

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 9, 2026

Ratings: Moody's: "Aa1"

NEW ISSUE - Book-Entry-Only

(See "OTHER INFORMATION – Ratings" herein)

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

\$10,355,000*

CITY OF LEANDER, TEXAS

(Williamson and Travis Counties)

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026

Dated Date: May 19, 2026

Due: August 15, as shown on page 2

Interest Accrues from Date of Delivery

The \$10,355,000* City of Leander, Texas General Obligation Refunding Bonds, Series 2026 (the "Bonds"), are being issued by the City of Leander, Texas (the "City") pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1207 and 1371, Texas Government Code, as amended, the terms of a parameter ordinance adopted by the City Council of the City on March 19, 2026 (the "Ordinance"), a pricing certificate to be adopted on the date of sale (the "Pricing Certificate"), and the City's home-rule charter.

PAYMENT TERMS . . . Interest on the Bonds will accrue from May 19, 2026 (the anticipated date of initial delivery), will be payable February 15 and August 15 of each year commencing August 15, 2026, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System"). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE BONDS – Paying Agent/Registrar"). The Escrow Agent for the Refunded Obligations is BOKF, NA, Dallas, Texas.

PURPOSES . . . Proceeds from the sale of the Bonds will be used for the purpose of (1) refunding certain obligations of the City described in SCHEDULE I to this Official Statement (the "Refunded Obligations") for debt service savings; and (2) the payment of professional services and costs of issuance related thereto (see "PLAN OF FINANCING").

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 20__, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Redemption Provisions").

SEE MATURITY SCHEDULE, INTEREST RATES, AND YIELDS ON PAGE 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchasers thereof named below (the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, Austin, Texas (see "APPENDIX C – Form of Bond Counsel's Opinions"). Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on May 19, 2026 (the "Date of Delivery").

BOK FINANCIAL SECURITIES

STIFEL

* Preliminary; subject to change.

MATURITY SCHEDULE, INTEREST RATES AND YIELDS

THE BONDS*

Maturity (8/15)	Principal*	Interest Rate	Initial Yield ⁽¹⁾	CUSIP ⁽²⁾
2027	\$ 50,000	-	-	-
2028	170,000	-	-	-
2029	1,935,000	-	-	-
2030	1,115,000	-	-	-
2031	705,000	-	-	-
2032	1,705,000	-	-	-
2033	1,795,000	-	-	-
2034	1,885,000	-	-	-
2035	995,000	-	-	-

(Interest Accrues from Delivery Date)

REDEMPTION . . . The City reserves the right, at its option, to redeem the Bonds having stated maturities on and after August 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS –Redemption Provisions”). If two or more Bonds are combined into one or more Term Bonds (each, a “Term Bond”) by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Ordinance.

- (1) The initial yield represents the initial offering yield to the public which has been established by the Underwriters for offers to the public and which may be subsequently changed by the Underwriters and is the sole responsibility of the Underwriters.
- (2) CUSIP numbers have been assigned to the Bonds by the CUSIP Global Services, which is managed on behalf of the American Banker Association by FactSet Research Systems Inc. and 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 City, the Municipal Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

* Preliminary; subject to change.

This Official Statement is delivered in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), as amended and in effect on the date of this Preliminary Official Statement, this document 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 the Rule.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

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

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Municipal Advisor or the Underwriters. Any information and expressions of opinion herein contained 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 herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all appendices attached hereto, to obtain information essential to making an informed investment decision.

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

NONE OF THE CITY, ITS MUNICIPAL ADVISOR, OR THE UNDERWRITERS 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 HAS BEEN PROVIDED BY DTC.

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

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND 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. SEE "OTHER INFORMATION – FORWARD-LOOKING STATEMENTS DISCLAIMER" HEREIN.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to website 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 websites 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.

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

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires
Na’Cole Thompson Mayor	1 Year	May 2027
Stephen Chang Council Member, Place 1	2 Years	May 2028
Michael Herrera Council Member, Place 2	2 Years	May 2027
Natomi Blair Council Member, Place 3	4 Years	May 2028
Annette Sponseller Council Member, Place 4	1 Year	May 2027
Andrew Naudin Council Member, Place 5	2 Years	May 2028
Becki Ross Council Member, Place 6	4 Years	May 2027

APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>
Todd Parton	City Manager
Otis E. Williams	Chief Financial Officer
Dara Crabtree	City Secretary
Paige Saenz	City Attorney

CONSULTANTS AND ADVISORS

Auditor.....WhitleyPenn, LLP
Austin, Texas

Bond Counsel.....Bickerstaff Heath Delgado Acosta LLP
Austin, Texas

Municipal Advisor.....RBC Capital Markets, LLC
Houston, Texas

For additional information regarding the City, please contact:

Otis E. Williams Chief Financial Officer City of Leander, Texas 105 N. Brushy Street Leander, Texas 78641 (512) 528-2734	or	Chris W. Allen Managing Director RBC Capital Markets, LLC 609 Main Street, Suite 3600 Houston, Texas 77002 (713) 651-3338
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OFFICIAL STATEMENT SUMMARY

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

These selected data pages were prepared to present the purchasers of the Bonds information concerning the Bonds, the taxes and revenue pledged to the payment of the Bonds, the description of the tax base and other pertinent data, all as more fully described herein.

THE CITY	The City of Leander, Texas (the "City") is a political subdivision located in Williamson and Travis Counties operating as a home-rule city under the laws of the State of Texas (the "State") and the City's home-rule charter (the "Charter") originally approved by the voters in 1998, and as amended in 2003, 2005, 2013, 2018, and 2022. The City operates under the Council/Manager form of government in which the Mayor and six councilmembers are elected for staggered three-year terms. The City Council (hereinafter referred to as "City Council" or "Council") formulates operating policy for the City, while an appointed City Manager is the chief administrative officer. It is the duty of the City Manager to implement the policies and directives of the Council. The City is approximately 38.99 square miles in area (see "APPENDIX A – General Information Regarding the City").
THE BONDS	The Bonds are issued as \$10,355,000* General Obligation Refunding Bonds, Series 2026, and are scheduled to mature on August 15 in the years 2027 through 2035, inclusive, unless otherwise designated as term bonds (see THE BONDS – General).
PAYMENT OF INTEREST	Interest on the Bonds accrues from the Date of Delivery and is payable August 15, 2026 and each August 15 and February 15 thereafter until stated maturity or prior redemption (see "THE BONDS – General" and "– Redemption Provisions").
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1207 and 1371, Texas Government Code, as amended, the City's Charter, and a parameter ordinance authorizing the issuance of the Bonds (the "Ordinance") adopted by the City Council on March 19, 2026, and a pricing certificate adopted on the date of sale (the "Pricing Certificate") (see "THE BONDS – Authority for Issuance").
SECURITY FOR THE BONDS	The Bonds constitute direct obligations of the City payable from the levy and collection of a continuing direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, as provided in the Ordinance (see "THE BONDS – Security and Source of Payment").
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used for the purpose of (1) refunding certain obligations of the City described in SCHEDULE I to this Official Statement (the "Refunded Obligations") for debt service savings; and (2) the payment of professional services and costs of issuance related thereto (see "PLAN OF FINANCING").
REDEMPTION PROVISIONS	The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 20__, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Redemption Provisions").
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described herein. See "TAX MATTERS – Tax Exemption" for a discussion of the opinions of Bond Counsel.
RATINGS	The Bonds and the presently outstanding uninsured tax supported debt of the City are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") (see "OTHER INFORMATION – Rating").
BOOK-ENTRY-ONLY SYSTEM	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System").
PAYMENT RECORD	The City has never defaulted on payment of its tax supported debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	General Obligation Tax Debt ⁽³⁾	Ratio of GO Tax Debt to Taxable Assessed Valuation	GO Tax Debt Per Capita
2021	78,063	\$ 6,921,625,376	\$ 88,667	\$ 154,350,000	2.23%	\$ 1,977
2022	86,880	8,688,371,389	100,004	143,875,000	1.66%	1,656
2023	87,051	12,879,519,337	147,954	177,140,000	1.38%	2,035
2024	80,683	14,053,177,494 ⁽⁴⁾	174,178	188,585,000	1.34%	2,337
2025	92,377	15,806,052,367	171,104	278,340,000 ⁽⁵⁾	1.76% ⁽⁵⁾	3,013 ⁽⁵⁾
2026	96,138	16,007,452,341	166,505	293,480,000 ⁽⁵⁾	1.83% ⁽⁵⁾	3,053 ⁽⁵⁾

(1) Source: The City

(2) Valuations shown are certified taxable assessed values reported by the Williamson and Travis Central Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts update records.

(3) Includes the City's self-supporting debt.

(4) In 2024 the City revised its entire methodology for persons living in multi-family apartments.

(5) Projected, includes the Bonds. Preliminary; subject to change.

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**OFFICIAL STATEMENT
RELATING TO
CITY OF LEANDER, TEXAS**

**\$10,355,000*
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026**

INTRODUCTION

This Official Statement, including the attached Appendices, provides information about the issuance of the \$10,355,000* City of Leander, Texas General Obligation Refunding Bonds, Series 2026 (the "Bonds"). Capitalized terms used in this document have the meanings assigned to them in the parameter ordinance authorizing the issuance of the Bonds (the "Ordinance") adopted by the City Council of the City of Leander, Texas (the "City") to authorize the issuance of the Bonds on March 19, 2026, and the pricing certificate adopted on the date of sale (the "Pricing Certificate").

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 summaries only and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Municipal Advisor, RBC Capital Markets, LLC, Houston, Texas.

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

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's home-rule charter (the "Charter") adopted by the voters in 1998, and as amended in 2003, 2005, 2013, 2018, and 2022. The City operates under the Council/Manager form of government in which the Mayor and six councilmembers are elected. The City Council (hereinafter referred to as "City Council" or "Council") formulates operating policy for the City, while an appointed City Manager is the chief administrative officer. It is the duty of the City Manager to implement the policies and directives of the Council. The City covers approximately 38.99 square miles. For more information regarding the City, see "APPENDIX A – General Information Regarding the City".

PLAN OF FINANCING

SECURITY OF BONDS . . . Proceeds from the sale of the Bonds will be used for the purpose of (1) refunding certain obligations of the City described in SCHEDULE I to this Official Statement (the "Refunded Obligations") for debt service savings; and (2) the payment of professional services and costs of issuance related thereto (see "PLAN OF FINANCING").

USES OF PROCEEDS . . . The proceeds from the sale of the Bonds, together with other available funds of the City, if any, will be applied approximately as follows:

<u>Sources of Funds</u>	
Principal	\$ -
Reoffering Premium	
City Contribution	-
Total Sources	\$ -
<u>Uses of Funds</u>	
Deposit to Escrow Fund	\$ -
Underwriters' Discount	-
Cost of Issuance and Rounding Amount	-
Total Uses	\$ -

* Preliminary; subject to change

REFUNDED OBLIGATIONS . . . A description and identification of the obligations to be refunded with the proceeds of Bonds (the "Refunded Obligations") appears in Schedule I attached hereto. The Refunded Obligations and the interest due thereon are to be paid on the scheduled redemption date from funds and securities to be deposited with BOKF, NA, Dallas, Texas (the "Escrow Agent for the Refunded Obligations") pursuant to an escrow agreement between the City and the Escrow Agent for the Refunded Obligations (the "Escrow Agreement").

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 to accomplish the discharge and final payment of the Refunded Obligations. Such funds will be held by the Escrow Agent in an escrow account (the "Escrow Fund"), containing sufficient funds to accomplish the discharge and final payment of the Refunded Obligations. The funds held by the Escrow Agent in the Escrow Fund will be used to purchase direct obligations of the United States of America and/or other investments permitted by Chapter 1207, Texas Government Code, as amended ("Escrowed Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest of the Refunded Obligations.

Robert Thomas CPA, LLC independent certified public accountants, (the "Verification Agent") will verify at the time of delivery of the Bonds to the Initial Purchaser, that the Escrowed Securities deposited under the Escrow Agreement will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund established under the Escrow Agreement, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations on their respective scheduled redemption dates. Such maturing principal of and interest on the Escrowed Securities will not be available to pay the debt service on the Bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

By the deposit of the Escrowed Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Refunded Obligations pursuant to the terms of Chapter 1207, Texas Government Code, as amended, and the ordinance authorizing the issuance of the Refunded Obligations. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrowed Securities and/or cash held for such purpose by the Escrow Agent, and the Refunded Obligations will not be deemed as being outstanding obligations of the City.

It is the opinion of Bond Counsel that as a result of such deposit and in reliance upon the report of Verification Agent, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Obligations, and such Refunded Obligations will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from funds provided therefor, in the Escrow Agreement.

THE BONDS

GENERAL . . . The Bonds mature on August 15 in each of the years and in the amounts shown on page 2 hereof. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System").

Interest on the Bonds will accrue from the initial date of delivery of the Bonds to the Underwriters, will be payable on August 15 and February 15 of each year commencing August 15, 2026, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1207 and 1371, Texas Government Code, as amended, the City's Charter, and a parameter ordinance authorizing the issuance of the Bonds (the "Ordinance") adopted by the City Council on March 19, 2026. As authorized by Chapter 1207, Texas Government Code, as amended, the Ordinance delegates to each of the Mayor, the City Manager, and the City's Chief Financial Officer (each, a "Pricing Officer") the authority to act on behalf of the City in, among other things, determining the terms of the Bonds and executing a pricing certificate (the "Pricing Certificate") setting forth the final terms and conditions of the sale of the Bonds (see "THE BONDS – Authority for Issuance").

SECURITY AND SOURCE OF PAYMENT . . . The Bonds constitute direct obligations of the City payable from the levy and collection of a continuing direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, as provided in the Ordinance (see "THE BONDS – Security and Source of Payment").

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt (including the Bonds) 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 City's Charter adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 taxable assessed valuation. Administratively, the Attorney General of the State will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service, as calculated at the time of issuance.

REDEMPTION PROVISIONS. . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 20__, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

If two or more serial Bonds are combined into one or more “Term” Bond (each, a “Term Bond”) by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Ordinance.

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

The City reserves the right to give notice of its election or direction to optionally 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 prior to the scheduled redemption date if the City delivers an obligation of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice of 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. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain outstanding.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money sufficient to make such payment, or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, to make such payment, all necessary and proper fees, compensation and expenses of the paying agent for the Bonds.

The Ordinance provides that “Defeasance Securities” means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (d) any other then authorized securities or obligations under applicable law of the State that may be used to defease obligations such as the Bonds. The Pricing Officer is authorized to restrict the categories of eligible Defeasance Securities in connection with the pricing of the Bonds.

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

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Underwriters 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 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 obligation will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the 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 Bonds 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 Obligation documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical obligations are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical obligations will be printed and delivered to the holder of such Bonds and will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS – Transfer, Exchange and Registration" below. The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the City and the Underwriters believe to be reliable, but none of the City, the Municipal Advisor, or the Underwriters take any responsibility for the accuracy thereof.

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

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM. . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed obligations will be issued to the beneficial owners and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS – Transfer, Exchange and Registration" below.

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Bonds is BOKF, N.A., Dallas, Texas. Interest on and principal of the Bonds will be payable, and transfer functions will be performed, at the office for payment of the Paying Agent/Registrar in Dallas, Texas (the "Designated Payment/Transfer Office"). 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, 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 give the name and the mailing address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the 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 Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States mail, first-class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and

for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See “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 shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

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

BOND HOLDERS’ REMEDIES . . . Under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the City to observe any covenant under the Ordinance. Although a registered owner could presumably obtain a judgment against the City if a default occurred in any payment of the principal of, or interest on, any such Bonds, such judgment could not be satisfied by execution against any property of the City. Such registered owner's only practical remedy, if a default occurs, is to seek a mandamus or mandatory injunction proceeding to compel the City to assess and collect an annual ad valorem tax sufficient to pay principal of, and interest on, the Bonds as they become due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“*Tooke*”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language. In so ruling, the Court declared that statutory language such as “sue and be sued”, in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. Because it is not clear that the Texas Legislature has effectively waived the City’s immunity from suit for money damages, a registered owner may not be able to bring such a suit against the City for breach of the Bonds or the Ordinance. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act. As noted above, the Ordinance provide that holders of Bonds may seek the remedy of mandamus to enforce the Bonds of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“*Wasson*”), the Texas Supreme 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 a contract-claims context. The Court reviewed *Wasson* again in 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of inception of the contractual relationship. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of 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 holders of Bonds of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

AMENDMENTS TO THE ORDINANCE . . . The City may amend the Ordinance without the consent of or notice to any owners in any manner not detrimental to the interests of the 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 Owners of all the Bonds affected, no such amendment, addition, or rescission may (1) make any change in the maturity of any of the outstanding Bonds; (2) reduce the rate of interest borne by any of the outstanding Bonds; (3) reduce the amount of the principal or maturity value of, or redemption premium, if any, payable on any outstanding Bonds; (4) modify the terms of payment or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or (5) change the minimum percentage amount of the Bonds necessary to be held by registered owners for consent to such amendment.

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TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title 1 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 Williamson and Travis Central Appraisal Districts (the "Appraisal Districts"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal Districts are required under the Property Tax Code to appraise all property within the Appraisal Districts on the basis of 100% of their market value and are prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market rate comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. 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.

State law provides that eligible owner 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.

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.

The value placed upon property within the Appraisal Districts are subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of such Appraisal District. The Appraisal Districts are required to review the value of property within such Appraisal District at least once every three years. The City may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

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 AND GOODS-IN-TRANSIT 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 taxation.

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

TAX INCREMENT FINANCING ZONES AND CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENTS . . . 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, generally located within the TIRZ. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “Incremental Value,” and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See “TAX INFORMATION – City Application of Property Tax Code” for descriptions of any TIRZ created in the City.

Cities are also authorized, pursuant to Chapter 380 of the Texas Local Government Code (“Chapter 380”), to establish programs to promote State or local economic development and to stimulate business and commercial activity. In accordance with programs established pursuant to Chapter 380, a City may make loans or grant public funds for economic development purposes; however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by the voters of the City. The City has entered into one such Chapter 380 agreement in recent years.

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 “TAX INFORMATION – City Application of Property Tax Code” herein.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Owners of certain property (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real property) with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$62,883,169 for the 2026 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

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.

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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%) 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 APPLICATION OF TAX PROPERTY CODE . . . The City grants an exemption to the market value of the residence homestead of persons who are 65 years of age or older or who are disabled of \$10,000.

The City has established an ad valorem tax freeze on the residence homesteads of disabled persons and persons 65 of age or older pursuant to a parameters order adopted by the City Council on January 15, 2004. City administration does not believe that the implementation of this tax freeze will have material adverse financial impact on the City, however, the City will continue to monitor the potential impact of the tax freeze on the City's financial condition.

The City has granted an additional exemption of up to 1% of the market value of the residence homesteads.

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

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

The City does not tax nonbusiness personal property.

The Williamson and Travis County tax offices collect taxes for the City.

The City does permit split payments, and discounts are not allowed. However, as noted above, State law permits taxpayers 65 years or older to pay taxes on homesteads in four installments.

The City does not tax Freeport Property, and the City has not taken action to tax Goods-in-Transit.

The City does not collect the additional one-half cent sales tax for the reduction of ad valorem taxes.

The City does not collect the one-half cent sales tax for economic development.

The City agreed to create a Tax Increment Reinvestment Zone ("TIRZ"), which encompasses approximately 2,000 acres of land, in order to pay for certain public infrastructure within the zone through the issuance of bonds or use of the tax increment funds. The City created such TIRZ effective in 2006. As of September 30, 2026, the incremental taxable assessed value of property in the TIRZ was \$2,190,408,248. The base value of the TIRZ upon creation was approximately \$27,137,114.

The City has not adopted a tax abatement policy.

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TABLE 1 - VALUATION, EXEMPTIONS AND DEBT OBLIGATIONS

2025/26 Market Valuation Established by Williamson and Travis Central Appraisal Districts	\$ 17,855,292,543
Less Exemptions/Reductions at 100% Market Value:	
Homestead Cap Adjustment	\$ 917,264,403
Residential Homestead Exemptions	192,622,095
Residential Homestead Exemptions (Over 65)	35,540,411
Disabled Veterans	224,672,130
Productivity Loss	338,654,921
Disabled Persons	2,510,000
Pollution Control	227,559
Bus/Pers Mix Use Vehicle	41,693
Prorated Exempt Property	2,075,795
Lease Vehicles	54,594,879
House Bill 366	153,291
Builders Inventory	6,276,637
Solar	50,578,437
Community Housing Dev	21,674,730
Less Exemptions/Reductions at 100% Market Value:	<u>1,846,886,981</u>
2025/26 Taxable Assessed Valuation	<u>\$ 16,008,405,562</u>
2025/26 Incremental Assessed Valuation of Real Property within the Reinvestment Zone	\$ (2,036,488,188)
2025/26 Taxable Assessed Valuation available for General Fund Obligation Debt	\$ 13,971,917,374
General Purpose Funded Debt (as of 09/30/2026)	\$ 279,700,000
The Bonds ⁽²⁾	10,355,000
Less: Refunded Bonds ⁽²⁾	<u>(11,715,000)</u>
Total General Obligation Purpose Funded Debt Payable from Ad Valorem Taxes (as of 09/30/2026)	<u>\$ 278,340,000</u>
Less: Self-Supporting General Obligation Debt ^{(2) (3)}	\$ (82,845,000)
Less: Interest and Sinking Fund (as of 09/30/2025)	<u>(11,346,664)</u>
Net Funded Debt Payable from Ad Valorem Taxes	<u>\$ 184,148,336</u>
Ratio of Net Tax Supported Debt to Taxable Assessed Valuation	1.15%
2026 Estimated Population ⁽⁴⁾	- 96,138
Per Capita Taxable Assessed Valuation	- \$166,515
Per Capita Net Funded Debt	- \$1,915

(1) Valuations shown are certified taxable assessed values reported by the Williamson and Travis Central Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records. Includes value of property which is "frozen" at lower values for homesteads of taxpayers 65 years or older, their surviving spouses and disabled taxpayers.

(2) Preliminary; subject to change.

(3) As a matter of policy the City issues general obligation debt to fund improvements in its Waterworks and Sewer System (the "System"). The City intends to pay such general obligation debt from revenues of the System. This policy is subject to change in the future.

