amortization	$ 206,344

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

Business-Type Activities:	**Beginning Balance**	**Increases**	**(Decreases)**	**Ending Balance**
Capital assets not being depreciated:				
Land and improvements	$ 1,117,866	$ -	$ -	$ 1,117,866
Construction in progress	6,413,643	627,027	(2,368,288)	4,672,382
Total capital assets not being depreciated	7,531,509	627,027	(2,368,288)	5,790,248
Depreciable capital assets:				
Water system	6,940,036	-	(764,274)	6,175,762
Sewer system	8,279,981	2,606,948	(358,038)	10,528,891
Dam system	523,884	76,905	(40,275)	560,514
Buildings and other improvements	147,455	-	-	147,455
Tools and equipment	528,154	-	(410,395)	117,759
Total depreciable capital assets	16,419,510	2,683,853	(1,572,982)	17,530,381
Less accumulated depreciation:				
Water system	(3,920,047)	(168,447)	764,274	(3,324,220)
Sewer system	(1,801,184)	(286,624)	358,038	(1,729,770)
Dam system	(148,272)	(34,280)	40,275	(142,277)
Buildings and other improvements	(94,568)	(4,915)	-	(99,483)
Tools and equipment	(513,897)	(5,702)	410,395	(109,204)
Total accumulated depreciation	(6,477,968)	(499,968)	1,572,982	(5,404,954)
Depreciable capital assets, net	9,941,542	2,183,885	-	12,125,427
Business-Type Activities Capital Assets, Net	$ 17,473,051	$ 2,810,912	$ (2,368,288)	$ 17,915,675
			Less associated debt	(13,125,000)
			Plus unspent bond proceeds	1,212,668
			Plus deferred loss on refunding	16,661
			Net Investment in Capital Assets	$ 6,020,004

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year. In general, the City uses the general, debt service, and utility fund to liquidate long-term liabilities. There was a net pension asset at the end of fiscal year 2023 due to the pension plan having a surplus. The net pension asset is reported on the Statement of Net Position and not displayed on the schedule below.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Debt:					
Equipment loan	$ 29,186	$ 30,185	$ (33,873)	$ 25,498	$ 9,785
Lease payable	42,445	-	(8,965)	33,480	9,331
Subscription liability	-	62,440	(13,536)	48,904	11,482
	71,631	92,625	(56,374)	107,882 *	30,598
Other liabilities:					
Compensated absences	34,276	41,022	(30,848)	44,450	40,005
Total OPEB liability	56,802	1,157	-	57,959	-
Total Governmental Activities	$ 162,709	$ 134,804	$ (87,222)	$ 210,291	$ 70,603
Long-term Liabilities Due In More Than One Year				$ 139,688	
*** Debt Associated with Governmental Capital Assets**				$ 107,882	

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Debt:					
Private placement certificates of obligation	$ 11,175,000	$ -	$ (285,000)	$ 10,890,000	$ 285,000
General obligation refunding bonds	1,185,000	-	(225,000)	960,000	230,000
Notes payable	-	1,275,000	-	1,275,000	-
	12,360,000	1,275,000	(510,000)	13,125,000 *	515,000
Other liabilities:					
Compensated absences	2,022	965	(1,820)	1,167	1,049
Total OPEB liability	26,780	-	(24,436)	2,344	-
Total Business-Type Activities	$ 12,388,802	$ 1,275,965	$ (536,256)	$ 13,128,511	$ 516,049
Long-term Liabilities Due In More Than One Year				$ 12,612,462	
***Debt Associated with Business-Type Capital Assets**				$ 13,125,000	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities' compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

Description	Interest Rates	Balance
Governmental Activities		
Equipment loan	5.75%	$ 25,498
Lease payable	4.00%	33,480
Subsciption liability	4.00%	48,904
Total Governmental Activities Long-Term Debt		$ 107,882
Business-Type Activities		
Certificates of Obligation		
Series 2017A	3.00-3.50%	$ 2,670,000
Series 2017B	3.00-4.00%	2,650,000
Series 2019	3.00-4.00%	2,200,000
Series 2020	4.00%	3,370,000
		10,890,000
General Obligation Refunding Bonds		
Series 2015	3.58%	960,000
Notes Payable		
Series 2023	4.35%	1,275,000
Total Business-Type Activities Long-Term Debt		$ 13,125,000

Governmental Activities Long-Term Debt

The principal and interest payments on the equipment loan, lease payable, and subscription liability are reported in the general fund. The repayment requirements are considered operational costs to the general fund and are reported as outstanding debt with the governmental activities on the Statement of Net Position.

