PRELIMINARY OFFICIAL STATEMENT
Dated February 18, 2026

NEW ISSUE - Book-Entry-Only

RATING:
S&P: "AA" (stable outlook)
(See "OTHER INFORMATION – Rating")

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

$11,640,000*
CITY OF LAGO VISTA, TEXAS
(Travis County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026

Dated: March 15, 2026 **Due: February 15, as shown on page ii**
Interest to accrue from Delivery Date (defined below)

AUTHORITY FOR ISSUANCE . . . The $11,640,000* City of Lago Vista, Texas General Obligation Refunding Bonds, Series 2026 (the "Bonds") are being issued by the City of Lago Vista, Texas (the "City" or the "Issuer") pursuant to the constitution and general laws of the State of Texas, particularly Chapter 1207, Texas Local Government Code, as amended, ("Chapter 1207") and an ordinance adopted by the City Council adopted on January 6, 2026 (the "Bond Ordinance") authorizing the issuance of the Bonds, and a "Pricing Certificate" executed on the date of sale of the Bonds as authorized pursuant to Chapter 1207 and the Bond Ordinance The Bond Ordinance and the Pricing Certificate are referred to herein collectively as the "Ordinance" (see "THE BONDS – Authority for Issuance of the Bonds"). The Bonds are dated March 15, 2026, and mature on February 15 in each of the years and in the amounts shown on page ii.

PAYMENT TERMS . . . The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. Interest on the Bonds will accrue from and will be payable on February 15 and August 15 of each year commencing August 15, 2026 until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. DTC will act as securities depository. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof**. Principal of, and interest on the Bonds will be payable by the paying agent/registrar (the "Paying Agent/ Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System"). The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

SECURITY FOR THE BONDS. . . The Bonds constitute direct and general obligations of the City payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, as provided in the Ordinance.

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund certain outstanding debt of the Issuer as described in SCHEDULE I hereto (the "Refunded Bonds"), and (ii) pay costs of issuance of the Bonds (see "PLAN OF FINANCE – Purpose").

See following page for Maturity Schedule, Interest Rates, Yields, and CUSIP Numbers

DELIVERY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser thereof named below (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by their counsel, Winstead PC, Austin, Texas. It is expected that the Bonds will be available for initial delivery through the services of DTC, on or about March 24, 2026 (the "Delivery Date").

FHN FINANCIAL CAPITAL MARKETS

*Preliminary, subject to change.

MATURITY SCHEDULE, INTEREST RATES, YIELDS, AND CUSIP NUMBERS*

$11,640,000*
GENREAL OBLIGATION REFUNDING BONDS, SERIES 2026

CUSIP[1] Prefix: 507071

Maturity	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2/15/2028	$ 1,085,000			
2/15/2029	1,285,000			
2/15/2030	1,350,000			
2/15/2031	1,405,000			
2/15/2032	1,475,000			
2/15/2033	1,545,000			
2/15/2034	1,635,000			
2/15/2035	1,720,000			
2/15/2036	70,000			
2/15/2037	70,000			

(Interest to accrue from the Delivery Date.)

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Bonds having stated maturities on and after February 15, _____ in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, ____, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption of the Bonds").

MANDATORY REDEMPTION . . . The Bonds may also be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more consecutive maturities as a term bond (see "THE BONDS – Mandatory Redemption of the Bonds").

______
*Preliminary, subject to change.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association are included solely for the convenience of the owners of the Bonds. 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 Underwriter, the City nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

[The remainder of this page intentionally left blank.]

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

This Official Statement, which includes the cover page, Schedule I, and the Appendices thereto 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 representation must not be relied upon as having been authorized by the City, the City's Financial Advisor, or the Underwriter.

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 or the Underwriter. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. See continuing disclosure of information" for a description of the City's undertaking to provide certain information on a continuing basis.

The Underwriter have provided the following sentence for inclusion in the Official Statement. The Underwriter have reviewed the information in this Official Statement in accordance with their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter do not guarantee the accuracy or completeness of such information.

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

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SEC AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER 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.

Neither the City, the Underwriter, nor the Financial Advisor make 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, as such information was provided by DTC.

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

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

[The remainder of this page intentionally left blank.]

TABLE OF CONTENTS

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

SELECTED FINANCIAL INFORMATION

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
Taxable Assessed Valuation (1)	$ 2,492,299,214	$ 2,480,465,967	$ 2,143,452,823	$ 1,310,840,456	$ 1,149,205,812
Direct Ad Valorem Tax Debt (2)	34,992,000	48,826,000	27,740,000	29,325,000	30,856,000
Direct Debt Ration to TAV	1.40%	1.97%	1.29%	2.24%	2.68%
Estimated Population (3)	11,365	10,201	9,719	9,692	9,275
Taxable Assessed Valuation per Capita	219,296	243,159	220,543	135,250	123,904
Direct Debt per Capita	3,079	4,786	2,854	3,026	3,327

(1) As reported by the Travis Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(2) Includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.
(3) Source: Municipal Advisory Council of Texas.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30,				
	2024	2023	2022	2021	2020
Beginning Balance	$ 9,444,859	$ 7,013,566	$ 5,216,638	$ 4,825,169	$ 4,865,703
Total Revenues	14,497,240	12,512,908	11,079,176	9,732,624	7,757,094
Total Expenditures	12,016,398	11,341,258	10,036,554	9,173,095	7,070,851
Revenues Less Expenditures	2,480,842	1,171,650	1,042,622	559,529	686,243
Other Financing Sources (Uses)	1,259,643	1,259,643	754,306	(267,080)	(765,929)
Prior Period Adjustment	-	-	-	99,020	39,152
Ending Balance	$ 13,185,344	$ 9,444,859	$ 7,013,566	$ 5,216,638	$ 4,825,169

Source: The City's audited annual financial statements.

For additional information regarding the City, please contact:

Charles West City Manager City of Lago Vista 5803 Thunderbird Dr. Lago Vista, Texas 78645 512-267-1155 – Telephone	or	Esther Young Managing Director Tijerina Financial Consulting LLC 6301 Gaston Ave, West Tower, Suite 1302 Dallas, Texas 75214 214-974-8949 – Telephone

CITY ADMINISTRATION

ELECTED OFFICIALS

City Council	Term Expires (November)	Occupation	First Elected to Council
Shane R. Saum, Mayor	2027	Government Affairs	November 2023
Norma Owen, Mayor Pro Tem	2026	Retired	November 2024
Jess Hall, Jr., Place 1	2027	Retired	November 2025
Adam Benefield, Place 2	2026	Chief Executive Officer	November 2024
Amanda Chavarria, Place 3	2027	Nurse & STR Business Owner	November 2025
Karen Van Ness, Place 5	2027	Wellness Provider	November 2025
Paul Prince, Place 6	2026	Small Business Owner	November 2020

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service with the City
Charles West	City Manager	7 Months
Nichole Navarro	Finance Director	15 Years

CONSULTANTS AND ADVISORS

Auditors .... ABIP CPA
San Antonio, Texas

Financial Advisor .... Tijerina Financial Consulting LLC
Dallas, Texas

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

[The remainder of this page intentionally left blank.]

OFFICIAL STATEMENT
RELATING TO

$11,640,000*
CITY OF LAGO VISTA, TEXAS
(Travis County)
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026

INTRODUCTION

This Official Statement of the City of Lago Vista, Texas (the "City"), which includes Schedule I and the Appendices hereto, provides certain information regarding the issuance of $11,640,000* City of Lago Vista, Texas General Obligation Refunding Bonds, Series 2026 (the "Bonds"). Capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Ordinance (defined herein) authorizing the issuance of the Bonds, except as otherwise provided herein.

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

There follows in this Official Statement descriptions of the Bonds 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, Tijerina Financial Consulting LLC., Dallas, Texas, in electronic format or upon payment of reasonable copying, handling and delivery charges.

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

PLAN OF FINANCE

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund certain of the City's currently outstanding bonds as described in SCHEDULE I hereto (the "Refunded Bonds") and (ii) pay costs of issuance of the Bonds.

REFUNDED BONDS . . . The Refunded Bonds, and interest due thereon, are to be paid on their scheduled redemption date from cash and investments to be deposited with U.S. Bank Trust Company, National Association, Dallas, Texas, (the "Escrow Agent") pursuant to an escrow agreement (the "Escrow Agreement") between the City and the Escrow Agent.

The Ordinance provides that the City will deposit certain proceeds of the sale of the Bonds, along with other lawfully available funds of the City (if any), with the Escrow Agent in the amount necessary and sufficient to accomplish the discharge and final payment of the Refunded Bonds at their scheduled date of early redemption (the "Redemption Date"). Such funds shall be held by the Escrow Agent in an escrow fund (the "Escrow Fund") irrevocably pledged to the payment of principal of and interest on the Refunded Bonds.

Public Finance Partners LLC (the "Verification Agent") will issue its report (the "Report") verifying at the time of delivery of the Bonds the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with the uninvested funds, if any, in the Escrow Account, will be sufficient to pay, on the Redemption Date, the principal of and interest on the Refunded Bonds. Such maturing principal of and interest on such Escrowed Securities will not be available to pay the Bonds (see "Other Information – Verification of Arithmetical and Mathematical Computations").

By the deposit of the amounts with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Refunded Bonds in accordance with law. As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the funds held in the Escrow Account by the Escrow Agent, and the Refunded Bonds will no longer be payable from or secured by the Pledged Revenues.

Prior to, or simultaneously with, the issuance of the Bonds, the City will give irrevocable instructions to provide notice to the owners of the Refunded Bonds that the Refunded Bonds will be redeemed prior to stated maturity on which date money will be made available to redeem the Refunded Bonds from money held under the Escrow Agreement.

---
* Preliminary, subject to change.

The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund be insufficient to make such payment.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated March 15, 2026, and mature on February 15 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from the Delivery Date as defined on the cover hereof, 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, commencing August 15, 2026, until maturity or earlier redemption.

The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York, pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof**. Principal and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

If the date for any payment due on any Bond is a Saturday, Sunday, legal holiday, or day on which banking institutions in the city in which the designated corporate trust office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not such a day. The payment on such date has the same force and effect as if made on the original date payment was due.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued by the City pursuant to the constitution and general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), and an ordinance of the City Council of the City adopted on January 6, 2026 authorizing the issuance of the Bonds (the "Bond Ordinance"), and a "Pricing Certificate" executed on the date of sale of the Bonds as authorized pursuant to Chapter 1207. Such Bond Ordinance and Pricing Certificate are referred to herein, collectively as the "Ordinance".

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are direct and general obligations of the City payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, as provided in the Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 taxable assessed valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation. The Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all tax debt service, as calculated at the time of issuance.

OPTIONAL REDEMPTION OF THE BONDS . . . The City reserves the right, at its option, to redeem the Bonds having stated maturity dates on and after February 15, _____, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, ____, or any date thereafter, at a price of par plus accrued interest to the date fixed for redemption.

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

MANDATORY REDEMPTION OF THE BONDS . . . The Bonds may also be subject to mandatory sinking fund redemption in the event the Underwriter elects to aggregate two or more consecutive maturities as a "Term Bond".

NOTICE OF REDEMPTION . . . Not less than 30 days prior to an optional redemption date for the Bonds, a notice of redemption shall be sent by United States mail, first class postage prepaid, in the name of the City and at the City's expense, by the Paying Agent/Registrar to each registered owner of a Bond to be redeemed in whole or in part at the address of the registered owner appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION WILL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF WILL CEASE TO ACCRUE.

All notices of redemption must (i) specify the date of redemption for the Bonds, (ii) identify the Bonds 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 that the Bonds, 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 Bonds, 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.

In the Ordinance, the City reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected owners of Bonds. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain outstanding, and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Notice of Redemption through the Depository Trust Company . . . The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption (with regard to the Bonds), notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC (defined herein). 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 Bonds called for redemption or any other action premised or any such notice. Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Order and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption (see "THE BONDS – Book-Entry-Only System" herein).

Book-Entry-Only System . . . This section describes how ownership of the Bonds is to be transferred and how the principal of, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds 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, the Financial Advisor, and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, 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 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Redemption, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

EFFECT OF TERMINATION OF BOOK-ENTRY ONLY SYSTEM . . . DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, security certificates for each maturity of the Bonds are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, security certificates for each maturity of the Bonds will be printed and delivered and the Bonds will be subject the transfer, exchange and registration provisions as set forth in the Order and summarized under "Transfer, Exchange and Registration" below.

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 or the Financial Advisor.