(4) City estimates as of September 30, 2025.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Fiscal Year Ended September 30,					
	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 14,123,019,825	79.10%	\$ 13,613,241,071	77.15%	\$ 12,804,507,963	76.92%
Real, Residential, Multi-Family	1,151,938,237	6.45%	1,149,479,222	6.51%	1,058,233,641	6.36%
Real, Vacant Lots/Tracts	287,236,121	1.61%	234,830,949	1.33%	265,884,346	1.60%
Real, Acreage (Land Only)	278,851,243	1.56%	321,441,443	1.82%	433,004,100	2.60%
Real, Farm and Ranch Improvements	207,564,378	1.16%	242,072,645	1.37%	212,004,121	1.27%
Real, Commercial and Industrial	1,243,731,084	6.97%	1,152,976,357	6.53%	1,046,237,452	6.29%
Real and Tangible Personal, Utilities	47,595,508	0.27%	41,137,808	0.23%	37,545,599	0.23%
Tangible Personal, Business	232,290,424	1.30%	260,508,114	1.48%	216,754,978	1.30%
Tangible Personal, Other	3,520,178	0.02%	3,018,076	0.02%	3,240,746	0.02%
Real Inventory	272,762,137	1.53%	617,682,980	3.50%	541,950,163	3.26%
Special Inventory	6,783,408	0.04%	8,208,580	0.05%	26,347,847	0.16%
Total Appraised Value Before Exemptions	\$ 17,855,292,543	100.00%	\$ 17,644,597,245	100.00%	\$ 16,645,710,956	100.00%
Less: Total Exemptions/Reductions	(1,847,840,202)		(1,838,544,878)		(2,592,533,462)	
Taxable Assessed Value	\$ 16,007,452,341		\$ 15,806,052,367		\$ 14,053,177,494	

Category	Fiscal Year Ended September 30,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 12,340,799,232	79.61%	\$ 7,389,089,225	77.42%
Real, Residential, Multi-Family	803,957,253	5.19%	428,638,253	4.49%
Real, Vacant Lots/Tracts	195,888,794	1.26%	131,813,678	1.38%
Real, Acreage (Land Only)	341,570,327	2.20%	227,710,077	2.39%
Real, Farm and Ranch Improvements	207,852,969	1.34%	141,894,667	1.49%
Real, Commercial and Industrial	843,195,041	5.44%	649,448,943	6.80%
Real and Tangible Personal, Utilities	33,231,250	0.21%	29,389,215	0.31%
Tangible Personal, Business	173,402,143	1.12%	161,666,674	1.69%
Tangible Personal, Other	2,268,773	0.01%	1,351,655	0.01%
Real Inventory	558,552,893	3.60%	382,781,962	4.01%
Special Inventory	461,148	0.00%	393,490	0.00%
Total Appraised Value Before Exemptions	\$ 15,501,179,823	100.00%	\$ 9,544,177,839	100.00%
Less: Total Exemptions/Reductions	(2,621,660,486)		(855,806,450)	
Taxable Assessed Value	\$ 12,879,519,337		\$ 8,688,371,389	

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

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	General Obligation Tax Debt ⁽³⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	GO Tax Debt Per Capita
2021	78,063	\$ 6,921,625,376	\$ 88,667	\$ 154,350,000	2.23%	\$ 1,977
2022	86,880	8,688,371,389	100,004	143,875,000	1.66%	1,656
2023	87,051	12,879,519,337	147,954	177,140,000	1.38%	2,035
2024	80,683	14,053,177,494	174,178	159,770,000	1.14%	1,980
2025	92,377	15,806,052,367	171,104	278,340,000 ⁽⁴⁾	1.76% ⁽⁴⁾	3,013 ⁽⁴⁾
2026	96,138	16,007,452,341	166,505	293,480,000 ⁽⁴⁾	1.83% ⁽⁴⁾	3,053 ⁽⁴⁾

(1) Source: The City.

(2) As reported by the Williamson and Travis Central Appraisal Districts, subject to change during the ensuing year.

(3) Includes the City’s self-supporting debt.

(4) Projected, includes the Bonds. Preliminary; subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Total Tax Levy	% Current Collections	% Total Collections
2021	\$ 0.536870	\$ 0.324870	\$ 0.212000	\$ 37,845,563	100.00%	99.50%
2022	0.479699	0.302134	0.177565	41,688,610	99.74%	99.74%
2023	0.432325	0.272325	0.160000	52,652,630	98.94%	98.94%
2024	0.417282	0.262857	0.154425	58,817,041	98.74%	98.74%
2025	0.417282	0.273604	0.143678	58,929,491	100.00%	104.05%
2026	0.434033	0.290355	0.143678	69,120,790	<i>(Collections in Progress)</i>	

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Bar W Marketplace LLC	Shopping Center	\$ 85,452,994	0.54%
Southbrook Holding LLC	Apartments	77,930,000	0.49%
Slate Leander LP	Property Management	71,500,000	0.45%
Camden Leander LLC	Apartments	67,584,000	0.43%
CWS DD Parkside LLC	Apartments	65,702,153	0.42%
1141 Pleasant Hill Owner LLC	Apartments	61,549,357	0.39%
HE Butt Grocery Co.	Grocery	61,194,000	0.39%
Broadstone Bryson Owner LP	Apartments	60,000,000	0.38%
Block House Creek	Apartments	57,502,822	0.36%
Pre Leander Propco LLC	Property Management	55,000,000	0.35%
Total		<u>\$ 663,415,326</u>	<u>4.20%</u>

TABLE 6 - TAX ADEQUACY ⁽¹⁾

FY2026 Net Debt Service Requirements.....	\$ 19,768,292
\$ 0.14300 Tax Rate at 99% Collection Procedures.....	\$ 19,780,043
Average Annual Principal and Interest Requirements, FY2026-FY2045.....	\$ 11,422,259
\$ 0.08260 Tax Rate at 99% Collection Procedures.....	\$ 11,425,396
Maximum Annual Principal and Interest Requirements, FY2026.....	\$ 22,021,850
\$ 0.15930 Tax Rate at 99% Collection Procedures.....	\$ 22,034,692

(1) Includes the Bonds and excludes the Refunded Obligations and self-supporting debt.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing bodies within the territory of the City are paid out of ad valorem taxes levied by these taxing bodies on properties within the City. These political taxing bodies are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in the "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 stated below, and such entities may have programs requiring the issuance of substantial amounts of additional debt the amount of which cannot be determined. This table reflects the estimated share of overlapping funded debt of taxing bodies with territory in the City.

Taxing Jurisdiction	Total Tax Debt	Estimated % Applicable	City's Overlapping Tax Debt as of 12-31-25
City of Leander	\$ 278,340,000 ⁽¹⁾	100.00%	\$ 278,340,000 ⁽¹⁾
Austin CCD	\$657,685,000.00	4.19%	\$27,557,001.50
Leander ISD	\$1,515,387,418.40	41.26%	\$625,248,848.83
Leander TODD MUD #1	\$33,485,000.00	100.00%	\$33,485,000.00
Palmera Ridge MUD	\$30,465,000.00	100.00%	\$30,465,000.00
Travis Co	\$1,169,850,000.00	0.86%	\$10,060,710.00
Travis Co Healthcare Dst	\$406,525,000.00	0.86%	\$3,496,115.00
Travis Co MUD #19	\$50,615,000.00	100.00%	\$50,615,000.00
Travis Co MUD #20	\$37,135,000.00	100.00%	\$37,135,000.00
Travis Co MUD # 21	\$58,935,000.00	100.00%	\$58,935,000.00
Upper Brushy Creek WCID	\$48,465,000.00	11.59%	\$5,617,093.50
Williamson Co	\$1,402,705,000.00	9.59%	<u>\$134,519,409.50</u>
Total City and Overlapping Fund Debt			<u>\$ 1,295,474,178</u>
Ratio of Total Direct and Overlapping Tax Supported Debt to City's Taxable Assessed Value			8.09%
Per Capita Tax-Supported and Overlapping Funded Debt			\$ 13,475

(1) Includes the Bonds and the City's self-supporting debt. Preliminary; subject to change.

Source: Municipal Advisory Council of Texas.

DEBT INFORMATION

TABLE 8 - PRO FORMA TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service			Less:	Plus:	The Bonds Series 2026 ⁽¹⁾			Less:	General	% of
	Principal	Interest	Total	Debt Service	City	Principal	Interest	Total	Self-	Obligation	% of
				on Refunded	Contribution				Supporting	Debt Service	Gross
				Obligations					Debt Service ⁽²⁾	Paid by	Principal
										I&S Taxes	Retired
2026	\$ 15,140,000	\$ 12,864,225	\$ 28,004,225	\$ 219,463	\$ 219,463	\$ -	\$ -	\$ -	\$ 8,235,933	\$ 19,768,292	
2027	14,375,000	12,918,025	27,293,025	758,925	-	50,000	641,435	691,435	8,234,250	18,991,285	
2028	15,485,000	12,227,675	27,712,675	756,125	-	170,000	515,250	685,250	8,233,150	19,408,650	
2029	17,150,000	11,505,925	28,655,925	2,512,925	-	1,935,000	506,750	2,441,750	7,521,400	21,063,350	
2030	18,935,000	10,689,825	29,624,825	1,593,925	-	1,115,000	410,000	1,525,000	7,534,050	22,021,850	27.64%
2031	12,800,000	9,795,225	22,595,225	1,128,325	-	705,000	354,250	1,059,250	7,526,050	15,000,100	
2032	13,290,000	9,229,725	22,519,725	2,094,325	-	1,705,000	319,000	2,024,000	7,522,950	14,926,450	
2033	13,790,000	8,655,025	22,445,025	2,099,725	-	1,795,000	233,750	2,028,750	7,524,550	14,849,500	
2034	13,650,000	8,058,800	21,708,800	2,097,300	-	1,885,000	144,000	2,029,000	7,533,250	14,107,250	
2035	13,200,000	7,480,700	20,680,700	1,115,100	-	995,000	49,750	1,044,750	7,531,900	13,078,450	51.83%
2036	12,035,000	6,925,200	18,960,200	-	-	-	-	-	6,560,400	12,399,800	
2037	11,310,000	6,448,938	17,758,938	-	-	-	-	-	6,562,200	11,196,738	
2038	10,965,000	5,983,450	16,948,450	-	-	-	-	-	5,411,750	11,536,700	
2039	8,330,000	5,499,000	13,829,000	-	-	-	-	-	5,413,900	8,415,100	
2040	8,700,000	5,128,650	13,828,650	-	-	-	-	-	5,414,000	8,414,650	68.65%
2041	7,680,000	4,741,350	12,421,350	-	-	-	-	-	5,411,900	7,009,450	
2042	8,030,000	4,378,400	12,408,400	-	-	-	-	-	4,002,350	8,406,050	
2043	6,140,000	3,998,750	10,138,750	-	-	-	-	-	3,997,150	6,141,600	
2044	6,445,000	3,691,750	10,136,750	-	-	-	-	-	1,725,250	8,411,500	
2045	4,745,000	3,369,500	8,114,500	-	-	-	-	-	1,722,000	6,392,500	79.47%
2046	4,980,000	3,132,250	8,112,250	-	-	-	-	-	-	8,112,250	
2047	5,230,000	2,883,250	8,113,250	-	-	-	-	-	-	8,113,250	
2048	5,490,000	2,621,750	8,111,750	-	-	-	-	-	-	8,111,750	
2049	5,765,000	2,347,250	8,112,250	-	-	-	-	-	-	8,112,250	
2050	6,055,000	2,059,000	8,114,000	-	-	-	-	-	-	8,114,000	88.49%
2051	6,355,000	1,756,250	8,111,250	-	-	-	-	-	-	8,111,250	
2052	6,675,000	1,438,500	8,113,500	-	-	-	-	-	-	8,113,500	
2053	7,010,000	1,104,750	8,114,750	-	-	-	-	-	-	8,114,750	
2054	7,360,000	754,250	8,114,250	-	-	-	-	-	-	8,114,250	
2055	7,725,000	386,250	8,111,250	-	-	-	-	-	-	8,111,250	100.00%
Total	\$ 294,840,000	\$ 172,073,638	\$ 466,913,638	\$ 14,376,138	\$ 219,463	\$ 10,355,000	\$ 3,174,185	\$ 13,529,185	\$ 123,618,383	\$ 342,667,764	

(1) Debt service calculated assuming current market rates for purposes of illustration only. Preliminary; subject to change.

(2) As a matter of policy, the City issues general obligation debt to fund improvements in its Waterworks and Sewer System (the "System"). The City intends to pay such general obligation debt from revenues of the System. This policy is subject to change in the future.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

General Obligation Debt Service Paid by Taxes, Fiscal Year Ending Sep. 30, 2026.....		\$ 18,991,285 ⁽¹⁾
Interest and Sinking Fund Balance, Sep. 30, 2025.....	\$ 11,346,664	
FY2026 Budgeted Interest and Sinking Fund Tax Levy.....	20,560,000 ⁽²⁾	
Delinquent Tax Revenue.....	45,000 ⁽²⁾	
Penalties and Interest.....	<u>25,000 ⁽²⁾</u>	<u>31,976,664</u>
Estimated I&S Fund Balance, Sep. 30, 2026.....		<u>\$ 12,985,379</u>

- (1) Includes the Bonds and excludes self-supporting debt. Preliminary; subject to change.
- (2) Source: City’s FY2026 Adopted Budget.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT ⁽¹⁾

Net Revenues Available for Waterworks and Sewer System, Fiscal Year End September 30, 2025.....	\$ (7,087,546) ⁽²⁾
Less: Revenue Bond Requirements, Fiscal Year 2026.....	<u>-</u>
Balance Available for Other Purposes.....	\$ (7,087,546)
General Obligation Bond Requirements Assigned to the System, Fiscal Year 2026.....	<u>(8,235,933)</u>
Balance.....	<u>(15,323,479)</u>
Revenue Coverage of General Obligation Bonds Assigned to the System.....	-186.06% ⁽²⁾

- (1) Self-supporting Revenue Debt requirements only include those bond issues which are actually paid from the City’s Waterworks and Sewer System. The City’s obligation in respect of the debt service on the “Brushy Creek Regional Utility Authority City of Leander Contract Revenue Refunding Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2017”, “Brushy Creek Regional Utility Authority City of Leander Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2017”, and “Brushy Creek Regional Utility Authority City of Leander Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2018” are treated as an operation and maintenance expense. See “Table 11 – Other Obligations”.
- (2) The City is making significant capital contributions to expand regional water infrastructure through BCRUA to meet future demand. The operating deficit is driven by increased wholesale water purchase costs, supplies and maintenance expenses, and regional service costs, while operating revenues grew only 3%, reflecting a lag between cost escalation and customer rate adjustments during rapid service area growth.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT . . . At an election held on May 7, 2016, (the “Election”) voters in the City approved the issuance of a principal amount of \$71,635,000 of general obligation bonds for a variety of purposes. Currently, \$28,095,000 of authorized but unissued general obligation bonds remain from the Election. In addition to voted general obligation bonds, the City is authorized to issue other ad valorem tax-secured evidence of indebtedness without voter approval, including Bonds of obligation, refunding bonds, tax notes with a maturity of seven years or less, and public property finance contractual obligations.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City does not currently anticipate the issuance of general obligation bonds within the next twelve months.

TABLE 11 - OTHER OBLIGATIONS

The City has the following contractual commitment with the Brushy Creek Regional Utility Authority (“BCRUA”). On September 2, 2008, BCRUA entered into the Master Contract for the Financing, Construction and Operation of the BCRUA Regional Water Treatment and Distribution Project with the cities of Cedar Park, Leander and Round Rock, Texas. The City Councils of Cedar Park, Leander and Round Rock, respectively, have authorized and approved the creation of the BCRUA as their constituted authority and instrumentality to accomplish the specific public purpose to plan, finance, construct, acquire, own, operate or maintain facilities necessary for the conservation, storage, transportation, treatment or distribution of treated water, including plant sites, rights-of-way, and property, equipment, or rights of any kind useful in connection with the conservation, storage, transportation, treatment, or distribution of treated water, pursuant to the provisions of the Act and other applicable law, including Section 791.026 of the Texas Government Code, as amended. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

The bonds similarly secured are limited, special obligations of the BCRUA payable from and equally ratably secured solely by a lien on and pledge of the bond payments, and the registered owners of such bonds shall never have the right to demand payment of the principal or interest on the bonds similarly secured from any funds raised or to be raised through taxation by the cities of Leander, Cedar Park and Round Rock or the BCRUA.

Below is the debt service for all outstanding BCRUA debt issued on behalf of the City:

Fiscal Year Ending 9/30	Contract Revenue Debt with BCRUA		
	Principal	Interest	Total
2026	\$ 9,485,000	\$ 6,296,564	\$ 15,781,564
2027	9,245,000	6,661,673	15,906,673
2028	9,545,000	6,381,884	15,926,884
2029	9,785,000	6,160,277	15,945,277
2030	10,035,000	5,928,114	15,963,114
2031	10,325,000	5,644,245	15,969,245
2032	10,630,000	5,344,735	15,974,735
2033	10,965,000	5,026,810	15,991,810
2034	11,320,000	4,689,387	16,009,387
2035	11,730,000	4,286,792	16,016,792
2036	12,170,000	3,860,263	16,030,263
2037	12,640,000	3,403,747	16,043,747
2038	12,660,000	2,921,064	15,581,064
2039	6,365,000	2,494,091	8,859,091
2040	6,565,000	2,303,072	8,868,072
2041	6,765,000	2,101,318	8,866,318
2042	6,990,000	1,889,260	8,879,260
2043	7,220,000	1,660,004	8,880,004
2044	7,460,000	1,421,820	8,881,820
2045	7,720,000	1,172,125	8,892,125
2046	7,990,000	916,643	8,906,643
2047	6,285,000	642,183	6,927,183
2048	4,220,000	407,660	4,627,660
2049	4,390,000	250,136	4,640,136
2050	2,195,000	86,044	2,281,044
Total	\$ 214,700,000	\$ 81,949,905	\$ 296,649,905

The City has acquired certain capital assets for governmental and business-type activities through the use of lease purchase agreements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

Year Ended 30-Sep	Business-type Activities		Total
	Principal	Interest	Requirements
2026	\$ 206,333	\$ 25,078	\$ 231,411
2027	120,367	8,433	128,800
2028	106,273	2,390	108,663
Total	\$ 432,973	\$ 35,901	\$ 468,874

The City has entered into various capital leases. The City is required to make future minimum payments as follows:

Year Ended 30-Sep	Governmental Activities		Total
	Principal	Interest	Requirements
2026	\$ 228,573	\$ 10,227	\$ 238,800
2027	100,863	1,138	102,001
Total	\$ 329,436	\$ 11,365	\$ 340,801

PENSION FUND AND OTHER POST-EMPLOYMENT BENEFITS. . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System (“TMRS”), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see Note 1.D. of APPENDIX B, “Excerpts from the City of Leander, Texas Annual Financial Report.”)

Other Post-Employment Benefits. The Governmental Accounting Standards Board released the Statement of General Accounting Standards No. 45 (“GASB 45”), Accounting by Employers for Other Post-Employment Benefits (“OPEB”), in June 2004. The City was required to implement GASB 45 for the fiscal year that began on October 1, 2008, and concluded on September 30, 2009.

GASB 45 sets forth standards for the measurement, recognition, and display of post-employment benefits, other than pensions, such as health and life insurance for current and future retirees. Those subject to this pronouncement are required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and provide information useful in assessing potential demands on the employer’s future cash flows. The employer’s contributions to OPEB costs that are less than an actuarially determined annual required contribution will result in a net OPEB cost, which under GASB 45 will be required to be recorded as a liability in the employer’s financial statements.

For information concerning the City’s OPEB, see Note 1.D. of APPENDIX B, “Excerpts from the City of Leander, Texas Annual Financial Report.”

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FINANCIAL INFORMATION

TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
<u>Revenues</u>					
Taxes	\$ 56,731,471	\$ 49,930,317	\$ 45,363,881	\$ 39,468,101	\$ 34,614,380
Licenses & Permits	6,569,747	8,647,454	8,213,595	10,046,224	12,635,049
Intergovernmental	1,033,139	569,002	1,013,072	546,228	821,060
Fines & Forfeitures	388,398	351,578	373,421	344,639	319,415
Charges for Services	6,714,037	6,194,669	5,790,495	5,745,887	4,988,800
Donations/Contributions	67,337	78,676	85,109	75,952	74,782
Investment Earnings	2,481,588	5,428,775	3,641,174	(4,105,426)	6,866
Other Income	1,229,791	1,009,244	1,105,317	638,581	846,893
Total Revenues	\$ 75,215,508	\$ 72,209,715	\$ 65,586,064	\$ 52,760,186	\$ 54,307,245
<u>Expenditures</u>					
General Government	\$ 18,097,253	\$ 15,528,595	\$ 16,707,588	\$ 15,726,236	\$ 13,292,060
Public Safety	32,569,572	29,874,869	25,006,446	23,019,385	19,582,566
Public Works	9,728,976	9,896,224	7,030,959	8,304,904	7,396,513
Parks and Recreation	4,691,066	4,372,856	4,129,085	3,534,263	2,979,827
Capital Outlay	2,767,268	2,762,634	3,464,696	1,322,178	1,248,806
Total Expenditures	\$ 67,854,135	\$ 62,435,178	\$ 56,338,774	\$ 51,906,966	\$ 44,499,772
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,361,373	\$ 9,774,537	\$ 9,247,290	\$ 853,220	\$ 9,807,473
<u>Other Financing Sources/(Uses)</u>					
Transfers In	\$ 2,500,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000	\$ 1,350,000
Transfers Out	(5,888,405)	(4,555,221)	(6,192,599)	(5,078,323)	(2,838,444)
Proceeds from Sale of Capital Assets	118	94,142	-	72,000	55,153
Total Other Financing Sources (Uses)	\$ (3,388,287)	\$ (3,111,079)	\$ (4,842,599)	\$ (3,656,323)	\$ (1,433,291)
Net Change In Fund Balances	\$ 3,973,086	\$ 6,663,458	\$ 4,404,691	\$ (2,803,103)	\$ 8,374,182
Fund Balance, Beginning	37,306,929	30,643,471	26,238,780	29,041,883	20,667,701
Fund Balance, Ending	\$ 41,280,015	\$ 37,306,929	\$ 30,643,471	\$ 26,238,780	\$ 29,041,883

Source: City's Audited Financial Statements.