The City issued a loan for public safety equipment on March 3, 2023 and payments are repaid in quarterly installments and carried at an interest rate of 5.75%. The final payment for the loan is due on March 2, 2026. The equipment obtained through the loan agreement are included as depreciable capital assets for $30,185 and the accumulated depreciation as of year end was $6,037. The remaining annual requirements to amortize this loan at year end were as follows:

Fiscal Year	Equipment Loan		
Ended Sept. 30	**Principal**	**Interest**	**Total**
2024	$ 9,785	$ 1,258	$ 11,043
2025	10,360	683	11,043
2026	5,353	115	5,468
	$ 25,498	$ 2,056	$ 27,554

The City's lease agreement as a lessee was for the acquisition and use of equipment which is recorded with capital assets. The City made principal and interest payments on the leases in fiscal year 2023 for $10,500. The City will continue to make principal and interest payments on leases through fiscal year 2027. The interest rate on the equipment is 4.00%. The value of the right-to-use assets for equipment for fiscal year 2023 was $49,647 and had accumulated amortization of $17,338. The remaining annual requirements to amortize the lease payable at year end were as follows:

Fiscal Year	Lease Payable		
Ended Sept. 30	Principal	Interest	Total
2024	$ 9,331	$ 1,169	$ 10,500
2025	9,711	789	10,500
2026	10,106	394	10,500
2027	4,332	43	4,375
Total	$ 33,480	$ 2,395	$ 35,875

During the current fiscal year, the City entered into subscription-based information technology arrangements (SBITAs) to control the right to use software for public safety equipment. The SBITAs commenced or were in effect at the end of the current fiscal year. Principal and interest payments of $13,536 are due annually with the first payment occurring in fiscal year 2023 and the term of the agreement ending in fiscal year 2028. Subscription assets were recorded with capital assets for $62,440, and the liability for the SBITAs as of September 30, 2023 was $48,904. The interest rate on the liability for the SBITAs was 4.00%. The remaining annual requirements to amortize the subscription liability from SBITAs at year end were as follows:

Fiscal Year	Subscription Liability		
Ended Sept. 30	Principal	Interest	Total
2024	$ 11,482	$ 2,054	$ 13,536
2025	11,964	1,572	13,536
2026	12,467	1,069	13,536
2027	12,991	545	13,536
Total	$ 48,904	$ 5,240	$ 54,144

Business-Type Activities Long-Term Debt

The long-term debt reported with the City's business-type activities are accounted for in the utility fund. The City's debt service fund transferred the property tax revenues that were levied for the fiscal year 2023 principal and interest payments for a portion of the City's business-type activities long-term debt.

The certificates of obligation (the "Certificates") are private placements through the Texas Water Development Board. The repayment of the Certificates is secured by a combination of taxes levied on all taxable property located within the City and a pledge of surplus revenues of the utility system. The City's utility fund had restricted funds of $265,604 for future debt service payments on the Certificates. The interest expense paid on the certificates was $159,635 for the year ended September 30, 2023. The remaining annual requirements to amortize the Certificates at year end were as follows:

Fiscal Year	Private Placement Certificate of Obligation		
Ended Sept. 30	Principal	Interest	Total
2024	$ 285,000	$ 158,620	$ 443,620
2025	285,000	157,256	442,256
2026	285,000	155,442	440,442
2027	285,000	153,249	438,249
2028	290,000	150,748	440,748
2029-2033	2,060,000	691,171	2,751,171
2034-2038	2,190,000	550,032	2,740,032
2039-2043	2,380,000	370,284	2,750,284
2044-2048	2,330,000	156,875	2,486,875
2049-2051	500,000	13,355	513,355
Total	$ 10,890,000	$ 2,557,032	$ 13,447,032

The general obligation refunding bonds (the "Bonds") are direct obligations of the City for which its full faith and credit are pledged. The repayment of the Bonds are secured by taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt. The interest expense paid on the Bonds was $28,322 for the year ended September 30, 2023. The remaining annual requirements to amortize the Bonds at year end were as follows:

Fiscal Year	General Obligation Refunding Bonds		
Ended Sept. 30	Principal	Interest	Total
2024	$ 230,000	$ 22,944	$ 252,944
2025	235,000	17,447	252,447
2026	245,000	11,831	256,831
2027	250,000	5,975	255,975
Total	$ 960,000	$ 58,197	$ 1,018,197

During the current fiscal year, the City issued limited tax notes payable (the "Notes Payable") for infrastructure within the utility fund. The Notes Payable Series 2023 was issued for $1,275,000 in May 2023. The repayment of the Notes Payable is secured by taxes levied on all taxable property located within the City. The first payment for interest expense is due on November 1, 2023. The first principal repayment of the Notes Payable is scheduled for May 1, 2025. The remaining annual requirements to amortize the Notes Payable at year end were as follows:

Fiscal Year	Notes Payable		
Ended Sept. 30	Principal	Interest	Total
2024	$ -	$ 55,308	$ 55,308
2025	190,000	55,462	245,462
2026	200,000	47,198	247,198
2027	210,000	38,498	248,498
2028	215,000	29,362	244,362
2029-2030	460,000	30,232	490,232
Total	$ 1,275,000	$ 256,060	$ 1,531,060

Federal Arbitrage

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

E. Interfund Transactions

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

Transfer In	Transfer Out	Amounts
Utility fund	Debt service fund	$ 455,126

Amounts transferred to the utility fund from the debt service fund are to pay portions of the interest and principal on bonds.

F. Fund Equity

As of September 30, 2023, $303,664 of the City's total fund balance is restricted by enabling legislation.

G. Restricted Assets

The utility fund has restricted certain cash and cash equivalents for capital projects from unspent Texas Water Development Board debt proceeds, customer deposits, and debt service requirements. The general fund has restricted certain cash and cash equivalents for monies received in advance for grant agency purposes.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 1,174 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at a group rate for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

B. Contingent Liabilities

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect of the financial condition of the City.

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

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 919 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at 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 member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

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

	2023	**2022**
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	50% Repeating, Transfers	50% Repeating, Transfers
Annuity increase (to retirees)	30% of CPI	30% of CPI

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to, but not yet receiving, benefits	35
Active employees	17
Total	61

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.92% and 6.55% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were $75,851, which were equal to the required contributions.

Net Pension Liability/(Asset)

The City's Net Pension Liability/(Asset) (NPL/(A)) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the NPL/(A) 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	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 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 active members, 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 are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale 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. The assumptions were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for the annuity purchase rates is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined 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, TMRS' actuary 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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global public equity	35.0%	7.7%
Core fixed income	6.0%	4.9%
Non-core fixed income	20.0%	8.7%
Other public and private markets	12.0%	8.1%
Real estate	12.0%	5.8%
Hedge funds	5.0%	6.9%
Private equity	10.0%	11.8%
Total	100.00%	

Discount Rate

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

Changes in the NPL/(A)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Changes for the year:			
Service cost	$ 162,740	$ -	$ 162,740
Interest	87,904	-	87,904
Difference between expected and actual experience	(159,265)	-	(159,265)
Contributions - employer	-	70,840	(70,840)
Contributions - employee	-	83,763	(83,763)
Net investment income	-	(100,201)	100,201
Benefit payments, including refunds of employee contributions	(59,252)	(59,252)	-
Administrative expense	-	(867)	867
Other changes	-	1,035	(1,035)
Net Changes	32,127	(4,682)	36,809
Balance at December 31, 2021	1,250,536	1,372,703	(122,167)
Balance at December 31, 2022	$ 1,282,663	$ 1,368,021	$ (85,358)

Sensitivity of the NPL/(A) to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability (Asset)	$ 103,889	$ (85,358)	$ (235,380)

Pension Plan Fiduciary Net Position

Detailed information about TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of $25,868.

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 economic experience	$ -	$ 127,878
Net difference between projected and actual investment earnings	96,063	-
Contributions subsequent to the measurement date	59,762	-
Total	$ 155,825	$ 127,878

$59,762 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2024	$ (49,942)
2025	(23,819)
2026	3,375
2027	38,571
Total	$ (31,815)

D. Other Postemployment Benefits

Plan Description

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

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

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

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to, but not yet receiving, benefits	11
Active employees	17
Total	37

Total OPEB Liability

The City's total OPEB liability of $60,303 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
Retirees' share of benefit related costs	Zero
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully general generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 and 2024 rates as determined in the December 31, 2021 and December 31, 2022 actuarial valuations, respectively.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	$ 4,906
Interest	1,570
Difference between expected and actual experience	6,529
Changes of assumptions	(34,848)
Benefit payments*	(1,436)
Net Changes	(23,279)
Beginning balance	83,582
Ending Balance	$ 60,303

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

The discount rate increased from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City's Total OPEB Liability	$ 73,303	$ 60,303	$ 50,359

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of $5,441.

