OFFICIAL STATEMENT
Dated: October 23, 2023

S&P BAM Insured Rating "AA"
S&P Underlying "A+"
NEW ISSUE: Book-Entry-Only **(See "RATINGS" herein)**

In the opinion of Jackson Walker LLP, ("Bond Counsel"), under existing law, interest on the Certificates (defined herein) (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, which includes information regarding potential alternative minimum tax consequences for corporations.

THE CERTIFICATES ARE DESIGNATED AS
"QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$2,750,000
CITY OF BOWIE, TEXAS
(Montague County)
Certificates of Obligation, Series 2023

Dated Date: November 1, 2023 **Due: August 15, as shown on inside cover**
Interest Accrues from the Delivery Date

Payment Terms… Interest on the $2,750,000 City of Bowie, Texas, Certificates of Obligation, Series 2023 (the "Certificates"), will accrue from the Delivery Date (defined below) and will be payable February 15 and August 15 of each year, commencing on February 15, 2024. The Certificates will be issued only in fully registered form in principal denominations of $5,000 or any integral multiple thereof. Principal of the Certificates will be payable to the registered owner (the "Owner") at maturity or prior redemption upon presentation at the principal corporate office of the paying agent/registrar (the "Paying Agent/Registrar"), initially UMB Bank, Austin, Texas. The Certificates will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will be responsible for distributing the principal and interest payments to the participating members of DTC and the participating members will be responsible for distributing the payment to the owners of beneficial interests in the Certificates. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Authority for Issuance…The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, (the "State"), particularly Subchapter C of Chapter 271, Texas Government Code (the "Certificate of Obligation Act of 1971"), as amended, and an ordinance adopted by the City Council of the City of Bowie (the "City") on October 23, 2023, authorizing the issuance of the Certificates (the "Ordinance"). The Certificates constitute direct obligations of the City payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited subordinate pledge of the Net Revenues (as defined in the Ordinance) of the City's waterworks and sewer system (the "System") in an amount not to exceed $1,000. See the "THE CERTIFICATES - Authority for Issuance of the Certificates" and "-Security for the Certificates" herein.

Purpose… Proceeds from the sale of the Certificates will be used: (i) for street and bridge improvements; (ii) purchase of an ambulance; and (iii) professional services pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended. See "THE CERTIFICATES – Sources and Uses of Funds" herein.

Redemption… The Certificates maturing on and after August 15, 2034, are subject to optional redemption in whole or in part on August 15, 2033, or on any date thereafter at a redemption price equal to the principal amount thereof plus accrued interest as more fully described herein. The Term Certificates (defined herein) are subject to mandatory sinking fund redemption as described herein. See "THE CERTIFICATES – Optional Redemption" and " – Mandatory Redemption" herein.

Insurance… The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by Build America Mutual Assurance Company ("BAM"). BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

See Principal Amounts, Maturities, Interest Rates, and Prices on the Inside Cover Page

---

Legality… The Certificates are offered when, as and if issued and received by the underwriter listed below (the "Underwriter"), subject to the approval of legality by the Attorney General of the State of Texas and Jackson Walker LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Houston, Texas.

Delivery… The Certificates are expected to be available for delivery through DTC on or about November 9, 2023 (the "Delivery Date").

Raymond James

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, AND PRICES

$2,750,000
CITY OF BOWIE, TEXAS
(Montague County)
Certificates of Obligation, Series 2023

$1,785,000 Serial Certificates

Maturity (8/15)	Principal Amount	Interest Rate	Initial Yield/Price[(b)]	CUSIP[(c)]
2024	$ 220,000	5.500%	4.130%	102493CW1
2025	225,000	5.500	4.100	102493CX9
2026	225,000	5.500	4.050	102493CY7
2027	230,000	5.500	4.050	102493CZ4
2028	130,000	5.500	4.070	102493DA8
2029	135,000	5.500	4.140	102493DB6
2030	145,000	5.500	4.150	102493DC4
2031	150,000	5.000	4.200	102493DD2
2032	160,000	5.000	4.250	102493DE0
2033	165,000	5.000	4.250	102493DF7

$965,000 Term Certificates

$360,000, 5.000% Term Certificates due August 15, 2035, Yield 4.350% CUSIP 102493DG5[(a)(b)(c)(d)]

$605,000, 5.000% Term Certificates due August 15, 2038, Yield 4.760% CUSIP 102493DH3[(a)(b)(c)(d)]

(a) The Certificates maturing on and after August 15, 2034, are subject to optional redemption, in whole or in part, on August 15, 2033, or any date thereafter, at a price equal to the par value thereof, plus accrued interest from the most recent interest payment date to the date of redemption. Additionally, the Term Certificates (defined herein) are subject to mandatory sinking fund redemption as described herein. See "THE CERTIFICATES – Optional Redemption" and "– Mandatory Redemption" herein.

(b) The initial yields and prices are established by, and are the sole responsibility of the Underwriter and may subsequently be changed.

(c) CUSIP numbers have been assigned to this issue by the CUSIP Global Services managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Certificates. Neither the City, the Financial Advisor, nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(d) Priced to earliest redemption date of August 15, 2033.

CITY OF BOWIE - SERIES 2023 CERTIFICATES OF OBLIGATION

CITY COUNCIL

Gaylynn Burris	Mayor
Jason Love	Mayor Pro Tem
Brent Shaw	North Pct. 1 Council Member
Laura Sproles	North Pct. 1 Council Member
Kristi Bates	South Pct. 2 Council Member
Stephanie Post	East Pct. 3 Council Member
Terry Gunter	East Pct. 3 Council Member

ADMINISTRATIVE OFFICERS

Bert Cunningham	City Manager
Sandy Page	City Secretary
Courtney Morris	City Attorney

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Jackson Walker LLP, Houston, Texas	Bond Counsel
MWH Group, P.C., Bowie, Texas	Independent Auditor
Government Capital Securities Corporation, Southlake, Texas	Financial Advisor

For additional information regarding the City, please contact:

Bert Cunningham
City Manager
City of Bowie
307 N. Mason Street
Bowie, Texas 76230
(940) 872-1114
citymanager@cityofbowietx.com

Kevin Lerner
Government Capital Securities Corporation
559 Silicon Drive, Suite 102
Southlake, TX 76092
(817) 421-5400
klerner@govcapsecurities.com

USE OF INFORMATION IN OFFICIAL STATEMENT

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the 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 CERTIFICATES ARE EXEMPTED FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

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

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

None of the City, the Financial Advisor or the Underwriter make any representation as to the accuracy, completeness or adequacy of the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry-Only System.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix E - Specimen Municipal Bond Insurance Policy."

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

TABLE OF CONTENTS

BOND INSURANCE iv
SUMMARY STATEMENT vii
INTRODUCTORY STATEMENT 1
THE CERTIFICATES 1
- Purpose 1
- Authority for Issuance of the Certificates 1
- Security for the Certificates 1
- Optional Redemption 1
- Mandatory Redemption 2
- Notice of Redemption 2
- Sources and Uses of Funds 3

GENERAL INFORMATION REGARDING THE CERTIFICATES 3
- General Description 3
- Legality 3
- Defeasance 4
- Amendments to the Ordinance 4

OWNERSHIP 5
OWNERS' REMEDIES 5
BOOK-ENTRY-ONLY SYSTEM 5
REGISTRATION, TRANSFER AND EXCHANGE 7
- Paying Agent/Registrar 7
- Future Registration 8
- Record Date for Interest Payment 8
- Limitation on Transfer of Certificates 8
- Replacement of Certificates 9

AD VALOREM PROPERTY TAXATION 9
- Valuation of Taxable Property 9
- State Mandated Homestead Exemptions 10
- Local Option Homestead Exemptions 10
- Local Option Freeze for the Elderly and Disabled 10
- Personal Property 10
- Freeport and Goods-In-Transit Exemptions 10
- Other Exempt Property 10
- Tax Increment Financing Zones 11
- Tax Abatement Agreements 11
- Public Hearing and Maintenance and Operation Tax Rate Limitations 11
- Debt Tax Rate Limitations 13
- City's Rights in the Event of Tax Delinquencies 13
- Issuer and Taxpayer Remedies 13
- City Application of the Property Tax Code 13

RETIREMENT PLAN 14
INVESTMENT POLICIES 14
- Accounting Principles Generally Accepted in the United States 14
- Legal Investments 14
- Investment Policies 16
- Additional Provisions 16
- Current Investments 17

INFECTIOUS DISEASE OUTBREAK – COVID-19 17
RATINGS 17
PENDING LITIGATION 18
LEGAL MATTERS 18
TAX MATTERS 18
- Collateral Federal Income Tax Consequences 19
- State, Local and Foreign Taxes 20
- Information Reporting and Backup Withholding 20
- Future and Proposed Legislation 20

LEGAL INVESTMENTS IN TEXAS 20
REGISTRATION AND QUALIFICATION OF ISSUE FOR SALE 20
CONTINUING DISCLOSURE OF INFORMATION 21
- Annual Reports 21
- Material Event Notices 21
- Limitations and Amendments 22
- Compliance with Prior Undertakings 22

OTHER INFORMATION 23
- Financial Advisor 23
- Audited Financial Statements 23
- Underwriting 23
- Forward-Looking Statements 23
- Concluding Statement 24

Financial Information Regarding the City of Bowie, Texas — Appendix A
General Information Regarding the City of Bowie, Texas — Appendix B
Form of Opinion of Bond Counsel — Appendix C
Audited Financial Statements for the Fiscal Year Ended September 30, 2022 — Appendix D
Specimen Municipal Bond Insurance Policy — Appendix E

BOND INSURANCE

Concurrently with the issuance of the Certificates, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Certificates (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $476.6 million, $196.7 million and $279.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted

herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and Bowies a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of certificates that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those certificates. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes certificates insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all certificates insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such certificates. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the certificates, whether at the initial offering or otherwise.