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TABLE 13 –MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, as amended, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are affected through the office of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax each month, after deduction of a 2% service fee, to the City. Revenue from this source, for the years shown, has been:

Fiscal Year Ended 09/30	Total Sales Tax Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2021	\$ 9,656,341	25.52%	\$ 0.1395	\$ 123.70
2022	10,907,878	26.17%	\$ 0.1255	\$ 125.55
2023	10,903,778	20.71%	\$ 0.0847	\$ 125.26
2024	11,546,136	19.63%	\$ 0.0822	\$ 143.10
2025	12,325,778	20.92%	\$ 0.0780	\$ 133.43

The Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales 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 tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year. Subject to the approval of a majority of the voters in a local option election, State law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any area to 8¼%. Accordingly, current law limits the collection of a local sales and use tax by the City to the 1% sales and use tax referred to above (when combined with the State sales and use tax rate of 6¼% and the City of Austin’s Metropolitan Transit Authority 1% sales and use tax which are also collected within the City).

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

FINANCIAL POLICIES

BASIS OF ACCOUNTING . . . The City’s accounting system is conducted on the modified accrual basis of accounting for all governmental fund types, expendable trust funds and agency funds. Under this basis, expenditures are recorded when liabilities are incurred; and revenues are recorded when they become measurable and available as net current assets. The accrual basis of accounting is followed for the proprietary and non-expendable trust funds. Under the accrual basis, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

GENERAL FUND BALANCE . . . The City is to establish surplus and unencumbered funds equal to approximately 25% of expenditures in the General Fund. This allows the City to avoid interim borrowing pending tax receipts.

USE OF PROCEEDS, GRANTS, ETC. . . . The City’s policy is to use bond proceeds, grants, or other non-recurring revenues for capital expenditures only. Such revenues are never to be used to fund City operations.

BUDGETARY PROCEDURES . . . The City’s Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the first of June. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 1. The City Council shall hold a public hearing on the budget after giving at least seven days’ notice of the hearing in the official newspaper of the City. The Council shall then make any changes in the budget as it deems advisable and adopt a budget not later than the 3rd Thursday of the last month of the fiscal year.

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

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

FUND INVESTMENTS . . . The City investment policy parallels State law which governs investment of public funds. The City restricts investments to investments that are specifically pursuant the City’s investment policy and are authorized pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (“PFIA”). See “INVESTMENTS.”

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (“FDIC”) or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or its successor, or the National Credit Union Share Insurance Fund (the “NCUSIF”) or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or a designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City’s account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City’s custodian of the banking deposits issued for the City’s account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) Bonds of deposit or share Bonds meeting the requirements of Chapter 2256, Texas Government Code (the “PFIA”), that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) Bonds of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in Bonds 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 Bonds of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d), Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the Bonds of deposit; (10) fully collateralized repurchase agreements as defined in the PFIA, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City’s name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers’ acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (14) no-load mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the

United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract.

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 if the governing body of the City authorizes such investment in the particular pool by order, ordinance or resolution and the investment pool complies with the requirements of Section 2256.016, Texas Government Code. 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 State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, 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 Council.

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City, (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City’s entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City’s investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in no-load 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, and to invest no portion of bond proceeds, reserves and funds held for debt service in such mutual funds, (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements of the PFIA, (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer, (9) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and record any changes made to either its investment policy or investment strategy in the said ordinance or resolution, 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 14 – CURRENT INVESTMENTS

As of September 30, 2025, the following percentages of the City’s investible funds were invested in the following categories of investments:

<u>Investment Description</u>	<u>% of Value</u>	<u>Book Value</u>
TexPool	74.24%	\$ 310,954,756
Treasury Coupon Securities	10.04%	42,046,484
Federal Agency Coupon Securities	8.47%	35,495,681
Money Market Funds	2.55%	10,681,210
TexStar	2.47%	10,325,392
Certificate of Deposit	1.07%	4,463,703
BOK Financial - MM Funds	0.83%	3,469,236
Bank Accounts/CDs	0.34%	1,437,261
Total	<u>100.00%</u>	<u>\$ 418,873,723</u>

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and continuing compliance by the City with the covenants contained in the Ordinance and the Arbitrage and Tax Certificate, interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

In rendering its opinions, Bond Counsel has relied on the City’s covenants contained in the Ordinance and the City’s covenants contained in the Arbitrage and Tax Certificate, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the City to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue of the Bonds. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Bonds that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date thereof. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems 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 and the registered owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES. . . Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, holders who may be deemed to have incurred or continued indebtedness to acquire or carry tax-exempt obligations, holders of certain interests in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds will be included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified

adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS . . . The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "TAX EXEMPTION." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such 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 Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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.

CHANGES IN FEDERAL AND STATE TAX LAW . . . From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Bonds.

Prospective purchasers of the Bonds should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE OF INFORMATION

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

ANNUAL REPORTS . . . The City shall provide certain updated financial information and operating data annually to the MSRB through EMMA. The information to be updated includes financial information and operating data with respect to the City of the general type included in this Official Statement under Tables 1 through 6 and 8 through 14 of the Official Statement (the “Annual Financial Information”). The City shall additionally provide financial statements of the City (the “Financial Statements”) that will be (1) prepared in accordance with the accounting principles described in APPENDIX B of this Official Statement or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in APPENDIX B and (2) audited, if the City commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The City shall update and provide the Annual Financial Information within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2025. The City may provide the Financial Statements earlier, including at the time it provides its Annual Financial Information, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the United States Securities and Exchange Commission’s Rule 15c2-12 (the “Rule”).

The City’s current fiscal year end is September 30. Accordingly, the City must provide the Annual Financial Information by March 31 in each year and the Financial Statements must be provided by September 30 of 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 provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten (10) business days after the occurrence of an event. The City will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) redemption 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 or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the City or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the City or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. 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.” Neither the Bonds nor the Ordinance makes any provision for debt service reserves, credit enhancement or liquidity enhancement.

For these purposes, any event described in the immediately preceding clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the City 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.

As used in this section, the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The City intends the words used in the above clauses (15) and (16) and in the definition of financial obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

AVAILABILITY OF INFORMATION FROM MSRB . . . The City has agreed to provide the foregoing information only to the MSRB. All documents provided by the City to the MSRB described above under “Annual Reports” and “Event Notices” will be in an electronic format and accompanied by identifying information as prescribed by the MSRB. This information will be available from the MSRB via its EMMA system at www.emma.msrb.org.

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 holders of the 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 the 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. 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 the City in accordance with the Rule.

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OTHER INFORMATION

RATINGS. . . The Bonds and the presently outstanding uninsured tax supported debt of the City are rated “Aa1” by Moody’s Investors Service, Inc. (“Moody’s”). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the view of such organizations, and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

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

LITIGATION . . . It is the opinion of the City Attorney and City staff that there is no pending or threatened litigation against the City that would have a material adverse financial impact upon the City or its operations.

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

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

It is the obligation of the Underwriters 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 Underwriters’ 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 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. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION – Ratings” above. 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.

LEGAL OPINION . . . The City will furnish complete transcripts of proceedings incident to the authorization and issuance of the Bonds, including the approving legal opinions of the Attorney General of the State of Texas approving each of the Initial Bonds and the Initial Bond, and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Bond Counsel, to like effect and to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the matters described under “TAX MATTERS” herein. The form of such opinions of Bond Counsel are attached hereto as APPENDIX C. Except as noted below, 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 relating to the Bonds in the Official Statement under the captions “PLAN OF FINANCING” (other than the information under the subcaption “Uses of Proceeds”), “THE BONDS” (other than information under the subcaptions “Book-Entry-Only System,” “Use of Certain Terms in Other Sections of this Official Statement,” “Effect of Termination of Book-Entry-Only System,” “Notice to DTC in Lieu of Beneficial Owners” and “BOND HOLDERS’ Remedies”), “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” (other than information under the subcaption “Compliance with Prior Undertakings”), and under the subcaptions “Registration and Qualification of Bonds for Sale,” “Legal Investments and Eligibility to Secure Public Funds in Texas” and “Legal Opinion” (excluding the last two sentences of the first paragraph thereof) under the caption “OTHER INFORMATION,” and such firm is of the opinion that the information relating to the Bonds contained under such captions and subcaptions is a fair and accurate summary of the information purported to be shown therein and is correct as to matters of law. The legal opinions will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The fees to be paid Bond Counsel and

for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The fees to be paid Bond Counsel and Underwriters' Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

The 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 that expression of professional judgment, of the transaction opined upon, or 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.

VERIFICATION OF MATHEMATICAL COMPUTATIONS . . . Robert Thomas CPA, LLC independent certified public accountants, will deliver to the City, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

Robert Thomas CPA, LLC relied on the accuracy, completeness and reliability of all information provided by, and on all decisions and approvals of, the City. In addition, Robert Thomas CPA, LLC has relied on any information provided by the City's retained advisors, consultants or legal counsel.

MUNICIPAL ADVISOR . . . RBC Capital Markets, LLC is employed as Municipal Advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. RBC Capital Markets, LLC in its capacity as Municipal Advisor, has relied on the opinions 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 Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

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

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION . . . The financial data and other information contained herein have been obtained from City 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 the Ordinance contained in this Official Statement are made subject to all of the provisions of such statutes, documents and the Ordinance. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

References to website 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 websites 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.

UNDERWRITING . . . The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at prices equal to the initial offering prices to the public as shown on page 2 of this Official Statement, less an underwriting discount of \$ _____. The Underwriters will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and the Bonds are not deposits of any bank are not insured by the Federal Deposit Insurance Corporation.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, Municipal Advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the issuer for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire a long and/or short positions in such assets, securities and other financial instruments.

MISCELLANEOUS . . . The Ordinance approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters in accordance with the provisions of the Rule.

/s/ _____
Pricing Officer
City of Leander, Texas

ATTEST:
/s/ _____
City Secretary
City of Leander, Texas

SCHEDULE I
SCHEDULE OF REFUNDED OBLIGATIONS

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

Location

Leander, Texas (the "City" or "Leander"), is located in Williamson and Travis counties on U.S. Highway 183 approximately 24 miles northwest of Austin, Texas. Leander spans 38.99 square miles and has a current estimated population of 92,377. A May 2023 U.S. Census report ranked Leander as the nation's fourth fastest-growing city in the United States by percent change in 2022. In 2019, Leander was the fastest-growing city of 50,000 or more in population in the nation.

Educational Facilities

Leander Independent School District (the "District") provides K-12 public education for Leander and other surrounding area cities with an estimated student enrollment of 39,294 for the 2025-2026 school year. Administration facilities for the District are also located in Leander.

Austin Community College (ACC) is a nationally recognized two-year college serving Central Texas. The San Gabriel Campus in Leander opened in 2018 to serve one of the fastest growing areas in the region and relieve crowding at ACC's Cypress Creek Campus. Located on a 100-acre site for future expansion, the campus primarily offers general education courses and includes the college's second ACCelerator learning center, as well as a 3,900 square-foot rooftop terrace.

Transportation

U.S. Highway 183 and 183A Toll Road connects Leander to other neighboring cities north and south, and access to Interstate 35 is 11 miles east. The nearest passenger air service is located 37 miles southeast at Austin-Bergstrom International Airport, and 15 miles northeast at Georgetown Municipal Airport. Leander is also a jurisdiction member of the Capital Metropolitan Transportation Authority, a regional public transportation provider, which provides daily passenger rail service from Leander to downtown Austin.

Utilities

Pedernales Electric Cooperative provides electric utility service to the Leander area, and Atmos Energy provides natural gas utility service. The City primarily provides water and wastewater service.

Developments

Northline Retail Expansion – Endeavor Real Estate Group Endeavor has taken the reins on a 17-acre retail enclave inside Northline, the city-center megaproject bounded by 183A, US-183 and the CapMetro rail stop. Plans call for chef-driven restaurants, walk-up patios and boutique retail that could later double in size to 35 acres. The retail phase complements Northline's broader 116-acre program of offices, hotel rooms, civic space and more than 1 million sf of residential and commercial floor area. City staff expect several hundred permanent hospitality and sales jobs and a meaningful boost to sales-tax receipts once vertical construction began in 2025.

Leander Union – Topo (Central Austin Management Group) Approved last fall, Leander Union repurposes 15 acres at 10880 Crystal Falls Pkwy. into a \$48 million, 155,000-sf mixed-use hub anchored by a new 40,000-sf Northpoint Austin church. The balance of the space will deliver street-front restaurants, neighborhood retail and second-floor professional offices. Site work starts late 2024, with shell delivery by year-end 2025. The project is expected to support roughly 250 permanent jobs and expand the City's commercial tax base east of US-183.

Southbrook Station – Endeavor Real Estate Group Under construction at 4615 US-183, the 78-acre Southbrook Station is set to open its first storefronts in April 2025 and reach full build-out by year-end. Three main buildings will house fast-growing chains such as Cava, Paris Baguette, Firehouse Subs and Take 5 Oil Change, alongside 360 multifamily units and medical offices. Endeavor marketing shows fewer than three retail bays still available, pointing to brisk leasing momentum. City officials anticipate well over 200 new service and management positions plus incremental sales and property taxes as the corridor urbanizes.

Leander 183 Commerce Center (115-Acre Business Park) – Titan Development In March 2025 the City spotlighted a newly zoned, 115-acre business park at Hero Way & CR 270 that will ultimately deliver up to 1.3 million sf of Class-A flex industrial space across 11 buildings. Phase I requires at least 200,000 sf and \$24 million of capital within five years, with later phases scaling as market demand dictates. Economic-development staff project hundreds of light-industrial and logistics jobs and view the park as critical to diversifying Leander’s tax base beyond retail and housing.

Sprouts Farmers Market – US-183 & San Gabriel Parkway Organic-grocer Sprouts filed TDLR plans in May 2025 for a 25,000-sf, \$5.8 million store at the northwest corner of US-183 and San Gabriel Pkwy. Groundbreaking started February 2026 with a targeted March 2027 opening. A typical Sprouts unit brings 80-100 full- and part-time positions and acts as an anchor that lifts surrounding inline retail rents. The project marks the chain’s eighth Austin-area location and underscores national grocery interest in Leander’s growth corridor.

Leander Tech Park – St. John Properties Leasing formally launched in June 2025 for Phase I of the 50-acre Leander Tech Park at TX-29 & Kauffman Loop. Updated listings show 245,000-sf of flex/office product plus three pad sites aimed at quick-service and convenience users. Groundbreaking on the first two buildings (89,000 sf) is expected late 2025 with delivery by Q3 2026; full build-out of eight structures could support roughly 850 tech-centric and light-industrial jobs. The park supplies badly needed Class-A space along the Hwy 29 innovation corridor and positions Leander to capture spill-over growth from Georgetown and Cedar Park.

APPENDIX B

EXCERPTS FROM THE
CITY OF LEANDER, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2025

The information contained in this Appendix consists of excerpts from the City of Leander, Texas Annual Financial Report for the Year Ended September 30, 2025, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

The Honorable Mayor and
Members of the City Council

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Honorable Mayor and
Members of the City Council

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements 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 combining fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. 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 March 27, 2026, on our consideration of the City of Leander, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Leander, Texas' internal control over financial reporting and compliance.

Whitley Penn LLP

Austin, Texas
March 27, 2026



CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Leander, Texas ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. Please read this information in conjunction with the basic financial statements that follow this section.

Financial Highlights

Some of the City's financial highlights for the fiscal year ending September 30, 2025 include:

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2025, by \$1,207,360,014 (net position).
- The City's total net position increased by \$120,734,862 for the year ended September 30, 2025. A large portion of this increase is due to capital contributions from developers and an overall increase in investment earnings.
- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of \$259,092,632, an increase of \$141,742,648 in comparison with the prior fiscal year. This increase is due to a combination of increased revenues in property taxes and investment earnings and issuance of bonds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,756,255 or 39.6% of total General Fund expenditures. The City's fund balance policy requires the General Fund's fund balance to be a minimum of 25% of the annual operating budget of the City.
- As of the close of the current fiscal year, the City's proprietary funds reported combined ending net position of \$582,396,403 an increase of \$54,641,964 in comparison with the prior year.

Overview of the Financial Statements

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

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 information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax revenues and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the City of Leander 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 of Leander include general government, public safety, public works, parks and recreation, and developmental services. The business-type activities of the City of Leander include water and wastewater services and the City's public golf course.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund Financial Statements

A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City uses two fund types – governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements with the exclusion of internal service fund activity. However, unlike the government-wide financial statements, governmental funds 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 evaluating the City's near-term financing requirements.

Because the focus of the 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, the reader may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Leander maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Federal ARPA Grants Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other nine (9) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. The City adopts an annual appropriated budget for its General Fund.

Proprietary Funds

The City maintains two Enterprise Funds, which are proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Leander uses Enterprise Funds to account for its water and wastewater services and the City's public golf course.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information ("RSI"). The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided as RSI to demonstrate compliance with this budget. RSI can be found after the notes to the financial statements. The RSI also includes schedules related to the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining fund financial statements and schedules that further support the information in the financial statements are presented immediately following the required supplementary information.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$1,207,360,014 as of September 30, 2025 in the primary government, which is an increase in the City's overall financial position compared to the prior year.

The largest portion of the City's net position (81.3%) reflects its investments in capital assets (e.g., land, buildings and improvements, machinery and equipment, infrastructure, water and sewer system, construction in progress and water rights); less any debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 287,401,078	\$ 148,618,469	\$ 188,197,567	\$ 184,318,976	\$ 475,598,645	\$ 332,937,445
Capital assets	624,079,425	582,126,634	503,439,727	459,285,939	1,127,519,152	1,041,412,573
Total Assets	911,480,503	730,745,103	691,637,294	643,604,915	1,603,117,797	1,374,350,018
Deferred Outflows of Resources	5,062,332	8,638,238	1,061,357	1,596,954	6,123,689	10,235,192
Long-term liabilities	260,245,549	143,723,519	99,338,985	105,219,554	359,584,534	248,943,073
Other Liabilities	27,796,175	31,095,367	10,796,340	11,789,045	38,592,515	42,884,412
Total Liabilities	288,041,724	174,818,886	110,135,325	117,008,599	398,177,049	291,827,485
Deferred Inflows of Resources	3,537,500	5,693,742	166,923	438,831	3,704,423	6,132,573
Net Position:						
Net investment in capital assets	553,751,440	497,608,466	427,381,356	397,154,262	981,132,796	894,762,728
Restricted	36,716,105	30,594,864	79,026,744	67,206,281	115,742,849	97,801,145
Unrestricted	34,496,066	30,667,383	75,988,303	63,393,896	110,484,369	94,061,279
Total Net Position	\$ 624,963,611	\$ 558,870,713	\$ 582,396,403	\$ 527,754,439	\$ 1,207,360,014	\$ 1,086,625,152

A portion of the primary government's net position, \$115,742,849 or 9.6%, represents resources that are subject to external restrictions on how they may be used. These restrictions include monies accounted for in special revenue funds for which the use is legally restricted and capital project funds. The remaining balance of unrestricted net position, of \$110,484,369, may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

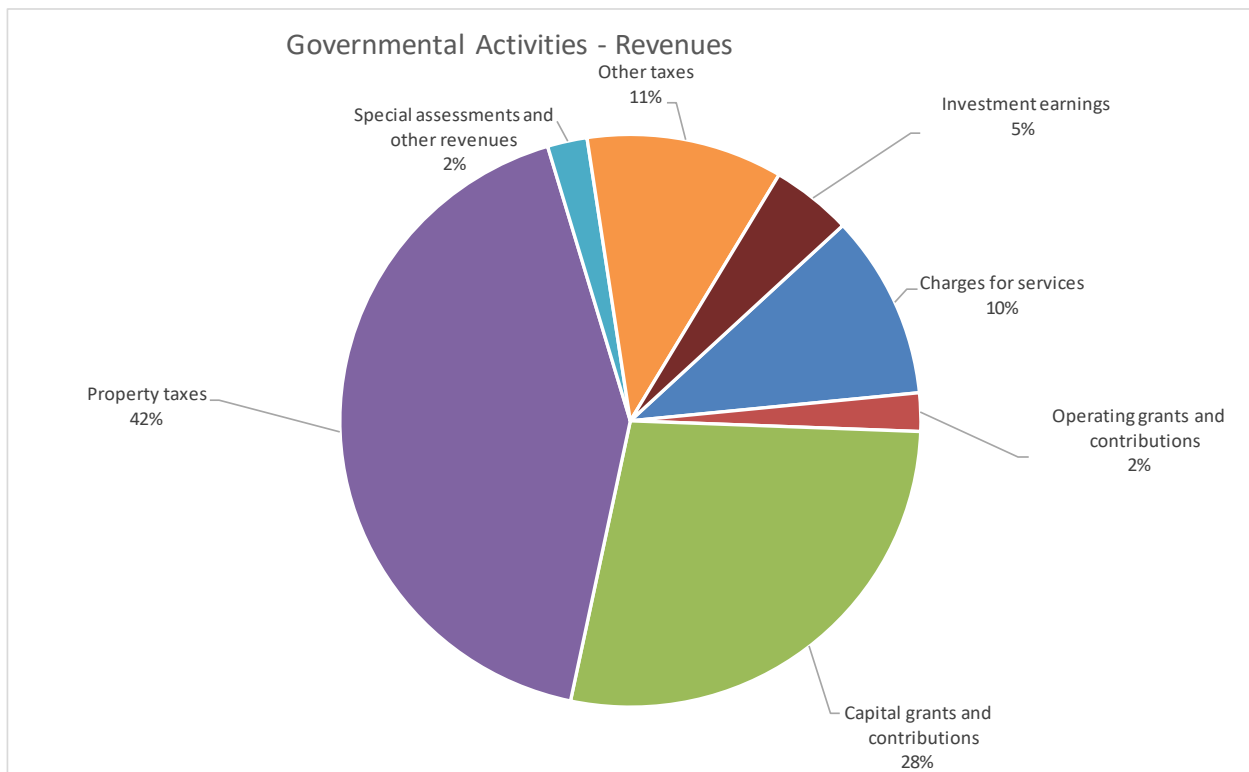
	Governmental Activities		Business Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	\$ 16,884,529	\$ 19,341,070	\$ 54,797,701	\$ 51,169,692	\$ 71,682,230	\$ 70,510,762
Operating grants and contributions	3,517,819	3,539,151	-	-	3,517,819	3,539,151
Capital grants and contributions	45,053,261	46,942,778	44,055,258	39,646,873	89,108,519	86,589,651
General Revenues:						
Property taxes	68,437,006	60,910,860	-	-	68,437,006	60,910,860
Special assessments	1,814,150	1,820,280	-	-	1,814,150	1,820,280
Other taxes	17,800,784	16,592,930	-	-	17,800,784	16,592,930
Investment earnings	7,316,866	10,483,314	6,071,938	5,842,512	13,388,804	16,325,826
Other	1,782,186	1,217,935	-	-	1,782,186	1,217,935
Total Revenues	162,606,601	160,848,318	104,924,897	96,659,077	267,531,498	257,507,395
Expenses						
General government	21,713,165	20,242,553	-	-	21,713,165	20,242,553
Public safety	36,979,724	33,531,198	-	-	36,979,724	33,531,198
Public works	25,237,730	26,403,637	-	-	25,237,730	26,403,637
Parks and recreation	9,350,771	6,992,393	-	-	9,350,771	6,992,393
Community development	1,272,422	2,870,992	-	-	1,272,422	2,870,992
Interest on long-term debt	4,459,891	5,148,479	-	-	4,459,891	5,148,479
Utility services	-	-	44,990,758	39,364,665	44,990,758	39,364,665
Golf course	-	-	2,792,175	2,390,182	2,792,175	2,390,182
Total Expenses	99,013,703	95,189,252	47,782,933	41,754,847	146,796,636	136,944,099
Increase (decrease) in net position before transfers	63,592,898	65,659,066	57,141,964	54,904,230	120,734,862	120,563,296
Transfers	2,500,000	1,615,529	(2,500,000)	(1,615,529)	-	-
Change in Net Position	66,092,898	67,274,595	54,641,964	53,288,701	120,734,862	120,563,296
Net Position - Beginning	558,870,713	491,596,118	527,754,439	474,465,738	1,086,625,152	966,061,856
Net Position - Ending	\$ 624,963,611	\$ 558,870,713	\$ 582,396,403	\$ 527,754,439	\$ 1,207,360,014	\$ 1,086,625,152