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

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

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or, with respect to the Bonds, upon prior redemption, upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede &

Co. (or other DTC nominee) is the registered owner of the Bonds, payments of principal of the Bonds and interest on the Bonds will be made as described in "THE BONDS – Book-Entry-Only System," above.

SUCCESSOR PAYING AGENT/REGISTRAR . . . The City reserves the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor paying Agent/Registrar selected by the City shall be a bank, a trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Bonds.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be registered, 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 will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer will be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar will be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The date for determining the person to whom the interest is payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month (the "Record Date").

SPECIAL 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) will be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each holder of a Bond 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.

MUTILATED, DESTROYED, LOST, OR STOLEN BONDS . . . The City has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the City and Paying Agent of security or indemnity as may be required by either of them to hold them harmless. The City may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

DEFEASANCE OF BONDS . . . The Ordinance provides for the defeasance of the Bonds when payment of the principal amount plus interest accrued on the Bonds to their due date (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment and/or (2) Defeasance Securities, that will mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, 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 City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other 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.

The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

Amendments . . . The City may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Bond or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any amendment, addition, or waiver.

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

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

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

If a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the bondholders cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without bankruptcy court approval, the prosecution of any other legal action by creditors or 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 bondholders' rights would be subject to the approval of the bankruptcy court (which could require that the action be heard in bankruptcy court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a bankruptcy court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and as to general principles of equity that permit the exercise of judicial discretion.

Perfected Security Interest For The Bonds . . . Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds and the pledge of the taxes and revenues granted by the City under the Ordinance and such pledge is, therefore, valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the taxes and revenues granted by the City under the Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the City agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

SOURCES AND USES OF BOND PROCEEDS . . . Proceeds from the sale of the Bonds, are expected to be expended as follows:

Sources:	
Par Amount of the Bonds	
Premium	
Total Sources of Funds	
Uses:	
Deposits to Escrow Fund	
Cost of Issuance	
Underwriter's Discount	
Total Uses of Funds	

ISSUER DEBT AND AD VALOREM TAX INFORMATION

TABLE 1 – VALUATION EXEMPTIONS AND TAX SUPPORTED DEBT

2025 Market Valuation Established by Travis Central Appraisal District [1]		$	3,242,787,621
Productivity Loss	36,026,109		
Homestead Cap	280,496,169		
Circuit Breaker Limitation	35,618,604		
Disabled Veterans/Spouse Exemptions	1,465,500		
Absolute Exemptions	32,358,231		
Homestead Exemption Loss	362,295,548		
Solar	1,678,282		
Pollution Control	197,357		
Member Armed Services SS (MASS)	352,607		750,488,407
2025 Taxable Assessed Valuation		$	2,492,299,214
Direct Debt (bonds & certificates of obligation) as of 09/30/2025	$ 34,992,000 [2]		
The Bonds	11,640,000 [3]		
Direct Debt Following Issuance of the Bonds	$ 46,632,000		
Interest and Sinking Fund Balance as of 9/30/2025		$	569,304 [4]
Ratio Funded Tax Supported Net Debt to Taxable Assessed Valuation (after freeze)			1.40%

2025 Estimated Population		11,365
Per Capita Taxable Assessed Valuation (after freeze)	$	219,296
Per Capita Total Outstanding Debt	$	3,079

____

(1) The valuations shown are the certified Taxable Assessed Valuations reported annually by the Travis Central Appraisal District. The valuations are subject to change during the ensuing year due to settlement of contested valuations or other similar matters.
(2) Excludes the Refunded Bonds. Preliminary, subject to change.
(3) Preliminary, subject to change.
(4) Source: City staff's unaudited estimated for the fund balance on September 30, 2025.

TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY [(1)]

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2025		2024		2023	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 2,498,646,261	77.05%	$ 2,574,762,976	76.17%	$ 2,311,209,719	75.47%
Real, Residential, Multi-Family	75,034,782	2.31%	56,895,904	1.68%	64,648,314	2.11%
Real, Vacant Lots/Tracts	392,577,305	12.11%	483,784,602	14.31%	457,857,191	14.95%
Qualified Open Space Land	36,112,135	1.11%	25,340,516	0.75%	25,895,749	0.85%
Rural, Non-Qualified Open Space	51,486,577	1.59%	38,013,437	1.12%	36,359,062	1.19%
Real, Commercial	93,466,212	2.88%	90,011,897	2.66%	73,733,946	2.41%
Real, Industrial	8,764,309	0.27%	8,235,046	0.24%	6,676,854	0.22%
Real and Tangible Personal, Utilities	4,809,710	0.15%	5,632,895	0.17%	4,767,197	0.16%
Tangible Personal, Commercial	14,064,491	0.43%	11,773,803	0.35%	12,381,089	0.40%
Tangible Personal, Industrial	1,037,405	0.03%	383,341	0.01%	83,621	0.00%
Tangible Personal Other, Mobile Homes	1,500,355	0.05%	1,207,242	0.04%	1,283,000	0.04%
Residential Inventory	32,886,205	1.01%	51,285,128	1.52%	47,419,892	1.55%
Totally Exempt Property	32,401,874	1.00%	32,767,570	0.97%	20,144,570	0.66%
Total Appraised Value Before Exemptions	$ 3,242,787,621	100.00%	$ 3,380,094,357	100.00%	$ 3,062,460,204	100.00%
Less Exemptions & Reductions	(750,488,407)		(899,628,390)		(919,007,381)	
Net Taxable Assessed Valuation	$ 2,492,299,214		$ 2,480,465,967		$ 2,143,452,823	

	Taxable Appraised Value For Fiscal Year Ended September 30,			
	2022		2021	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 1,210,792,387	78.05%	$ 1,066,695,676	78.77%
Real, Residential, Multi-Family	41,325,549	2.66%	37,246,865	2.75%
Real, Vacant Lots/Tracts	122,971,765	7.93%	80,295,119	5.93%
Qualified Open Space Land	12,211,367	0.79%	9,745,693	0.72%
Rural, Non-Qualified Open Space	19,323,916	1.25%	19,956,604	1.47%
Real, Commercial	79,613,087	5.13%	78,192,853	5.77%
Real, Industrial	-	0.00%	-	0.00%
Real and Tangible Personal, Utilities	5,007,180	0.32%	4,456,227	0.33%
Tangible Personal, Commercial	12,657,722	0.82%	11,610,782	0.86%
Tangible Personal, Industrial	788,320	0.05%	861,927	0.06%
Tangible Personal Other, Mobile Homes	741,308	0.05%	803,389	0.06%
Residential Inventory	29,494,778	1.90%	28,212,340	2.08%
Totally Exempt Property	16,411,975	1.06%	16,105,441	1.19%
Total Appraised Value Before Exemptions	$ 1,551,339,354	100.00%	$ 1,354,182,916	100.00%
Less Exemptions & Reductions	(240,498,898)		(204,977,104)	
Net Taxable Assessed Valuation	$ 1,310,840,456		$ 1,149,205,812	

(1) Source: Travis Central Appraisal District. The above figures reflect the taxable appraised values as stated at the beginning of each tax year to the State Property Tax Board. Any difference between these figures and taxable assessed valuations are due to adjustments and corrections to respective tax roles. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updated records.

[The remainder of this page intentionally left blank.]

TABLE 3 – TAX RATES, LEVIES, COLLECTIONS AND RATIOS

	Fiscal Years Ending September 30,				
	2025	2024	2023	2022	2021
Debt Service Tax Rate	$ 0.1834	$ 0.1150	$ 0.1324	$ 0.2089	$ 0.2392
M&O Tax Rate	0.2397	0.2989	0.2959	0.3981	0.4083
Total Tax Rate	$ 0.4231	$ 0.4139	$ 0.4283	$ 0.6070	$ 0.6475
Total Market Valuation	$ 3,242,787,621	$ 3,380,094,357	$ 3,062,460,204	$ 1,551,339,354	$ 1,354,182,916
Less Exemptions	(750,488,407)	(899,628,390)	(919,007,381)	(240,498,898)	(204,977,104)
Taxable Assessed Valuation[(1)]	$ 2,492,299,214	$ 2,480,465,967	$ 2,143,452,823	$ 1,310,840,456	$ 1,149,205,812
Total Ad Valorem Tax Levy	$ 10,544,918	$ 10,266,649	$ 9,004,597	$ 7,814,936	$ 7,388,619
Current Collection Ratio	In process	99.26%	98.44%	98.40%	98.72%
Total Collection Ratio	In process	99.59%	99.45%	100.08%	100.52%
Direct Ad Valorem Tax Debt	$ 47,767,000	$ 26,101,000	$ 27,740,000	$ 29,325,000	$ 30,856,000
Direct Debt Ratio to TAV	1.92%	1.05%	1.29%	2.24%	2.68%
Estimated Population[(2)]	11,365	10,201	9,719	9,692	9,275
Taxable Assessed Valuation per Capita	$ 219,296	$ 243,159	$ 220,543	$ 135,250	$ 123,904
Direct Debt per Capita	$ 4,203	$ 2,559	$ 2,854	$ 3,026	$ 3,327

(1) As reported by the Travis Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(2) Source: The City.

TABLE 4 – TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2025 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Hines Lake Travis Land II LP	Residential Land	$ 11,426,519	0.46%
Toll Southwest LLC	Residential Building Construction	9,208,007	0.37%
Lantoga Properties LLC	Residential Land	8,517,129	0.34%
Lago Vista Retail Center	Strip Mall/Plaza	8,427,177	0.34%
Turnback Development LLC	Developer	8,178,704	0.33%
Shoreline Ranch Texas LP	Vacant Lots	8,158,906	0.33%
LVV Investments LLC	Investment Company	7,889,701	0.32%
Montechino Ventures Group LLC	Vacant Lots	7,052,353	0.28%
Hollows on Lake Travis LLC	Residential Land	6,720,883	0.27%
Firefly Cove LLC	Residential Land	6,180,550	0.25%
		$ 81,759,929	3.28%

Source: Travis Central Appraisal District.

Estimated Overlapping Debt

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

Taxing Jurisdiction	2025 Taxable Assessed Valuation	Tax Rate	Tax Debt as of 03/24/2026	Estimated %	City's Overlapping Funded Debt
City of Lago Vista	$ 2,492,299,214	$ 0.4231	$ 44,348,000 (1)	100.00%	$ 44,348,000 (1)
Lago Vista ISD	3,172,001,172	1.0170	67,360,000	55.74%	37,546,464
Marble Falls ISD	6,835,617,477	0.8860	193,005,000	0.01%	19,301
Travis County	330,228,066,350	0.3760	1,073,375,000	0.68%	7,298,950
Travis County Healthcare Dist.	327,159,343,213	0.1180	398,205,000	0.68%	2,707,794
Total Direct and Overlapping Tax Debt					$ 91,920,509 (1)
Ratio of Direct Overlapping Tax Debt to Taxable Assessed Valuation					3.69%
Per Capita Overlapping Debt					$ 8,088

(1) Includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.

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

TABLE 5 – PRO-FORMA TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt Service Requirements[1] Principal	Interest	Total	The Bonds[2] Principal	Interest	Total	Total Debt Service Requirements	% of Principal Retired	Fiscal Year Ended 9/30
2026	$ 2,284,000	$ 1,793,268	$ 4,077,268	$ -	$ 226,333	$ 226,333	$ 4,303,602		2026
2027	2,384,000	1,438,780	3,822,780	-	582,000	582,000	4,404,780		2027
2028	1,164,000	1,365,233	2,529,233	1,085,000	554,875	1,639,875	4,169,108		2028
2029	1,070,000	1,318,920	2,388,920	1,285,000	495,625	1,780,625	4,169,545		2029
2030	1,125,000	1,272,923	2,397,923	1,350,000	429,750	1,779,750	4,177,673	25.19%	2030
2031	1,180,000	1,224,321	2,404,321	1,405,000	360,875	1,765,875	4,170,196		2031
2032	1,240,000	1,172,405	2,412,405	1,475,000	288,875	1,763,875	4,176,280		2032
2033	1,290,000	1,117,318	2,407,318	1,545,000	213,375	1,758,375	4,165,693		2033
2034	1,350,000	1,059,739	2,409,739	1,635,000	133,875	1,768,875	4,178,614		2034
2035	1,400,000	999,635	2,399,635	1,720,000	50,000	1,770,000	4,169,635	55.73%	2035
2036	1,330,000	939,087	2,269,087	70,000	5,250	75,250	2,344,337		2036
2037	1,390,000	877,871	2,267,871	70,000	1,750	71,750	2,339,621		2037
2038	1,175,000	818,625	1,993,625	-	-	-	1,993,625		2038
2039	1,235,000	761,313	1,996,313	-	-	-	1,996,313		2039
2040	1,295,000	701,125	1,996,125	-	-	-	1,996,125	69.81%	2040
2041	1,355,000	638,031	1,993,031	-	-	-	1,993,031		2041
2042	1,415,000	577,781	1,992,781	-	-	-	1,992,781		2042
2043	1,475,000	514,656	1,989,656	-	-	-	1,989,656		2043
2044	1,555,000	442,075	1,997,075	-	-	-	1,997,075		2044
2045	1,625,000	365,525	1,990,525	-	-	-	1,990,525	85.73%	2045
2046	1,705,000	285,325	1,990,325	-	-	-	1,990,325		2046
2047	1,790,000	201,125	1,991,125	-	-	-	1,991,125		2047
2048	1,540,000	119,500	1,659,500	-	-	-	1,659,500		2048
2049	1,620,000	40,500	1,660,500	-	-	-	1,660,500	100.00%	2049
	$ 34,992,000	$ 20,045,081	$ 55,037,081	$ 11,640,000	$ 3,342,583	$ 14,982,583	$ 70,019,664		

____

[1] Excludes the Refunded Bonds. Preliminary, subject to change.