BOND INSURANCE RISKS

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

Payment of principal of and interest on the Certificates will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exists (see "OWNERS' REMEDIES"). BAM may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Certificate holders.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from (i) ad valorem taxes levied, within the limits prescribed by law, on all taxable property within the City and (ii) a limited subordinate pledge of the Net Revenues, as further described in "THE CERTIFICATES – Security for the Certificates." In the event BAM becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Certificates.

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

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

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

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

(*Remainder of Page Intentionally Left Blank*)

SUMMARY STATEMENT

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

The City	The City of Bowie, Texas (the "City"), is located in Montague County, Texas. For information regarding the City, see Appendices A and B.
The Certificates	The Certificates are issued as $2,750,000 Certificates of Obligation, Series 2023, dated November 1, 2023, maturing on the dates and in the amounts set forth on the inside front cover of this Official Statement.
Payment of Interest	Interest on the Certificates will accrue from November 9, 2023 and will be paid semiannually on February 15 and August 15 of each year, commencing on February 15, 2024, until maturity or prior redemption.
Purpose of Certificates	Proceeds from the sale of the Certificates will be used will be used: (i) for street and bridge improvements; (ii) purchase of an ambulance; and (iii) professional services pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended. See "THE CERTIFICATES – Sources and Uses of Funds" herein.
Authority for Issuance	The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, (the "State"), particularly Subchapter C of Chapter 271, Texas Government Code (the Certificate of Obligation Act of 1971), as amended, and an ordinance adopted by the City Council of the City of Bowie (the "City") authorizing the issuance of the Certificates (the "Ordinance"). See the "THE CERTIFICATES - Authority for Issuance of the Certificates" herein.
Security for the Certificates	The Certificates constitute direct obligations of the City payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited subordinate pledge of the Net Revenues (as defined in the Ordinance) of the City's waterworks and sewer system (the "System") in an amount not to exceed $1,000. See "THE CERTIFICATES – Security for the Certificates" herein.
Optional Redemption	The Certificates maturing on and after August 15, 2034, are subject to optional redemption in whole or in part on August 15, 2033, or on any date thereafter at a price of par plus accrued interest as more fully described herein. See "THE CERTIFICATES – Optional Redemption" herein.
Mandatory Redemption	The Term Certificates (defined herein) are subject to mandatory sinking fund redemption as described herein. See "THE CERTIFICATES – Mandatory Redemption" herein.
Tax Exemption	In the opinion of Bond Counsel, under existing law, interest on the Certificates: (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, which includes information regarding potential alternative minimum tax consequences for corporations.
Qualified Tax-Exempt Obligations	The Certificates are designated as "qualified tax-exempt obligations" for financial institutions.

Rating	S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC ("S&P"), has assigned a rating of "AA" to the Certificates based upon the municipal bond insurance policy to be issued by Build America Mutual Assurance Company ("BAM") upon delivery of the Certificates. The Certificates have also been assigned an underlying rating of "A+" by S&P. An explanation of the significance of such rating may be obtained from S&P. See "RATINGS" herein.
Municipal Bond Insurance	The scheduled payment of principal and interest on the Certificates when due will be guaranteed under a separate municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by BAM. See "BOND INSURANCE" herein.
Book-Entry-Only System	The Certificates are initially issuable only to Cede & Co., the nominee of The Depository Trust Company, New York, New York, pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the purchasers thereof. Principal of, premium if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the DTC Participants (as defined herein) for subsequent remittance to the owners of the beneficial interests in the Certificates. See "BOOK ENTRY ONLY SYSTEM" herein.
Payment Record	The City has never defaulted on the payment of its bonded indebtedness.

(*Remainder of Page Intentionally Left Blank*)

OFFICIAL STATEMENT
RELATING TO

$2,750,000
CITY OF BOWIE, TEXAS
(Montague County)
Certificates of Obligation, Series 2023

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page and the appendices hereto, provides certain information regarding the issuance by the City of Bowie, Texas (the "City") of its $2,750,000 Certificates of Obligation, Series 2023 (the "Certificates").

The Certificates are authorized to be issued, sold and delivered by an ordinance (the "Ordinance") adopted by the City's governing body (the "City Council") on October 23, 2023. Capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Ordinance, except as otherwise indicated herein.

The City is a political subdivision of the State of Texas (the "State") and a home rule municipal corporation organized and existing under the laws of the State. For information regarding the City, see Appendices A and B of this Official Statement.

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

THE CERTIFICATES

Purpose

Proceeds from the sale of the Certificates will be used: (i) for street and bridge improvements and purchase of an ambulance; and (ii) professional services pursuant to Subchapter C of Chapter 271, Texas Local Government Code, as amended.

Authority for Issuance of the Certificates

The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, (the "State"), particularly Subchapter C of Chapter 271, Texas Government Code (the Certificate of Obligation Act of 1971), as amended, and an Ordinance adopted by the City Council of the City authorizing the issuance of the Certificates.

Security for the Certificates

The Certificates constitute direct obligations of the City payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited subordinate pledge of the Net Revenues (as defined in the Ordinance) of the City's waterworks and sewer system (the "System") in an amount not to exceed $1,000.

Optional Redemption

The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after August 15, 2034, in whole or in part, in integral multiples of $5,000, on August 15, 2033 or any date thereafter, such redemption date or dates to be fixed by the City, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to select by lot the Certificates, or portions thereof, within each maturity to be redeemed.

Mandatory Redemption

The Certificates maturing on August 15, 2035 and August 15, 2038 (the "Term Certificates") are subject to mandatory sinking fund redemption on the dates and in the amounts set forth in the schedule below.

$360,000 TERM CERTIFICATES MATURING
August 15, 2035

Principal Amount ($)	Redemption Date (August 15)
$175,000	2034
185,000	2035[(1)]

[(1)] Final Maturity

$605,000 TERM CERTIFICATES MATURING
August 15, 2038

Principal Amount ($)	Redemption Date (August 15)
$195,000	2036
200,000	2037
210,000	2038[(1)]

[(1)] Final Maturity

The Term Certificates to be redeemed shall be selected by lot or other customary random method of the Paying Agent/Registrar (or by DTC in accordance with its procedures while the Certificates are in book-entry-only form). Any Term Certificates not selected for prior redemption shall be paid on the date of their stated maturity.

Approximately forty-five (45) days immediately preceding each of the mandatory redemption dates specified above, the Paying Agent/Registrar shall select by lot the numbers of Term Certificates within the applicable maturity to be redeemed on the next following August 15 from moneys set aside for that purpose. Any Term Certificates not selected for prior redemption shall be paid on the date of their stated maturity. The principal amount of Term Certificates, as applicable, of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates, as applicable, of the same maturity which, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates, as applicable, plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City at a price not exceeding the principal amount of such Term Certificates, as applicable, plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Certificate to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. If notice is so given and sufficient funds are provided for the payment of the redemption price of the Certificates, interest shall cease to accrue after the date fixed for redemption whether or not the Certificates have been submitted for payment. 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, AND THE FUNDS NECESSARY TO REDEEM SUCH CERTIFICATES HAVING BEEN PROVIDED, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE

SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC.

In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the beneficial owners.

Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants, or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "THE CERTIFICATES – Book-Entry-Only System".

Sources and Uses of Funds

The proceeds from the sale of the Certificates will be applied approximately as follows:

Sources	
Principal Amount of Certificates	$ 2,750,000.00
Original Issue Premium	112,211.55
Total Sources of Funds	$ 2,862,211.55
Uses	
Deposit to Construction Fund	$ 2,750,000.00
Costs of Issuance[(1)]	83,532.27
Underwriter's Discount	28,679.28
Total Uses of Funds	$ 2,862,211.55

[(1)] Includes the Municipal Bond Insurance Premium and additional proceeds.

GENERAL INFORMATION REGARDING THE CERTIFICATES

General Description

The Certificates will be dated November 1, 2023 (the "Dated Date") and will be issued in fully registered form in principal denominations of $5,000 or any integral multiple thereof. The Certificates will bear interest from November 9, 2023, and interest will be paid semiannually on each February 15 and August 15, commencing February 15, 2024. Interest will accrue on the Certificates on the basis of a 360-day year consisting of twelve 30-day months. The Certificates will be issued as book-entry-only securities pursuant to arrangements made with The Depository Trust Company, New York, New York. See "BOOK-ENTRY-ONLY SYSTEM."

Principal of the Certificates will be payable to the registered owners (the "Owners") at maturity or prior redemption upon presentation and surrender of such Certificates at the principal corporate office of the paying agent/registrar (the

"Paying Agent/Registrar"), initially UMB Bank, Austin, Texas. Interest on the Certificates will be payable by check dated as of the interest payment date and mailed by the Paying Agent/Registrar to Owners as shown on the records of the Paying Agent/Registrar on the Record Date (See "REGISTRATION, TRANSFER AND EXCHANGE – Record Date for Interest Payment" herein), or by such other customary banking arrangement, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Owner. If the date for the payment of the principal of or interest on a Certificate shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or a day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

The Certificates will mature on the dates, in the amounts and bear interest at the rates as set forth on inside cover page of this Official Statement.