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

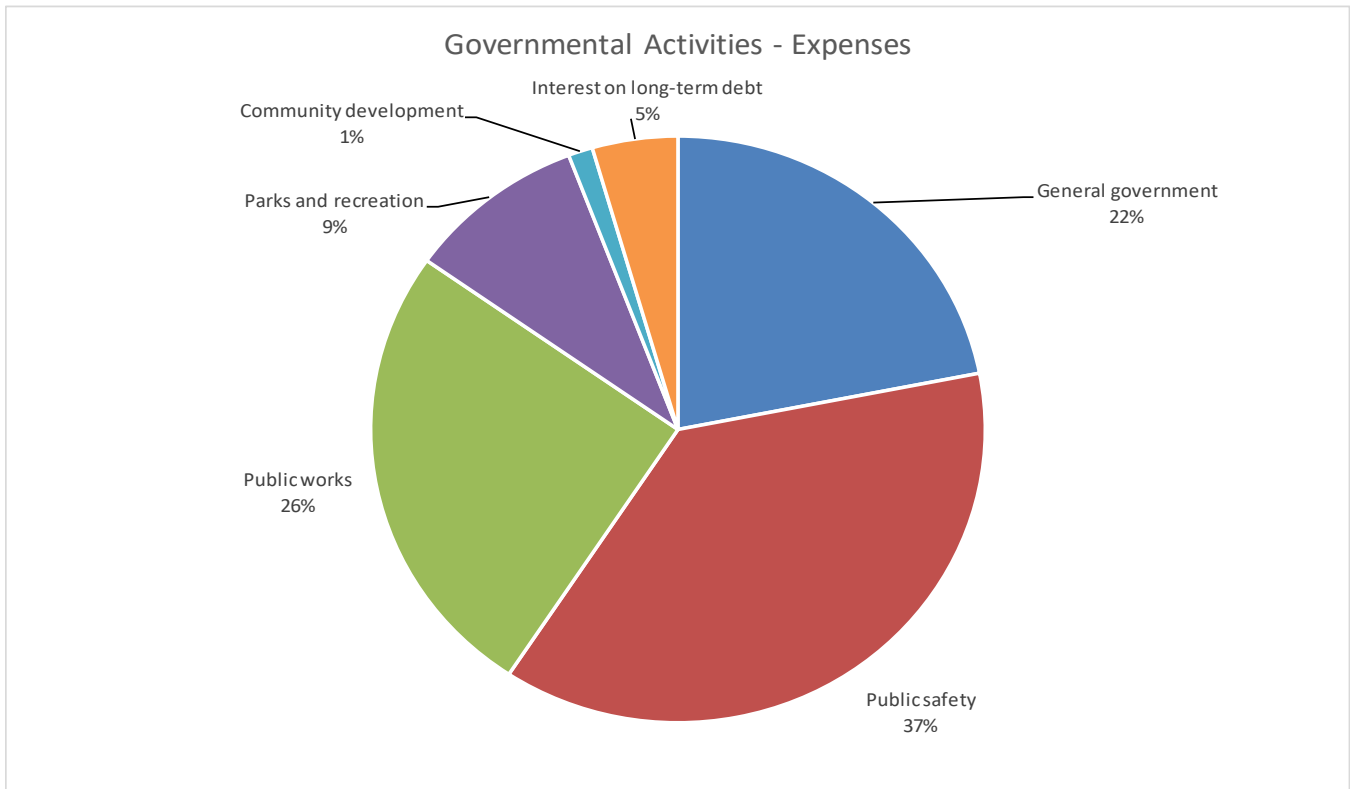
Governmental Activities

Governmental activities increased the City's net position by \$66,092,898. Key elements of this change are as follows:

- Property taxes continue to be the City's largest revenue source. Property tax revenue increased by \$7.5 million primarily due to an increase in property values and new improvements.
- Investment earnings decreased \$3.2 million. This decrease is primarily a result of changes in the market and the decrease of fair market values in 2025 compared to 2024.
- Capital grants and contributions decreased \$1.9 million from the prior year. This decrease is mainly due to less developers' capital contributions for construction of street and drainage improvements.
- Overall, total expenses increased \$3.8 million from the prior year. This increase is mainly due to personnel costs, capital outlays, and capital projects.



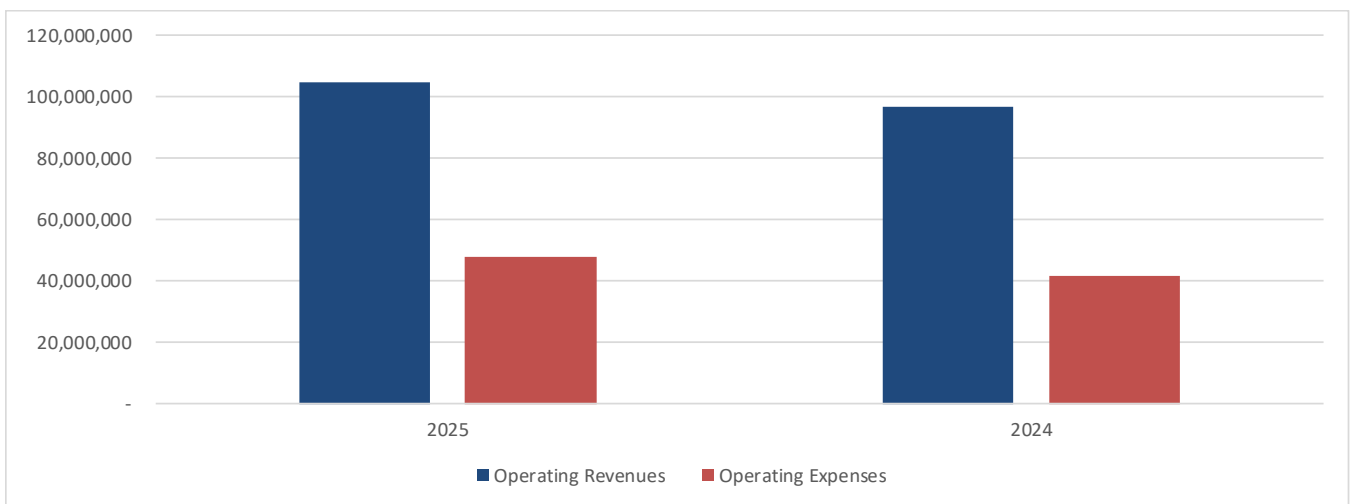
CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)



Business-Type Activities

Business-type activities increased the City's net position by \$54,641,964. Key elements of this change are as follows:

- Revenues increased by \$8.3 million or 8.6% resulting from an increase in capital contributions of approximately \$4.4 million along with an increase in investment earnings of approximately \$0.2 million and charges for services of approximately \$3.6 million.



CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of The City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term 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 the City's net resources available for spending at the end of the year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$259,092,632. Approximately 10.3% of this amount or \$26,756,255 is unassigned fund balance; however, within the unassigned fund balance \$26.1 million is set aside for operating reserves, as set forth in the City's financial policies and City charter.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance reached \$41.7 million of which unassigned fund balance of the General Fund was \$26.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 39.6% of total General Fund expenditures, while total fund balance represents 61.7% of that same amount.

Key differences between last year's General Fund activity and this year's include:

- \$3.0 million increase in total revenues - This increase is mainly due to an overall increase of approximately \$7.8 million in property tax revenue due to higher values and new improvements. Additionally, investment earnings decreased approximately \$3.2 million over prior year due to changes in the market and the decrease of fair market values.
- Expenditures increased approximately \$5.4 million over prior year. The increase is mainly due to personnel costs and other operating costs.

The fund balance of the Capital Projects Fund was \$179,796,342, an increase of \$130,976,274 compared to the prior year. This increase is related to issuance of bonds during the year and ongoing related projects.

The Debt Service Fund had a total fund balance of \$11,007,085 at the end of the fiscal year, all of which is restricted for the payment of debt service. The net increase in the Debt Service fund balance during the year was \$1,658,411.

The Federal ARPA special revenue fund has a total fund balance of \$761,287 at the end of the year and an overall \$381,232 increase from prior year.

Non-major governmental funds fund balance increased by \$4,378,511 and fund balance at the end of the year was \$25,872,769.

Proprietary Funds

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

At the end of the year, unrestricted net position was \$74.7 million for the Utility Fund. The total increase in the net position of the Utility Fund was \$55,235,188. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Unrestricted net position of the Golf Course Fund was \$1.3 million. The net position of Golf Course Fund decreased by \$593,224 resulting from decrease in number of rounds played, merchandise sales, and tournament revenues.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by City Council. Budgeted revenues decreased by \$1,517,300 while budgeted expenditures increased by \$901,350.

Actual revenues were more than amended budgeted revenues by \$4.1 million. This is primarily attributable to the City's sustained economic growth, population expansion, and increases in assessed property values, which have driven higher collections in property tax receipts, interest earnings, sales tax, franchise fees, garbage collection, and building plan review revenues. Actual expenditures were below final budgeted expenditures by \$4.7 million.

Capital Assets

The City's investment in capital assets (net of accumulated depreciation and amortization) for its governmental and business-type activities as of September 30, 2025 is \$1.1 billion. The investment in capital assets include land, artwork and sculptures, construction in progress, buildings and improvements, machinery and equipment, infrastructure and system, and right to use assets and subscriptions.

Major capital events during the year included the following:

- Completed construction of Raider Way and Woodview Drive roadway widening and improvements
- Completed construction of Traffic Signal at Bagdad Road and Collaborative Way
- Completed construction of Traffic Signal at Journey Parkway and CR 175
- Completed construction of Lakeline 16-in Water Line
- Completed construction of lift stations #2, #6, #7, and #8
- Continued construction of Fire Training Building Conversion to Liquid Propane Gas
- Continued construction of Fire Station No.2 EMS addition
- Continued construction of Senior Activity Center
- Continued construction of San Gabriel Parkway Phase 2 road construction
- Continued construction of San Gabriel Parkway Right Turn Lane onto Hwy 183
- Continued construction of Hero Way East road construction with Williamson County
- Continued construction of Traffic Signal at Bar W and Ronald W. Reagan Boulevard
- Continued construction of San Gabriel Elevated Storage Tank
- Continued construction of Advanced Metering Infrastructure (AMI)
- Continued construction of Sandy Creek Water Treatment Plant Residuals Management System
- Continued construction of Bagdad Terminus Ground Storage Tank, Pump Station, and Water Lines
- Continued construction of Brushy Creek Regional Utility Authority (BCRUA) Water Treatment Plant Phase 2B expansion
- Continued construction of BCRUA Deep Water Well and Pump Station
- Continued construction of Falcon Oaks wastewater and water line
- Continued construction of RM2243 Wastewater Treatment Plant (WWTP) Lift Station and Gravity Relief Main
- Continued construction of Reclaimed Water Line System
- Continued construction of East Street Utilities

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets (continued)

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 7,238,294	\$ 7,238,294	\$ 2,396,732	\$ 2,396,732	\$ 9,635,026	\$ 9,635,026
Construction in progress	65,221,817	47,867,066	132,677,884	107,416,553	197,899,701	155,283,619
Artwork and sculptures	141,255	125,805	-	-	141,255	125,805
Buildings and improvements	56,209,968	56,209,968	2,678,046	2,678,046	58,888,014	58,888,014
Machinery and equipment	29,245,073	25,743,325	5,628,393	5,368,394	34,873,466	31,111,719
Infrastructure and system	612,525,854	571,295,050	446,887,345	418,785,338	1,059,413,199	990,080,388
Right to use assets	1,072,288	1,072,288	1,145,070	1,145,070	2,217,358	2,217,358
Right to use subscriptions	1,348,095	1,348,095	-	-	1,348,095	1,348,095
Accumulated depreciation/ Amortization	(148,923,219)	(128,773,257)	(87,973,743)	(78,504,194)	(236,896,962)	(207,277,451)
	<u>\$ 624,079,425</u>	<u>\$ 582,126,634</u>	<u>\$ 503,439,727</u>	<u>\$ 459,285,939</u>	<u>\$ 1,127,519,152</u>	<u>\$ 1,041,412,573</u>

More detailed information on the City's capital assets is presented in Note 4 to the financial statements.

Long-term Obligations

At the end of the current fiscal year, the City of Leander had the following in long-term obligations:

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 211,995,000	\$ 101,515,000	\$ -	\$ -	\$ 211,995,000	\$ 101,515,000
Revenue bonds	20,611,000	21,185,000	82,845,000	87,070,000	103,456,000	108,255,000
Premium on bond issuance	15,136,760	7,564,744	9,863,386	10,560,365	25,000,146	18,125,109
Discount on bonds	(109,477)	(114,436)	-	-	(109,477)	(114,436)
Notes payable	-	-	4,798,182	5,406,137	4,798,182	5,406,137
Leases payable	329,436	533,915	432,974	636,370	762,410	1,170,285
SBITA liability	276,477	616,057	-	-	276,477	616,057
Compensated absences	2,973,779	2,082,102	245,351	171,783	3,219,130	2,253,885
	<u>\$ 251,212,975</u>	<u>\$ 133,382,382</u>	<u>\$ 98,184,893</u>	<u>\$ 103,844,655</u>	<u>\$ 349,397,868</u>	<u>\$ 237,227,037</u>

The City of Leander is part of a joint venture agreement for the financing, construction and operations of the Brushy Creek Regional Utility Authority (BCRUA). As part of this agreement, the City has an outstanding balance of \$178,460,000 in contract revenue bonds at year-end.

Additional information on the City of Leander's long-term debt can be found in Note 5 to the financial statements.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budgets and Rates

- The FY 2026 budget enables the city to thoughtfully plan for the future, ensures that we can continue to provide the high level of service that our residents have come to expect, and enables us to manage an ever-changing environment as the Central Texas region continues its rapid growth.
- Ad Valorem tax is the largest revenue source for the City of Leander and is split between the General Fund (Operations and Maintenance) and Debt Service (Interest and Sinking Rate). The City adopted a tax rate of \$0.417282 for fiscal year 2025.
- Sales tax is a large revenue source for the General Fund. The City's total sales tax rate is 1 cent per \$1.00. Sales tax collections have a strong correlation between the local and national economic conditions. The city is expecting to see continued growth in this revenue source as commercial development grows in the area.
- The Water and Wastewater utility operations are funded primarily through user fees. The City's utility infrastructure and delivery systems have been carefully planned and have sufficiently met demand for a growing customer base. The number of water connections in fiscal year 2025 was 33,072, up 1,363 from fiscal year 2024. This growth is expected to continue.
- FY 2025 saw major Economic Development wins for the City. Notably, Freehill Development Company completed the city's first Class-A Flex Industrial project, introducing 227,000 square feet of spec industrial space to Leander.
- Additionally, TOPO broke ground on the Leander Union development along Crystal Falls Parkway. This \$48 million mixed-use project will deliver 155,000 square feet of office and retail space, creating new opportunities for businesses and enhancing our community's commercial offerings.
- Capital budgeting and tracking techniques continue to allow the City to make best use of funding and prioritization of projects. In FY 2026, approximately \$254 million has been earmarked for capital improvement projects. Of this total, approximately \$80 million has been earmarked for water and wastewater infrastructure.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Leander, P. O. Box 319, Leander, Texas 78646-0319.

BASIC FINANCIAL STATEMENTS



CITY OF LEANDER, TEXAS
STATEMENT OF NET POSITION
September 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 44,873,090	\$ 35,182,325	\$ 80,055,415
Investments	72,540,310	5,001,855	77,542,165
Receivables, net of allowances:			
Taxes	4,073,085	-	4,073,085
Accounts	2,306,257	7,521,971	9,828,228
Lease receivable	-	170	170
Due from other governments	10,645	611,418	622,063
Inventory	-	95,277	95,277
Prepaid items	1,002,269	630,336	1,632,605
Investment in joint venture	-	40,473,494	40,473,494
Restricted cash and cash equivalents	162,595,422	98,680,721	261,276,143
Capital assets not being depreciated/amortized	72,601,366	135,074,616	207,675,982
Capital assets, net of accumulated depreciation/amortization	551,478,059	368,365,111	919,843,170
Total Assets	911,480,503	691,637,294	1,603,117,797
Deferred Outflows of Resources			
Deferred charge on refunding	345,856	458,733	804,589
Related to pension	4,572,442	584,260	5,156,702
Related to OPEB - TMRS supplemental death benefit	97,119	12,369	109,488
Related to OPEB - retiree health plan	46,915	5,995	52,910
Total Deferred Outflows of Resources	5,062,332	1,061,357	6,123,689
Liabilities			
Accounts payable	8,458,665	6,393,291	14,851,956
Accrued liabilities	1,462,510	163,835	1,626,345
Accrued interest	547,438	490,501	1,037,939
Retainage payable	345,157	-	345,157
Unearned revenue	7,104,633	40,510	7,145,143
Customer deposits	900	3,708,203	3,709,103
Deposits in escrow	9,876,872	-	9,876,872
Noncurrent liabilities:			
Due within one year	12,255,339	5,488,863	17,744,202
Due in more than one year	238,957,636	92,696,030	331,653,666
Net pension liability	7,938,051	1,014,251	8,952,302
Total OPEB liability	1,094,523	139,841	1,234,364
Total Liabilities	288,041,724	110,135,325	398,177,049
Deferred Inflows of Resources			
Deferred gain on refunding	2,230,987	-	2,230,987
Related to pension	950,999	121,472	1,072,471
Related to OPEB - TMRS supplemental death benefit	216,686	27,713	244,399
Related to OPEB - retiree health plan	138,828	17,738	156,566
Total Deferred Inflows of Resources	3,537,500	166,923	3,704,423
Net Position			
Net investment in capital assets	553,751,440	427,381,356	981,132,796
Restricted for:			
Debt service	10,735,898	7,250,725	17,986,623
Traffic impact analysis	9,971,745	-	9,971,745
Court fees	174,243	-	174,243
Parks	7,824,015	-	7,824,015
Police	774,537	-	774,537
Fire	277,467	-	277,467
Hotel occupancy tax	125,199	-	125,199
Economic development	1,324,692	-	1,324,692
Public works	52,504	-	52,504
TIRZ #1 projects	1,754,066	-	1,754,066
Grants	219,495	-	219,495
Public improvement districts	3,482,244	-	3,482,244
Capital projects	-	71,776,019	71,776,019
Unrestricted	34,496,066	75,988,303	110,484,369
Total Net Position	\$ 624,963,611	\$ 582,396,403	\$ 1,207,360,014

CITY OF LEANDER, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 21,713,165	\$ 5,915,298	\$ 20,358	\$ -
Public safety	36,979,724	1,449,330	195,295	-
Public works	25,237,730	8,753,909	3,256,621	44,553,372
Community development	1,272,422	-	-	-
Parks and recreation	9,350,771	765,992	45,545	499,889
Interest on long-term debt	4,459,891	-	-	-
Total Governmental Activities	99,013,703	16,884,529	3,517,819	45,053,261
Business-Type Activities:				
Utility services	44,990,758	51,666,630	-	44,055,258
Golf course	2,792,175	3,131,071	-	-
Total Business-Type Activities	47,782,933	54,797,701	-	44,055,258
Total Primary Government	\$ 146,796,636	\$ 71,682,230	\$ 3,517,819	\$ 89,108,519