The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 10,757	$ 29,696
Changes in actuarial assumptions	6,897	2,088
Contributions subsequent to the measurement date	1,004	-
Total	$ 18,658	$ 31,784

$1,004 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2024. Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	OPEB Expense
2024	$ (1,328)
2025	(1,548)
2026	(2,971)
2027	(4,124)
2028	(4,159)
Total	$ (14,130)

REQUIRED SUPPLEMENTARY INFORMATION

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City of Blanco, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 542,352	$ 542,352	$ 520,905	$ (21,447)
Sales taxes	837,000	837,000	1,037,064	200,064
Franchise fees	105,000	105,000	108,040	3,040
Fines and court costs	103,526	103,526	133,421	29,895
Licenses and permits	74,550	74,550	109,418	34,868
Charges for services	73,870	73,870	77,035	3,165
Intergovernmental	41,826	246,279	227,857	(18,422)
Interest earnings	-	-	51,663	51,663
Miscellaneous	10,000	10,000	4,721	(5,279)
Total Revenues	1,788,124	1,992,577	2,270,124	277,547
Expenditures				
City hall	749,028	749,028	741,235	7,793
Code compliance	24,000	24,000	48,808	(24,808)
Police	1,197,405	1,260,749	1,249,325	11,424
Mayor and council	18,000	18,000	15,619	2,381
Municipal court	194,750	193,262	155,544	37,718
Streets and parks	106,226	307,661	337,094	(29,433)
Community aid	18,000	18,000	14,318	3,682
Debt service:				
Principal	23,636	56,374	56,374	-
Interest and fees	3,100	4,149	3,519	630
Total Expenditures	2,334,145	2,631,223	2,621,836	9,387
(Deficiency) of Revenues (Under) Expenditures	(546,021)	(638,646)	(351,712)	286,934
Other Financing Sources (Uses)				
Loan proceeds	-	30,185	30,185	-
Subscription arrangements	-	62,440	62,440	-
Total Other Financing Sources	-	92,625	92,625	-
Net Change in Fund Balance	$ (546,021)	$ (546,021)	(259,087)	$ 286,934
Beginning fund balance			698,147	
Ending Fund Balance			$ 439,060	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Blanco, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2023

	Measurement Year*			
	2022	**2021**	**2020**	**2019**
Total Pension Liability				
Service cost	$ 162,740	$ 163,430	$ 140,149	$ 140,923
Interest (on the total pension liability)	87,904	76,089	71,460	60,821
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(159,265)	(6,061)	(91,224)	13,114
Change in assumptions	-	-	-	494
Benefit payments, including refunds of employee contributions	(59,252)	(56,907)	(69,991)	(44,713)
Net Change in Total Pension Liability	32,127	176,551	50,394	170,639
Beginning total pension liability	1,250,536	1,073,985	1,023,591	852,952
Ending Total Pension Liability	$ 1,282,663	$ 1,250,536	$ 1,073,985	$ 1,023,591
Plan Fiduciary Net Position				
Contributions - employer	$ 70,840	$ 79,189	$ 72,169	$ 69,998
Contributions - employee	83,763	88,409	77,126	75,709
Net investment income	(100,201)	145,536	73,120	115,392
Benefit payments, including refunds of employee contributions	(59,252)	(56,907)	(69,991)	(44,713)
Administrative expense	(867)	(674)	(474)	(655)
Other	1,035	5	(19)	(20)
Net Change in Plan Fiduciary Net Position	(4,682)	255,558	151,931	215,711
Beginning plan fiduciary net position	1,372,703	1,117,145	965,214	749,503
Ending Plan Fiduciary Net Position	$ 1,368,021	$ 1,372,703	$ 1,117,145	$ 965,214
Net Pension Liability/(Asset)	$ (85,358)	$ (122,167)	$ (43,160)	$ 58,377
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.65%	109.77%	104.02%	94.30%
Covered Payroll	$ 1,196,620	$ 1,262,983	$ 1,101,798	$ 1,078,219
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-7.13%	-9.67%	-3.92%	5.41%

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

	Measurement Year*			
2018	2017	2016	2015	2014
$ 125,817	$ 51,030	$ 43,816	$ 33,826	$ 32,902
55,122	46,454	43,259	41,326	38,715
44,234	-	-	-	-
(50,695)	3,241	5,705	(358)	3,468
-	-	-	19,462	-
(62,009)	(45,877)	(52,229)	(45,254)	(31,251)
112,469	54,848	40,551	49,002	43,834
740,483	685,635	645,084	596,082	552,248
$ 852,952	$ 740,483	$ 685,635	$ 645,084	$ 596,082
$ 17,667	$ 12,558	$ 9,394	$ 6,253	$ 4,750
52,287	38,484	33,407	25,471	25,814
(22,898)	92,476	42,865	956	35,125
(62,009)	(45,877)	(52,229)	(45,254)	(31,251)
(443)	(480)	(485)	(582)	(367)
(23)	(24)	(26)	(30)	(30)
(15,419)	97,137	32,926	(13,186)	34,041
764,922	667,785	634,859	648,045	614,004
$ 749,503	$ 764,922	$ 667,785	$ 634,859	$ 648,045
$ 103,449	$ (24,439)	$ 17,850	$ 10,225	$ (51,963)
87.87%	103.30%	97.40%	98.41%	108.72%
$ 962,643	$ 769,685	$ 654,942	$ 509,427	$ 516,275
10.75%	-3.18%	2.73%	2.01%	-10.06%