Legality

The Certificates are offered when, as and if issued, subject to the approvals of legality by the Attorney General of the State of Texas and Jackson Walker LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS" and Appendix C – "Form of Opinion of Bond Counsel" herein.

Defeasance

The Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or authorized escrow agent, in trust (1) lawful money of the United States of America 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 provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable, and thereafter the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such Defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Ordinance provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharges obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the defeasance is approved by the City Council of the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the defeasance is approved by the City Council of the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

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

Upon defeasance, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates

for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Upon making such deposit in the manner described, such defeased Certificates shall no longer be deemed outstanding obligations secured by the Ordinance, but will be payable only from the funds and Defeasance Securities deposited in escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose.

Amendments to the Ordinance

In the Ordinance, the City has reserved the right to amend such Ordinance without the consent of any holder of the Certificates in any manner not detrimental to the interests of the holders of the Certificates, including the curing of any ambiguity, defect or omission therein.

The Ordinance further provides that the holders of the Certificates aggregating in principal amount 51% of the outstanding Certificates shall have the right from time to time to approve any amendment not described above to the Ordinance; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Certificates no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Certificates; (ii) reducing the rate of interest borne by any of the outstanding Certificates; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Certificates; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Certificates; or (v) changing the minimum percentage of the principal amount of the Certificates necessary for consent to such amendment. Reference is made to the Ordinance for further provisions relating to the amendment thereof.

OWNERSHIP

The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment of principal and interest, and for all other purposes, whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar will be bound by any notice or knowledge to the contrary.

All payments made to the person deemed to be the owner of any Certificate in accordance with the Ordinance will be valid and effectual and will discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

OWNERS' REMEDIES

The Ordinance does not provide for the appointment of a trustee to represent the interests of the Certificate holders upon any failure of the City to perform in accordance with the terms of the Ordinance or upon any other condition and, in the event of any such failure to perform, the registered owners would be responsible for the initiation and cost of any legal action to enforce performance of the Ordinance. The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due, or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. A registered owner of Certificates could seek a judgment against the City if a default occurred in the payment of principal of or interest on any such Certificates; however, such judgment could not be satisfied by execution against any property of the City and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Certificates as it becomes due or perform other material terms and covenants contained in the Ordinance. However, 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.

The City is also 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 Certificate holders 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 opinions of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code, by principles of governmental immunity, and by general principles of equity that permit the exercise of judicial discretion.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Underwriter believes 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 Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully registered Certificates 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 security certificate will be issued for each maturity of the Certificates, 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 Bowie-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners

will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/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 Certificates 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 Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities depository). In that event, physical Certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement

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

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

UMB Bank, Austin, Texas has been named to serve as initial Paying Agent/Registrar for the Certificates. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the City replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the City shall be a commercial bank; a trust company organized under applicable law; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, Bowieage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Certificates will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal and redemption payments of the Certificates will be paid to the registered owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal or interest on the Certificates is a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due. So long as Cede & Co. is the registered owner of the Certificates, principal, interest, and redemption payments on the Certificates will be made as described in "BOOK-ENTRY-ONLY SYSTEM" above.

Future Registration

In the event the book-entry-only system should be discontinued, printed Certificates will be delivered to the Owners and thereafter the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Certificate will be delivered by the Paying Agent/Registrar in lieu of the Certificate being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered Owner at the Owner's request, risk and expense. New Certificates issued in an exchange or transfer of Certificates will be delivered to the registered Owner or assignee of the Owner after the receipt of the Certificates to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be of like kind and in authorized denominations and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" for a description of the system to be utilized initially in the settlement and transfer of the Certificates.

Record Date for Interest Payment

The record date ("Record Date") for the interest payable on any interest payment date is the close of business on the last business day of the month next preceding such interest payment date, as specified in the Ordinance. In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (the "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 (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least 5 days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Certificate appearing on the 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.

Limitation on Transfer of Certificates

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Certificate, or any portion thereof, called for redemption prior to maturity within 45 days prior to its redemption date, provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

Replacement of Certificates

If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of and in substitution for a Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only (a) upon filing with the City and the Paying Agent/Registrar evidence satisfactory to them that such Certificate has been destroyed, stolen or lost and proof of the ownership thereof and (b) upon furnishing the City and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Certificate must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

AD VALOREM PROPERTY TAXATION

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

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 Montague Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and

best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised. See Table 1 for the reduction in taxable valuation attributable to the 10% Homestead Cap.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See Table 1 for the reduction in taxable valuation attributable to valuation by Productivity Value.

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

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See Table 1 for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons 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. See Table 1 for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

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. See Table 1 for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

Personal Property

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

Freeport and Goods-In-Transit Exemptions

Certain goods 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, that are acquired in or imported into the State to be forwarded to another location within or outside of the State, stored in a location that is not owned by the owner of the goods and are transferred from that location to another location within or outside of the State within 175 days ("Goods-in-Transit"), are generally 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. See Table 1 for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

Other Exempt Property

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

Tax Increment Financing Zones

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

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. See "AD VALOREM PROPERTY TAXATION – City Application of the Property Tax Code" for descriptions of any of the City's tax abatement agreements. See Table 1 for the reduction in taxable valuation, if any, attributable to tax abatement agreements.

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

Public Hearing and Maintenance and Operation Tax Rate Limitations

The following terms as used in this section have the meanings provided below:

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

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

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

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

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

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

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

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

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

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

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

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

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

appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

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

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

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

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 4, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $1.50 per $100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

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 Bowie-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, Bowie-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Issuer and Taxpayer Remedies

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

Owners of certain property with a taxable value of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

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

City Application of the Property Tax Code

The City does not grant a local exemption for residence homesteads of persons 65 years of age or older or for residence homesteads of persons who are disabled.

The City taxes only business personal property.

The City does not permit split payments and does not allow discounts.

The City does not grant the Freeport exemption.

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

The City does not participate in a TIRZ.

The City does not have any tax abatement agreements.

RETIREMENT PLAN

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System, an agent multi-employer public employee retirement system. For a discussion of the Retirement Plan, see Appendix D "Audited Financial Statements for the Fiscal Year Ended September 30, 2022."

INVESTMENT POLICIES

Accounting Principles Generally Accepted in the United States

The City policy is to adhere to accounting principles generally accepted in the United States (see "Appendix D - Audited Financial Statements for the Fiscal Year Ended September 30, 2022").

Legal Investments

Under Texas 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 Loans Banks (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body of the City or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or

depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as 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) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the "Public Funds Investment Act") that are issued by an institution that has its main office or a branch office in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State of Texas 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 of Texas that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements as defined in the Public Funds Investment Act, 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 U.S. or state bank; (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission 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 Securities and Exchange Commission 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 Securities and Exchange Commission 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 under the 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 in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, other than the prohibited obligations described below, (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) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

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

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

Investment Policies

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

Under Texas law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the Board detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and 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 strategies and (b) Texas law. No person may invest City funds without express written authority from the Board.

Additional Provisions

Under Texas 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 imprudent investment activities, 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 non-money market mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer.

Current Investments

As of September 30, 2022, the City's investment portfolio was invested in the following categories. As of such date, the market value of such investments was approximately 100% of their book value.

Type of Investment	Amount
TexPool	$3,650,870
TexStar	926,771
Certificates of Deposit	1,352,536
Total	$5,930,177

INFECTIOUS DISEASE OUTBREAK – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19.

Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

There are currently no COVID-19-related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

With the easing or removal of COVID-19 associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19 or a similar virus. The City cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions. The Certificates are secured by a limited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Certificates as well as the City's share of operations and maintenance expenses payable from ad valorem taxes.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "AA" to the Certificates based upon the municipal bond insurance policy to be issued by Build America Mutual Assurance Company upon delivery of the Certificates. The Certificates have also been assigned an underlying rating of "A+" by S&P. An explanation of the significance of such ratings may be obtained from S&P. Such ratings reflect only the views of S&P and the City makes no representation as to the appropriateness of any rating. There is no

assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates. Neither the Underwriter nor the City has undertaken any responsibility to bring to the attention of the holders of the Certificates any proposed revision or withdrawal of the rating of the Certificates or to oppose any such proposed revision or withdrawal. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Certificates. See "BOND INSURANCE".

PENDING LITIGATION

The City is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency, or other administrative body (either state or federal) which, if decided adversely to the City, would have a material adverse effect on the financial statements or operations of the City. At the time of the initial delivery of the Certificates, the City will provide the Underwriter with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Certificates or that affects the payment and security of the Certificates or in any other manner questioning the issuance, sale, or delivery of said Certificates.

LEGAL MATTERS

The City will furnish a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the approving legal opinions of the Attorney General of the State of Texas to the effect that the Certificates are valid and binding obligations of the City, and based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel to the effect that (i) the Certificates are issued in compliance with the provisions of the Ordinance and are valid and legally binding obligations of the City and (ii) the interest on the Certificates is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions (see "TAX MATTERS"). Bond Counsel has not been engaged to investigate the financial resources of the City or its ability to provide for payment of the Certificates, and the opinion of Bond Counsel will make no statement as to such matters, or any other information that may have been relied on by anyone in making the decision to purchase the Certificates. Though it represents the Underwriter from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates. The applicable legal opinion will be printed on or attached to the definitive Certificates.