CITY OF LEANDER, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary Government			
Governmental Activities:			
General government	\$ (15,777,509)	\$ -	\$ (15,777,509)
Public safety	(35,335,099)	-	(35,335,099)
Public works	31,326,172	-	31,326,172
Community development	(1,272,422)	-	(1,272,422)
Parks and recreation	(8,039,345)	-	(8,039,345)
Interest on long-term debt	(4,459,891)	-	(4,459,891)
Total Governmental Activities	(33,558,094)	-	(33,558,094)
Business-Type Activities:			
Utility services	-	50,731,130	50,731,130
Golf course	-	338,896	338,896
Total Business-Type Activities	-	51,070,026	51,070,026
Total Primary Government	(33,558,094)	51,070,026	17,511,932
General Revenues:			
Taxes:			
Property taxes	68,437,006	-	68,437,006
Special assessments	1,814,150	-	1,814,150
Franchise and other taxes	5,156,205	-	5,156,205
Sales taxes	12,325,778	-	12,325,778
Mixed beverage	134,049	-	134,049
Hotel occupancy	184,752	-	184,752
Interest	7,316,866	6,071,938	13,388,804
Miscellaneous	1,782,186	-	1,782,186
Transfers	2,500,000	(2,500,000)	-
Total General Revenues and Transfers	99,650,992	3,571,938	103,222,930
Change in net position	66,092,898	54,641,964	120,734,862
Net Position - Beginning	558,870,713	527,754,439	1,086,625,152
Net Position - Ending	\$ 624,963,611	\$ 582,396,403	\$ 1,207,360,014

CITY OF LEANDER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	General Fund	Capital Projects	Debt Service Fund	Federal ARPA Grants	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 50,351,278	\$ 19,982,367	\$ 11,007,085	\$ 5,456,367	\$ 30,803,393	\$ 117,600,490
Receivables, net of allowance:						
Taxes	3,796,834	-	276,251	-	-	4,073,085
Customer accounts	336,750	-	-	-	-	336,750
Other receivables	1,910,010	-	-	-	59,497	1,969,507
Due from other governments	1,031	-	-	-	9,614	10,645
Prepaid items	1,002,269	-	-	-	-	1,002,269
Restricted cash and cash equivalents	-	162,408,332	-	-	-	162,408,332
Total Assets	\$ 57,398,172	\$ 182,390,699	\$ 11,283,336	\$ 5,456,367	\$ 30,872,504	\$ 287,401,078
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 3,629,712	\$ 2,245,522	\$ -	\$ 1,513,331	\$ 1,070,100	\$ 8,458,665
Retainage payable	-	345,157	-	-	-	345,157
Accrued liabilities	1,452,832	3,678	-	-	6,000	1,462,510
Customer deposits	150	-	-	-	750	900
Deposits in escrow	9,876,872	-	-	-	-	9,876,872
Unearned revenue	-	-	-	3,181,749	3,922,885	7,104,634
Total Liabilities	14,959,566	2,594,357	-	4,695,080	4,999,735	27,248,738
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	492,770	-	276,251	-	-	769,021
Unavailable revenue - court fines and fees	290,687	-	-	-	-	290,687
Total Deferred Inflows of resources	783,457	-	276,251	-	-	1,059,708
Fund Balances:						
Nonspendable:						
Prepaid items	1,002,269	-	-	-	-	1,002,269
Restricted:						
Debt service	-	-	11,007,085	-	-	11,007,085
Capital projects	-	163,379,171	-	-	-	163,379,171
Traffic impact analysis	-	-	-	-	9,971,745	9,971,745
Court fees	-	-	-	-	174,243	174,243
Parks	-	-	-	-	7,824,015	7,824,015
Police	-	-	-	-	691,847	691,847
Fire	-	-	-	-	364,258	364,258
Hotel occupancy tax	-	-	-	-	125,199	125,199
Economic development	-	-	-	-	1,324,692	1,324,692
Public works	-	-	-	-	52,504	52,504
TIRZ #1 projects	-	-	-	-	1,754,066	1,754,066
Grants	-	-	-	761,287	-	761,287
Public improvement districts	-	-	-	-	3,482,244	3,482,244
Committed:						
Old town incentive program	374,429	-	-	-	-	374,429
Bryson farmstead	224,606	-	-	-	-	224,606
Leander clean up	47,923	-	-	-	-	47,923
PEG communications	735,475	-	-	-	-	735,475
Public arts	-	-	-	-	107,956	107,956
Capital projects	-	16,417,171	-	-	-	16,417,171
Assigned:						
Equipment and vehicles	8,214,192	-	-	-	-	8,214,192
Subsequent year's budget appropriation of fund balance	4,300,000	-	-	-	-	4,300,000
Unassigned	26,756,255	-	-	-	-	26,756,255
Total Fund Balances	41,655,149	179,796,342	11,007,085	761,287	25,872,769	259,092,632
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 57,398,172	\$ 182,390,699	\$ 11,283,336	\$ 5,456,367	\$ 30,872,504	\$ 287,401,078

CITY OF LEANDER, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2025

Total Fund Balance, Governmental Funds \$ 259,092,632

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 624,079,425

Revenues from property taxes and fines are deferred inflows of resources in the fund financial statements, but such revenues are recognized in the government-wide financial statements. 1,059,709

Long-term liabilities (net pension liability, bonds payable, leases payable, SBITA liability, etc.) are not due and payable in the current period and therefore have not been included in the fund financial statements. Also, the deferred charge on refunding, the premium on issuance of bonds and deferred resource outflows related to the net pension and OPEB liability are not reported in the funds.

Bonds payable	(232,606,000)
Unamortized premium on bonds	(15,027,283)
Leases payable	(329,436)
SBITA liability	(276,477)
Compensated absences	(2,973,779)
Accrued interest payable	(547,438)
Deferred charge (gain) on refunding, net	(1,885,131)
Net pension liability	(7,938,051)
Total OPEB liability	(1,094,523)
Deferred outflows and inflows of resources related to the net pension liability	3,621,443
Deferred outflows and inflows of resources related to the total OPEB liability	(211,480)

Net Position of Governmental Activities in the Statement of Net Position \$ 624,963,611

CITY OF LEANDER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	General Fund	Capital Projects	Debt Service Fund	Federal ARPA Grants	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 39,043,063	\$ -	\$ 22,470,239	\$ -	\$ 6,788,000	\$ 68,301,302
Sales	12,325,778	-	-	-	-	12,325,778
Franchise	5,228,581	-	-	-	-	5,228,581
Hotel occupancy	-	-	-	-	184,752	184,752
Mixed beverage	134,049	-	-	-	-	134,049
Property assessments	-	-	-	-	1,814,150	1,814,150
Fines and forfeitures	388,398	-	-	-	146,291	534,689
Licenses, permits and fees	6,569,747	-	-	-	4,040,416	10,610,163
Intergovernmental	1,033,139	-	-	2,919,556	139,729	4,092,424
Charges for services	6,749,592	-	-	-	633,743	7,383,335
Investment earnings	2,481,588	2,285,070	1,051,010	239,816	1,259,380	7,316,864
Donations	67,337	-	-	-	23,531	90,868
Miscellaneous	1,229,791	1,624,310	-	-	441,292	3,295,393
Total Revenues	75,251,063	3,909,380	23,521,249	3,159,372	15,471,284	121,312,348
Expenditures						
Current:						
General government	17,757,674	839,149	3,333,776	-	237,801	22,168,400
Public safety	32,569,572	-	-	-	727,921	33,297,493
Public works	9,728,976	-	-	-	-	9,728,976
Parks and recreation	4,691,066	-	-	-	484,876	5,175,942
Community development	-	-	-	-	1,282,265	1,282,265
Debt service:						
Principal	-	-	14,944,057	-	574,000	15,518,057
Interest and other charges	-	1,132,548	4,687,255	-	987,489	6,807,292
Capital outlay	2,767,268	13,099,048	-	2,778,140	2,690,116	21,334,572
Total Expenditures	67,514,556	15,070,745	22,965,088	2,778,140	6,984,468	115,312,997
Excess (deficiency) of revenues over (under) expenditures	7,736,507	(11,161,365)	556,161	381,232	8,486,816	5,999,351
Other Financing Sources (Uses)						
Issuance of capital-related debt	-	124,880,000	-	-	-	124,880,000
Premium on bond issuance	-	8,363,179	-	-	-	8,363,179
Transfers in	2,500,000	9,144,460	1,102,250	-	224,801	12,971,511
Transfers out	(5,888,405)	(250,000)	-	-	(4,333,106)	(10,471,511)
Proceeds from sale of capital assets	118	-	-	-	-	118
Total Other Financing Sources (Uses)	(3,388,287)	142,137,639	1,102,250	-	(4,108,305)	135,743,297
Net change in fund balances	4,348,220	130,976,274	1,658,411	381,232	4,378,511	141,742,648
Fund Balances - Beginning	37,306,929	48,820,068	9,348,674	380,055	21,494,258	117,349,984
Fund Balances - Ending	\$ 41,655,149	\$ 179,796,342	\$ 11,007,085	\$ 761,287	\$ 25,872,769	\$ 259,092,632

CITY OF LEANDER, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 141,742,648

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	21,456,959
Contributed capital assets	41,230,804
Depreciation and amortization expense	(20,734,972)

The issuance of long-term debt (e.g., bonds, leases, SBITA) 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 premiums 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

Issuance of bonds	(124,880,000)
Issuance of bond premiums	(8,363,179)
Repayment of principal	16,457,089

Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(891,677)
Net pension/OPEB liability	(263,925)

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.

275,823

Revenues from property taxes and fines that do not provide current financial resources are not reported as revenues in the funds.

63,328

Change in Net Position of Governmental Activities

\$ 66,092,898

CITY OF LEANDER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business-Type Activities Enterprise Funds		Totals
	Utility	Non-Major Golf Course	
Assets			
Current Assets:			
Cash and cash equivalents	\$ 38,499,758	\$ 1,684,422	\$ 40,184,180
Accounts receivable, net	7,521,868	103	7,521,971
Leases receivable	-	170	170
Due from other governments	611,418	-	611,418
Prepays	609,000	21,336	630,336
Inventory	-	95,277	95,277
Restricted cash and cash equivalents	98,680,721	-	98,680,721
Total Current Assets	145,922,765	1,801,308	147,724,073
Non-Current Assets:			
Investment in joint venture	40,473,494	-	40,473,494
Capital Assets, net:			
Non-depreciable	132,924,132	2,150,484	135,074,616
Depreciable	366,489,937	1,875,174	368,365,111
Total Capital Assets	499,414,069	4,025,658	503,439,727
Total Non-Current Assets	539,887,563	4,025,658	543,913,221
Total Assets	685,810,328	5,826,966	691,637,294
Deferred Outflows of Resources			
Deferred charge on refunding	458,733	-	458,733
Related to pension	441,260	143,000	584,260
Related to OPEB - TMRS supplemental death benefit	9,369	3,000	12,369
Related to OPEB - retiree health plan	4,528	1,467	5,995
Total Deferred Outflows of Resources	913,890	147,467	1,061,357
Liabilities			
Current Liabilities:			
Accounts payable	6,277,176	116,115	6,393,291
Accrued liabilities	605,193	49,143	654,336
Deposits in escrow	-	-	-
Unearned revenue	-	40,510	40,510
Customer deposits	3,707,703	500	3,708,203
Compensated absences	40,471	20,866	61,337
Bonds and other long-term debt payable	5,221,193	206,333	5,427,526
Total Current Liabilities	15,851,736	433,467	16,285,203
Non-current Liabilities:			
Compensated absences	121,415	62,599	184,014
Net Pension liability	766,051	248,200	1,014,251
Total OPEB liability - retiree health plan	54,372	17,616	71,988
Total OPEB liability - supplemental death benefit	51,253	16,600	67,853
Bonds and other long-term debt payable	92,285,375	226,641	92,512,016
Total Non-current Liabilities	93,278,466	571,656	93,850,122
Total Liabilities	109,130,202	1,005,123	110,135,325
Deferred Inflows of Resources			
Related to pension	91,772	29,700	121,472
Related to OPEB - TMRS supplemental death benefit	20,913	6,800	27,713
Related to OPEB - retiree health plan	13,397	4,341	17,738
Total Deferred Inflows of Resources	126,082	40,841	166,923
Net Position			
Net investment in capital assets	423,788,672	3,592,684	427,381,356
Restricted for capital projects	71,776,019	-	71,776,019
Restricted for debt service	7,250,725	-	7,250,725
Unrestricted	74,652,518	1,335,785	75,988,303
Total Net Position	\$ 577,467,934	\$ 4,928,469	\$ 582,396,403

CITY OF LEANDER, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-Type Activities Enterprise Fund		
	Utility	Non-Major Golf Course	Totals
Operating Revenues			
Charges for services	\$ 51,592,399	\$ 3,092,581	\$ 54,684,980
Miscellaneous	74,231	38,490	112,721
Total Operating Revenues	51,666,630	3,131,071	54,797,701
Operating Expenses			
Personnel services	4,391,590	1,570,411	5,962,001
Supplies and maintenance	3,694,339	679,682	4,374,021
Services and other	20,060,755	180,834	20,241,589
Depreciation	9,189,844	328,186	9,518,030
Total Operating Expenses	37,336,528	2,759,113	40,095,641
Operating income	14,330,102	371,958	14,702,060
Non-Operating Revenues (Expenses)			
Investment earnings	6,004,058	67,880	6,071,938
Interest expense	(7,654,230)	(33,062)	(7,687,292)
Total Non-Operating Revenues (Expenses)	(1,650,172)	34,818	(1,615,354)
Income (loss) before contributions and transfers	12,679,930	406,776	13,086,706
Capital contributions	44,055,258	-	44,055,258
Transfers out	(1,500,000)	(1,000,000)	(2,500,000)
Change in Net Position	55,235,188	(593,224)	54,641,964
Net Position - Beginning	522,232,746	5,521,693	527,754,439
Total Net Position - Ending	\$ 577,467,934	\$ 4,928,469	\$ 582,396,403

CITY OF LEANDER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-Type Activities Enterprise Funds		
	Utility	Non-Major Golf Course	Totals
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 51,358,655	\$ 3,131,071	\$ 54,489,726
Cash payments to suppliers for goods and services	(32,484,057)	(798,611)	(33,282,668)
Cash payments to employees for services	(4,341,691)	(1,545,563)	(5,887,254)
Net Cash Provided by Operating Activities	<u>14,532,907</u>	<u>786,897</u>	<u>15,319,804</u>
Cash Flows from Noncapital Financing Activities			
Transfers out to other funds	(1,500,000)	(1,000,000)	(2,500,000)
Net Cash Used by Noncapital Financing Activities	<u>(1,500,000)</u>	<u>(1,000,000)</u>	<u>(2,500,000)</u>
Cash Flows from Capital and Related Financing Activities			
Capital contributions - impact fees	19,940,003	-	19,940,003
Acquisition and construction of capital assets	(30,529,768)	(60,874)	(30,590,642)
Principal paid on long-term debt	(4,832,955)	(203,396)	(5,036,351)
Interest paid on long-term debt	(7,695,933)	(33,062)	(7,728,995)
Net Cash Used by Capital and Related Financing Activities	<u>(23,118,653)</u>	<u>(297,332)</u>	<u>(23,415,985)</u>
Cash Flows from Investing Activities			
Investment earnings received	6,004,058	67,880	6,071,938
Net Cash Provided by Investing Activities	<u>6,004,058</u>	<u>67,880</u>	<u>6,071,938</u>
Net change in cash and cash equivalents	(4,081,688)	(442,555)	(4,524,243)
Cash and Cash Equivalents, Beginning	141,262,167	2,126,977	143,389,144
Cash and Cash Equivalents, Ending	<u>\$ 137,180,479</u>	<u>\$ 1,684,422</u>	<u>\$ 138,864,901</u>
Reconciliation of Total Cash and Cash Equivalents			
Cash and cash equivalents	\$ 38,499,758	\$ 1,684,422	\$ 40,184,180
Restricted cash and cash equivalents	98,680,721	-	98,680,721
Total Cash and Cash Equivalents	<u>\$ 137,180,479</u>	<u>\$ 1,684,422</u>	<u>\$ 138,864,901</u>

CITY OF LEANDER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-Type Activities Enterprise		
	Funds		
	Utility	Non-Major Golf Course	Totals
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating income	\$ 14,330,102	\$ 371,958	\$ 14,702,060
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,189,844	328,186	9,518,030
Change in assets, deferred inflows and outflows, and liabilities:			
(Increase) decrease in accounts receivable	(482,939)	-	(482,939)
(Increase) decrease in inventory	-	(2,462)	(2,462)
(Increase) decrease in due from other governments	(455,210)	-	(455,210)
(Increase) decrease in investment in joint venture	(7,041,717)	-	(7,041,717)
(Increase) decrease in deferred outflow related to pensions	375,190	124,467	499,657
(Increase) decrease in deferred outflow related to OPEB	(6,441)	678	(5,763)
Increase (decrease) in accounts payable	(6,503)	39,198	32,695
Increase (decrease) in accrued liabilities	(1,198,417)	13,899	(1,184,518)
Increase (decrease) in unearned revenue	(27,116)	11,270	(15,846)
Increase (decrease) in customer deposits	174,964	-	174,964
Increase (decrease) in net pension liability	(169,528)	(58,293)	(227,821)
Increase (decrease) in total OPEB liability	5,574	1,440	7,014
Increase (decrease) in compensated absences	48,541	25,027	73,568
Increase (decrease) in deferred inflow related to pensions	(205,120)	(67,561)	(272,681)
Increase (decrease) in deferred inflow related to OPEB	1,683	(910)	773
Net Cash Provided by Operating Activities	\$ 14,532,907	\$ 786,897	\$ 15,319,804
Noncash Capital and Financing Activities			
Infrastructure contributed by developers	\$ 24,115,258	\$ -	\$ 24,115,258



CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The City of Leander, Texas (the “City”) was incorporated in 1978 under the laws of the State of Texas. The City operates under a Council-Manager form of government and provides the following services: public safety (fire and police), streets, water and wastewater services, public improvements, planning and zoning, parks and recreation, and general administrative services. The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City’s reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. A blended component unit is, in substance, part of the primary government’s operations, even though legally a separate entity. Thus, the blended component unit is appropriately presented as a fund of the primary government. The Tax Increment Reinvestment Zone #1 (TIRZ) and Public Improvement Districts (PIDs) has been included in the City’s reporting entity as a blended component unit.

The Tax Increment Reinvestment Zone #1 (TIRZ) was created to enable the proper planning, layout, financing and construction of public streets and roadways, and water, wastewater and drainage systems, to improve traffic flow and access, public safety, eliminate some conditions that endanger life or property, and provide facilities necessary to the public safety, health and welfare. The affairs of the District are managed by a Board of Directors composed of four directors appointed by the City Council and one director appointed by Williamson County, Texas. Complete financial statements from the component may be obtained at the City’s administrative office.

Public Improvement Districts were created by the City under the authority of Chapter 372 of the Texas Local Code. The statute allows for a city to levy a special assessment against properties within the District to pay for improvements to the properties within the District. The City currently has three public improvement districts in the following developments: Oak Creek, Deerbrooke and Crystal Springs.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City’s enterprise 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City’s water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, sales taxes, franchise taxes, interest revenue and charges for services 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund types. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

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

The **Federal ARPA Funds** is a special revenue fund used to account for the accumulation of resources and related costs related to the funds received as part of the American Rescue Plan Act.

Other governmental funds is a summarization of all the non-major governmental funds.

The City reports the following major enterprise fund:

The **Utility Fund** is used to account for the activities of the City's water and wastewater operations.

The City reports the following non-major Enterprise Fund:

The **Golf Course Fund** accounts for the City's golf course activity.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

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

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances at year end 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 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 column.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Investments

For purposes of the statement of cash flows for the proprietary fund types, the City considers all highly liquid investments (including restricted assets) to be cash equivalents. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City are reported at fair value, except for the position in investment pools. Investment pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method and consists of golf course goods for sale. The cost of such inventory is recorded as an expense at the point of sale.

Prepaid Items

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 expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Restricted assets include capital recovery fees (impact fees) that are, by law, restricted for future capital improvements; customer deposits; and assets set aside for construction of future debt funded improvements.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is based on historical collection rate percentages. The City recognizes penalties and interest due on delinquent taxes receivable as a component of delinquent taxes receivable.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Joint Venture

Investment in joint venture represents an equity interest in the Brushy Creek Regional Utility Authority (BCRUA), a regional water treatment and distribution system. The investment amounts represents the City's share in the joint venture's net position at year-end.

Capital Assets

Capital assets are tangible and intangible, which include land, construction in progress, artwork and sculptures, buildings, machinery and equipment, right to use assets, and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements which extend asset lives are capitalized and depreciated over the useful lives of the related assets, as applicable. The City defines capital assets as assets with an original cost of \$5,000 or more and an estimated useful life of over one year. When property or equipment is retired from service or otherwise disposed of, the cost and related accumulated depreciation are removed and any resulting gain or loss is reported in the statement of activities.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City did not capitalize infrastructure built and/or acquired prior to fiscal year 2001. These items built and/or acquired beginning in fiscal year 2001 are capitalized.

Land, construction in progress, and artwork and sculptures are not depreciated. Other tangible and intangible assets are depreciated/amortized using the straight-line method over the estimated useful lives of the assets which range as follows:

Buildings and improvements	15-30 Years
Utility distribution system	50 Years
Streets and drainage infrastructure	40 Years
Equipment	5-10 Years
Right to use assets	2-6 Years
Right to use subscriptions	Subscription Term

Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Leases (continued)

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

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements (SBITA)

The City is under contract for various SBITAs for the right to use subscription assets. The SBITAs are noncancellable, and the City recognizes a SBITA liability and an intangible right to use SBITA asset in the governmentwide financial statements. The City recognizes SBITA liabilities with an initial, individual value of \$10,000 or more.

At the commencement of the SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the sum of (1) the initial SBITA liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Key estimates and judgments related to SBITA include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Long-Term Obligations

In the government-wide statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issues are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds received, are reported as debt service expenses on the government-wide financial statements and as expenditures on the fund financial statements.

Pensions

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

Other Post-Employment Benefits (OPEB)

Supplemental Death Benefit. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's total OPEB liability is obtained from a report prepared by a consulting actuary.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- **Deferred charges on refunding** – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- **Deferred outflows of resources for pension** – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and results in 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the City's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- **Deferred outflows of resources for post-employment benefits** – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and results in 1) differences between projected and actual earnings on pension plan investments and 2) changes in the City's proportional share of pension liabilities. The deferred outflows of resources related to post-employment benefits resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net postemployment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with postemployment benefits through the post-employment benefit plan.

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 or resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and municipal court fines. The City has the following items that qualify for reporting on an accrual basis.