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

TABLE 6 – AUTHORIZED BUT UNISSUED AD VALOREM TAX DEBT

Ad Valorem Tax Bonds Authorized by Voters but Unissued:	None
Ad Valorem Tax Bond Elections Planned for Next 12 Months:	None
New Money Ad Valorem Tax Debt Not Requiring Voter Approval Planned for Next 12 Months:	None

FUTURE BORROWING . . . The Issuer currently has no voter authorization to issue new money general obligation bonds. The Issuer may, however, incur ad valorem tax secured debt without voter authorization, such as certificates of obligations and tax notes. Following the issuance of the Bonds, the Issuer has no definitive plans to incur additional tax supported obligations within the next 12 months, although it may determine to do so within such timeframe if the need arises. Regardless of the Issuer's future borrowing activities, the Issuer may be required to increase its annual ad valorem tax rate as a result of factors unrelated to the level of its outstanding debt and otherwise outside its control, including, for example, the following: (i) a reduction in its taxable assessed valuation, (ii) a reduction in tax collections, or (iii) changes in State law.

TABLE 7 – OTHER OBLIGATIONS[(1)]

As of September 30, 2024, the City had capital lease obligations as described in the Notes to the audited financial statements summarized as follows:

Year Ending September 30,	Business-Type Activities
2024	$ 132,218
2025	122,771
2026	255,747
2027	9,170
2028	1
Total Minimum Lease Payments	519,907
Less Amount Representing Interest	(27,462)
PV of Lease Payments	$ 492,445

---
(1) Source: City's audited financial statements.

AD VALOREM PROPERTY TAXATION

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

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

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

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

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

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

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

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

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

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

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

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

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

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

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

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

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

PUBLIC HEARING AND TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at $61,349,201 for the 2025 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

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

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

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE . . .The City does grant a local option exemption of the market value of all residence homesteads.

The City does not grant a local option exemption of the market value of the residence homestead of persons 65 years of age or older.

The City does not grant a local option freeze on taxes for persons 65 years of age or older or disabled persons.

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

The City does not tax Freeport Property.

The City has not taken action to tax Goods-in-Transit.

The City does participate in a TIRZ.

The City does not offer tax abatements.

[The remainder of this page intentionally left blank.]

OTHER FINANCIAL INFORMATION

TABLE 8 – SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES [(1)]

	Fiscal Years Ended September 30,				
Revenues	2024	2023	2022	2021	2020
Property Taxes	$ 7,016,916	$ 6,125,152	$ 5,091,424	$ 4,686,982	$ 4,106,155
Sales Taxes	1,178,845	1,201,475	1,079,705	921,138	738,973
Franchise Taxes	652,880	604,119	556,846	523,922	492,793
Penalties and Interest on Taxes	74,428	71,160	45,102	93,748	-
Other Taxes	-	-	-	-	-
Licenses & Permits	2,359,840	2,390,574	2,624,906	1,791,122	869,680
Intergovernmental Revs, Grants	803,012	222,776	209,657	381,353	312,287
Charges for Services	1,416,541	1,372,665	1,282,861	1,150,232	1,011,343
Fines	164,918	132,492	120,064	137,801	135,302
Investment Earnings	489,631	292,377	34,961	5,336	45,288
Rents and Royalties	-	-	-	-	-
Grants and Contributions	150,064	30,178	22,446	200	4,413
Miscellaneous Revenue	190,165	69,940	11,204	40,790	40,860
Total Revenues	$ 14,497,240	$ 12,512,908	$ 11,079,176	$ 9,732,624	$ 7,757,094
Expenditures					
General Government	$ 4,054,919	$ 3,651,086	$ 2,242,449	$ 2,443,142	$ 1,915,782
Public Safety	3,331,611	3,089,405	2,480,816	2,344,784	2,306,307
Highways and Streets	1,216,910	1,043,869	1,058,582	1,084,014	1,008,725
Sanitation	1,134,735	1,124,774	993,482	945,197	801,231
Culture and Recreation	779,897	880,868	749,929	601,355	556,435
Economic Development, Assistance	254,953	256,923	285,912	223,685	230,014
Capital Outlay	1,243,373	1,294,333	2,225,384	1,530,918	252,357
Debt Service	-	-	-	-	-
Total Expenditures	$ 12,016,398	$ 11,341,258	$ 10,036,554	$ 9,173,095	$ 7,070,851
Revenues Less Expenditures	$ 2,480,842	$ 1,171,650	$ 1,042,622	$ 559,529	$ 686,243
Other Financing Sources (Uses)	1,259,643	1,259,643	754,306	(267,080)	(765,929)
Beginning Fund Balance	9,444,859	7,013,566	5,216,638	4,825,169	4,865,703
Prior Period Adjustment	-	-	-	99,020	39,152
Ending Fund Balance	$ 13,185,344	$ 9,444,859	$ 7,013,566	$ 5,216,638	$ 4,825,169

Source: City's audited financial statements.
(1) The ending fund balance for Fiscal Year Ended September 30, 2025 is estimated to be $16,342,294.

[The remainder of this page intentionally left blank.]

TABLE 8A – CONDENSED STATEMENT OF ACTIVITIES

	Fiscal Years Ended September 30,				
Revenues:	2024	2023	2022	2021	2020
Charges for Services	$ 16,451,116	$ 15,919,465	$ 18,823,784	$ 16,282,276	$ 14,809,595
Operating Grants, Contributions	669,557	252,954	209,657	381,353	79,037
Capital Grants, Contributions	-	-	-	32,542	312,566
Property Taxes	9,883,125	9,049,906	7,874,729	7,486,850	6,518,335
Other Taxes	1,369,627	2,019,414	1,873,203	1,653,998	738,973
Unrestricted Grants, Contrib	652,880	105,765	22,446	200	492,793
Other	3,295,638	1,468,756	230,555	282,606	475,918
Total Revenues	$ 32,321,943	$ 28,816,260	$ 29,034,374	$ 26,119,825	$ 23,427,217
Expenses:					
General Government	$ 4,906,120	$ 4,402,091	$ 2,728,216	$ 2,831,465	$ 2,246,281
Public Safety	3,757,717	3,404,892	2,920,501	2,717,147	2,699,051
Highways and Streets	1,372,550	1,150,468	1,246,199	1,256,449	1,176,800
Sanitation	1,279,865	1,239,635	1,169,561	1,096,201	925,312
Culture and Recreation	879,644	970,821	882,842	697,427	642,606
Econ Development, Assistance	514,236	437,455	434,994	315,089	326,854
Interest and bank fees	849,188	988,514	1,039,721	1,139,642	1,171,715
Aviation	366,924	329,206	490,159	417,287	272,438
Golf Course	1,316,137	1,355,445	1,051,118	1,175,504	1,143,586
Utility	7,335,517	6,968,104	9,453,053	7,556,066	8,136,736
Community Development	-	-	-	-	-
Information Technology	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Expenses	$ 22,577,898	$ 21,246,631	$ 21,416,364	$ 19,202,277	$ 18,741,379
Increase in Net Position Before Transfers, Contributions	$ 9,744,045	$ 7,569,629	$ 7,618,010	$ 6,917,548	$ 4,685,838
Other Sources (Uses)[1]	-	(105,765)	-	-	-
Net Change	$ 9,744,045	$ 7,463,864	$ 7,618,010	$ 6,917,548	$ 4,685,838
Net Position - Beginning	86,548,172	79,084,308	71,466,298	64,291,087	61,024,122
Prior Period Adjustment	-	-	-	257,663	(1,418,873)
Net Position - Ending	$ 96,292,217	$ 86,548,172	$ 79,084,308	$ 71,466,298	$ 64,291,087

____

Source: City's audited financial statements.

[1] Adjustment for FYE 9/30/2023 represents a transfer to Utility Fund for capital improvements.

The ending net position for Fiscal Year Ended September 30, 2025 is estimated to be $96,740,253.

[The remainder of this page intentionally left blank.]

TABLE 9 – SUMMARY OF GENERAL FUND BALANCE SHEETS

	Fiscal Years Ended September 30,				
Assets:	2024	2023	2022	2021	2020
Cash & Investments	$ 12,044,980	$ 6,861,079	$ 5,239,992	$ 3,566,434	$ 4,445,712
Receivables/Due from Other Funds	2,800,548	4,164,414	3,183,387	2,874,606	1,551,384
Restricted Asset (Parkland)	-	-	-	-	-
Inventories, Other	-	-	-	-	19,039
Total Assets	$ 14,845,528	$ 11,025,493	$ 8,423,379	$ 6,441,040	$ 6,016,135
Liabilities:					
Current Liabilities	$ 1,357,258	$ 1,332,088	$ 1,219,611	$ 1,079,483	$ 980,889
Unearned Revenues	-	-	-	-	26,593
Total Liabilities	$ 1,357,258	$ 1,332,088	$ 1,219,611	$ 1,079,483	$ 1,007,482
Deferred Inflows of Resources:					
Unavailable Rev - Property Taxes	$ 302,926	$ 248,546	$ 190,202	$ 144,919	$ 183,484
Total Deferred Inflows	$ 302,926	$ 248,546	$ 190,202	$ 144,919	$ 183,484
Fund Balances:					
Unassigned Fund Balance	12,991,777	9,280,067	6,853,863	5,144,101	4,774,096
Restricted Fund Balances	193,567	164,792	159,703	72,537	51,073
Total Fund Balances	$ 13,185,344	$ 9,444,859	$ 7,013,566	$ 5,216,638	$ 4,825,169
Total Liabilities, Deferred Inflows, and Fund Balances	$ 14,845,528	$ 11,025,493	$ 8,423,379	$ 6,441,040	$ 6,016,135

Source: City's audited financial statements.

TABLE 9A – CONDENSED STATEMENT OF NET POSITION

	Government and Business - Type Activities Combined				
	Fiscal Years Ended September 30,				
	2024	2023	2022	2021	2020
Current Assets	$ 74,079,808	$ 40,589,279	$ 33,550,606	$ 26,895,403	$ 22,132,159
Capital Assets	79,841,081	79,890,382	81,309,157	80,842,998	79,466,864
Restricted Assets	-	-	-	-	-
Other Noncurrent Assets	-	-	-	-	-
Total Assets	153,920,889	120,479,661	114,859,763	107,738,401	101,599,023
Deferred Outflows of Resources	1,794,582	2,111,442	672,569	940,002	1,064,196
Current Liabilities	2,974,034	3,342,233	3,417,777	2,410,303	1,883,739
Noncurrent Liabilities	55,457,745	31,848,624	31,868,552	34,034,553	35,483,629
Current and Long-Term Debt	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Total Liabilities	58,431,779	35,190,857	35,286,329	36,444,856	37,367,368
Deferred Inflows of Resources	991,475	852,074	1,161,695	767,249	1,004,764
Net Position:					
Invested in Capital Assets (net)	57,026,288	50,660,619	45,780,703	48,232,924	45,301,312
Restricted	10,347,765	12,508,203	12,162,359	9,501,912	9,929,076
Unrestricted	28,918,164	23,379,350	21,141,246	13,731,462	9,060,699
Total Net Position	$ 96,292,217	$ 86,548,172	$ 79,084,308	$ 71,466,298	$ 64,291,087

Source: City's audited financial statements.