Bond Counsel has reviewed the statements and information appearing in the Official Statement under the captions "THE CERTIFICATES" (except the subcaption "Sources and Uses of Funds"), "GENERAL INFORMATION REGARDING THE CERTIFICATES," "REGISTRATION, TRANSFER AND EXCHANGE," "AD VALOREM PROPERTY TAXATION – Public Hearing and Maintenance and Operation Tax Rate Limitations," "LEGAL MATTERS," "TAX MATTERS," "LEGAL INVESTMENTS IN TEXAS," "REGISTRATION AND QUALIFICATION OF ISSUE FOR SALE" and "CONTINUING DISCLOSURE OF INFORMATION" (except the subcaption "Compliance With Prior Undertakings"), and Bond Counsel is of the opinion that the information contained under such captions and subcaptions fairly summarizes the procedures and documents referred to therein and is correct as to matters of law. Bond Counsel has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy, completeness, or fairness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy, completeness, or fairness of any of the information contained herein.

TAX MATTERS

On the date of initial delivery of the Certificates, Jackson Walker LLP, Houston, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Certificates will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates. See APPENDIX C, FORM OF OPINION OF BOND COUNSEL.

In rendering its opinion, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the Certificate documents relating to certain matters, including arbitrage and the use of the proceeds of the Certificates and the property financed therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Certificates to become taxable retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the property financed or refinanced with proceeds of the Certificates. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Certificate holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Certificates. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

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

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

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

during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Certificates will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under Sections 1471 through 1474 or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

LEGAL INVESTMENTS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Certificates (1) are negotiable instruments, (2) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (3) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Certificates must be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such Certificates are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

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

REGISTRATION AND QUALIFICATION OF ISSUE FOR SALE

No registration statement relating to the Certificates has been filed with the United States Securities and Exchange Commission under the federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The City shall provide annually to the MSRB, within twelve (12) months after the end of each fiscal year and in an electronic format prescribed by the MSRB and available via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org, financial information and operating data with respect to the City of the general type described in the Official Statement, being Tables 1-5 attached hereto. Any financial statements so to be provided shall be prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time, as such principles may be changed from time to time to comply with state or federal law or regulation and (b) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available at the time the financial information and operating data must be provided, then the City shall provide unaudited financial statements for the applicable fiscal year to the MSRB and shall provide to the MSRB audited financial statements, when and if the same become available.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial information of the City of the general type included in this Official Statement by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

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

Material Event Notices

The City will also provide timely notices of certain events to the MSRB (not in excess of ten (10) days after the occurrence of the event). The City will provide notice of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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; (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. 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". All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

Limitations and Amendments

The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of the Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

This continuing disclosure agreement may be amended by the City 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, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City amends its agreement, it must include with the next financial information and opening 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 type of information and data provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

Compliance with Prior Undertakings

Related to the City's continuing disclosure undertaking entered into for its Combined Tax and Revenue Certificates of Obligation, Series 2010 (the "2010 Certificates"), the City filed its annual financial report for its fiscal year end September 30, 2018, on March 9, 2020. The 2010 Certificates were refunded on August 17, 2020 and are no longer outstanding. The City has since taken measures to ensure the timely filing of its continuing disclosure obligations.

Other than as mentioned above, during the last five years, the City has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule.

OTHER INFORMATION

Financial Advisor

In its role as Financial Advisor, Government Capital Securities Corporation has relied on the City for certain information concerning the City and the Certificates. The fee of the Financial Advisor for services with respect to the Certificates is contingent upon the issuance and sale of the Certificates. The Financial 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.

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

Audited Financial Statements

MWH Group, P.C., the City's independent auditor, has not reviewed, commented on, or approved, and is not associated with, this Official Statement. The report of MWH Group, P.C., relating to City's financial statements for the fiscal year ended September 30, 2022 is included in this Official Statement in APPENDIX D; however, MWH Group, P.C., has not performed any procedures on such financial statements since the date of such report, and has not performed any procedures on any other financial information of the City, including without limitation any of the information contained in this Official Statement.

Underwriting

Raymond James & Associates, Inc., the Underwriter, has agreed to purchase the Certificates from the City for $2,833,532.27 (being the principal amount of the Certificates, plus a premium of $112,211.55, less an Underwriter's discount of $28,679.28).

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

Forward-Looking Statements

The statements contained in this Official Statement and in any other information provided by the City that are not purely historical are forward-looking statements, 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 obligations to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

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

Concluding Statement

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

/s/ Gaylynn Burris
Mayor, City of Bowie, Texas

ATTEST:

/s/ Sandy Page
City Secretary, City of Bowie, Texas

APPENDIX A

FINANCIAL INFORMATION REGARDING
THE
CITY OF BOWIE, TEXAS

[THIS PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL INFORMATION FOR THE CITY

ASSESSED VALUATION **TABLE 1**

2022-2023 Total Value of Taxable Property		$485,248,060
Less Exemptions:		
Local, Optional Over-65 and/or Disabled Homestead Exemptions	$ 2,690,098	
Disabled and Deceased Veterans' Exemptions	4,858,642	
Productivity Value Loss	4,105,200	
Homestead Cap Loss	18,730,370	
Abatement	0	
Total Exempt Property	52,308,689	
Other	1,265,856	83,958,855
2022-2023 Net Taxable Assessed Valuation (100% of Actual)[(a)]		$401,289,205

[(a)] *See "TAX INFORMATION - City Application of the Property Tax Code" in the Official Statement for a description of the City's taxation procedures.*

Source: Montague County Appraisal District

PRINCIPAL TAXPAYERS **TABLE 2**

Name	Type of Business	2022/23 Net Taxable Assessed Valuation	% of Total 2022/23 Assessed Valuation*
WL Plastics	Industrial Manufacturing	$16,807,370	4.19%
Hampton Properties LLC	Residential Land	5,658,250	1.41%
Legend Bank	Financial/Banking	5,621,410	1.40%
Ranger Energy Services	Oil & Gas	5,260,600	1.31%
Wal-Mart Stores Texas LP	Retail Store	4,928,650	1.23%
US H 287 LLC	Nursing Homes	4,561,450	1.14%
WL Plastics Corporation	Industrial Manufacturing	3,700,270	0.92%
WBR Properties LLC	Residential Homes	3,201,720	0.80%
Wal-Mart/Sam's Club	Retail Store	3,017,070	0.75%
Jacksboro National Bank	Financial/Banking	2,975,400	0.74%
Total		$55,732,190	13.89%

* Based on 2022-2023 Net Taxable Assessed Valuation of $401,289,205.

Source: Montague County Appraisal District

PROPERTY TAX RATES AND COLLECTIONS[(a)] **TABLE 3**

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Collection % Current	Collection % Total[(b)]	Fiscal Year Ended
2018	$308,763,741	$0.52500	99.82%	99.82%	9-30-19
2019	321,767,795	0.54450	99.73%	99.73%	9-30-20
2020	328,747,572	0.53620	99.54%	99.54%	9-30-21
2021	350,076,104	0.54470	98.39%	98.39%	9-30-22
2022	401,289,205	0.54300	In process		9-30-23

[(a)] *See "TAX INFORMATION - The City Application of the Property Tax Code" in the Official Statement for a description of the City's taxation procedures.*

[(b)] *Excludes interest and penalties.*

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Montague County Appraisal District, and the City's 2022 Annual Financial Statements.

Note: Assessed Valuations may change during the year due to various supplements and protests, and valuations on a later date or in other tables of this Official Statement may not match those shown on this table.

TAX RATE DISTRIBUTION **TABLE 4**

	2022-23	2021-22	2020-21	2019-20	2018-19
Maintenance & Operations	$0.54300	$0.54470	$0.53620	$0.54450	$0.52500
I & S Fund	0	0	0	0	0
TOTAL	$0.54300	$0.54470	$0.53620	$0.54450	$0.52500

Source: City

[*Remainder of page intentionally left blank*]

PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS **TABLE 5**

Fiscal Year 30-Sept	Existing Debt Service	Principal	Interest	Total Debt Service
2023	$ 740,027.20	$ -	$ -	$ 740,027.20
2024	742,036.05	220,000.00	110,438.33	1,072,474.38
2025	744,793.40	225,000.00	131,950.00	1,101,743.40
2026	740,323.60	225,000.00	119,575.00	1,084,898.60
2027	584,197.50	230,000.00	107,200.00	921,397.50
2028	580,459.50	130,000.00	94,550.00	805,009.50
2029	582,656.00	135,000.00	87,400.00	805,056.00
2030	583,740.50	145,000.00	79,975.00	808,715.50
2031	433,759.50	150,000.00	72,000.00	655,759.50
2032	435,487.00	160,000.00	64,500.00	659,987.00
2033	437,159.50	165,000.00	56,500.00	658,659.50
2034	438,746.00	175,000.00	48,250.00	661,996.00
2035	435,026.00	185,000.00	39,500.00	659,526.00
2036	440,770.00	195,000.00	30,250.00	666,020.00
2037	440,979.25	200,000.00	20,500.00	661,479.25
2038	440,721.50	210,000.00	10,500.00	661,221.50
2039	440,034.50	-	-	440,034.50
2040	443,895.25	-	-	443,895.25
2041	442,309.00	-	-	442,309.00
2042	445,296.00	-	-	445,296.00
2043	442,900.25	-	-	442,900.25
2044	445,128.75	-	-	445,128.75
2045	446,938.50	-	-	446,938.50
2046	448,357.50	-	-	448,357.50
2047	449,396.50	-	-	449,396.50
2048	450,068.25	-	-	450,068.25
2049	450,386.50	-	-	450,386.50
2050	450,345.25	-	-	450,345.25
2051	435,117.00	-	-	435,117.00
Total	**$14,591,055.75**	**$2,750,000.00**	**$1,073,088.33**	**$18,414,144.08**

[*Remainder of page intentionally left blank*]

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

GENERAL INFORMATION REGARDING
THE CITY OF BOWIE, TEXAS

[THIS PAGE INTENTIONALLY LEFT BLANK]

General … The City of Bowie, Texas is the principal commercial center of Montague County and is located at the intersection of U.S. Highways 81 and 287 and State Highway 59. The City is principally a mineral producing and agricultural area. The population of Montague County has increased 10.7% from the 1990 population of 17,274 to the 2000 population of 19,117.