- **Deferred inflows of resources for unavailable revenues and court fines/fees** – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City reported property taxes that are unavailable as deferred inflows of resources on the fund financial statements.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Deferred Outflows/Inflows of Resources (continued)

- **Deferred inflows of resources for pension** – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City’s proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- **Deferred inflows of resources for post-employment benefits** – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Net Position

Net position represents the difference between assets, deferred inflows/outflows of resources and liabilities. Net position investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

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 City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council may 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.

Recent Accounting Pronouncements

GASB issued Statement No. 101, *Compensated Absences*, was issued in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in 2025 and the impact is reflected in the financial statements. There was no material effect to the financial statements, and no restatement deemed necessary.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has evaluated the applicability of this Statement and determined that it does not have an impact on the financial statements for the fiscal year ended September 30, 2025.

E. Revenues and Expenditures / Expenses

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 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*.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

E. Revenues and Expenditures / Expenses (continued)

Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Williamson and Travis Central Appraisal Districts (“CAD”) establish appraised values. Taxes are levied by the City Council based on the appraised values received from each CAD. The Williamson and Travis County Tax Assessors bill and collect the taxes levied.

The tax rate for the October 1, 2024, levy was \$0.417282 (\$0.273604 for general government and \$0.143678 for debt service) per \$100 of assessed valuation.

The Texas Property Tax Code requires all property to be assessed on the basis of 100% of appraised value. The value of property must be reviewed at least every three years. Under the Property Tax Code, the city is required to calculate the “voter-approval tax rate” and “no-new-revenue tax rate.” The no-new-revenue formula assumes that if values increase, the tax rate should decrease, or if values decrease then then the tax rate will increase, to create the same amount of revenue as it did the year before. If the city adopts a tax rate that exceeds its voter-approval tax rate, which is calculated as 3.5% above the no-new-revenue tax rate, an election must be held to approve that rate or reduce the adopted tax rate to the voter-approval tax rate.

Compensated Absences

The City’s employees earn vacation, which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City uses a Last-In, First-Out (LIFO) method when calculating the liability for compensated absences expected to be used as leave. Historical data over the past three years indicate that employees have earned more leave than they have used. As a result, no portion of that leave is projected to be used as time off. As such, under LIFO, the more likely than not (MLTN) threshold may result in a lower or even zero liability when current year leave is not expected to be used or paid. In addition, the liability is recorded as constrained by established policy limits and payroll-related costs have been incorporated.

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 the proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s Utility and Golf Course Funds are charges to customers for sales and services. The Utility 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 include cost of sales and services, administrative expenses, and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

E. Revenues and Expenditures / Expenses (continued)

Use of Estimates

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

Note 2. Cash and Investments

Cash and investment balances for most of the City's funds are consolidated in pooled cash and investment accounts. At September 30, 2025, the carrying amount of the City's deposits was \$16,589,600 with the respective bank balance of \$17,643,580. Pooled balances include amounts in demand deposits, local government investment pools, commercial paper, and United States (U. S.) Agency Securities. Interest earnings are then allocated monthly to each fund based on its pooled equity balance. Separate cash and investment accounts are maintained for interest and sinking funds (debt service).

The City's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The PFIA (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. This policy authorizes the City to invest in (1) obligations of the United States of America, its agencies and instrumentalities, excluding mortgaged backed securities, with a stated final maturity not to exceed three years, (2) 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 AA- or its equivalent, with a stated final maturity not to exceed three years, (3) Depository certificated of deposit issued by a bank or savings bank doing business in Texas that is insured by the Federal Deposit Insurance or its successor or secured by obligations in a manner and amount provided by law and this policy for deposits of the City, (4) money market mutual funds that (a) are registered and regulated by the Securities and Exchange Commission, (b) have a dollar weighted average stated maturity of 60 days or less, (c) are rated AAA by at least one nationally recognized rating service, (d) seek to maintain a net asset value of \$1.00 per share, and (e) are in compliance with SEC Rule 2a-7, (5) Texas local government investment pools, which (a) meet the requirements of the PFIA, (b) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, (c) must maintain a maximum average dollar weighted maturity of 60 days, (d) seek to maintain a \$1.00 net asset value, (e) be authorized by resolution or ordinance of the City Council, and (f) are in compliance with SEC Rule 2a-7, (6) fully collateralize repurchase agreements with a bank in Texas or a primary dealer, executed under the Bond Market Master Repurchase Agreement in accordance with the Act not to exceed 120 days, (7) FDIC insured "brokered certificates of deposit" securities from a bank in any US state, delivered versus payment to the City's safekeeping agent, not to exceed one year to maturity, (8) FDIC insured or collateralized interest bearing accounts in any bank in Texas, and (9) SEC registered, A1/P1 rated commercial paper with a maturity not more than 270 days.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2. Cash and Investments (continued)

As of September 30, 2025, the City had the following cash and investments:

Cash and Investment Type	Carrying Value	Percentage of Portfolio	Weighted Average Maturity (Days)	Rating
Bank Accounts/CDs - int mon/qtr	\$ 1,437,261	0.34%	1	AAA
BOK Financial - MM Funds	3,469,236	0.83%	1	AAA
Money Market Funds	10,681,210	2.55%	1	AAA
TexPool	310,954,756	74.24%	31	AAA
TexStar	10,325,392	2.47%	30	AAA
Certificate of Deposit	4,463,703	1.07%	127	N/A
Federal Agency Coupon Securities	35,495,681	8.47%	331	AAA
Treasury Coupon Securities	42,046,484	10.04%	164	AAA
	<u>\$ 418,873,723</u>			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2. Cash and Investments (continued)

As of September 30, 2025, the City had the following recurring fair value measurements:

Investments by Fair Level Value	Fair value as of 9/30/2025	Fair Value Measurements Using	
		Level 1	Level 2
Federal Agency Coupon Securities	\$ 35,495,681	\$ -	\$ 35,495,681
Treasury Coupon Securities	42,046,484	-	42,046,484
	<u>\$ 77,542,165</u>	<u>\$ -</u>	<u>\$ 77,542,165</u>

Because the investments are restricted by policy and state law to active secondary market, the market approach is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The exit or fair market prices used for these fair market valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an Advisory Board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

JP Morgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexStar board of directors to provide investment and participant services for this pool. JP Morgan Chase Bank or its subsidiary, JP Morgan Investor Services Co. provides the custodial, transfer agency, fund accounting, and depository services for this pool.

The Texas Range program has an Advisory Board made up of representatives of several participating local governments. PFM Asset Management, LLC provides administrative and investment services to the Advisory Board. U. S. Bank provides the custodial, transfer agency, fund accounting, and depository services for this pool.

The City's investment pools each have a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting weighted average maturity of the portfolio to 2 years. The maximum allowable stated maturity of any individual investment owned by the City shall not exceed three years from the time of purchase.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2025, the City's deposit balance was covered by FDIC or with securities held by the pledging financial institution in the City's name.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2. Cash and Investments (continued)

Credit Risk. State law and City policy limit investments to those rated no lower than AA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2025, the City’s investments were rated by Standard & Poor’s and Moody’s with ratings as noted above.

Concentration of Credit Risk. The City’s investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and continuously investing a portion of the portfolio in readily available funds such as local government investment pools.

Note 3. Restricted Cash and Investments

As of September 30, 2025, the City held restricted cash and investments of \$261,276,143 for the following purposes:

Governmental Funds		
Capital projects - bond proceeds		\$ 162,595,422
Total Governmental Funds - Restricted Cash and Investments		<u>162,595,422</u>
Proprietary Funds:		
Utility - construction		93,655,992
Utility - debt service		5,024,729
Total Proprietary Funds - Restricted Cash and Investments		<u>98,680,721</u>
Total Restricted Cash and Investments		<u>\$ 261,276,143</u>

Note 4. Receivables and Deferred Inflows of Resources

Receivables as of September 30, 2025 for the City’s individual major funds and nonmajor funds in the aggregate including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Proprietary Fund		Total
	General	Debt Service	Federal ARPA Grants	Nonmajor	Utility	Golf Course - Nonmajor	
Receivables:							
Property taxes	\$ 378,973	\$ 210,107	\$ -	\$ -	\$ -	\$ -	\$ 589,080
Penalties and interest	132,746	76,649	-	-	-	-	209,395
Sales tax	2,223,124	-	-	-	-	-	2,223,124
Franchise taxes	1,080,940	-	-	-	-	-	1,080,940
Customer accounts	336,750	-	-	-	9,283,245	103	9,620,098
Other	3,619,034	-	-	59,497	-	-	3,678,531
Gross receivables	<u>7,771,567</u>	<u>286,756</u>	<u>-</u>	<u>59,497</u>	<u>9,283,245</u>	<u>103</u>	<u>17,401,168</u>
Less: allowance for uncollectibles	(1,727,973)	(10,505)	-	-	(1,761,377)	-	(3,499,855)
Net Total Receivables	<u>\$ 6,043,594</u>	<u>\$ 276,251</u>	<u>\$ -</u>	<u>\$ 59,497</u>	<u>\$ 7,521,868</u>	<u>\$ 103</u>	<u>\$ 13,901,313</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Capital Assets

Capital assets activity for the primary government for the fiscal year ended September 30, 2025, is as follows:

Governmental Activities	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 7,238,294	\$ -	\$ -	\$ 7,238,294
Construction in progress	47,867,066	18,201,565	(846,814)	65,221,817
Artwork and sculptures	125,805	15,450	-	141,255
Total Capital Assets, Not Being Depreciated/Amortized	55,231,165	18,217,015	(846,814)	72,601,366
Capital Assets, Being Depreciated/Amortized:				
Buildings and improvements	56,209,968	-	-	56,209,968
Machinery and equipment	25,743,325	4,086,758	(585,010)	29,245,073
Infrastructure	571,295,050	41,230,804	-	612,525,854
Right to use assets	1,072,288	-	-	1,072,288
SBITA subscriptions assets	1,348,095	-	-	1,348,095
Total Capital Assets, Being Depreciated/Amortized	655,668,726	45,317,562	(585,010)	700,401,278
Less Accumulated Depreciation/Amortization For:				
Buildings and improvements	(22,822,135)	(2,249,050)	-	(25,071,185)
Machinery and equipment	(16,159,404)	(3,139,291)	585,010	(18,713,685)
Infrastructure	(88,471,413)	(14,797,524)	-	(103,268,937)
Right to use assets	(590,622)	(193,530)	-	(784,152)
SBITA assets	(729,683)	(355,577)	-	(1,085,260)
Total Accumulated Depreciation/Amortization	(128,773,257)	(20,734,972)	585,010	(148,923,219)
Total Capital Assets, Being Depreciated/Amortized, Net	526,895,469	24,582,590	-	551,478,059
Governmental Activities Capital Assets, Net	\$ 582,126,634	\$ 42,799,605	\$ (846,814)	\$ 624,079,425
Business-Type Activities	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 2,396,732	\$ -	\$ -	\$ 2,396,732
Construction in progress	107,416,553	29,248,080	(3,986,749)	132,677,884
Total Capital Assets, Not Being Depreciated/Amortized	109,813,285	29,248,080	(3,986,749)	135,074,616
Capital Assets, Being Depreciated/Amortized:				
Buildings and improvements	2,678,046	-	-	2,678,046
Machinery and equipment	5,368,394	308,480	(48,481)	5,628,393
Infrastructure	418,785,338	24,115,258	3,986,749	446,887,345
Right to use equipment	1,145,070	-	-	1,145,070
Total Capital Assets, Being Depreciated/Amortized	427,976,848	24,423,738	3,938,268	456,338,854
Less Accumulated Depreciation/Amortization For:				
Buildings and improvements	(1,114,323)	(99,545)	-	(1,213,868)
Machinery and equipment	(2,484,487)	(463,109)	48,481	(2,899,115)
Infrastructure	(74,439,449)	(8,699,793)	-	(83,139,242)
Right to use equipment	(465,935)	(255,583)	-	(721,518)
Total Accumulated Depreciation/Amortization	(78,504,194)	(9,518,030)	48,481	(87,973,743)
Total Capital Assets, Being Depreciated/Amortized, Net	349,472,654	14,905,708	3,986,749	368,365,111
Business-Type Activities Capital Assets, Net	\$ 459,285,939	\$ 44,153,788	\$ -	\$ 503,439,727

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Capital Assets (continued)

Construction commitments

The City has active construction projects as of September 30, 2025. At year end, the City had the following significant commitments with contractors:

Projects	Construction Commitment	Spent to Date	Remaining Commitment
Governmental Funds:			
Raider Way & E. Woodview Roadway Reconstruction	\$ 15,807,041	\$ 15,807,041	\$ -
Senior Center	8,650,173	7,357,158	1,293,015
Reclaimed Water Line Improvements	7,811,015	6,501,403	1,309,612
Fire Station #2	2,007,103	1,843,023	164,080
	<u>34,275,332</u>	<u>31,508,625</u>	<u>2,766,707</u>
Enterprise Funds:			
Sandy Creek Water Treatment Plant Improvements	\$ 21,946,273	\$ 18,304,114	3,642,159
San Gabriel Pkwy Elevated Storage Tank	8,281,008	7,449,079	831,929
Lakeline Blvd Waterlines	1,939,269	1,939,269	-
Lift Station Improvements	5,470,726	5,330,760	139,966
RM 2243 Master Lift Station	7,629,408	3,634,583	3,994,825
San Gabriel Parkway Phase 2 road construction	6,912,964	698,726	6,214,238
San Gabriel Parkway Right Turn Lane onto Hwy 183	387,669	76,504	311,165
Traffic Signal at Bagdad Road and Collaborative Way	1,426,001	1,326,668	99,333
Traffic Signal at Journey Parkway and CR 175	460,901	416,501	44,400
Fire Training Building Conversion to Liquid Propane Gas	121,340	121,340	-
Advanced Metering Infrastructure (AMI)	9,106,696	1,913,092	7,193,604
Bagdad Terminus GST, Pump Station, and Water Lines	20,024,463	5,240,867	14,783,596
Falcon Oaks wastewater and water line	4,796,717	4,796,717	-
East Street Utilities	777,146	732,757	44,389
	<u>89,280,581</u>	<u>51,980,977</u>	<u>37,299,604</u>
Total Commitments	<u>\$ 123,555,913</u>	<u>\$ 83,489,602</u>	<u>\$ 40,066,311</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6. Long-term Debt

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 101,515,000	\$ 124,880,000	\$ (14,400,000)	\$ 211,995,000	\$ 10,545,000
Special assessment revenue bonds	21,185,000	-	(574,000)	20,611,000	582,000
Premium on bonds	7,564,744	8,363,179	(791,163)	15,136,760	-
Discount on bonds	(114,436)	-	4,959	(109,477)	-
Leases payable	533,915	-	(204,479)	329,436	228,573
SBITA liability	616,057	-	(339,580)	276,477	156,321
Compensated absences	2,082,102	891,677	-	2,973,779	743,445
Governmental Activity					
Long-term liabilities	\$ 133,382,382	\$ 134,134,856	\$ (16,304,263)	\$ 251,212,975	\$ 12,255,339
Business-Type Activities:					
Revenue bonds	\$ 87,070,000	\$ -	\$ (4,225,000)	\$ 82,845,000	\$ 4,595,000
Notes payable	5,406,137	-	(607,955)	4,798,182	626,193
Leases payable	636,370	-	(203,396)	432,974	206,333
Premium on bonds	10,560,365	-	(696,979)	9,863,386	-
Compensated absences	171,783	73,568	-	245,351	61,337
Business-Type Activity					
Long-term liabilities	103,844,655	73,568	(5,733,330)	98,184,893	5,488,863
Total Primary Government	\$ 237,227,037	\$ 134,208,424	\$ (22,037,593)	\$ 349,397,868	\$ 17,744,202

For the governmental activities, the General Fund generally liquidates compensated absences and the Debt Service Fund liquidates leases payable and SBITA liability.

Certain obligations that were marketed as private placements have been separately identified; however, the terms of those obligations do not differ significantly from other obligations and do not have substantive acceleration clauses. Should the City default on any of its bonds, certificates, reimbursement obligations, or notes, any registered holder of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

In the current year, the City issued \$124,880,000 in Combination Tax and Revenue Certificates of Obligation, Series 2025. The proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for City-wide water and wastewater utility system improvements, and the acquisition of rights-of-way and easements thereof. The Certificates carry an interest rate of 5.00% and mature in 2055.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6. Long-term Debt (continued)

The following schedule summarizes the terms of the City’s general obligation, revenue, and special assessment revenue bonds at September 30, 2025:

General Obligation Bonds	Original Issue Amount	Final Maturity	Interest Rates	Governmental Activities
Series 2016 General Obligation and Refunding Bonds	\$ 19,365,000	2037	2.00% - 4.00%	\$ 10,830,000
Series 2016 Combination Tax and Revenue Certificates of Obligation	16,965,000	2037	2.00% - 4.00%	11,550,000
Series 2018 General Obligation Refunding Bonds	10,555,000	2030	3.00% - 5.00%	1,655,000
Series 2018 General Obligation Bonds	25,675,000	2038	3.00% - 5.00%	19,820,000
Series 2018A Combination Tax & Revenue Certificates of Obligation	14,365,000	2038	3.00% - 5.00%	11,000,000
Series 2018B Combination Tax & Revenue Certificates of Obligation	6,125,000	2038	3.00% - 5.00%	4,710,000
Series 2020 General Obligation Refunding Bonds	46,010,000	2027	4.00% - 5.00%	3,275,000
Series 2022A Combination Tax & Revenue Certificates of Obligations	19,485,000	2038	5.00%	4,075,000
Series 2024A Combination & Tax Revenue Certificates of Obligation	9,525,000	2044	5.00%	7,020,000
Series 2024 General Obligation Refunding Bonds	14,305,000	2035	5.00%	13,180,000
Series 2025 Combination & Tax Revenue Certificates	124,880,000	2055	5.00%	124,880,000
Total General Obligation Bonds				\$ 211,995,000
Special Assessment Revenue Bonds				
Series 2017 Special Assessment Revenue	\$ 2,535,000	2047	5.13% - 5.36%	\$ 2,201,420
Series 2017 Special Assessment Revenue	8,650,000	2047	4.13% - 5.00%	7,325,000
Series 2018 Special Assessment Revenue	5,475,000	2048	4.50% - 5.30%	4,725,000
Series 2020 Special Assessment Revenue	4,650,000	2044	5.00%	3,915,000
Series 2022 Special Assessment Revenue	2,030,000	2047	4.50% - 5.00%	1,902,120
Series 2022 Special Assessment Revenue	577,000	2047	4.50% - 5.00%	542,460
Total Special Assessment Revenue Bonds				20,611,000
				\$ 232,606,000
Revenue Debt	Original Issue Amount	Final Maturity	Interest Rates	Business-Type Activities
Series 2020 General Obligation Refunding Bonds	\$ 46,010,000	2036	4.00% - 5.00%	\$ 18,235,000
Series 2021 Combination Tax and Revenue Certificates of Obligation	20,615,000	2040	2.00% - 4.00%	16,780,000
Series 2022B Combination Tax and Revenue Certificates of Obligation	29,605,000	2042	4.00% - 5.00%	27,000,000
Series 2024B Combination Tax and Revenue Certificates of Obligation	21,320,000	2044	5.00%	20,830,000
Total Revenue Bonds				\$ 82,845,000

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6. Long-term Debt (continued)

Annual debt service requirements for the City’s bonds and revenue bonds are as follows:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 11,127,000	\$ 10,189,314	\$ 4,595,000	\$ 3,639,250	\$ 29,550,564
2027	10,165,000	10,440,646	4,815,000	3,418,150	28,838,796
2028	11,793,000	9,957,073	4,335,000	3,186,400	29,271,473
2029	13,257,000	9,416,275	4,555,000	2,979,050	30,207,325
2030	14,855,000	8,788,464	4,765,000	2,761,050	31,169,514
2031-2035	44,455,000	36,634,729	26,290,000	10,383,050	117,762,779
2036-2040	33,233,000	27,653,629	23,085,000	5,128,750	89,100,379
2041-2045	28,538,555	20,649,045	10,405,000	1,041,750	60,634,350
2046-2050	30,028,000	13,258,024	-	-	43,286,024
2051-2055	35,154,445	5,440,000	-	-	40,594,445
	<u>\$ 232,606,000</u>	<u>\$ 152,427,199</u>	<u>\$ 82,845,000</u>	<u>\$ 32,537,450</u>	<u>\$ 500,415,649</u>

Note Payable

The City joined the Brushy Creek Regional Wastewater System in 2010. The cities of Austin, Cedar Park, and Round Rock, Texas have agreed to convey to the City of Leander the reserved capacity in the system for \$10,800,000. The City shall pay the required payment in annual installments over a period of 22 years with the first installment to occur on January 31, 2014. The interest that accrued prior to the first payment will be included as principal and paid in accordance with the following maturity schedule.