FINANCIAL ADMINISTRATION

The City adheres to financial policies as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. Objectives of financial management include: exercise a discipline which will allow the City to retain a good financial position; strive to retain the best possible bond rating; give recognition to the community's needs and ability to pay; and provide future generations with the ability to borrow capital without severe financial burden. These objectives are accomplished by prudent and budgeting and effective budget control, budgeted replacement of capital equipment as the need arises, providing working capital in all funds sufficient to meet current operating needs, financial accounting and reporting in accordance with methods prescribed by the Governmental Accounting Standards Board and the Government Finance Officers Association and making such reports available to bond rating agencies and other financially interested organizations, and trying to achieve and maintain a fund balance that is at lease equivalent to 10% of the general operating budget. This should be sufficient to provide financing for necessary projects and to meet unanticipated needs.

FINANCIAL POLICIES

Basis of Accounting . . . All governmental funds, the expendable trust fund and the agency fund are accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become measurable and available as net current assets, that is, when they become susceptible to accrual. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due.

All proprietary fund and pension trust fund revenues and expenses are recognized on the accrual bass of accounting, whereby revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period on which they are incurred.

General Fund Balance . . . The City's currently operates with an unencumbered fund balance of 20% of annual General Fund expenditures. Furthermore, it is the City Commission's stated intention to maintain the fund balance at current levels.

Use of Bond Proceeds, Grants, etc . . . Bond proceeds are utilized to fund capital improvement projects. Grant proceeds are generally utilized for capital improvement projects unless otherwise specifically required under the terms of grant.

Budgetary Procedures . . . The City adheres to the following procedures in establishing the operating budgets reflected in the general purpose financial statements:

(1) Sixty (60) days prior to the beginning of each fiscal year, the City Manager submits to the City Commission a proposed budget for the fiscal year beginning October 1.

(2) Public hearings are conducted at which all interested persons may comments concerning the proposed budget.

(3) City Commission adopts the budget on or before the last day of the month of the fiscal year currently ending through passage of an appropriation ordinance and tax levying ordinance. If the City Commission fails to adopt the budget at that time, the budget of the previous year is deemed to be adopted.

[The remainder of this page intentionally left blank.]

TABLE 10 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, as amended, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the boundaries of the Issuer; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collection and enforcement are effected through the Office of the Comptroller of Public Accounts of the State of Texas, which remits the proceeds of the tax, after deduction of a 2% service fee, to the Issuer monthly. Revenue from the 1% Local Sales and Use Tax, for the years shown, has been:

Fiscal Year Ended 12/31	Total Sales Tax Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate[1]
2020	$ 738,973	10.88%	$ 0.072
2021	921,138	12.47%	0.082
2022	1,079,705	13.82%	0.084
2023	1,143,658	11.14%	0.047
2024	1,171,808	11.11%	0.048

Breakdown of Sales Tax Collected within the Issuer	
Taxing Unit	Tax Rate
City of Lago Vista	0.0100
Austin MTA	0.0100
State of Texas	0.0625
Total	$ 0.0825

____

(1) Source: Texas Comptroller of Public Accounts Sales Tax Historical Allocations.

(2) Assuming 98% ad valorem tax collection ratio.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under State law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) Bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or otherwise meeting the requirements of the Texas Public Funds Investment Act; (8) certificates of deposit and share certificates that (i) are issued by or through an institution that has its main office or a branch in Texas and (a) are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, (b) are secured as to principal by obligations described in clauses (1) through (7) above, or (c) secured in any other manner and amount provided by law for City deposits, or (ii) certificates of deposit where (a) the funds are invested by the City through a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law, or a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the United States Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 as custodian for the City with respect to the certificates of deposit issued for the account of the City; (9) fully collateralized repurchase agreements that (i) have a defined termination date, (ii) are fully secured by a combination of cash and obligations described in clause (1), (iii) require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and (iv) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time, and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (7) above and clauses (12) through (15) below, (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City, (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas, and (iv) the agreement to lend securities has a term of one year or less; (11) certain bankers' acceptances if the bankers' acceptance (i) has a stated maturity of 270 days or fewer from the date of issuance, (ii) will be, in accordance with its terms, liquidated in full at maturity, (iii) is eligible for collateral for borrowing from a Federal Reserve Bank, and (iv) is accepted by a State or Federal bank, if the short-term obligations of the accepting bank or its holding company (if the accepting bank is the largest subsidiary) are rated at least "A -1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with (i) a stated maturity of 270 days or less from the date of issuance, and (ii) a rating of at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds that are (i) registered with and regulated by the United States Securities and Exchange Commission, (ii) provide the City with a prospectus and other information required by the Securities and Exchange Act of 1934, and (iii) comply with Federal Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are (i) registered with the United States Securities and Exchange Commission, (ii) have an average weighted maturity of less than two years, and (iii) either (a) have a duration of one year or more and are invested exclusively in obligations described in this paragraph, or (b) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) investment pools if the City has authorized investment in the particular pool and the pool invests solely in investments permitted by the Texas Public Funds Investment Act, and is continuously rated no lower than "AAA" or "AAA-m" or at an equivalent rating by at least one nationally recognized rating service; (16) guaranteed investment contracts that (i) have a defined termination date, (ii) are secured by obligations which meet the requirements of the Texas Public Funds Investment Act in an amount at least equal to the amount of bond proceeds invested under such contract, and (iii) are pledged to the City and deposited with the City or with a third party selected and approved by the City and (17) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f) and (g) of Section 2256.011 of the PFIA.

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

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

INVESTMENT POLICIES . . .Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Commissioners.

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

TABLE 11 – CURRENT INVESTMENTS

As of December 31, 2025 (unaudited), the City's investment portfolio, including its General Fund, Utility Fund, Construction Funds, Debt Service Funds and other miscellaneous funds and accounts, was invested as follows:

Investment Description	Unaudited Balance
LOGIC Investment Pool[(1)]	$ 64,691,865.21
Bank Accounts, CDs, etc.[(2)]	2,194,785.04
Total	$ 66,886,650.25

Source: The Issuer's monthly account statements.

[(1)]LOGIC is a public funds investment pool for Texas governmental entities. See http://www.logic.org.

[(2)]Entire amount is required to be covered by federal depository insurance and collateral held by the Issuer depository's agent in the Issuer's name.

TAX MATTERS

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

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

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds 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 Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the Issuer is conditioned on compliance by the Issuer with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the Issuer has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. 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 Bonds.

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

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond 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 Bond 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 Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond 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 Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond 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 Bond.

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

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

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

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

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

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

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the 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 Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of 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 Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

OTHER INFORMATION

Rating. . . The Bonds have been rated “AA” (stable outlook) by S&P Global Ratings (“S&P”). The City’s presently outstanding tax debt is rated “AA” by S&P without regard to credit enhancement. An explanation of the ratings may be obtained from S&P. The foregoing ratings will reflect only the view of such organizations at the time such ratings are given, and the City will make no representation as to the appropriateness of the ratings. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating company if, in the judgment of such rating company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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

Litigation. . .On the date of delivery of the Bonds to the Underwriter, the City will execute and deliver to the Underwriter a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds.

The City is not a party to any litigation or other 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.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission, nor has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS. . .Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds 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 Bonds are legal investments for various institutions in those states.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bond for such purposes. The City has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS. . . The City will furnish the Underwriter a transcript of certain proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of the State of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the City. The City will also furnish the approving legal opinion of Bond Counsel to the effect that (i), based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the City under the Constitution and the laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the registered owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City and (ii) the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. See "APPENDIX C - Form of Bond Counsel's Opinion." Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement under the captions "PLAN OF FINANCE", "THE BONDS", (except for the subcaptions "Book-Entry-Only System", "Default and Remedies" and "Sources and Uses of Proceeds", as to which no opinion is expressed), "TAX MATTERS", "OTHER INFORMAITON – Legal Matters" (except for the next to last sentence of the first paragraph thereof, as to which no opinion is expressed) and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Undertakings", as to which no opinion is expressed) to determine that the information relating to the Bonds and the Ordinance contained therein fairly and accurately describes the provisions thereof and is correct as to matters of law. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The applicable legal opinion will accompany the Bonds deposited with DTC or will be printed on or attached to the Bonds in the event of discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by Winstead PC, Austin, Texas. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the City.

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

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

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

The Financial Advisor 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 its responsibilities 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.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS . . .Public Finance Partners LLC will deliver to the City, on or before the Delivery Date, its verification report indicating that it has verified that mathematical accuracy or the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations to pay, when due, the maturing principal of and interest on and related call premium requirements, if any, of the Refunded Bonds.

Public Finance Partners LLC will rely upon the accuracy, completeness, and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, Public Finance Partners LLC will rely on any information provided to it by the City's retained advisors, consultants and legal counsel.

The Report will be relied upon by Bond Counsel in rendering their opinion with respect to the defeasance of the Refunded Bonds.

UNDERWRITING . . . The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the City at a price equal to the initial offering price to the public as shown on page ii of this Official Statement less an underwriting discount of $_________, and no accrued interest. The Underwriter's obligation is subject to certain conditions precedent. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such offering prices, and such public prices may be changed, from time to time, by the Underwriter.

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

FORWARD LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. 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 included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

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, the Rule.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). 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 all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 11 and in Appendix B. The City will update and provide this information within six months after the end of each fiscal year ending in and after 2026.

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 commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 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.

EVENT NOTICES . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Bondholders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide 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 as herein described. Neither the Bonds nor the Ordinance makes provisions for credit enhancement, liquidity enhancement, or debt service reserves.

For the purposes of (a) the event identified in clause (12) in the immediately preceding paragraph, the event 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 U.S. 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) clauses (15) and (16) in the immediately preceding paragraph the term Financial Obligation shall have the meaning ascribed thereto in SEC Release No. 34-83885 dated August 20, 2018.

AVAILABILITY OF INFORMATION . . . The City shall also provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information and notices of material events. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

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

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 Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although owners of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized Bond Counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. 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 such amendment or repeal would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

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

MISCELLANEOUS

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

The Official Statement will be authorized and approved by the City Council in the Ordinance, and the Underwriter will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the City. The Ordinance will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto issued on behalf of the City, and authorized its further use in the reoffering of the Bonds by the Underwriter. This Official Statement has been approved by the City Commission of the City for distribution in accordance with the provisions of the Rule.

City of Lago Vista, Texas

____
Mayor

ATTEST:

____
City Secretary

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS*

Issue	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2014					
Serials	2/15/2028	4.000%	$ 750,000	4/24/2026	100.00
	2/15/2029	4.000%	780,000	4/24/2026	100.00
	2/15/2030	4.000%	810,000	4/24/2026	100.00
	2/15/2031	4.000%	850,000	4/24/2026	100.00
	2/15/2032	4.000%	885,000	4/24/2026	100.00
	2/15/2033	4.000%	925,000	4/24/2026	100.00
	2/15/2034	4.000%	965,000	4/24/2026	100.00
	2/15/2035	4.500%	1,005,000	4/24/2026	100.00
			$ 6,970,000		
General Obligation Refunding Bonds, Series 2015					
Serials	2/15/2028	4.000%	$ 385,000	4/24/2026	100.00
	2/15/2029	4.000%	545,000	4/24/2026	100.00
	2/15/2030	4.000%	570,000	4/24/2026	100.00
	2/15/2031	4.000%	585,000	4/24/2026	100.00
	2/15/2032	4.000%	610,000	4/24/2026	100.00
	2/15/2033	4.000%	630,000	4/24/2026	100.00
	2/15/2034	4.000%	655,000	4/24/2026	100.00
	2/15/2035	4.000%	685,000	4/24/2026	100.00
			$ 4,665,000		
General Obligation Refunding Bonds, Series 2016A					
Serials	2/15/2028	4.000%	$ 100,000	4/24/2026	100.00
Term 2031	2/15/2029	4.000%	105,000	4/24/2026	100.00
	2/15/2030	4.000%	105,000	4/24/2026	100.00
	2/15/2031	4.000%	100,000	4/24/2026	100.00
Term 2034	2/15/2032	4.000%	100,000	4/24/2026	100.00
	2/15/2033	4.000%	100,000	4/24/2026	100.00
	2/15/2034	4.000%	110,000	4/24/2026	100.00
Term 2037	2/15/2035	4.000%	115,000	4/24/2026	100.00
	2/15/2036	4.000%	150,000	4/24/2026	100.00
	2/15/2037	4.000%	155,000	4/24/2026	100.00
			$ 1,140,000		
Total Obligations to be Refunded:			$ 12,775,000		

____

* Preliminary, subject to change.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

The City is a resort community on Lake Travis located northwest of the City of Austin and is accessible by FM 1431. The City's 2020 U.S. Census population was 8,8961, increasing 38.23% since 2010.