Services… The City employs twelve policeman and ten firemen. The fire department operates an ambulance service with eight paramedics and five emergency technicians, and a municipal electricity utility with an owned substation and distribution system. In addition, the fire department has 25 volunteers. Transportation services for rail are provided by Burlington Northern, Inc. with United Postal Services and Rapid Package Services furnishing motor freight services. Bus service is provided by Texas-New Mexico-Oklahoma Bus Lines. The City has one municipal airport with a 3,600 foot runway. Commercial air service is offered by Wichita Falls Airport, only 48 miles northwest of the City, or by Dallas Fort-Worth International Airport, 90 miles to the east.

Bryan Texas Utilities is the power distributor for the City of Bowie's electric utility plant. Lake Amon G. Carter is the City's chief source of water supply. Atmos Energy supplies the City's residents and commercial gas users with natural gas. Utility connection statistics are as follows:

Year Ended 9/30	Population	Number of Water Customers	Number of Sewer Customers	Number of Electric Customers
2018	5,062	3,016	2,445	3,096
2019	5,118	3,020	2,441	3,090
2020	5,412	3,039	2,461	3,105
2021	5,534	3,078	2,473	3,106
2022	5,738	3,252	2,624	3,282

Education… Bowie Independent School District (the "District") consists of one high school, one junior high school, one elementary school and one early primary school. As of October 10, 2023, the expected average daily attendance for the District is 2,322 for the 2023-2024 school year, with approximately 130 teachers employed by the school district. A Branch Campus for North Central Texas College was built and opened in the fall of 2000.

Recreation… Bowie has almost 2,000 surface acres of lake, over 118 acres of city park land, a five diamond baseball complex, an eighteen-hole golf course and riding arenas for the horse enthusiast. The National Headquarters of the American Association of Sheriffs Posses and Riding Clubs is located in Bowie. The AASP&RC is situated on 30 acres with two full-sized arenas, racetrack with gates, outside stalls, picnic areas, camper hookups, open campsites, restroom and shower facilities.

Second Monday Trades Day – a tradition over 100 years old, draws a huge crowd each month with over 400 vendors from all over the country. This flea market is held during the weekend prior to the second Monday of each month. Trade City is across the street with 200 vendors and is also the second Monday of each month.

Montague County Labor Force Estimates[(1)]

		Annual Averages				
	August 2023	2022	2021	2020	2019	2018
Civilian Labor Force	9,386	9,242	9,330	9,057	9,215	9,070
Total Employment	9,001	8,909	8,847	8,454	8,950	8,779
Total Unemployment	385	333	483	603	265	291
Percent Unemployment	4.1	3.6	5.2	6.7	2.9	3.2

(1) Source: Texas Labor Market Information; subject to revision

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

November 9, 2023

City of Bowie, Texas Certificates of Obligation, Series 2023

Ladies and Gentlemen:

We have acted as bond counsel to the City of Bowie, Texas (the "City") in connection with the issuance of $2,750,000 aggregate principal amount of Obligations designated as "City of Bowie, Texas Certificates of Obligation, Series 2023" (the "Obligations"). The Obligations are authorized by an ordinance adopted by the City Council of the City (the "City Council") on October 23, 2023 (the "Ordinance"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Ordinance.

In such connection, we have reviewed the Ordinance, the tax certificate of the City dated the date hereof (the "Tax Certificate"), certificates of the City, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Ordinance and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations, the Ordinance and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did

not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Obligations and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Obligations constitute the valid and binding obligations of the City.

2. The City Council has power and is obligated to levy an annual ad valorem tax, within the limits prescribed by law, upon taxable property located within the City, which taxes have been pledged irrevocably to pay the principal of and interest on the Obligations.

3. The Obligations are also secured by a limited (in an amount not to exceed $1,000) subordinate pledge of revenues derived from operation of the City's waterworks and sewer system.

4. Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Obligations included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Faithfully yours,

JACKSON WALKER LLP

APPENDIX D

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

[THIS PAGE INTENTIONALLY LEFT BLANK]

CITY OF BOWIE, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

CITY OF BOWIE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

	Page	Exhibit
FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements	1-2	
Management's Discussion and Analysis (Required Supplementary Information)	3-10	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	11	A-1
Statement of Activities	12-13	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Fund	14	A-3
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	15	A-4
Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Fund	16	A-5
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Fund to the Statement of Activities	17	A-6
Statement of Net Position - Enterprise Fund	18	A-7
Statement of Revenues, Expenses, and Changes in Fund Net Position - Enterprise Fund	19	A-8
Statement of Cash Flows - Enterprise Fund	20	A-9
Notes to the Financial Statements	21-44	
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	45	B-1
Notes to Required Supplementary Information	46	
Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios	47	B-2
Texas Municipal Retirement System Schedule of Contributions	48	B-3
Texas Municipal Retirement System Schedule of Changes in Total OPEB Liability and Related Ratios	49	B-4
INTERNAL CONTROL AND COMPLIANCE		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	50-51	
Schedule of Findings and Responses	52	

Financial Section

MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

Independent Auditor's Report on Financial Statements

City Council
City of Bowie, Texas
304 Lindsey Street
Bowie, Texas 76360

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowie, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Bowie, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowie, Texas, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 of Bowie, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

MWH GROUP, P.C. 624 Indiana P.O. Box 97000 Wichita Falls, TX 76307 (940) 723-1471 Fax (940) 723-2251 www.mwhpc.com

if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, Texas Municipal Retirement System Schedule of Contributions, and Texas Municipal Retirement System Schedule of Changes in Total OPEB Liability and Related Ratios on pages 3 through 10 and 45 through 49 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, on our consideration of the City of Bowie, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bowie, Texas' 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 City of Bowie, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

MWH Group, P.C.

MWH GROUP, P.C.

Wichita Falls, Texas
March 28, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bowie, Texas, we offer readers of the City's Annual Financial Report this narrative overview and analysis of the City's financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

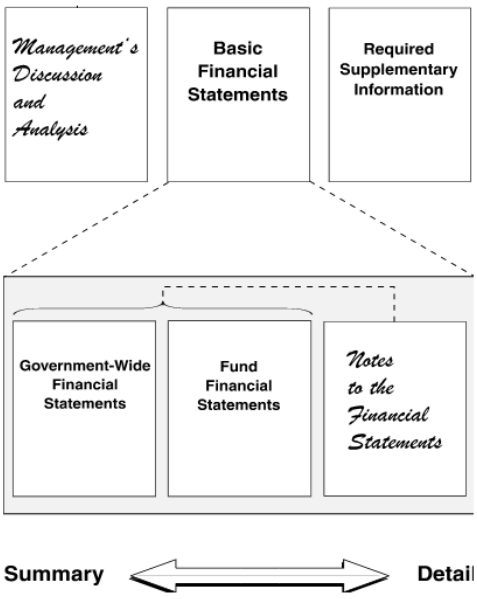
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $31,455,659 (net position). Of this amount, $10,274,974 (unrestricted net position) may be used to meet the City's obligations.
- During the year, the City's total net position increased by $1,504,469.
- The governmental funds reported a fund balance this year of $3,095,390, which is an increase of $330,020 from the prior year. Of this amount, $2,092,710 is available for spending at the government's discretion (unassigned fund balance), and $706,803 is restricted by outside agencies for specific purposes. The remaining $295,877 is assigned by City Council for specific purposes.
- At the end of the current fiscal year, unassigned and assigned fund balance for the general fund was $2,388,587, or 27% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, *and required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- The *proprietary fund statements* offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*, such as the water, sewer, and electric systems.