Fiscal Year	Principal	Interest	Total
2026	\$ 626,193	\$ 143,945	\$ 770,138
2027	644,979	125,160	770,139
2028	664,328	105,810	770,138
2029	684,258	85,880	770,138
2030	704,786	65,353	770,139
2031-2032	1,473,638	66,640	1,540,278
	<u>\$ 4,798,182</u>	<u>\$ 592,788</u>	<u>\$ 5,390,970</u>

Leases Payable

A summary of leases payable as of September 30, 2025, are as follows for governmental and business-type activities:

	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amount Outstanding 9/30/2025	Amounts Due Within One Year
Governmental Activities:						
Building	4.50%	2022	\$ 963,331	\$ 19,922	\$ 329,436	\$ 228,573
Total Governmental Activities				<u>\$ 19,922</u>	<u>\$ 329,436</u>	<u>\$ 228,573</u>
Business-Type Activities						
Equipment	4.00% - 5.25%	2019	\$ 327,325	\$ 66	\$ -	\$ -
Equipment	4.20% - 5.25%	2022	\$ 379,513	15,849	107,734	99,309
Equipment	4.50%	2024	\$ 438,232	17,147	325,240	107,024
Total Business-Type Activities				<u>\$ 33,062</u>	<u>\$ 432,974</u>	<u>\$ 206,333</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6. Long-term Debt (continued)

Leases Payable (continued)

Annual debt service requirements for the City’s leases are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 228,573	\$ 10,227	\$ 206,333	\$ 25,078	\$ 470,211
2027	100,863	1,138	120,367	8,433	230,801
2028	-	-	106,274	2,390	108,664
	<u>\$ 329,436</u>	<u>\$ 11,365</u>	<u>\$ 432,974</u>	<u>\$ 35,901</u>	<u>\$ 809,676</u>

SBITA Liability

The City is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of September 30, 2025, are as follows:

	Interest Rate	Initial Year of Arrangement	Amount of Initial Liability	Interest Current Year	Amount Outstanding 9/30/2025	Amounts Due Within One Year
Governmental Activities:						
Various agreements	4.50%	2022	\$ 1,348,095	\$ 20,069	\$ 276,477	\$ 156,321
Total Governmental Activities				<u>\$ 20,069</u>	<u>\$ 276,477</u>	<u>\$ 156,321</u>

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

Annual debt service requirements for the City’s SBITA liabilities are as follows:

Fiscal Year	Principal	Interest
2026	\$ 156,321	\$ 9,205
2027	120,156	2,264
	<u>\$ 276,477</u>	<u>\$ 11,469</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 7. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2025, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Total</u>
Primary Government			
Governmental Activities:			
General fund	\$ 2,500,000	\$ (5,888,405)	\$ (3,388,405)
Capital projects fund	9,144,460	(250,000)	8,894,460
Debt service fund	1,102,250	-	1,102,250
Nonmajor governmental funds	224,801	(4,333,106)	(4,108,305)
Total Governmental Activities	<u>12,971,511</u>	<u>(10,471,511)</u>	<u>2,500,000</u>
Business-Type Activities:			
Utility fund	-	(1,500,000)	(1,500,000)
Golf fund	-	(1,000,000)	(1,000,000)
Total Business-Type Activities	<u>-</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>
Total Primary Government	<u>\$ 12,971,511</u>	<u>\$ (12,971,511)</u>	<u>\$ -</u>

<u>Transfer In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Utility Fund	\$ 1,500,000	Administrative Overhead
General Fund	Golf Fund	1,000,000	City projects allocated to Golf Fund
Capital Projects Fund	General Fund	5,913,604	Fund Capital Projects
Capital Projects Fund	NonMajor Funds	3,230,856	Economic Development Incentive Agreements
Debt Service Fund	NonMajor Funds	1,102,250	Economic Development Incentive Agreements
NonMajor Funds	General Fund	224,801	Public Arts Fund & Economic Development Incentive Agreements
		<u>\$ 12,971,511</u>	

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 936 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	Vested at age 60 or 20 years at any age
Updated Service Credit:	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI; Repeating
Supplement death benefit – active Employees and retirees	Yes

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	230
Active employees	<u>437</u>
Total	<u>782</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

Contributions

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

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.00% and 12.00% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were 4,673,216 and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

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

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	21 years
Asset valuation method:	10 year smoothed market; 12% soft corridor
Inflation:	2.50%
Overall payroll growth:	3.60% to 11.85% including inflation
Investment rate of return:	6.75%

Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

Actuarial Assumptions (continued)

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

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public and Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

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.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2023	\$ 75,441,973	\$ 64,857,804	\$ 10,584,169
Changes for the Year:			
Service Cost	5,952,278	-	5,952,278
Interest (on the Total Pension Liability)	5,232,211	-	5,232,211
Difference between expected and actual experience	469,872	-	469,872
Changes in assumptions benefit payments, including refunds of employee contributions	(1,807,756)	(1,807,756)	-
Contributions – employer	-	4,130,379	(4,130,379)
Contributions – employee	-	2,414,996	(2,414,996)
Net investment income	-	6,785,084	(6,785,084)
Administrative Expense	-	(43,220)	43,220
Other	-	(1,011)	1,011
Balance at 12/31/2024	<u>\$ 85,288,578</u>	<u>\$ 76,336,276</u>	<u>\$ 8,952,302</u>

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

The following presents the net pension liability (asset) 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 Single Rate Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 23,397,021	\$ 8,952,302	\$ (2,688,783)

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.tmr.com.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

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

For the year ended September 30, 2025, the City recognized a pension expense of \$4,779,091.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual economic experience	\$ 1,436,481	\$ -
Changes in actuarial assumptions	34,308	(31,195)
Difference between projected and actual investment earnings	-	(1,041,276)
Contributions subsequent to the measurement date	3,685,913	-
Total	\$ 5,156,702	\$ (1,072,471)

The \$3,685,913 reported as deferred outflows of resources related to pension 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2026	\$ 447,308
2027	895,770
2028	(686,172)
2029	(312,640)
2030	54,052
Thereafter	-
Total	\$ 398,318

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions

TMRS Supplemental Death Benefits Fund

Benefit Plan Description

The City's single-employer defined benefit group-term life insurance plan is operated by the Texas Municipal Retirement System (TMRS) via 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 another post-employment benefit (OPEB). As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Membership in the plan as of the measurement date of December 31, 2024 was as follows:

Inactive employees currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	62
Active employees	<u>437</u>
Total	<u>578</u>

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.21% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Discount Rate

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both active employees and retirees and the assets are not segregated for these groups. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.08% based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

TMRS Supplemental Death Benefits Fund (continued)

Actuarial Assumptions

The City’s total OPEB liability was measured at December 31, 2024 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation Date: December 31, 2024

Methods and Assumptions:

Inflation:	2.50% per annum
Salary Increases:	3.60% to 11.85%, including inflation
Discount rate	4.08%
Retirees’ share of benefit related costs:	\$0
Administrative expenses:	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees:	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees:	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Changes in the Total OPEB Liability

Service cost	\$	51,490
Interest		22,550
Changes of benefit terms		-
Difference between expected and actual experience		(4,288)
Changes in assumptions or other inputs		(38,040)
Benefit payments		(10,298)
Net change in total OPEB liability		<u>21,414</u>
Total OPEB Liability - Beginning		<u>577,548</u>
Total OPEB Liability - Ending	\$	<u><u>598,962</u></u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

TMRS Supplemental Death Benefits Fund (continued)

Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.08%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	Current Discount Rate	
1% Decrease to 3.08%	Assumption 4.08%	1% Increase to 5.08%
\$	734,624	\$ 598,962
		\$ 495,560

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$67,127.

As of September 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (18,753)
Changes in assumptions and other inputs	100,692	(225,646)
Contributions made subsequent to the measurement date	8,796	-
Total	\$ 109,488	\$ (244,399)

The \$8,796 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expenses as follows:

	Net Deferred Outflows (Inflows) of Resources
2026	\$ (21,509)
2027	(22,044)
2028	(23,765)
2029	(36,133)
2030	(33,819)
Thereafter	(6,437)
Total	\$ (143,707)

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP)

Plan Description

The City offers its retired employees medical, dental, and vision insurance through a single-employer defined benefit OPEB plan, under City policy. This plan is administered by the City and no separate audited financial statements are available.

Benefits Provided

The City amended its OPEB plan on July 21, 2016. Prior to July 21, 2016, the retiree paid 70% of the COBRA medical contribution rate plus 100% of the dental rate for the coverage tier elected. The City paid the balance of the contribution. The amended plan includes the retiree paying 100% of the COBRA medical contribution, dental, and vision rates for the coverage tier elected.

All active employees who retire directly from the City and meet the eligibility criteria may participate. Eligibility criteria include retirement at the earlier of a) age 60 with at least 5 years of service or b) 20 years of service without regard to age and must be eligible to retire from TMRS. Retirees and their dependents are eligible for the City’s group medical policy until the employee becomes Medicare eligible. Upon reaching that eligibility, the retiree and dependents are no longer eligible for the City’s group medical policy.

Contributions

The City’s contributions to the OPEB for the year ended September 30, 2025 were zero, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Active employees, employee only	261
Active employees, employees with dependent	<u>166</u>
Total	<u><u>427</u></u>

Actuarial Assumptions and Methods

Significant methods and assumptions were as follows:

Valuation Date: September 30, 2025

Methods and Assumptions:

Actuarial Cost Method:	Individual Entry-Age Normal Cost Method – Level Percentage of Projected Salary
Discount Rate:	4.06%
Inflation:	2.50%
Salary Increases:	4.00%
Data Assumptions Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 20% of all actives who currently have healthcare coverage will continue with coverage upon retirement. 10% of those with spouse coverage will continue with spouse coverage and the balance with individual coverage only.
Mortality:	RPH-2014 total Table with Projection MP-2021
Medical Trend Rates:	The medical trend rate was 4.50% as of September 30, 2025, which was the same as the prior year.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP) (continued)

Actuarial Assumptions and Methods (continued)

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities.

The retiree healthcare benefits plan is does not have plan assets held in trust; therefore, it is an unfunded OPEB plan As such, a single discount rate of 4.06% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2025.

Changes in the Total OPEB Liability

Service cost	\$	56,291
Interest		24,791
Changes of benefit terms		-
Difference between expected and actual experience		-
Changes of assumptions		-
Benefit payments		-
Net change in total OPEB liability		81,082
Total OPEB Liability - Beginning		554,320
Total OPEB Liability - Ending	\$	635,402

The ending Total OPEB Liability was \$635,402 as of September 30, 2025.

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

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.06%) in measuring the total OPEB liability.

	Current Discount Rate	
	Assumption	1% Increase to
1% Decrease to 3.06%	4.06%	5.06%
\$ 564,098	\$ 635,402	\$ 716,321

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	Current Healthcare	
	Cost Trend Rate	
1% Decrease	Assumption	1% Increase
\$ 543,254	\$ 635,402	\$ 747,383

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP) (continued)

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$67,127.

As of September 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (86,738)
Changes assumptions	52,910	(69,828)
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 52,910</u>	<u>\$ (156,566)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expenses as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2026	\$ (20,218)
2027	(30,794)
2028	(35,547)
2029	(16,562)
2030	(383)
Thereafter	(152)
Total	<u>\$ (103,656)</u>

Note 10. Commitments and Contingencies

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and other claims of various natures. The City purchases insurance from Texas Municipal League Intergovernmental Risk Pool (TML-IRP) to indemnify it in the event of loss. The City pays annual premiums for such coverage. TML-IRP purchases reinsurance and the City does not retain risk of loss exceeding deductibles. The City has had no significant reduction in insurance coverage from the previous year and claims have not exceeded coverage in the last three years.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Water System Project

In March 1998, the City entered into a wholesale potable water service agreement with Brazos River Authority (“BRA”) and the Lower Colorado River Authority (“LCRA”), acting together as the Brazos- Colorado Water Alliance (“Alliance”), whereby the Alliance agreed to acquire, construct, extend, enlarge, improve, expand and replace the Water System as necessary to provide Leander on a wholesale basis potable water in an amount not to exceed 6,400 acre-feet annually. The maximum annual quantity (MAQ) has been amended twice, first in 2007 to 24,000 ac-ft and again in 2023 to 31,000 ac-ft.

In exchange for services provided by the Alliance, the City of Leander was unconditionally obligated to pay certain capital charges incurred by LCRA, regardless of whether or not the City takes and uses the water provided under this contract. These charges were considered operating expenses of the City’s water works and sanitary sewer systems, as LCRA and BRA intended to own and operate the Water System as capital improvements on behalf of the City.

In January 2012, the City purchased the Sandy Creek water treatment plant and related infrastructure from the LCRA. Consequently, the only charges paid by the City to the LCRA are for raw water, both that which is actually withdrawn and that which is remaining as stored under permit. Total charges paid in fiscal year 2025 to LCRA under this contract totaled \$3,724,420.

Brushy Creek Regional Wastewater System

In December 2009, the cities of Round Rock, Austin, and Cedar Park entered into a purchase agreement with the LCRA wherein they agreed to buy the Brushy Creek Wastewater System (“BCRWWS”) from the LCRA. The agreement outlined the proportional share that each city would purchase of the wastewater collection and treatment system. On December 8, 2009, the three cities purchased the BCRWWS assets and entered into a master contract for the financing, construction, ownership, and operation of the BCRWWS. The master contract provided for the terms and conditions by which the cities would jointly own and operate the BCRWWS.

In June 2010, the cities of Round Rock, Austin and Cedar Park sold a share of the BCRWWS assets for the collection system to the City of Leander, and all parties entered into the amended and restated master contract for the financing, construction, ownership, and operation of the Brushy Creek Regional Wastewater System. The joint venture agreement does not provide an explicit contractual formula outlining the City’s claim to assets. It is deemed to be a joint venture with no equity interest and, accordingly, no amounts are reported in the accompanying financial statements for equity interest.

The City has capitalized its portion of the cost related to the Brushy Creek Regional Wastewater System. In June 2010, the City purchased reserved capacity in the System components for \$10,800,000, which was financed with a note payable to mature in fiscal year 2032. In 2023, the City approved an amendment to the master contract which allowed the City to become a full ownership partner in the system. In September 2023 the City paid the partner cities \$2,905,341 per the amended master contract.

For the current fiscal year, Leander’s share of expenses for the operation of the regional facilities was \$1,069,669. By agreement of the parties, effective October 1, 2018, the City of Round Rock replaced the BRA as the system operator and each of the cities is billed relative to their system usage.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Brushy Creek Regional Wastewater System (continued)

On July 20, 2017, the City Council approved a cost-sharing agreement among the parties for the re-rating of and expansion to the Brushy Creek Regional Wastewater System East Plant. On October 18, 2018, this agreement was amended to reduce Leander's share of the expansion from 5.50 mgd to 4.23 mgd of the overall 10 mgd treatment capacity expansion (42.3%). On May 7, 2020, the City of Round Rock, as Project Administrator, entered into a construction contract with Thalle Construction in the amount of \$107,351,713. Leander's 42.3% share is \$45,409,775. In FY2020, the City contributed \$12,373,972 as its first 25% payment towards its expansion obligation. In FY2021, the City Council authorized Combination Tax and Revenue Certificates of Obligation, Series 2021 in the amount of \$20,615,000 to fund the second and third 25% payments. The total amount paid in FY2021 was \$23,507,885. On May 5, 2022, the City Council authorized issuance of Combination Tax and Revenue Certificates of Obligation, Series 2022B in the amount of \$19,485,000 to fund the fourth and final 25% payment for the expansion. Total amount paid in FY2022 was \$12,435,364. Additional payments of \$84,034 and \$19,275,181 were paid out in FY 2024 and FY 2025, using alternate finding source.

Travisso/Nameless Valley Ranch

In May 2012, the City entered into an agreement with a developer to construct specified municipal type infrastructure and the City will make periodic payments to rebate specific impact fees and ad valorem tax collected by the City to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. The terms of the payments are as follows:

- For fifteen (15) years from the date of the approval of the final plat of the initial project phase, the developer will receive a rebate of 60% of the water impact fees paid to the City for water connections made within the property.
- For twenty (20) years from the date of the approval of the final plat of the initial project phase, the developer will receive a rebate of 100% of the wastewater impact fee paid to the City for wastewater connections made within the property and the Jonestown wastewater impact fees paid to the City for wastewater connections made within the Jonestown wastewater extension.
- The developer will receive a portion of the total ad valorem tax collected by the City each year during the tax rebate period on the property produced by the levy of a rate equal to \$.2371 per \$100 of assessed valuation. The tax rebate period is for tax years 2014 through 2039.

In July 2012, the developer assigned the rights to the agreement to the Travis County Municipal Utility Districts (MUD) #19, #20 and #21 upon their creation and approval by the Texas Commission on Environmental Quality (TCEQ). By agreement, each MUD has a maximum bond limit of \$74,182,000, \$88,113,000 and \$56,717,000, respectively. The tax rebate period shall end on the earlier of: a) December 31st twenty-five (25) years after the date of issuance of the last series of District Bonds (excluding refunding bonds) or, b) the date that the sum of the tax rebate payments equals the reimbursable costs. At fiscal year-end, the City paid out a total of \$735,650 in water and wastewater impact fee rebates, and \$3,578,245 in property tax rebates for this agreement.

Parkway Crossing

In July 2015, the City entered into an agreement with a developer to construct specified municipal type infrastructure and the City will make periodic payments to rebate specific impact fees. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of a project:

- For ten (10) years following the effective date of the contract, the Developer will receive sixty percent (60%) of the water impact fees paid to the City for water connections made within the designated area.
- For ten (10) years following the effective date of the contract, the Developer will receive sixty percent (60%) of the wastewater impact fees paid to the City for wastewater connections made within the designated area.

At fiscal year-end, the City paid out \$0 in water and wastewater impact fee rebates for this agreement.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Crescent/Bryson (MUD) TIRZ Development Agreement

In December 2013, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate specific impact fees, drainage revenue and ad valorem tax collected by the City to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of a project:

- Sixty percent (60%) of the water impact fees paid to the City for water connections made within the designated area.
- Sixty percent (60%) of the wastewater impact fee paid to the City for wastewater connections made within the designated area.
- Drainage revenues collected by the City within the designated area.
- Eighty percent (80%) of the property tax increment receipts from the subject property and two and half percent (2.5%) of the tax increment receipts that result from assessments and taxes collected on the remainder of all real property within the TIRS outside the subject property referenced in the agreement.

In December 2013, the developer assigned the rights to the agreement to the Leander TODD Municipal Utility District (MUD) #1 of Williamson County. It is estimated that the MUD's construction costs will be \$101 million.

In January 2019, the City fulfilled its obligation from the water fund per the amended agreement and fulfilled its wastewater obligation in June 2024. At fiscal year-end, the City paid out \$0 in wastewater impact fee rebates and \$0 in property tax rebates for this agreement.

Lively Tract

Executed April 29, 2015, the City of Leander approved an Agreement Regarding Consent to Creation of Municipal Utility District and Development of the Lively Tract. The West Williamson County Municipal Utility District No. 2 encompasses approximately 437.05 acres. The Developer is required to extend a waterline from the Lively Tract westerly along State Highway 29 to connect to the Leander water system. The waterline consists of two segments. Segment One is to be constructed and paid for by the District. Segment Two will be constructed by the Developer but funded by the City of Leander. A third segment known as the Kauffman Loop Extension may also be built. If the Developer builds the Kauffman Loop Extension, the Developer shall be entitled to be reimbursed by the City of Leander from water impact fees collected from future connections to the waterline.

As of fiscal year end, the City has paid \$0 to the Developer.

Devine Lake Development Agreement

In July 2016, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate specific impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- Sixty percent (60%) of the water impact fees paid to the City for water connections made within the designated area.
- Sixty percent (60%) of the wastewater impact fees paid to the City for wastewater connections made within the designated area.

At fiscal year end, the City paid out \$0 to fulfill the obligation for the Phase 2 and 3 wastewater projects.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Greatwood South Development Agreement

In December 2020, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate water impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- One hundred percent (100%) of the water impact fees paid to the City for water connections made within the designated area.

At fiscal year end, the City paid out \$0 to fulfill the obligation for water projects. This agreement may have additional payout obligations as future phases are completed.

Edgewood Development Agreement

In March 2022, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate specific impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- Sixty percent (60%) of the water impact fees paid to the City for water connections made within the designated area.
- Sixty percent (60%) of the wastewater impact fees paid to the City for wastewater connections made within the designated area.

At fiscal year end, the City paid out \$0 in water impact fees to fulfill the obligation for water projects and \$0 in wastewater impact fees. This agreement may have additional payout obligations as future phases are completed.

Blockhouse Creek Farm

In February 2022, the City entered into an agreement with a developer to construct specified municipal-type infrastructure required by the City's Subdivision Ordinance. The developer will be reimbursed for 50% of the actual costs for the construction and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to reimburse the developer for following the projects completion and ROW dedication to the City.

At fiscal year end, the City paid out \$0 to fulfill the obligation as the project is still ongoing.

Hilltop Ranch Development Agreement

In March 2023, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate water impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- One hundred percent (100%) of the water impact fees paid to the City for water connections made within the designated area.

At fiscal year end, the City paid out \$0 to fulfill the obligation for water projects. This agreement may have additional payout obligations as future phases are completed.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Leander Estates Development Agreement

In May 2024, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate water impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- One hundred percent (100%) of the water impact fees paid to the City for water connections made within the designated area.

At fiscal year end, the City paid out \$0 to fulfill the obligation for water projects. This agreement may have additional payout obligations as future phases are completed.

RB 270

The Tax Increment Reinvestment Zone #1 (the "Zone") was established by the City in September 2006. It is located within the City limits and the area is substantially the same as the Transit Oriented Development District. Created under State law, the Zone is to promote private economic development of an area by investing in public infrastructure. The improvements will significantly enhance the value of all the taxable real property in the Zone and will be of general benefit to the City.

The base taxable assessed value of real property within the TIRZ is established when the TIRZ is created. Any incremental growth in the taxable assessed value of real property over the base is considered a "tax increment". Taxing jurisdictions within the Zone have the option of contributing all or portions of tax collections attributed to the tax increment to the City for use in financing the public infrastructure improvements. The City has entered into tax participation agreement with Williamson County, which obligates both entities to contribute fifty percent (50%) of property taxes collected on the tax increment ("TIRZ revenues") to the TIRZ fund.

The TIRZ and RB 270 Partnership, entered into an agreement for the TIRZ to reimburse certain developer expenses (\$278,570) required to construct and widen County Road 269 just east of Toll 183A to US Hwy 183. The agreement has been amended twice to include an additional \$291,342 contributed by the developer to facilitate funding of a segment of County Road 273 between FM 2243 and San Gabriel Parkway. The reimbursable amount is \$569,912. Contingent on the developer complying with the agreement, a portion of the TIRZ revenues are payable to the developer each year. The amount payable to the developer each year or set aside in an escrow account is eighty percent (80%) of the property tax increment receipts from the subject property and two and a half percent (2.5%) of the tax increment receipts that result from assessments and taxes collected on the remainder of all real property within the TIRZ outside the subject property referenced in the agreement. In 2018, RB 270 assigned a 37.08% interest in its future reimbursements to AREA Leander 1, LP (developer of the Northline Project). In February 2019, RB270 sold 17.31 acres to PAG West LLC to build an auto dealership and assigned 15.39% of its rebate. At fiscal year-end, the City has paid the developer and his partial assignee \$0, fulfilling the City's obligation to the developer.