County Characteristics: Travis County was created in 1840 from Bastrop County when the City of Austin became the capital of the State of Texas. The City of Austin is also the County seat. Travis County is one of America's leading areas for computer related industries. The economy is diversified by technology, research and development, government and education. Minerals produced in the County include stone, sand, oil, lime, gravel and gas. Agricultural products include sorghums, small grains, pecans, nursery crops, hogs, cotton, corn and cattle.

Tourists are attracted to the State Capitol Building, LBJ Library, and the terrain of the "Hill Country." Lake Travis, Lake Austin and Town Lake provide a wide range of recreational facilities. McKinney Falls State Park attracted 335,332 visitors in the 2022 season.

Data included herein on population, value added by manufacturing or production of minerals or agricultural products were derived from US Census or other sources believed to be reliable, but no guarantee as to its accuracy is made by the City or any other person.

EMPLOYMENT STATISTICS[(1)]

	Travis County			Texas		
	November 2025	November 2024	November 2023	November 2025	November 2024	November 2023
Civilian Labor Force	872,154	858,417	836,013	15,346,974	15,731,661	15,938,548
Total Employment	841,825	828,455	808,780	14,740,333	15,076,275	15,264,654
Total Unemployment	30,329	29,962	27,233	606,641	655,386	673,894
Percentage Unemployment	3.5%	3.5%	3.3%	4.0%	4.2%	4.2%

[(1)]Source: Texas Workforce Commission.

APPENDIX B

CITY OF LAGO VISTA
ANNUAL FINANCIAL AND COMPLIANCE REPORT

For the Fiscal Year Ended September 30, 2024

The information contained in this Appendix consists of excerpts from the City of Lago Vista Annual Financial and Compliance Report for the Fiscal Year Ended September 30, 2024 and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council of
City of Lago Vista, 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 City of Lago Vista, Texas (the "City"), as of and for the year ended September 30, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities 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.

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.

Cedar Park Office (HQ)
1130 Cottonwood Creek Trail, B4
Cedar Park, Texas 78613

(800) 272-9922
www.SingletonClark.com

Alpine Office
108 N. 5th Street
Alpine, Texas 79830

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements 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 schedules of governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2025 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.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas

April 11, 2025

THIS PAGE LEFT BLANK INTENTIONALLY

Management's Discussion and Analysis

The Management's Discussion and Analysis section of the City of Lago Vista, Texas's (hereafter the "City") Annual Financial Report offers readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. Please read it in conjunction with the independent auditor's report beginning on page 1 of this report and the City's basic financial statements which follow this section.

Financial Highlights

- The City's net position for governmental activities increased by $6,775,527 to end at $17,729,982.

- The City's fund balance in the General Fund increased by 3,740,485 to end at $13,185,344.

- The City's net position in the Utility Fund increased by $2,820,224 to end at $74,234,837.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and the notes to financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements.

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

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference between assets and liabilities 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.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, culture and recreation, and economic development. The business-type activities of the City include aviation, golf, and utilities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate economic development corporation for which the City financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

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

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

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Hotel Fund, the ARPA Grant Fund, the Capital Projects Fund, and the Debt Service Fund, which are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Capital Projects Fund, Aviation Fund, Golf Course Fund, and Utility Fund. A budgetary comparison statement has been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget.

Proprietary Funds. The City has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for aviation, golf, and utility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a city's functions. The City is not currently utilizing an internal service fund. Because the services provided by internal service funds predominantly benefit governmental rather than business-type functions, they are usually included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the aviation, golf, and utility funds, all of which are considered to be major funds of the City. Conversely, when internal service funds are utilized, they are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are then provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

Basis of Reporting. The government-wide statements and the fund-level proprietary statements are reported using the full accrual basis of accounting. The governmental funds are reported using the modified accrual basis of accounting.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 62 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by $96,292,217 at the close of the most recent fiscal year.

Condensed Statement of Net Position
As of September 30

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	$ 48,178,927	$ 16,180,769	$ 25,900,881	$ 24,408,510	$ 74,079,808	$ 40,589,279
Capital assets	25,919,695	25,593,518	53,921,386	54,296,864	79,841,081	79,890,382
Total assets	74,098,622	41,774,287	79,822,267	78,705,374	153,920,889	120,479,661
Deferred outflows of resources	1,181,777	1,391,080	612,805	720,362	1,794,582	2,111,442
Current liabilities	2,268,126	901,076	705,908	2,441,157	2,974,034	3,342,233
Noncurrent liabilities	54,631,029	30,751,782	826,716	1,096,842	55,457,745	31,848,624
Total liabilities	56,899,155	31,652,858	1,532,624	3,537,999	58,431,779	35,190,857
Deferred inflows of resources	651,262	558,054	340,213	294,020	991,475	852,074
Net position:						
Net investment in capital assets	3,303,579	(3,318,210)	53,722,709	53,978,829	57,026,288	50,660,619
Restricted	2,116,185	5,817,568	8,231,580	6,690,635	10,347,765	12,508,203
Unrestricted	12,310,218	8,455,097	16,607,946	14,924,253	28,918,164	23,379,350
Total net position	$ 17,729,982	$ 10,954,455	$ 78,562,235	$ 75,593,717	$ 96,292,217	$ 86,548,172

The largest portion of the City's net position (59.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (10.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of $28,918,164 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position increased by $9,744,045 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased by $6,775,527 from the prior fiscal year for an ending balance of $17,729,982. The increase in overall net position of governmental activities is primarily due to revenues exceeding budgeted amounts and expenses coming in under budget.

Condensed Statement of Activities
For the Years Ended September 30

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for services	$ 4,744,311	$ 3,815,201	$ 11,706,805	$ 12,104,264	$ 16,451,116	$ 15,919,465
Operating grants & contributions	669,557	252,954	-	-	669,557	252,954
General Revenues:						
Property taxes	9,883,125	9,049,906	-	-	9,883,125	9,049,906
Other taxes	1,369,627	2,019,414	-	-	1,369,627	2,019,414
Grants and contributions not restricted to specific programs	652,880	-	-	105,765	652,880	105,765
Other	1,755,704	472,371	1,539,934	996,385	3,295,638	1,468,756
Total revenue	19,075,204	15,609,846	13,246,739	13,206,414	32,321,943	28,816,260
Expenses:						
General government	4,906,120	4,402,091	-	-	4,906,120	4,402,091
Public safety	3,757,717	3,404,892	-	-	3,757,717	3,404,892
Highways and streets	1,372,550	1,150,468	-	-	1,372,550	1,150,468
Sanitation	1,279,865	1,239,635	-	-	1,279,865	1,239,635
Culture and recreation	879,644	970,821	-	-	879,644	970,821
Economic development and assistance	514,236	437,455	-	-	514,236	437,455
Interest and bank fees	849,188	988,514	-	-	849,188	988,514
Aviation	-	-	366,924	329,206	366,924	329,206
Golf Course	-	-	1,316,137	1,355,445	1,316,137	1,355,445
Utility	-	-	7,335,517	6,968,104	7,335,517	6,968,104
Total expenses	13,559,320	12,593,876	9,018,578	8,652,755	22,577,898	21,246,631
Increase (decrease) in net position before transfers	5,515,884	3,015,970	4,228,161	4,553,659	9,744,045	7,569,629
Transfers	1,259,643	796,454	(1,259,643)	(902,219)	-	(105,765)
Increase (decrease) in net position	6,775,527	3,812,424	2,968,518	3,651,440	9,744,045	7,463,864
Net position - beginning	10,954,455	7,142,031	75,593,717	71,942,277	86,548,172	79,084,308
Net position - ending	$ 17,729,982	$ 10,954,455	$ 78,562,235	$ 75,593,717	$ 96,292,217	$ 86,548,172

Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of $78,562,235. The total increase in net position for business-type activities (Aviation, Golf Course, and Utility funds) was $2,968,518.

Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At September 30, 2024, the City's governmental funds reported combined fund balances of $45,526,431, an increase of $30,559,200 in comparison with the prior year. Approximately 29% of this amount, $12,991,777, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *restricted, or assigned* to indicate that it is 1) restricted for particular purposes $32,448,918; or 2) assigned for particular purposes $85,736.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $12,991,777, while total fund balance increased to $13,185,344. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 108% of total general fund expenditures, while total fund balance represents approximately 110% of that same amount.

The fund balance of the City's General Fund increased by $3,740,485 during the current fiscal year. The increase in fund balance was primarily due to revenues exceeding budgeted amounts, and lower than budgeted expenditures, specifically in general government and capital outlay, although all actual expenditures were lower than budgeted.

The Hotel Fund, a major fund, had a $44,868 increase in fund balance to end at $1,089,793. This fund uses hotel taxes to promote local economic development.

The ARPA Grant fund, a new major fund, had an $85,736 increase in fund balance to end at $85,736. The increase was related to investment earnings realized during the fiscal year.

The Debt Service Fund, the remaining major governmental fund, had an increase in fund balance during the current year of $107,154 to bring the year end fund balance to $692,764. The increase was due to revenues being slightly higher than anticipated revenues, and premiums received on bonds during the fiscal year.

The Capital Projects fund, a major fund, had a $26,580,957 increase in fund balance during the current fiscal year which put the overall fund balance at $30,472,794.

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

Unrestricted net position of the Aviation Fund at the end of the year was $191,340, the Golf Fund was $534,549 and the Utility Fund was $15,882,057. The total change in net position for these funds was ($23,440), $171,734, and $2,820,224, respectively.

The Aviation Fund had a $23,440 decrease in net position during the current fiscal year, which put the total net position at $1,853,502.

The Golf Course Fund had a $171,734 increase to put the overall ending net position at $2,473,896. The City strives for its proprietary funds to break even; however, the City did transfer $800,000 to the Golf Course Fund during the year.

The Utility Fund had a $2,820,224 increase in net position during the current fiscal year, which put the total ending net position at $74,234,837. The Utility Fund ended the year with an unrestricted net position of $15,882,057 which represents approximately 217% of the fund's operating expenses for the year ended. Additionally, the Utility Fund has a restricted net position balance of $8,231,580 related to future water and wastewater system obligations.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were significant budget amendments made to the general government, economic development & assistance, and capital outlay projected expenditures.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2024, amounts to $79,841,081 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and the water treatment plant.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities 2024	Governmental Activities 2023	Change
Land	$ 1,525,470	$ 1,520,409	$ 5,061
Buildings and improvements	32,363,358	31,224,622	1,138,736
Machinery, equipment, and vehicles	4,606,579	3,983,940	622,639
Total	38,495,407	36,728,971	1,766,436
Less accumulated depreciation	(12,575,712)	(11,135,453)	(1,440,259)
Capital assets, net of depreciation	$ 25,919,695	$ 25,593,518	$ 326,177

	Business-Type Activities 2024	Business-Type Activities 2023	Change
Land	$ 3,251,491	$ 3,251,491	$ -
Buildings and improvements	75,834,501	75,335,021	499,480
Machinery, equipment, and vehicles	6,838,792	6,388,572	450,220
Construction in progress	2,237,417	1,083,856	1,153,561
Total	88,162,201	86,058,940	2,103,261
Less accumulated depreciation	(34,240,815)	(31,762,076)	(2,478,739)
Capital assets, net of depreciation	$ 53,921,386	$ 54,296,864	$ (375,478)

Additional information on the City's capital assets can be found in Note III.D on pages 47-48 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $49,566,000. The remainder of the City long-term obligations comprises pension-and OPEB related debt, compensated absences and capital leases.

Outstanding Debt

	Governmental Activities 2024	Governmental Activities 2023	Change
General obligation bonds	$ 49,566,000	$ 28,911,728	$ 20,654,272
Premiums	3,522,910	1,171,728	2,351,182
Compensated absences	639,717	639,717	-
Net pension liability/(asset)	718,923	1,044,620	(325,697)
Other post-employment benefits	183,479	155,717	27,762
Total	$ 54,631,029	$ 31,923,510	$ 22,707,519

	Business-Type Activities 2024	Business-Type Activities 2023	Change
Capital leases	$ 198,679	$ 318,037	$ (119,359)
Compensated absences	145,230	145,230	-
Net pension liability/(asset)	370,353	538,137	(167,784)
Other post-employment benefits	112,454	95,438	17,016
Total	$ 826,716	$ 1,096,842	$ (270,127)

The City's total debt increased by $22,437,393 during the current fiscal year. The reason for the increase was the issuance of a bond during the year. The new issuance was debt with governmental commitment with a face value of $23,465,000.