Figure A-1
Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

		Fund Statements	
Type of Statements	**Government-wide**	**Governmental Funds**	**Proprietary Funds**
Scope	Entire Agency's government and the Agency's component units	The activities of the City that are not proprietary	Activities the City operates similar to private businesses - the water, sewer, and electric systems
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures and changes in fund balances	• Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

The government-wide financial statements of the City are divided into three categories:

- *Governmental activities*. Most of the City's basic services are included here, such as public safety, streets, sanitation, parks, administration, and finance.
- *Business-type activities.* The City charges fees to customers to help it cover the cost of certain services it provides. The City's water, sewer, and electric systems are included here.
- *Component Units.* The City includes two other entities in its report - the Bowie Economic Development Corporation, and the Bowie 4B Sales Tax Corporation. Although legally separate, these "component units" are important because the City is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds* - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. In fact, the City's proprietary funds are the same as its business-type activities, but provide more detail and information, such as cash flows.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's combined net position was $31,455,659 at September 30, 2022. (See Table A-1)

Table A-1
City's Net Position

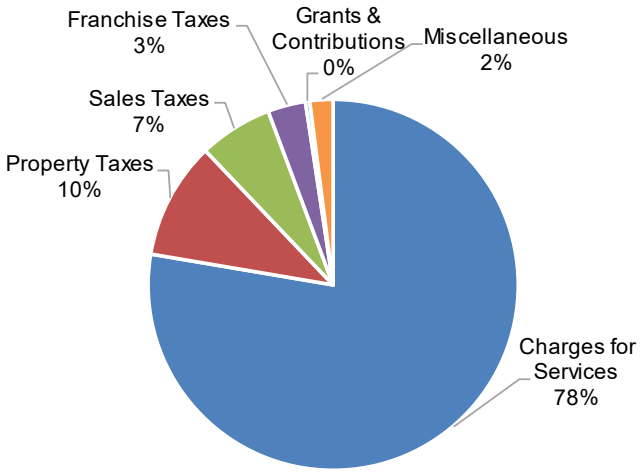
	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
Current and other assets	$ 5,306,000	$ 3,751,945	$ 18,376,902	$ 17,437,710	$ 23,682,902	$ 21,189,655
Capital assets, net	10,014,423	10,417,420	16,404,291	16,469,695	26,418,714	26,887,115
Total assets	15,320,423	14,169,365	34,781,193	33,907,405	50,101,616	48,076,770
Deferred outflows of resources	307,284	290,323	72,408	68,969	379,692	359,292
Long-term liabilities	2,554,811	3,173,162	13,213,167	13,444,925	15,767,978	16,618,087
Other liabilities	1,413,478	731,582	651,022	531,328	2,064,500	1,262,910
Total liabilities	3,968,289	3,904,744	13,864,189	13,976,253	17,832,478	17,880,997
Deferred inflows of resources	973,347	493,709	219,824	110,166	1,193,171	603,875
Net position						
Net investment in capital assets	7,933,432	8,099,894	3,305,557	3,224,033	11,238,989	11,323,927
Restricted	706,803	667,720	9,234,893	9,348,188	9,941,696	10,015,908
Unrestricted	2,045,836	1,293,621	8,229,138	7,317,734	10,274,974	8,611,355
Total net position	$ 10,686,071	$ 10,061,235	$ 20,769,588	$ 19,889,955	$ 31,455,659	$ 29,951,190

The City adopted the provisions of GASB Statement No. 87 Leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The beginning balances for leased capital assets and lease liabilities were increased by $408,513 and $186,908 for Governmental Activities and Business-type Activities, respectively, as a result of this implementation. Beginning net asset balances were not required to be restated.

The $10,274,974 of unrestricted net position at September 30, 2022 represents resources available to fund the programs of the City next year if sufficient resources are not derived from future resources. The restricted net position is required to be set aside for long-term debt and other program purposes.

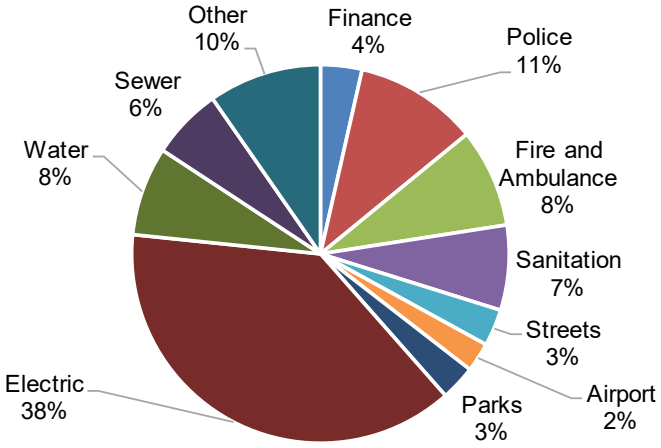
Changes in net position. The City's total revenues, both program and general, were $18,880,767. A significant portion, 78%, of the City's revenue comes from charges for services. Sales, property, and franchise taxes make up 7%, 10%, and 3% of total revenues, respectively. Grants and contributions and other minor categories combined make up the remaining 2% of the City's total revenues. (See Figure A-3.)

Figure A-3
Sources of Revenue for Fiscal Year 2022



The total cost of all programs and services was $17,376,298. Of these costs 52% are for water, sewer, and electric expenses. The City's other expenses cover a range of services, with 11% for the police department, 8% for the fire and ambulance department, 7% for the sanitation department, 10% for the finance, street, and parks departments, and 2% for the airport. Other categories combined make up the remaining 10%. (See Figure A-4.)

Figure A-4
Functional Expenses for Fiscal Year 2022



Governmental Activities

Table A-2 presents the various revenue categories and gross costs of each of the City's functional areas for the current year.

Table A-2
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	$ 2,958,094	$ 2,489,821	$ 11,703,344	$ 10,725,955	$ 14,661,438	$ 13,215,776
Operating grants and contributions	67,283	137,028	-	-	67,283	137,028
Capital grants and contributions	-	-	2,079	324,135	2,079	324,135
General revenues:						
Property taxes	1,928,463	1,829,902	-	-	1,928,463	1,829,902
Sales taxes	1,213,835	1,124,222	-	-	1,213,835	1,124,222
Franchise taxes	624,687	596,337	-	-	624,687	596,337
Other taxes	117,122	72,034	-	-	117,122	72,034
Investment earnings	16,158	1,132	20,569	3,730	36,727	4,862
Miscellaneous	160,996	155,698	-	-	160,996	155,698
Gain (loss) on disposal	40,137	(12,518)	28,000	63,954	68,137	51,436
Total revenues	7,126,775	6,393,656	11,753,992	11,117,774	18,880,767	17,511,430
Expenses						
Administration	513,282	434,865	-	-	513,282	434,865
Finance	618,765	606,868	-	-	618,765	606,868
Public safety – police	1,832,876	1,684,056	-	-	1,832,876	1,684,056
Public safety – fire and ambulance	1,464,992	1,426,517	-	-	1,464,992	1,426,517
Municipal court	96,442	92,612	-	-	96,442	92,612
Sanitation	1,261,623	1,019,176	-	-	1,261,623	1,019,176
Streets	548,017	514,350	-	-	548,017	514,350
Airport	434,595	376,075	-	-	434,595	376,075
Second Monday	65,028	69,344	-	-	65,028	69,344
Recreation and swimming	107,691	105,426	-	-	107,691	105,426
Library	216,511	234,722	-	-	216,511	234,722
Senior citizens	3,889	6,461	-	-	3,889	6,461
Parks	524,088	532,115	-	-	524,088	532,115
Hotel and motel	35,538	46,832	-	-	35,538	46,832
Code enforcement	154,165	140,913	-	-	154,165	140,913
Community development	126,516	115,370	-	-	126,516	115,370
Reservoirs	120,489	120,489	-	-	120,489	120,489
Community center	205,077	214,355	-	-	205,077	214,355
Interest expense	38,600	47,734	-	-	38,600	47,734
Water	-	-	1,321,612	1,464,595	1,321,612	1,464,595
Sewer	-	-	1,055,542	1,222,848	1,055,542	1,222,848
Electric	-	-	6,630,960	7,310,018	6,630,960	7,310,018
Total expenses	8,368,184	7,788,280	9,008,114	9,997,461	17,376,298	17,785,741
Transfers	1,866,245	1,820,600	(1,866,245)	(1,820,600)	-	-
Change in net position	624,836	425,976	879,633	(700,287)	1,504,469	(274,311)
Net position - beginning	10,061,235	9,635,259	19,889,955	20,590,242	29,951,190	30,225,501
Net position - ending	$ 10,686,071	$ 10,061,235	$ 20,769,588	$ 19,889,955	$ 31,455,659	$ 29,951,190

Explanations for the large and/or unusual variances between 2021 and 2022 are as follows:

- The charges for services increased by $1,445,662, or 11%, with an increase of $468,273 in governmental activities and $977,389 in business-type activities. The City experienced increases in all utility services provided due to new accounts opened in 2022 and an increase in overall demand for garbage, water, sewer, and electric services.

- Capital grants and contributions decreased by $322,056, as the City received grant funding from the Texas Community Development Block Grant (CDBG) in 2021. The Texas CDBG grant was used for sewer system upgrades.

- Sewer expenses decreased by $167,306, or 14%. In 2021, the City issued a new bond through the Texas Water Development Board for a major sewer system improvement. The City incurred bond issuance fees and other related expenses in relation to the issuance of that bond.

- Electric expenses decreased by $593,508, or 8%. The City's power purchased decreased significantly as City was obligated to pay excessive rates in the prior year for power purchased during the February 2021 winter storm. This expense was not passed on to the citizens.

Table A-3 presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was $8,368,184; however, the amount that our taxpayers paid for these activities through property taxes was only $1,928,463.

- Some of the cost was paid by those who directly benefited from the programs through charges for services of $2,958,094.

Table A-3
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Public safety - police	$ 1,832,876	$ 1,684,056	$ 1,697,733	$ 1,594,163
Public safety - fire and ambulance	1,464,992	1,426,517	526,025	491,010
Sanitation	1,261,623	1,019,176	(14,162)	7,949
Streets	548,017	514,350	548,017	514,350
Finance	618,765	606,868	618,765	606,868
Parks	524,088	532,115	499,359	505,017

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

General Fund Budgetary Highlights

During the course of the year, the City amended its budget one time. Actual expenditures were $101,453 above and actual revenues were $662,312 above final budget amounts.

The most significant revenue variance was charges for services where actual revenues were $297,016 above final budgeted revenues. The City received more in fines, fuel, ambulance billings, garbage services, fuel surcharges and code enforcement fees during the year.