Transit Village

The TIRZ and Transit Village Investments, Ltd., entered into an agreement for the TIRZ to reimburse certain developer expenses (\$619,330) required to construct and widen County Road 269 just east of Toll 183A to US Hwy 183. The agreement has been amended twice to include an additional \$577,722 contributed by the developer to facilitate funding of a segment of County Road 273 between FM 2243 and San Gabriel Parkway. An additional agreement was entered into in 2016 to include \$372,131 for enhancements at the Village of Leander Station development. The combined reimbursable amount is \$1,569,183. Contingent on the developer complying with the agreement, a portion of the TIRZ revenues are payable to the developer each year.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Transit Village (continued)

The amount payable to the developer each year (or set aside in an escrow account) is eighty percent (80%) of the property tax increment receipts from the subject property and two and a half percent (2.5%) of the tax increment receipts that result from assessments and taxes collected on the remainder of all real property within the TIRZ outside of the subject property referenced in the agreement. At fiscal year-end, the City paid the developer's assignee \$0.

Oak Creek TIRZ Development Agreement

In October 2014, the City entered into an agreement with the Leander Development Authority, Sentinel/Cotter Leander, LLC, and Reinvestment Zone Number One. Under the terms of the agreement, the developer is to construct specified municipal-type infrastructure. Contingent on the developer complying with the agreement, a portion of the TIRZ revenues are payable to the developer each year. The amount payable to the developer each year or set aside in an escrow account is eighty percent (80%) of the property tax increment receipts from the subject property. The maximum allowed for approved projects is \$4,189,115. At fiscal year-end, the City has paid out \$692,644, the remaining payout for this agreement.

The Triangle (TIRZ)

On August 16, 2018 the City Council approved a reimbursement agreement between the Leander Tax Increment Reinvestment Zone No. 1 and Bruce Nakfoor ("developer") that provides for the developer to be reimbursed for infrastructure improvements for the Triangle project from the TIRZ. The total approved amount of eligible projects in the reimbursement agreement is \$468,150. At fiscal year-end, the City paid \$47,371 per this agreement. The maximum remaining payout for this agreement is \$316,194.

Northline

On June 7, 2018, the City Council approved a development agreement with AREA Leander 1, LP which authorized up to \$15,000,000 in certain infrastructure costs for the Northline project to be funded by the City through certificate of obligation bonds and set forth the terms and conditions under which the City would participate. The Development Agreement also provides for water and wastewater impact fee and certain permit fees to be rebated to the Developer for completion of eligible infrastructure. On August 16, 2018, the City Council approved a Reimbursement Agreement with the Leander Tax Increment Reinvestment Zone No. 1 to reimburse the City its debt service related to the Northline Project Costs. On October 4, 2018, the City Council approved issuance of Combination Tax and Revenue Certificates of Obligation, Series 2018A in the amount of \$14,365,000 for the Northline Project. Construction of the infrastructure improvements commenced in March 2020. The roads and drainage portion of the project were completed in FY2022. The construction start date for the park is to be determined.

On August 16, 2018, the City Council approved a reimbursement agreement between the Leander Tax Increment Reinvestment Zone No. 1 and AREA Leander 1, LP that provides for the developer to be reimbursed for infrastructure improvements for the Northline project from the TIRZ. The total amount of eligible projects in the reimbursement agreement was \$12,509,000. On July 12, 2021, the TIRZ Board approved a request to increase the maximum reimbursement amount to \$27,250,000. On August 5, 2021, the City Council approved the amendment. The Developer's TIRZ Reimbursements are subordinate to any TIRZ reimbursements the City receives to pay for its debt service on the certificates of obligation the City issued for infrastructure within the Northline development.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Northline (continued)

On June 7, 2018, the City Council approved the Development Agreement for the Northline PUD which provides, in part, that the Developer is entitled to rebate of certain permitting fees contingent upon the performance of developer obligations in the agreement. Any rebates paid will reduce the maximum amount owed by the TIRZ. The City is to escrow fees paid by the Developer that are eligible to rebate. At fiscal year-end, the City paid out \$0 of Water Impact Fee rebates, \$0 of Wastewater Impact Fee rebates, and \$1,226,932 of Permit Fees have been escrowed.

City of Leander Northline TIRZ Development Agreement

In August 2018, the TIRZ #1 approved a reimbursement agreement with the City of Leander for the construction of public improvements within the Northline Development. The amount to be reimbursed is the City's annual debt service associated with the debt issued to finance the improvements. The TIRZ #1 will pay the City thirty-five (35%) of the balance remaining in the Tax Increment Fund for that year after payments for "Priority" TIRZ Reimbursements have been paid. "Priority Reimbursements" are those commitments existing before the City's Reimbursement Agreement and the County's San Gabriel Parkway Reimbursement Agreement. At fiscal year-end, the TIRZ paid \$4,333,106 to the City per this agreement.

Williamson County San Gabriel Parkway TIRZ Development Agreement

In June 2019, the TIRZ #1 approved a reimbursement agreement with Williamson County for the prior construction of San Gabriel Parkway by the County from US Hwy 183 to its intersection with the western boundary of TIRZ #1, located within the TIRZ #1. The total amount of the reimbursement is \$4,700,000 to be paid as follows. The TIRZ #1 will pay the County sixty-five (65%) of the balance remaining in the Tax Increment Fund for that year after payments for "Priority" TIRZ Reimbursements have been paid. "Priority Reimbursements" are those commitments existing before the County Reimbursement Agreement. Final payment paid in fiscal year ended 2024.

St. David's Medical Complex (TIRZ)

On November 29, 2016 the Leander Tax Increment Reinvestment Zone No. 1 approved the Leander Medical Complex Development and Reimbursement Agreement which provided for certain infrastructure costs to be reimbursed. On August 16, 2018, an amended agreement was ratified by the Leander City Council. The maximum reimbursement (representing the combined TIRZ and Chapter 380 agreement payments) amount was reduced to \$1,918,375. At fiscal year-end, the City paid out \$78,985 in TIRZ rebates. The maximum remaining payout for this agreement is \$1,480,026.

St. David's Medical Complex (City 380 Agreement)

On November 21, 2016, the City Council approved an Economic Development Incentive Agreement with Galen Healthcare, LLC, the manager of St. David's Healthcare Partnership, L.P., LLP encompassing a three-phased medical complex - free-standing emergency department; medical office building; and a hospital. The incentives offered by the City are performance based and include fee rebates, waivers and property tax rebates. At fiscal year-end, the City has paid \$43,740 in rebates to the developer per this agreement.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Liberty Civil (City 380 Agreement)

On January 17, 2019, the City Council approved an Economic Development Incentive Agreement with Liberty Civil Construction, LLC and Prelude Ventures, LLC, encompassing the development and construction of a shop facility that will employ at least 150 full time employees. The developer will also construct the Utility Extension Project and will relocate all equipment associated with the Business to the property so that the City will receive the revenues from business personal property taxes on said equipment. The incentives offered by the City are performance based and include:

- One hundred percent (100%) of the ad valorem taxes collected and received by the City on the Added Taxable Value to the property for the first 5 years
- Up to \$750,000 in infrastructure reimbursements related to the Utility Extension Project.

In October 2021, the City fulfilled its obligation to fund the \$750,000 infrastructure grant for the Utility Extension Project. At fiscal year-end, the City paid \$0 in ad valorem taxes rebated.

Lone Star Tangible Assets, LP (City 380 Agreement)

On November 2, 2017, the City Council approved an Economic Development Incentive Agreement with the Lone Star Tangible Assets, LP, encompassing the development of a facility that will result in a taxable value of the Property, Real Property Improvements and Business Personal Property on the property of at least \$10,000,300. The incentives offered by the City are performance based and include:

- Property Tax and Personal Property Tax Rebates – Annual Rebates to begin after the Real Property Improvements on the property are constructed, a certificate of occupancy is issued for the facility, and the company begins business operations.
 - First Seven (7) Years: One hundred percent (100%) of the annual amount of the Real Property Taxes and Business Personal Property Taxes received by the City from the Business Personal Property, Property and the Real Property Improvements.
 - Three (3) Years Thereafter: Fifty percent (50%) of the annual amount of the Real Property Taxes and Business Personal Property Taxes received by the City from the Business Personal Property, Property and the Real Property Improvements.
- Infrastructure Grant – The City shall pay up to \$1.5 million for construction of roadways, the extension and installation of utility infrastructure, other site improvements that add to the taxable value of the premises.
- Supplemental Grant – The City shall pay \$600,000 from currently available City funds to be payable in six (6) annual grants equal to \$100,000 per year.

On April 27, 2020, the City fulfilled the last payment to fund the \$1.5 million Infrastructure Grant. At fiscal year-end, the City paid \$156,206 in real and personal property tax rebates.

Cookie Hotels, LLC (City 380 Agreement)

On June 12, 2019, the City Council approved an Economic Development Incentive Agreement with Cookie Hotels, LLC, to enhance and promote tourism and the convention and hotel industry as permitted by Chapter 351 of the Texas Tax Code.

Subject to performance the grantee is eligible to receive an annual grant from the City's hotel tax fund of an amount equal to 50% of increased added value of real and business personal property taxes for five years and 25% of increased added value of real and business personal property taxes for three additional years. In FY 2025, the City paid \$14,189.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Highland Homes (City 380 Agreement)

Effective November 1, 2015, the City Council approved an Economic Development Incentive Agreement with Highland Homes Austin, LLC. The grantee will receive an incentive payment equal to 60% of local sales taxes paid to the City of Leander annually for ten years. In FY 2025, the City paid \$0.

Toll Brothers (City 380 Agreement)

Effective November 1, 2015, the City Council approved an Economic Development Incentive Agreement with Toll Bros., Inc. The grantee will receive an incentive payment equal to 60% of local sales taxes paid to the City of Leander annually for ten years. In FY 2025, the City paid \$0.

Pulte Homes (City 380 Agreement)

Effective November 1, 2015, the City Council approved an Economic Development Incentive Agreement with Pulte Homes of Texas, L.P. The grantee will receive an incentive payment equal to 60% of local sales taxes paid to the City of Leander annually for ten years. In FY 2025, the City paid \$0.

Prism Electric (City 380 Agreement)

Effective January 19, 2021, the City Council approved an Economic Development Incentive Agreement with Prism Electric, Inc. The company is required to construct a minimum of 10,000 square foot facility on the property located at 1503 Leander Drive, within which the company will operate an electrical contracting business and employ at least 30 employees.

The economic incentive provided to the company under this agreement is a fifty percent (50%) reduction in roadway adequacy fees associated with the construction of the facility, totaling an amount of \$20,763. The grant will take the form of credit in the amount of the grant amount, which will be applied to the roadway adequacy fees related to the project. The company shall complete the construction of the facility and obtain a certificate of occupancy for the facility by December 31, 2021. At fiscal year end, the City paid \$0 per this agreement.

SSM BBQ LEA, LLC (City 380 Agreement)

Effective December 15, 2022, The City Council approved an Economic Development Incentive Agreement with SSM BBQ LEA, LLC. In exchange for the Company's compliance with the gross sales and employment terms of the agreement, the grantee will receive an incentive payment equal to 35% of local sales taxes paid to the City of Leander annually for ten years, until maximum grant award of \$154,000. In FY 2025, the City paid \$0.

Home Depot, U.S.A., Inc (City 380 Agreement)

Effective June 15, 2023, the City Council approved an Economic Development Incentive Agreement with Home Depot U.S.A., Inc. The Company is required to obtain a Certificate of Occupancy by September 2025 and install and construct \$11 Million in Real Property Improvements to be eligible for the grant, up to \$2.5 Million, for reimbursement for the cost of the Eligible Infrastructure Improvements. In FY 2025, the City paid \$0.

Titan Leander Land Investors, LLC (City 380 Agreement)

Effective March 21, 2024, the City Council approved an Economic Development Incentive Agreement with Titan Leander Land Investors, LLC, encompassing the phased development and construction of Industrial buildings that will result in a taxable value of the Property, Real Property Improvements and Business Personal Property on the property of at least \$84,000,000. The developers will also construct specified roadway improvements to CR 270 to be eligible for the grant. The incentives offered by the City are performance based to be eligible for reimbursement for the cost of the specified roadway improvements. In 2025, the City paid \$0.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 11. Tax Abatements

The City of Leander negotiates what the City refers to as TIRZ Reimbursement Agreements with persons who develop property within the City of Leander Tax Increment Reinvestment Zone No. 1 (the "TIRZ"). The TIRZ is governed by a Board that includes a representative from Williamson County because the County is a participant in the TIRZ. The TIRZ also operates through the Leander Development Authority, Inc. (the "LDA"), whose board is comprised of the same members as the TIRZ Board. The TIRZ was created and the Reimbursement Agreements are entered pursuant to Chapter 311, Texas Tax Code. Under the TIRZ, fifty percent of both City and Williamson County property tax revenues that come from taxing the captured appraised value of the property within the TIRZ are deposited into the TIRZ Fund held by the City. The funds are used to pay for public improvement projects and administrative expenses that are set forth in the TIRZ project plan. The TIRZ Reimbursement Agreements entered with developers from time to time require the developer to construct certain public improvements that are eligible to be paid for from the TIRZ Fund, and further provide for the developer to be paid over time for the cost of constructing such improvements from the property tax revenues received by the City on a percentage of the captured appraised value on developer's property.

(A few agreements also allow the developer to receive a small percentage of the property taxes on all property within the TIRZ boundaries.) TIRZ revenues are not paid until the public improvements are completed and accepted by the City and the cost of constructing the public improvements (which would be the TIRZ reimbursement amount) are verified by the City Engineer.

The purpose and provisions of each agreement are described in detail in the Outstanding Commitments section above. For fiscal year 2025, the city rebated \$1,197,941 in property taxes for TIRZ projects.

Chapter 380 Economic Development Agreements

Chapter 380, Texas Local Government Code authorizes the City to grant public funds to promote economic development and to stimulate commercial and business activity in the City. The City has adopted two economic development programs – a general economic development program and an economic development program applicable to the development to the area known as Old Town. Some of the agreements provide for rebates of property taxes received on the property in exchange for certain performance measures being met. In those agreements, if the performance measure is met, the rebate is paid. If the performance measure is not met, the payment is not made. Other agreements provide for the City to participate in paying or constructing public utilities. Other agreements provide for a grant of funds which must be repaid if certain performance measures are not met.

The purpose and provisions of each agreement are described in detail in the Outstanding Commitments section above. For fiscal year 2024, the city rebated \$214,135 in property taxes for 380 development projects.

Other

The City is a party to three Facilities Agreements with Travis County Municipal Utility District No. 19, No. 20, and No. 21, respectively, to rebate a portion of property taxes received by the City on property within the municipal utilities' district boundaries to pay for the construction of public improvements that are to be constructed and conveyed to the City for ownership, maintenance, and operation. For fiscal year 2025, the city rebated \$3,578,245 in Property Taxes per these Facilities Agreements.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 12. Joint Venture

The City entered into a partnership with the cities of Round Rock and Cedar Park and formed Brushy Creek Regional Utility Authority (BCRUA). The BCRUA has the responsibility to provide reliable, cost effective sources of water. The City accounts for this partnership as a joint venture. Condensed financial statements for BCRUA are shown below. Financial statements may be obtained at the BCRUA, 221 East Main Street, Round Rock, Texas, 78664.

**Statement of Net Position
As of September 30, 2025**

	<u>Total</u>	<u>City's Interest</u>
Assets		
Cash and cash equivalents	\$ 4,078,156	\$ 1,301,033
Accounts receivable	1,141,612	629,905
Restricted investments	153,799,892	60,458,641
Capital assets	353,608,375	161,192,084
Total Assets	<u>512,628,035</u>	<u>223,581,663</u>
Deferred Outflows of Resources	<u>9,589,145</u>	<u>4,371,660</u>
Liabilities		
Accounts payable	5,906,271	2,833,705
Retainage payable	7,746,257	3,358,465
Due to partner cities	1,820,425	90
Accrued bond interest payable	1,928,832	896,455
Premiums	4,558,783	1,931,114
Bonds payable	389,745,000	178,460,000
Total Liabilities	<u>411,705,568</u>	<u>187,479,829</u>
Net Position	<u>\$ 110,511,612</u>	<u>\$ 40,473,494</u>

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

	<u>Total</u>	<u>City's Interest</u>
Operating revenues	\$ 5,768,861	\$ 3,513,923
Interest expense	(11,684,702)	(5,501,198)
Other operating expenses	(15,756,807)	(8,335,601)
Other income (expense)	10,339,330	3,903,145
Change in Net Position	<u>(11,333,318)</u>	<u>(6,419,731)</u>
Net position, October 1, 2024	88,587,268	33,431,777
Contributions of capital, net	33,257,662	13,461,448
Net Position, September 30, 2025	<u>\$ 110,511,612</u>	<u>\$ 40,473,494</u>

During the year ended September 30, 2025, BCRUA issued contract revenue bonds dated November 15, 2024, totaling \$70,590,000. The bonds mature serially beginning August 1, 2025, through August 1, 2049, with coupon rates ranging from 1.970% to 3.580%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series for Leander and Round Rock. The bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 12. Joint Venture (continued)

During the year ended September 30, 2024, BCRUA issued contract revenue bonds dated November 15, 2023, totaling \$49,355,000. The bonds mature serially beginning August 1, 2024, through August 1, 2048, with coupon rates ranging from 2.640% to 4.040%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series for Cedar Park and Round Rock. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2023, BCRUA issued contract revenue bonds dated November 29, 2022, totaling \$40,000,000. The bonds mature serially beginning August 1, 2023 through August 1, 2047, with coupon rates ranging from 2.570% to 3.890%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in one series for Leander. Bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. The City is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2022, BCRUA issued contract revenue bonds dated November 16, 2021, totaling \$115,310,000. The bonds mature serially beginning August 1, 2022 through August 1, 2051, with coupon rates ranging from .160% to 2.720%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series, one each for Cedar Park and Leander, for each respective city's share of expected project costs. Leander issued a second tranche in November of 2022 to fully fund its share of costs, see note 7 for additional information. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2019, BCRUA issued contract revenue bonds dated November 14, 2018, totaling \$15,740,000. The bonds mature serially beginning August 1, 2019 through August 1, 2038, with coupon rates ranging from 1.210% to 4.000%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series, one series for two of the partner city's share of expected project costs. Leander's portion of the debt is \$8,770,000. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued by another city.

During the year ended September 30, 2018, BCRUA issued contract revenue bonds dated November 16, 2017, totaling \$16,995,000. The bonds mature serially beginning August 1, 2018 through August 1, 2037, with coupon rates ranging from 0.580% to 2.290%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in three series, one series for each partner city's share of expected project costs. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 12. Joint Venture (continued)

During the year ended September 30, 2017, BCRUA issued contract revenue refunding bonds dated April 19, 2017, totaling \$80,505,000. The bonds mature in 2017 through 2038, with coupon rates ranging from 2.0% to 5.0%. The bonds were issued by the City of Leander, to refund bonds outstanding for the City of Leander. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, as amended, by and between each city. The City of Leander is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city. The refunding reduced BCRUA's total debt service payments over the next 22 years by \$17,898,892 and generated an economic gain of \$12,596,769 and a deferred charge on refunding of \$7,246,648.

As of year-end the annual requirements to retire the City of Leander's portion of contract revenue debt are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 8,125,000	\$ 5,498,261	\$ 13,623,261
2027	8,250,000	5,547,080	13,797,080
2028	8,530,000	5,285,698	13,815,698
2029	8,745,000	5,082,869	13,827,869
2030	8,970,000	4,870,362	13,840,362
2031-2035	49,205,000	20,058,656	69,263,656
2036-2040	43,645,000	10,863,763	54,508,763
2041-2045	27,990,000	5,355,565	33,345,565
2046-2050	15,000,000	1,086,900	16,086,900
	<u>\$ 178,460,000</u>	<u>\$ 63,649,154</u>	<u>\$ 242,109,154</u>

APPENDIX C

FORM OF BOND COUNSEL'S OPINION



_____, 2026

\$10,355,000*
CITY OF LEANDER, TEXAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2026

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by the City of Leander, Texas (the "City") of its \$_____,000 aggregate original principal amount of General Obligation Refunding Bonds, Series 2026, dated _____, 2026 (the "Bonds").

IN OUR CAPACITY AS BOND COUNSEL, we have examined the Bonds for the sole purpose of rendering an opinion with respect to the legality and validity of the Ordinance (as defined below) and the Bonds under the Constitution and laws of the State of Texas, and with respect to the excludability of the interest on the Bonds from gross income for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the City.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas; a transcript of certified proceedings of the City and other pertinent instruments authorizing and relating to the issuance of the Bonds, including (1) the Ordinance adopted by the City Council of the City on March 19, 2026 and the Officer's Pricing Certificate executed by the Pricing Officer on _____ (collectively, the "Ordinance") authorizing the issuance of the Bonds, (2) the Escrow Agreement, dated as of _____, 2026 between the City and _____ (the "Escrow Agent"), (3) a special report _____, related to the accuracy of certain mathematical computations as described in the Escrow Agreement (the "Report"), and (4) the registered Initial Current Interest Bond numbered I-1 and Initial Premium Capital Appreciation Bond numbered ICR-1.

BASED ON OUR EXAMINATION, we are of the opinion that:

1. The Bonds are valid and legally binding obligations of the City enforceable in accordance with their terms, except as their enforceability may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.
2. The Bonds are secured by and payable from the levy of a direct and continuing annual ad valorem tax levied on all taxable property within the City, without legal limit as to rate; sufficient to pay the Debt Service Requirements on the Bonds.

*Subject to change

3. Firm banking and financial arrangements have been made for the discharge and final payment of the obligations being refunded pursuant to the Ordinance, and that therefore such obligations are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in the Ordinance.

It is also our opinion that the Escrow Agreement has been duly authorized, executed, and delivered by the City and, assuming the due authorization, execution, and delivery thereof by the Escrow Agent, is a valid and legally binding agreement, enforceable in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity) and that the outstanding obligations refunded, discharged, paid, and retired with certain of the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement, and in accordance with the provisions of Chapter 1207, Texas Government Code, as amended. In rendering this opinion, we have relied upon the verification in the Report of the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the principal of and interest on the outstanding obligations identified therein being refunded and to be retired. We express no opinion concerning any effect on the foregoing which may result from changes in the law effected after the date hereof.

IT IS FURTHER OUR OPINION THAT THE BONDS ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on or the acquisition, ownership, or disposition of the Bonds.

WE HAVE ACTED AS BOND COUNSEL for the City for the sole purpose of rendering the opinions expressed herein, and for no other reason or purpose. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capability of the City and have not assumed any responsibility therefor.

Respectfully,