Economic Factors and Next Year's Budgets and Rates

The City considered many factors when setting the fiscal year 2025 budget. The City's General Fund budget for fiscal year 2025 includes expenditures of $15,561,650 which is an approximate increase of $2.3 million from fiscal year 2024 total adopted expenditures. The city decreased the tax rate for 2024-2025 to $0.2397 for the General Fund and increased the tax rate to $0.1834 for the Interest and Sinking Fund. The overall total tax rate increased to $0.4231 per $100 valuation.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those interested in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's business office at the City of Lago Vista, Texas, 5803 Thunderbird Drive, P.O. Box 4727, Lago Vista, Texas 78645, or by calling (512) 267-1155, ext. 103.

THIS PAGE LEFT BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LAGO VISTA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 154,994	$ 1,113,295	$ 1,268,289
Investments - current	41,509,449	28,418,153	69,927,602
Taxes receivable - delinquent	442,987	-	442,987
Accounts receivable, net	497,010	1,741,681	2,238,691
Intergovernmental receivable	182,313	-	182,313
Internal balances	5,392,174	(5,392,174)	-
Inventories	-	19,926	19,926
Capital assets, not being depreciated:			
Land	1,525,470	3,251,491	4,776,961
Construction in progress	-	2,237,417	2,237,417
Capital assets, being depreciated:			
Buildings and improvements	32,363,358	75,834,501	108,197,859
Machinery, equipment, and vehicles	4,606,579	6,838,792	11,445,371
Accumulated depreciation	(12,575,712)	(34,240,815)	(46,816,527)
Total assets	74,098,622	79,822,267	153,920,889
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows NPL	1,140,727	587,648	1,728,375
Deferred outflows OPEB	41,050	25,157	66,207
Total deferred outflows of resources	1,181,777	612,805	1,794,582
LIABILITIES			
Accounts payable	387,024	356,389	743,413
Accrued salaries and benefits	24,744	9,659	34,403
Intergovernmental payable	1,359,445	-	1,359,445
Accrued interest payable	128,619	-	128,619
Other current liabilities	368,294	3,920	372,214
Customer deposits	-	335,940	335,940
Noncurrent liabilities:			
Due within one year	1,799,000	86,016	1,885,016
Due in more than one year	52,832,029	740,700	53,572,729
Total liabilities	56,899,155	1,532,624	58,431,779
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows NPL	603,047	310,662	913,709
Deferred inflows OPEB	48,215	29,551	77,766
Total deferred inflows of resources	651,262	340,213	991,475
NET POSITION			
Net investment in capital assets	3,303,579	53,722,709	57,026,288
Restricted for parks	193,567	-	193,567
Restricted for tourism	1,089,793	-	1,089,793
Restricted for debt service	832,825	-	832,825
Restricted for capital improvements	-	8,231,580	8,231,580
Unrestricted	12,310,218	16,607,946	28,918,164
Total net position	$ 17,729,982	$ 78,562,235	$ 96,292,217

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

CITY OF LAGO VISTA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Program Revenues	
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
General government	$ 4,906,120	$ -	$ 636,714
Public safety	3,757,717	2,524,758	1,529
Highways and streets	1,372,550	803,012	31,314
Sanitation	1,279,865	1,395,521	-
Culture and recreation	879,644	21,020	-
Economic development and assistance	514,236	-	-
Interest and bank fees	849,188	-	-
Total governmental activities:	13,559,320	4,744,311	669,557
Business-type activities:			
Aviation Fund	366,924	329,324	-
Golf Course Fund	1,316,137	687,871	-
Utility Fund	7,335,517	10,689,610	-
Total business-type activities:	9,018,578	11,706,805	-
Total primary government	$ 22,577,898	$ 16,451,116	$ 669,557

General revenues:
Property taxes
Sales taxes
Hotel/motel taxes
Franchise taxes
Investment earnings
Miscellaneous
Total general revenues
Transfers
Total general revenues, special/extraordinary item and transfers

Change in net position

Net position - beginning
Net position - ending

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activites	Total
$ (4,269,406)	$ -	$ (4,269,406)
(1,231,430)	-	(1,231,430)
(538,224)	-	(538,224)
115,656	-	115,656
(858,624)	-	(858,624)
(514,236)	-	(514,236)
(849,188)	-	(849,188)
(8,145,452)	-	(8,145,452)
-	(37,600)	(37,600)
-	(628,266)	(628,266)
-	3,354,093	3,354,093
-	2,688,227	2,688,227
(8,145,452)	2,688,227	(5,457,225)
9,883,125	-	9,883,125
1,178,845	-	1,178,845
190,782	-	190,782
652,880	-	652,880
1,565,539	1,420,033	2,985,572
190,165	119,901	310,066
13,661,336	1,539,934	15,201,270
1,259,643	(1,259,643)	-
14,920,979	280,291	15,201,270
6,775,527	2,968,518	9,744,045
10,954,455	75,593,717	86,548,172
$ 17,729,982	$ 78,562,235	$ 96,292,217

THIS PAGE LEFT BLANK INTENTIONALLY

FUND BASIS FINANCIAL STATEMENTS

CITY OF LAGO VISTA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Hotel Fund	ARPA Grant Fund
ASSETS			
Cash and cash equivalents	$ 154,994	$ -	$ -
Investments - current	11,889,986	1,035,319	1,534,966
Taxes receivable - delinquent	302,926	-	-
Accounts receivable	357,126	69,884	-
Intergovernmental receivable	182,313	-	-
Due from other funds	1,958,183	-	-
Total assets	$ 14,845,528	$ 1,105,203	$ 1,534,966
LIABILITIES			
Accounts payable	$ 374,826	$ 12,000	$ -
Accrued payroll	24,744	-	-
Intergovernmental payable	9,394	-	1,350,051
Due to other funds	580,000	3,410	99,179
Other current liabilities	368,294	-	-
Total liabilities	1,357,258	15,410	1,449,230
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	302,926	-	-
Total deferred inflows of resources	302,926	-	-
FUND BALANCES			
Restricted:			
Fund balance - restricted for parks	193,567	-	-
Fund balance - restricted for tourism	-	1,089,793	-
Fund balance - restricted for debt service	-	-	-
Fund balance - restricted for capital projects	-	-	-
Assigned:			
Fund balance - other assigned	-	-	85,736
Unassigned	12,991,777	-	-
Total fund balances	13,185,344	1,089,793	85,736
Total liabilities, deferred inflows, and fund balances	$ 14,845,528	$ 1,105,203	$ 1,534,966

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
$ -	$ -	$ 154,994
661,717	26,387,461	41,509,449
140,061	-	442,987
-	-	427,010
-	-	182,313
31,247	4,085,333	6,074,763
$ 833,025	$ 30,472,794	$ 48,791,516
$ 200	$ -	$ 387,026
-	-	24,744
-	-	1,359,445
-	-	682,589
-	-	368,294
200	-	2,822,098
140,061	-	442,987
140,061	-	442,987
-	-	193,567
-	-	1,089,793
692,764	-	692,764
-	30,472,794	30,472,794
-	-	85,736
-	-	12,991,777
692,764	30,472,794	45,526,431
$ 833,025	$ 30,472,794	$ 48,791,516

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LAGO VISTA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance of all governmental funds	$ 45,526,431
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,919,695
Warrants outstanding net of allowance are not an available resource and, therefore, are not reported in the funds.	70,000
Other long-term assets, such as uncollected property taxes, are not available to pay for and, therefore, are reported as unavailable revenue in the funds.	442,987
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(53,857,246)
Additional long-term liabilities related to the recognition of the net pension liability and the net OPEB liability are not reported in the funds.	(371,885)
Net position of governmental activities	$ 17,729,982

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

CITY OF LAGO VISTA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Hotel Fund	ARPA Grant Fund
REVENUES			
Property taxes	$ 7,016,916	$ -	$ -
Sales taxes	1,178,845	-	-
Hotel/motel taxes	-	190,782	-
Franchise taxes	652,880	-	-
Penalties and interest on taxes	74,428	-	-
Licenses and permits	2,359,840	-	-
Intergovernmental revenues	803,012	-	-
Charges for services	1,416,541	-	-
Fines	164,918	-	-
Investment earnings	489,631	55,057	85,736
Grants and contributions	150,064	-	524,069
Miscellaneous revenue	190,165	-	-
Total revenues	14,497,240	245,839	609,805
EXPENDITURES			
Current:			
General government	4,054,919	-	-
Public safety	3,331,611	-	-
Highways and streets	1,216,910	-	-
Sanitation	1,134,735	-	-
Culture and recreation	779,897	-	-
Economic development and assistance	254,953	200,971	-
Debt service:			
Bond principal	-	-	-
Interest - bonds	-	-	-
Interest - other debt	-	-	-
Capital outlay	1,243,373	-	524,069
Total expenditures	12,016,398	200,971	524,069
Excess (deficiency) of revenues over expenditures	2,480,842	44,868	85,736
OTHER FINANCING SOURCES (USES)			
Transfers in	2,059,643	-	-
Transfers out	(800,000)	-	-
General obligation bonds issued	-	-	-
Premium on bonds issued	-	-	-
Total other financing sources (uses)	1,259,643	-	-
Net change in fund balance	3,740,485	44,868	85,736
Fund balance - beginning	9,444,859	1,044,925	-
Fund balance - ending	$ 13,185,344	$ 1,089,793	$ 85,736

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

Debt Service Fund	Capital Projects Fund	Total Governmental Funds
$ 2,704,369	$ -	$ 9,721,285
-	-	1,178,845
-	-	190,782
-	-	652,880
23,373	-	97,801
-	-	2,359,840
-	-	803,012
-	-	1,416,541
-	-	164,918
54,192	880,923	1,565,539
-	-	674,133
-	-	190,165
2,781,934	880,923	19,015,741
9,500	285,371	4,349,790
-	-	3,331,611
-	-	1,216,910
-	-	1,134,735
-	-	779,897
-	-	455,924
1,639,000	-	1,639,000
1,037,372	-	1,037,372
2,800	-	2,800
-	-	1,767,442
2,688,672	285,371	15,715,481
93,262	595,552	3,300,260
-	-	2,059,643
-	-	(800,000)
-	23,465,000	23,465,000
13,892	2,520,405	2,534,297
13,892	25,985,405	27,258,940
107,154	26,580,957	30,559,200
585,610	3,891,837	14,967,231
$ 692,764	$ 30,472,794	$ 45,526,431

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LAGO VISTA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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

Net change in fund balances for total governmental funds	$ 30,559,200
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	326,177
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	64,039
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(24,169,313)
The net effect of various transactions involving the net pension liability and the net OPEB liability is to decrease net position.	(4,576)
Change in net position for governmental activities	$ 6,775,527

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

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LAGO VISTA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 6,960,287	$ 6,960,287	$ 7,016,916	$ 56,629
Sales taxes	1,335,819	1,335,819	1,178,845	(156,974)
Franchise taxes	597,857	597,857	652,880	55,023
Penalties and interest on taxes	-	-	74,428	74,428
Licenses and permits	1,590,652	1,590,652	2,359,840	769,188
Intergovernmental revenues	42,000	42,000	803,012	761,012
Charges for services	1,338,935	1,338,935	1,416,541	77,606
Fines	135,193	135,193	164,918	29,725
Investment earnings	220,021	220,021	489,631	269,610
Contributions and donations, private sources	31,757	31,757	150,064	118,307
Miscellaneous revenue	20,278	20,278	190,165	169,887
Total revenues	12,272,799	12,272,799	14,497,240	2,224,441
EXPENDITURES				
Current:				
General government	4,690,637	4,926,561	4,054,919	871,642
Public safety	3,773,231	3,853,228	3,331,611	521,617
Highways and streets	1,550,034	1,606,169	1,216,910	389,259
Sanitation	1,228,371	1,238,371	1,134,735	103,636
Culture and recreation	1,019,562	1,059,563	779,897	279,666
Economic development and assistance	378,251	378,251	254,953	123,298
Capital outlay	770,252	1,801,424	1,243,373	558,051
Total Expenditures	13,410,338	14,863,567	12,016,398	2,847,169
Excess (deficiency) of revenues over expenditures	(1,137,539)	(2,590,768)	2,480,842	5,071,610
OTHER FINANCING SOURCES (USES)				
Transfers in	2,059,643	2,059,643	2,059,643	-
Transfers out	(1,048,044)	(1,048,044)	(800,000)	248,044
Total other financing sources (uses)	1,011,599	1,011,599	1,259,643	248,044
Net change in fund balances	(125,940)	(1,579,169)	3,740,485	5,319,654
Fund balance - beginning	9,444,859	9,444,859	9,444,859	-
Fund balance - ending	$ 9,318,919	$ 7,865,690	$ 13,185,344	$ 5,319,654