The most significant expenditure variance was in Public safety – police department, which exceeded the budget by $229,589 as actual costs for a building renovation exceeded the budgeted amount. The City was over budget in three other departments: Sanitation ($5,848), Second Monday ($48,198), and Parks ($8,145).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the City had invested in a broad range of capital assets, net of accumulated depreciation, totaling $26,418,714, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
Land	$ 612,189	$ 612,189	$ 267,499	$ 267,499	$ 879,688	$ 879,688
Buildings, systems and and improvements, net	5,981,717	6,254,707	14,750,710	14,765,288	20,732,427	21,019,995
Machinery and equipment, net	1,039,178	1,118,236	708,372	683,847	1,747,550	1,802,083
Construction in progress	-	-	552,477	753,061	552,477	753,061
Financed purchases	150,054	150,054	-	-	150,054	150,054
Leased equipment	512,073	408,513	125,233	186,908	637,306	595,421
Infrastructure	1,719,212	1,873,721	-	-	1,719,212	1,873,721
Totals	$ 10,014,423	$ 10,417,420	$ 16,404,291	$ 16,656,603	$ 26,418,714	$ 27,074,023

Long-term Liabilities

At year-end, the City had $15,356,173 in bonds, notes payable, compensated absences, and leases outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Totals	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
Financed purchase payable	$ 101,075	$ 149,380	$ -	$ 986,662	$ 101,075	$ 1,136,042
Leases payable	487,245	408,513	126,480	186,908	613,725	595,421
Notes payable	408,671	551,633	985,254	-	1,393,925	551,633
Refunding bonds	1,084,000	1,208,000	-	-	1,084,000	1,208,000
Revenue bonds	-	-	11,987,000	12,259,000	11,987,000	12,259,000
Compensated absences	140,629	136,970	35,819	27,941	176,448	164,911
Totals	$ 2,221,620	$ 2,454,496	$ 13,134,553	$ 13,460,511	$ 15,356,173	$ 15,915,007

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2022-2023 budget preparation is $401,595,765, up $51,519,661, or 14.7% above last year's values. This indicator was taken into account when adopting the General Fund budget for 2022-2023.

Budgeted General Fund revenues (excluding transfers from other funds) for 2022-2023 are $7,232,704, which represents a 1.7% decrease of $127,718 from 2021-2022 actual revenues of $7,360,422. Budgeted General Fund expenditures for 2022-2023 are $9,096,613, which represents a 2.2% increase of $199,966 from 2021-2022 actual expenditures of $8,896,647. If these estimates are realized, along with budgeted transfers to the General Fund from the Utility Fund of $1,866,243, the City's budgeted General Fund balance is expected to increase by $2,334 by the close of 2022-2023.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City's Administration Office.

Basic Financial Statements

CITY OF BOWIE, TEXAS **EXHIBIT A-1**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Bowie Economic Development Corporation	Bowie 4B Sales Tax Corporation
Assets:					
Cash and cash equivalents	$ 9,948	$ 3,970,395	$ 3,980,343	$ 47,687	$ 34,567
Investments	2,115,750	3,581,374	5,697,124	1,843,091	2,501,934
Receivables, net of allowances for uncollectibles:					
Taxes	259,096	26,885	285,981	110,080	110,080
Accounts	167,522	1,348,599	1,516,121	(56,044)	-
Ambulance	219,512	-	219,512	-	-
Municipal Court	154,855	-	154,855	-	-
Other	18,065	-	18,065	-	56,044
Interfund balances	(91,193)	91,193	-	-	-
Due to/from component units	(5,394)	-	(5,394)	5,761	(367)
Property held for sale	-	-	-	2,846,579	-
Restricted assets:					
Cash and cash equivalents	1,701,086	9,234,893	10,935,979	587,664	-
Investments	233,053	-	233,053	-	-
Net pension asset	523,700	123,563	647,263	-	-
Capital assets, net of accumulated depreciation	10,014,423	16,404,291	26,418,714	2,481,740	5,275,455
Total assets	15,320,423	34,781,193	50,101,616	7,866,558	7,977,713
Deferred outflows of resources					
Deferred outflows of resources from pensions	247,738	58,477	306,215	-	-
Deferred outflows of resources from OPEB	59,546	13,931	73,477	-	-
Total deferred outflows of resources	307,284	72,408	379,692	-	-
Liabilities:					
Accounts payable	120,173	546,999	667,172	6,432	1,181
Accrued liabilities	-	52,491	52,491	-	-
Accrued payroll	56,446	13,514	69,960	1,157	571
Accrued interest payable	9,523	38,018	47,541	-	6,158
Unearned revenue	1,227,336	-	1,227,336	587,664	-
Long-term liabilities:					
Accrued compensated absences	140,629	35,819	176,448	9,490	-
Total OPEB liability	333,191	78,614	411,805	-	-
Portion due or payable within one year	536,961	983,855	1,520,816	71,669	88,540
Portion due or payable after one year	1,544,030	12,114,879	13,658,909	938,244	1,626,228
Total liabilities	3,968,289	13,864,189	17,832,478	1,614,656	1,722,678
Deferred inflows of resources					
Deferred inflows of resources from pensions	960,709	216,656	1,177,365	-	-
Deferred inflows of resources from OPEB	12,638	3,168	15,806	-	-
Total deferred outflows of resources	973,347	219,824	1,193,171	-	-
Net position:					
Net investment in capital assets	7,933,432	3,305,557	11,238,989	1,471,827	3,560,687
Restricted	706,803	9,234,893	9,941,696	-	-
Unrestricted	2,045,836	8,229,138	10,274,974	4,780,075	2,694,348
Total net position	$ 10,686,071	$ 20,769,588	$ 31,455,659	$ 6,251,902	$ 6,255,035

The accompanying notes are an integral part of this statement.

EXHIBIT A-2

CITY OF BOWIE, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
Administration	$ 513,282	$ 4,234	$ -	$ -
Finance	618,765	-	-	-
Public safety - police	1,832,876	92,531	42,612	-
Public safety - fire and ambulance	1,464,992	938,967	-	-
Municipal court	96,442	137,994	-	-
Sanitation	1,261,623	1,275,785	-	-
Streets	548,017	-	-	-
Airport	434,595	188,924	-	-
Second Monday	65,028	89,170	-	-
Recreation and swimming	107,691	20,910	-	-
Library	216,511	5,613	14,085	-
Senior citizens	3,889	-	-	-
Parks	524,088	24,729	-	-
Hotel and motel	35,538	-	-	-
Code enforcement	154,165	118,920	-	-
Community development	126,516	-	-	-
Reservoirs	120,489	-	-	-
Community center	205,077	60,317	10,586	-
Interest expense	38,600	-	-	-
Total governmental activities	8,368,184	2,958,094	67,283	-
Business-type activities:				
Water	1,321,612	2,110,145	-	-
Sewer	1,055,542	1,251,257	-	2,079
Electric	6,630,960	8,341,942	-	-
Total business-type activities	9,008,114	11,703,344	-	2,079
Total primary government	$ 17,376,298	$ 14,661,438	$ 67,283	$ 2,079
Component units:				
Economic Development Corporation	$ 296,637	$ -	$ -	$ 12,336
Bowie 4B Sales Tax Corporation	292,790	19,675	-	-
Total component units	$ 589,427	$ 19,675	$ -	$ 12,336
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Investment earnings				
Miscellaneous				
Gain (loss) on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
			Component Units	
Governmental Activities	Business-type Activities	Total	Bowie Economic Development Corporation	Bowie 4B Sales Tax Corporation
$ (509,048)	$ -	$ (509,048)	$ -	$ -
(618,765)	-	(618,765)	-	-
(1,697,733)	-	(1,697,733)	-	-
(526,025)	-	(526,025)	-	-
41,552	-	41,552	-	-
14,162	-	14,162	-	-
(548,017)	-	(548,017)	-	-
(245,671)	-	(245,671)	-	-
24,142	-	24,142	-	-
(86,781)	-	(86,781)	-	-
(196,813)	-	(196,813)	-	-
(3,889)	-	(3,889)	-	-
(499,359)	-	(499,359)	-	-
(35,538)	-	(35,538)	-	-
(35,245)	-	(35,245)	-	-
(126,516)	-	(126,516)	-	-
(120,489)	-	(120,489)	-	-
(134,174)	-	(134,174)	-	-
(38,600)	-	(38,600)	-	-
(5,342,807)	-	(5,342,807)	-	-
-	788,533	788,533	-	-
-	197,794	197,794	-	-
-	1,710,982	1,710,982	-	-
-	2,697,309	2,697,309	-	-
(5,342,807)	2,697,309	(2,645,498)	-	-
-	-	-	(284,301)	-
-	-	-	-	(273,115)
-	-	-	(284,301)	(273,115)
1,928,463	-	1,928,463	-	-
1,213,835	-	1,213,835	606,913	606,913
624,687	-	624,687	-	-
117,122	-	117,122	-	-
16,158	20,569	36,727	11,252	16,547
160,996	-	160,996	92,342	190
40,137	28,000	68,137	-	-
1,866,245	(1,866,245)	-	-	-
5,967,643	(1,817,676)	4,149,967	710,507	623,650
624,836	879,633	1,504,469	426,206	350,535
10,061,235	19,889,955	29,951,190	5,825,696	5,904,500
$ 10,686,071	$ 20,769,588	$ 31,455,659	$ 6,251,902	$ 6,255,035

The accompanying notes are an integral part of this statement.