City of Blanco, Texas

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2023

	Fiscal Year*			
	2023	**2022**	**2021**	**2020**
Actuarially determined contribution	$ 75,851	$ 79,949	$ 71,885	$ 76,526
Contributions in relation to the actuarially determined contribution	75,851	79,949	71,885	76,526
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 1,184,176	$ 1,326,963	$ 1,134,609	$ 1,138,433
Contributions as a percentage of covered payroll	6.41%	6.02%	6.34%	6.72%

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

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years (longest amortization ladder)
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 December 31, 2014 - December 31, 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.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*				
2019	2018	2017	2016	2015
$ 59,019	$ 17,066	$ 14,201	$ 7,922	$ 6,874
59,019	17,066	14,201	7,922	6,874
$ -	$ -	$ -	$ -	$ -
$ 1,062,145	$ 892,195	$ 779,240	$ 606,054	$ 489,557
5.56%	1.91%	1.82%	1.31%	1.40%

CITY OF BLANCO, TEXAS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2023

	Measurement Year*			
	2022	2021	2020	2019
Total OPEB Liability				
Service cost	$ 4,906	$ 5,305	$ 3,416	$ 2,588
Interest (on the total OPEB liability)	1,570	1,527	1,782	1,867
Differences between expected and actual experience	6,529	1,140	(3,365)	(1,083)
Change in assumptions	(34,848)	2,587	9,721	11,117
Benefit payments, including refunds of employee contributions **	(1,436)	(1,389)	(441)	(431)
Net Change in Total OPEB Liability	(23,279)	9,170	11,113	14,058
Beginning total OPEB liability	83,582	74,412	63,299	49,241
Ending Total OPEB Liability	$ 60,303	$ 83,582	$ 74,412	$ 63,299
Covered Payroll	$ 1,196,620	$ 1,262,983	$ 1,101,798	$ 1,078,219
Total OPEB Liability as a Percentage of Covered Payroll	5.04%	6.62%	6.75%	5.87%

*Only six years of information is currently available. The City will build this schedule over the next four-year period.
**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

1. Valuation Date:

   Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. Other Information:

   No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

   The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

   The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial study for the period December 31, 2014 to December 31, 2018.

   There were no benefit changes during the year.

Measurement Year*	
2018	2017
$ 3,947	$ 2,848
1,529	1,442
3,229	-
(3,534)	3,465
(289)	(231)
4,882	7,524
44,359	36,835
$ 49,241	$ 44,359
$ 962,643	$ 769,685
5.12%	5.76%

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COMBINING STATEMENTS

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City of Blanco, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Hotel/Motel Occupancy Tax	Municipal Court Technology	Municipal Court Building Security	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 202,621	$ 52,381	$ 29,405	$ 284,407
Receivables, net	19,257	-	-	19,257
Total Assets	$ 221,878	$ 52,381	$ 29,405	$ 303,664
Fund Balances				
Restricted for:				
Tourism	221,878	-	-	221,878
Municipal court technology	-	52,381	-	52,381
Municipal court security	-	-	29,405	29,405
Total Fund Balances	221,878	52,381	29,405	303,664
Total Liabilities and Fund Balances	$ 221,878	$ 52,381	$ 29,405	$ 303,664

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City of Blanco, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	Hotel/Motel Occupancy Tax	Municipal Court Technology	Municipal Court Building Security	Total Nonmajor Governmental Funds
Revenues				
Hotel occupancy tax	$ 108,136	$ -	$ -	$ 108,136
Fines and forfeitures	-	4,206	4,306	8,512
Interest earnings	3,489	2,008	-	5,497
Total Revenues	111,625	6,214	4,306	122,145
Expenditures				
General government:				
Municipal court	-	2,695	20,693	23,388
Tourism	92,877	-	-	92,877
Total Expenditures	92,877	2,695	20,693	116,265
Net Change in Fund Balances	18,748	3,519	(16,387)	5,880
Beginning fund balances	203,130	48,862	45,792	297,784
Ending Fund Balances	$ 221,878	$ 52,381	$ 29,405	$ 303,664

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