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

CITY OF LAGO VISTA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Business-Type Activities			
	Aviation Fund	Golf Course Fund	Utility Fund	Total Proprietary Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	$ -	$ 1,300	$ 1,111,995	$ 1,113,295
Investments - current	-	-	28,418,153	28,418,153
Accounts receivable, net	-	-	1,741,681	1,741,681
Due from other funds	192,028	590,744	-	782,772
Inventories	-	19,926	-	19,926
Total current assets	192,028	611,970	31,271,829	32,075,827
Noncurrent Assets:				
Land	415,172	499,050	2,337,269	3,251,491
Buildings	186,081	863,164	486,885	1,536,130
Improvements other than buildings	1,274,092	1,602,957	71,421,322	74,298,371
Furnishings and equipment	-	2,365,251	4,473,541	6,838,792
Accumulated depreciation	(466,305)	(3,192,398)	(30,582,112)	(34,240,815)
Construction/development in progress	253,122	-	1,984,295	2,237,417
Total noncurrent assets	1,662,162	2,138,024	50,121,200	53,921,386
Total assets	1,854,190	2,749,994	81,393,029	85,997,213
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources	-	109,003	503,802	612,805
Total deferred outflows of resources	-	109,003	503,802	612,805
LIABILITIES				
Current liabilities:				
Accounts payable	688	25,010	330,691	356,389
Compensated absences payable	-	3,714	5,945	9,659
Due to other funds	-	-	6,174,946	6,174,946
Lease payable - current	-	86,016	-	86,016
Other current liabilities	-	-	3,920	3,920
Customer deposits	-	-	335,940	335,940
Total current liabilities	688	114,740	6,851,442	6,966,870
Noncurrent Liabilities:				
Lease payables	-	112,662	-	112,662
Net pension obligation	-	97,254	385,554	482,808
Other noncurrent liabilities	-	16,171	129,059	145,230
Total noncurrent liabilities	-	226,087	514,613	740,700
Total liabilities	688	340,827	7,366,055	7,707,570
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	-	44,274	295,939	340,213
Total deferred inflows of resources	-	44,274	295,939	340,213
NET POSITION				
Net investment in capital assets	1,662,162	1,939,347	50,121,200	53,722,709
Restricted for capital improvements	-	-	8,231,580	8,231,580
Unrestricted	191,340	534,549	15,882,057	16,607,946
Total net position	$ 1,853,502	$ 2,473,896	$ 74,234,837	$ 78,562,235

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

CITY OF LAGO VISTA, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities			
	Aviation Fund	Golf Course Fund	Utility Fund	Total Proprietary Funds
REVENUES				
Operating revenues:				
Charges for services:				
Water	$ -	$ -	$ 6,212,697	$ 6,212,697
Wastewater/sewer	-	-	4,476,913	4,476,913
Other charges	329,324	687,871	-	1,017,195
Miscellaneous revenue	14,160	-	105,741	119,901
Total operating revenues	343,484	687,871	10,795,351	11,826,706
EXPENSES				
Operating expenses:				
Salaries and wages	16,051	685,996	2,150,691	2,852,738
Purchased services	33,190	91,716	693,166	818,072
Purchased property services	24,758	118,606	1,488,401	1,631,765
Materials and supplies	219,823	127,667	372,151	719,641
Other operating expenses	11,365	34,170	371,118	416,653
Depreciation	60,812	231,971	2,256,563	2,549,346
Miscellaneous	925	13,151	3,427	17,503
Total operating expenses	366,924	1,303,277	7,335,517	9,005,718
Operating income (loss)	(23,440)	(615,406)	3,459,834	2,820,988
Nonoperating revenues (expenses)				
Investment earnings	-	-	1,420,033	1,420,033
Interest expense	-	(12,860)	-	(12,860)
Total nonoperating revenues (expenses)	-	(12,860)	1,420,033	1,407,173
Income before transfers in (out)	(23,440)	(628,266)	4,879,867	4,228,161
Transfers in	-	800,000	-	800,000
Transfers out	-	-	(2,059,643)	(2,059,643)
Change in net position	(23,440)	171,734	2,820,224	2,968,518
Net position-beginning	1,876,942	2,302,162	71,414,613	75,593,717
Net position-ending	$ 1,853,502	$ 2,473,896	$ 74,234,837	$ 78,562,235

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

THIS PAGE LEFT BLANK INTENTIONALLY

CITY OF LAGO VISTA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Business-Type Activities			
	Aviation Fund	Golf Course Fund	Utility Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 386,484	$ 687,871	$ 10,189,395	$ 11,263,750
Receipt (return) of customer deposits	-	-	2,020	2,020
Payments to suppliers and service providers	(370,433)	(653,332)	(2,725,946)	(3,749,711)
Payments to employees for salaries and benefits	(16,051)	(702,929)	(2,188,897)	(2,907,877)
Net cash provided by (used for) operating activities	-	(668,390)	5,276,572	4,608,182
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	800,000	(2,059,643)	(1,259,643)
Net cash provided by (used for) capital and financing activities	-	800,000	(2,059,643)	(1,259,643)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	-	(132,218)	-	(132,218)
Long-term employee costs	-	-	(1,417,648)	(1,417,648)
Proceeds from sale of assets	-	608	-	608
Net cash provided by (used for) capital and related financing activities	-	(131,610)	(1,417,648)	(1,549,258)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	-	-	(2,590,736)	(2,590,736)
Interest on investments	-	-	1,420,033	1,420,033
Net cash provided by investing activities	-	-	(1,170,703)	(1,170,703)
Net increase (decrease) in cash and cash equivalents	-	-	628,578	628,578
Cash and cash equivalents-beginning	-	1,300	483,417	484,717
Cash and cash equivalents-ending	$ -	$ 1,300	$ 1,111,995	$ 1,113,295
Reconciliation of operating income (loss) to net cash provided (used for) operating activities:				
Operating income (loss)	$ (23,440)	$ (615,406)	$ 3,459,834	$ 2,820,988
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation expense	60,802	231,971	2,256,563	2,549,336
(Increase) decrease in accounts receivable	43,000	-	1,183,394	1,226,394
(Increase) decrease in due from other funds	(79,369)	(258,690)	84,771	(253,288)
(Decrease) increase in deposits payable	-	-	2,020	2,020
(Decrease) increase in accounts payable	(993)	(9,332)	202,317	191,992
(Decrease) increase in accrued liabilities	-	(16,933)	(38,206)	(55,139)
(Decrease) increase in other current liabilities	-	-	(1,874,121)	(1,874,121)
Total adjustments	23,440	(52,984)	1,816,738	1,787,194
Net cash provided by (used for) operating activities	$ -	$ (668,390)	$ 5,276,572	$ 4,608,182

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

THIS PAGE LEFT BLANK INTENTIONALLY

NOTES TO THE FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

I. Summary of Significant Accounting Policies

This section describes the significant accounting and reporting guidelines of the City.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member governing council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. However, there were no component units identified that would require inclusion in this report.

C. Government-Wide Financial Statements

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

D. Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. 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. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

> The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
>
> The Hotel Fund accounts for fees received in relation to hotel and motel taxes and are spent in relation to economic development and assistance.
>
> The ARPA Grant Fund accounts for funding received in relation to the America Rescue Plan Act of 2021 (ARPA). The funds are intended to support various aspects of recovery efforts.
>
> The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.
>
> The Capital Projects Fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

The government reports the following major enterprise funds:

> The Aviation Fund accounts for the government's aviation services, including aviation equipment, supplies, and facilities.
>
> The Golf Course Fund accounts for the government's municipal golf course services, including the pro shop, snack bar, and golf course.
>
> The Utility Fund accounts for the government's utility services, including water and sewer services.

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

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

Property taxes, sales taxes, franchise taxes, 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 government.

Proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary Information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Debt Service Fund. The capital projects are appropriated on a project-length basis. Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

2. Excess of expenditures over appropriations

For the year ended September 30, 2024, expenditures did not significantly exceed appropriations in any of the City's legally adopted budgets.

2. *Investments*

Investments for the government are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools (e.g. Logic) when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. Inventories and prepaid items

Inventories are valued at cost using the weighted cost method and consist of the golf course's pro shop inventory. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased. The City does not currently have any prepaid items.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life of more than one year.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	10-50
Machinery and equipment	5-20
Vehicles	5-10
Improvements	10-20

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government currently does not have any financial transactions that qualify for reporting in this category. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government currently has deferred inflows related to net pension liability and other postemployment benefits. The governmental funds report unavailable revenues related to property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Net position flow assumption

Sometimes the government 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 government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund balance flow assumptions

Sometimes the government 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 government'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.

8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government 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 government for specific purposes but do not meet the criteria to be classified as committed.

The 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.

H. 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 considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2023 upon which the levy for the 2023-2024 fiscal year was based, was $2,415,816,139. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2024, to finance General Fund and Debt Service Fund operations were $0.2989 and $0.1150, respectively, for a total tax rate of $0.4139 per $100 valuation. The total tax levy for the General Fund and Debt Service Fund for the 2023-2024 fiscal year was $9,999,063. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2024, were 97% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes.

3. Compensated absences

Vacation

Upon termination, all regular employees who resign or are terminated after a 90-day probation period will be compensated for unused vacation leave up to a max of 30 days. Payment is based on the employee's salary at time of termination. Two-week notice required.

Sick Leave

If employed before July 1, 2016, 50% of accrued sick leave is paid upon termination or resignation up to a max of 90 days. Any employee employed after July 1, 2016 will not be eligible for paid accrued sick leave at termination or resignation.

4. 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 water fund and electric fund are charges to customers for sales and services. The water 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 enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. Stewardship, Compliance and Accountability

A. Violations of Legal or Contractual Provisions

No violations of legal or contractual provisions were noted during the current year.

B. Deficit Fund Equity

For the year ended September 30, 2024 there were no funds reported with deficit fund equity.

III. Detailed Notes on All Activities and Funds

A. Cash Deposits with Financial Institution

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of September 30, 2024, the government's bank balance was $1,428,046 and $-0- of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the government's name.

B. Investments

The State Treasurer's Investment Pool (Pool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. See note I.G.2, *Investments*, for a discussion of how the shares in the Pool are valued. The Pool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

As of September 30, 2024, the government had the following investments:

	Maturity Time in Years
Investment Type	Less than 1
Logic (local government investment pool)	$ 69,927,602
Total investments	$ 69,927,602

Interest rate risk. In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months.

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the government's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2024, the government's investment in the State Treasurer's investment pool was rated AAA by Standard & Poor's and AAA by Moody's Investors Service.

Concentration of credit risk. The government's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the government's total investments. This restriction however does not apply to government investment pools due to the low risk nature of this type of investment.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the major and nonmajor funds of both the governmental and proprietary funds of the government, including the applicable allowances for uncollectible accounts:

Governmental Funds:

Receivables	General Fund	Hotel Fund	Debt Service Fund	Total Governmental Funds
Property taxes	$ 302,926	$ -	$ 140,061	$ 442,987
Accounts receivable	231,249	-	-	231,249
Franchise taxes	145,738	69,884	-	215,622
Gross receivables	679,913	69,884	140,061	889,858
Less: Allowance for uncollectibles	(19,861)	-	-	(19,861)
Net receivables	$ 660,052	$ 69,884	$ 140,061	$ 869,997

Proprietary Funds:

Receivables	Utility Fund
Accounts receivable	$ 2,040,533
Gross receivables	2,040,533
Less: Allowance for uncollectibles	(298,852)
Net receivables	$ 1,741,681

D. Capital Assets

Capital assets activity for the year ended September 30, 2024, was as follows:

Governmental Activities:

	Balance 10/1/23	Increases	Decreases	Balance 9/30/24
Capital assets, not being depreciated:				
Land	$ 1,520,409	$ 5,061	$ -	$ 1,525,470
Total capital assets, not being depreciated	1,520,409	5,061	-	1,525,470
Capital assets, being depreciated:				
Autos and trucks	1,177,441	83,193	-	1,260,634
Buildings & streets	23,238,438	952,957	-	24,191,395
Furniture and fixtures	109,627	4,789	-	114,416
Improvements	7,986,184	185,779	-	8,171,963
Machinery and equipment	2,696,872	535,663	(1,006)	3,231,529
Total capital assets, being depreciated	35,208,562	1,762,381	(1,006)	36,969,937
Less accumulated depreciation for:				
Autos and trucks	(1,177,441)	(16,639)	-	(1,194,080)
Buildings & streets	(5,197,500)	(824,333)	-	(6,021,833)
Furniture and fixtures	(100,091)	(1,053)	-	(101,144)
Improvements	(2,925,619)	(279,135)	-	(3,204,754)
Machinery and equipment	(1,734,802)	(320,105)	1,006	(2,053,901)
Total accumulated depreciation	(11,135,453)	(1,441,265)	1,006	(12,575,712)
Total capital assets being depreciated, net	24,073,109	321,116	-	24,394,225
Governmental activities capital assets, net	$ 25,593,518	$ 326,177	$ -	$ 25,919,695

Business-type Activities:

	Balance 10/1/23	Increases	Decreases	Balance 9/30/24
Capital assets, not being depreciated:				
Land	$ 3,251,491	$ -	$ -	$ 3,251,491
Construction in progress	1,083,856	1,153,561	-	2,237,417
Total capital assets, not being depreciated	4,335,347	1,153,561	-	5,488,908
Capital assets, being depreciated:				
Buildings	1,536,130	-	-	1,536,130
Improvements	73,798,891	499,480	-	74,298,371
Furniture and equipment	6,388,572	520,827	(70,607)	6,838,792
Total capital assets, being depreciated	81,723,593	1,020,307	(70,607)	82,673,293
Less accumulated depreciation for:				
Buildings	(593,479)	(44,906)	-	(638,385)
Improvements	(25,877,638)	(2,014,141)	-	(27,891,779)
Furniture and equipment	(5,290,959)	(490,299)	70,607	(5,710,651)
Total accumulated depreciation	(31,762,076)	(2,549,346)	70,607	(34,240,815)
Total capital assets being depreciated, net	49,961,517	(1,529,039)	-	48,432,478
Business-type activities capital assets, net	$ 54,296,864	$ (375,478)	$ -	$ 53,921,386

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental activities:	
General government	$ 556,330
Public safety	426,106
Highways and streets	155,640
Sanitation	145,130
Culture and recreation	99,747
Economic development and assistance	58,312
Total depreciation expense - governmental activities	$ 1,441,265

E. Defined Benefit Pension Plan

Plan Description

The City participates as one of more than 930 in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual 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. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Employees Covered by Benefit Terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	85
Active employees	106
	244

Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Lago Vista, Texas were 8.28% and 9.08% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were $569,987, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023 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 actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees 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, 2109, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public & Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100%	

Discount Rate

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	$ 14,815,145	$ 13,232,388	$ 1,582,756
Changes for the year:			
Service cost	877,168	-	877,168
Interest	1,006,901	-	1,006,901
Change of benefit terms	-	-	-
Difference between expected and actual experience	106,274	-	106,274
Changes of assumptions	(56,266)	-	(56,266)
Contributions - employer	-	514,294	(514,294)
Contributions - employee	-	391,593	(391,593)
Net investment income	-	1,531,481	(1,531,481)
Benefit payments, including refunds of employee contr.	(673,358)	(673,358)	-
Administrative expense	-	(9,743)	9,743
Other changes	-	(68)	68
Net changes	1,260,719	1,754,199	(493,480)
Balance at 12/31/2023	$ 16,075,864	$ 14,986,587	$ 1,089,277

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

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

	1% Decrease in Discount Rate 5.75%	Current Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	$ 3,201,210	$ 1,089,277	$ (660,997)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the city recognized pension expense of $2,716.

At September 30, 2024, 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 projected and actual investment earnings	$ 1,229,249	$ 846,228
Differences between expected and actual economic experience	73,836	28,635
Difference in assumption changes	-	38,846
Contributions subsequent to the measurement date	425,290	-
Total	$ 1,728,375	$ 913,709

$425,288 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the 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:

Measurement Year Ended Dec 31st:	Net Deferred Outflows (Inflows) of Resources
2024	$ 91,756
2025	139,629
2026	285,649
2027	(127,659)
Total	$ 389,375

F. Other Post-Employment Benefit (OPEB) Obligations

Benefits Provided

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an other post-employment benefit, or OPEB.

Employees Covered by Benefit Terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	19
Active employees	106
	166

Contributions

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

The City's contributions to the TMRS SDBF for the years September 30, 2024 and 2023 were $27,457 and $22,405 respectively, which equaled the required contributions each year.

Plan Assets

At the December 31, 2023 valuation and measurement date, there are no assets accumulated in trust.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.50%-11.50% including inflation per year
Discount rate	1.84% based on Fidelity Index's 20-year Municipal GO AA Index
Retirees' share of benefit costs	$0

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68. Mortality rates for service retirees are calculated using the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB; while the mortality rate for disabled retirees are calculated using the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females and projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Schedule of Changes in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2022	$ 251,155	$ -	$ 251,155
Changes for the year:			
Service cost	16,316	-	16,316
Interest	10,357	-	10,357
Change of benefit terms	-	-	-
Difference between expected and actual experience	10,903	-	10,903
Changes of assumptions	14,381	-	14,381
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contr.	(7,179)	-	(7,179)
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	44,778	-	44,778
Balance at 12/31/2023	$ 295,933	$ -	$ 295,933

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.77% as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.77% or 1-percentage-point higher 4.77% than the current rate:

	1% Decrease in Discount Rate 2.77%	Current Discount Rate 3.77%	1% Increase in Discount Rate 4.77%
City's net OPEB liability	$ 348,575	$ 295,933	$ 253,972

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the city recognized OPEB expense of $10,273.

At September 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 12,146	$ 6,440
Difference in assumption changes	33,951	71,326
Contributions subsequent to the measurement date	20,110	-
Total	$ 66,207	$ 77,766

$20,112 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 net OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in OPEB expense as follows:

Measurement Year Ended Dec 31st:	Net Deferred Outflows (Inflows) of Resources
2024	$ (4,296)
2025	(11,183)
2026	(17,599)
2027	1,412
Total	$ (31,666)

G. Risk Management

The government is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the year, the City purchased commercial insurance to cover general liabilities. There are no significant reductions in coverage in the past fiscal year and no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Lease Obligations

1. Capital Leases

Leases are defined by the general government as the right to use an underlying asset. As lessee, the City recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2024, were as follows:

Year Ending September 30,		Business-type Activities
2024	$	132,218
2025		122,771
2026		255,747
2027		9,170
2028		1
Total minimum lease payments		519,907
Less: amount representing interest		(27,462)
Present value of minimum lease payments	$	492,445

I. Long-Term Liabilities

General Obligation Bonds

The government issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and certificates of obligation have been issued for both governmental and business-type activities. These long-term debt instruments are direct obligations and pledge the full faith and credit of the government. General obligation bonds and certificates of obligation generally are issued with repayment scheduled to occur as equal amounts of principal maturing each year with maturities that range from 5 to 30 years.

Details of long-term debt obligations outstanding at September 30, 2024 are as follows:

Governmental Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/24
Bonds Payable					
Certificates of Obligation, Series 2006	2006	$ 6,515,000	4.13%	2027	$ 1,365,000
Certificates of Obligation, Series 2008	2008	2,000,000	3.87%	2028	526,000
Certificates of Obligation, Series 2014	2014	7,655,000	2-4.5%	2035	7,315,000
General Obligation Refunding Bond, Series 2015	2015	6,955,000	2-4%	2035	6,095,000
General Obligation Refunding Bond, Series 2016A	2016	1,810,000	2-4%	2037	1,440,000
General Obligation Refunding Bond, Series 2016B	2016	3,875,000	1.22-3.739%	2037	3,195,000
Certificates of Obligation, Series 2017	2017	7,725,000	3-4%	2047	6,165,000
Certificates of Obligation, Series 2024	2024	23,465,000	3-5%	2049	23,465,000
Total Bonds Payable					$ 49,566,000

Business-type Activities:

Type	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 9/30/24
Leases Payable					
Wells Fargo, Mowers	2019	$ 96,450	4.32%	2025	$ 17,848
Wells Fargo, Mowers	2022	184,054	0.00%	2026	92,026
Yamaha, Golf Carts	2019	309,474	4.20%	2023	57,004
John Deere, Maintenance Vehicles	2021	65,598	3.75%	2027	31,800
Total Leases Payable					$ 198,678

Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended September 30, 2024 are as follows:

Governmental Activities:

Description	Balance 10/1/23	Additions	Deletions	Balance 9/30/24	Due in One Year
Bonds Payable					
General obligation bonds	$ 11,465,000	$ -	$ (735,000)	$ 10,730,000	$ 760,000
Certificates of obligation	16,275,000	23,465,000	(904,000)	38,836,000	1,039,000
Premium	1,171,728	2,534,298	(183,116)	3,522,910	-
Total bonds payable	28,911,728	25,999,298	(1,822,116)	53,088,910	1,799,000
Compensated absences	639,717	-	-	639,717	-
Net pension liability/(asset)	1,044,620	-	(325,697)	718,923	-
Net other postemployment benefit obligation	155,717	27,762	-	183,479	-
Governmental activities long-term liabilities	$ 30,751,782	$ 26,027,060	$(2,147,813)	$ 54,631,029	$1,799,000

Business-type Activities:

Description	Balance 10/1/23	Additions	Deletions	Balance 9/30/24	Due in One Year
Capital leases	$ 318,037	$ -	$ (119,359)	$ 198,679	$ 112,662
Compensated absences	145,230	-	-	145,230	-
Net pension liability/(asset)	538,137	-	(167,784)	370,353	-
Net other postemployment benefit obligation	95,438	17,016	-	112,454	-
Governmental activities long-term liabilities	$ 1,096,842	$ 17,016	$ (287,143)	$ 826,716	$ 112,662

The debt service requirements for the government's bonds, loans, and notes are as follows:

Governmental Activities:

	Governmental Activities	
	Bonds Payable	
Year Ended September 30,	Principal	Interest
2025	$ 1,799,000	$ 2,694,771
2026	2,284,000	2,051,281
2027	2,384,000	1,954,805
2028	2,399,000	1,856,558
2029	2,500,000	1,756,945
2030-2034	14,185,000	7,118,230
2035-2039	8,640,000	4,459,643
2040-2044	7,095,000	2,873,669
2045-2049	8,280,000	1,011,974
Totals	$ 49,566,000	$ 25,777,876

J. Fund Balance

Minimum fund balance policy. The governing council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at 90 days of general fund annual revenues (approximately 25%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. In rare circumstances, it is allowed to drop further below target provided a plan is in place to restore the funds.

K. Interfund Receivables and Payables

The composition of interfund balances as of September 30, 2024 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Utility Fund	$ 1,958,182
Debt Service Fund	Utility Fund	31,247
Capital Projects Fund	General Fund	4,085,333
Aviation Fund	General Fund	192,028
Golf Fund	General Fund	590,745
Total		$ 6,857,535

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds which the general fund expects to collect in the subsequent year.

L. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2024 is as follows:

	Transfer in to:		
	Governmental Funds	Enterprise Funds	
	General Fund	Golf Course Fund	Total
Transfer out from:			
General Fund	$ -	$ 800,000	$ 800,000
Utility Fund	2,059,643	-	2,059,643
Total	$ 2,059,643	$ 800,000	$ 2,859,643

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, 2) move general fund resources to provide subsidies to other funds as needs arise, and 3) move resources from the utility fund to the general fund to subsidize governmental activities.

N. Contingencies

The government participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

O. Subsequent Events

As of April 11, 2025, there were no items noted requiring recording and/or disclosure.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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

CITY OF LAGO VISTA, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026
IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____

AS BOND COUNSEL FOR THE CITY OF LAGO VISTA, TEXAS (the "City") in connection with the issuance of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds and in the ordinance of the City adopted on January 6, 2026, authorizing the issuance of the Bonds and the Pricing Certificate, as defined in and authorized by the ordinance (collectively, 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 Bonds, including the executed Bond (Bond Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and delivered in accordance with law; and that except as the enforceability may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar matters now or hereafter enacted relating to creditors' rights generally or by principles of equity which permit the exercise of judicial discretion, the Bonds constitute valid and legally binding obligations of the City payable from the levy of a direct and continuing ad valorem tax, within the limits prescribed by law, against all taxable property in the City, all as provided in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate 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 Bonds and the use of the property financed and refinanced therewith. In expressing the aforementioned opinions, we have relied on a Verification Report from Public Finance Partners LLC, and assume compliance by the City with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. 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 Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

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

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

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

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

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

Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

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

Respectfully,