EXHIBIT A-3

CITY OF BOWIE, TEXAS

BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2022

	General Fund
Assets:	
Cash and cash equivalents	$ 9,948
Investments	2,115,750
Receivables, net of allowances for uncollectibles:	
Ad valorem taxes	38,936
Sales taxes	220,160
Sanitation	167,522
Ambulance	219,512
Municipal Court	154,855
Other	18,065
Due from other funds	(91,193)
Due from component units	1,115
Restricted cash and cash equivalents	1,934,139
Total assets	$ 4,788,809
Liabilities:	
Accounts payable	$ 120,173
Due to component unit	6,509
Accrued payroll	56,446
Unearned revenue	1,227,336
Total liabilities	1,410,464
Deferred inflows of resources:	
Unavailable revenue	282,955
Fund balance:	
Restricted	706,803
Assigned	295,877
Unassigned	2,092,710
Total fund balance	3,095,390
Total liabilities, deferred inflows of resources, and fund balance	$ 4,788,809

The accompanying notes are an integral part of this statement.

CITY OF BOWIE, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total fund balance - governmental fund balance sheet (Exhibit A-3)		$ 3,095,390
Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets at year-end consist of:		
Gross capital assets	$ 24,495,139	
Related accumulated depreciation	(14,480,716)	10,014,423
Accounts receivable are not available to pay for current period expenditures and therefore are deferred in the funds.		282,955
The City's proportionate share of net pension asset as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Net pension asset	523,700	
Deferred outflows of resources from pensions	247,738	
Deferred inflows of resources from pensions	(960,709)	(189,271)
The City's total OPEB liability as well as OPEB-related deferred outflows of resources are recognized in the government-wide statements and include:		
Total OPEB liability	(333,191)	
Deferred outflows of resources from OPEB	59,546	(286,283)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. The long-term liabilities at year-end consists of:		
Bonds payable	1,571,245	
Notes payable	408,672	
Accrued compensated absences	140,629	
Capital leases payable	101,074	
Accrued interest	9,523	(2,231,143)
Net position of governmental activities - statement of net position (Exhibit A-1)		$ 10,686,071

The accompanying notes are an integral part of this statement.

EXHIBIT A-5

CITY OF BOWIE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund
Revenue:	
Ad valorem taxes	$ 1,932,267
Sales taxes	1,213,835
Other taxes	741,809
Charges for services	2,813,266
Fines and forfeitures	28,692
Interest income	16,158
Intergovernmental revenue	129,728
Miscellaneous	196,434
Total revenues	7,072,189
Expenditures:	
Administration	545,491
Finance	628,767
Public safety - police	1,858,713
Public safety - fire and ambulance	1,374,899
Municipal court	103,932
Sanitation	1,261,623
Streets	478,365
Airport	236,333
Second Monday	58,376
Recreation and swimming	71,220
Library	224,090
Outreach	-
Senior citizens	3,889
Parks	460,823
Hotel and motel	35,538
Code enforcement	152,687
Community development	131,059
Community Center	152,687
Capital outlay	
Administration	23,706
Finance	-
Public safety - police	299,576
Public safety - fire and ambulance	47,091
Municpal Court	-
Streets	20,735
Airport	55,998
Parks	40,630
Library	11,341
Second Monday	56,298
Recreation and swimming	-
Code enforcement	-
Community Center	9,950
Main Street	-
Principle payments on debt	
Administration	18,230
Finance	4,259
Public safety - police	84,682
Public safety - fire and ambulance	127,476
Streets	41,823
Airport	65,873
Parks	38,936
Code enforcement	4,959
Community Center	124,000
Interest expense	42,592
Debt issuance costs	-
Total expenditures	8,896,647
Deficiency of revenues under expenditures	(1,824,458)
Other financing sources:	
Transfers	1,866,245
Proceeds from issuance of debt	273,703
Proceeds from sale of assets	14,530
Total other financing sources	2,154,478
Change in fund balance	330,020
Fund balance - beginning	2,765,370
Fund balance - ending	$ 3,095,390

The accompanying notes are an integral part of this statement.

CITY OF BOWIE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds (Exhibit A-5)		$ 330,020
Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense. The net difference between the two is as follows:		
Capital outlay during the year	$ 565,325	
Depreciation expense for the year	(993,929)	(428,604)
In the statement of activities, the loss on disposal of capital assets is reported. Conversely, governmental funds do not report any or loss on disposal of capital assets.		
Assets exchanged	30,000	
Cost of disposed capital assets	(165,942)	
Accumulated depreciation of disposed capital assets	161,549	25,607
Because accounts receivable will not be collected for several months after the City's fiscal year ends, they are not considered 'available' revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year.		14,447
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details of this difference are as follows:		
Increase in compensated absences	(3,659)	
Decrease in accrued interest on long-term debt	3,992	333
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The net effect of these transactions transactions are as follows:		
Issuance of long-term debt	(273,703)	
Repayment of long-term debt	510,238	236,535
Changes in the proportionate share of net pension liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is:		472,767
Changes in the total OPEB liability and related deferred outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is:		(26,269)
Change in net position of governmental activities - statement of activities (Exhibit A-2)		$ 624,836

The accompanying notes are an integral part of this statement.

EXHIBIT A-7

CITY OF BOWIE, TEXAS
STATEMENT OF NET POSITION
ENTERPRISE FUND
SEPTEMBER 30, 2022

	Utility Fund
Assets:	
Current assets:	
Cash and cash equivalents	$ 3,970,395
Investments	3,581,374
Receivables, net of allowances for uncollectibles:	
Taxes	26,885
Accounts	1,348,599
Total current assets	8,927,253
Restricted assets:	
Cash and cash equivalents	9,234,893
Noncurrent assets:	
Land	267,499
Buildings and improvements	127,628
Utility plant and system	30,012,912
Reservoirs	940,429
Machinery and equipment	2,284,021
Leased vehicles	186,909
Construction in progress	552,477
Reserve for depreciation	(17,967,584)
Net pension asset	123,563
Total noncurrent assets	16,527,854
Total assets	34,690,000
Deferred outflows of resources:	
Deferred outflows of resources from pensions	58,477
Deferred outflows of resources from OPEB	13,931
Total deferred outflows of resources	72,408
Total assets and deferred outflows of resources	$ 34,762,408
Liabilities:	
Current liabilities:	
Accounts payable	$ 546,999
Accrued liabilities	52,491
Accrued payroll	13,514
Accrued interest payable	38,018
Due to other funds	(91,193)
Debt due or payable within one year	983,855
Total current liabilities	1,543,684
Long-term liabilities:	
Accrued compensated absences	35,819
Total OPEB liability	78,614
Debt due or payable after one year	12,114,879
Total liabilities	13,772,996
Deferred inflows of resources:	
Deferred inflows of resources from pensions	216,656
Total deferred inflows of resources	219,824
Net position:	
Net investment in capital assets	3,305,557
Restricted for debt service	9,234,893
Unrestricted	8,229,138
Total net position	20,769,588
Total liabilities, deferred inflows of resources, and net position	$ 34,762,408

The accompanying notes are an integral part of this statement.

CITY OF BOWIE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Utility Fund
Revenues:	
Metered and flat rate sales	$ 11,457,633
Tapping and service charges	167,103
Miscellaneous	78,608
Total revenues	11,703,344
Expenses:	
Salaries and contract labor	885,672
Employee benefits	120,507
Payroll taxes	60,116
Professional services	22,751
Vehicle expense	45,415
Utilities	589,510
Supplies and small tools	302,160
Franchise fees	454,329
Permits and fees	57,846
Chemicals	187,827
Equipment rent and repair	69,307
Depreciation	896,701
Insurance	46,232
Power purchased	4,807,287
Bad debts	40,000
Office expense	815
Miscellaneous	147,381
Total expenses:	8,733,856
Operating income	2,969,488
Non-operating revenue (expense):	
Interest revenue	20,569
Grant revenue	2,079
Gain on disposal of assets	28,000
Bond issuance costs	(8,026)
Bond interest expense and paying agent fees	(266,232)
Total non-operating revenue (expense)	(223,610)
Income before transfers	2,745,878
Transfers	(1,866,245)
Net loss	879,633
Net position - beginning	19,889,955
Net position - ending	$ 20,769,588

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

CITY OF BOWIE, TEXAS

STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Utility Fund
Cash flows from operating activities:	
Cash received from customers	$ 11,365,584
Cash payments to employees for services	(1,208,805)
Cash payments to other suppliers for goods and services	(6,523,320)
Net cash provided by operating activities	3,633,459
Cash flows from non-capital financing activities:	
Transfers	(1,866,245)
Cash flows from capital and related financing activities:	
Proceeds from issuance of long-term debt	368,748
Bond issuance costs	(8,026)
Principal paid on long-term debt	(702,584)
Interest and paying agent fees paid on long-term debt	(313,742)
Capital grants received	2,079
Acquisition of capital assets	(644,389)
Proceeds from sale of capital assets	28,000
Net cash provided by capital and related financing activities	(1,269,914)
Cash flows from investing activities:	
Purchase of certificates of deposit	(19,305)
Interest earned	20,569
Net cash provided by investing activities	1,264
Net increase in cash and cash equivalents	498,564
Cash and cash equivalents - beginning	12,706,724
Cash and cash equivalents - ending	$ 13,205,288
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 2,969,488
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	896,701
Bad debts	40,000
(Increase) decrease in assets and deferred outflows of resources:	
Taxes receivable	(15,898)
Accounts receivable	(258,119)
Other receivables	(40,000)
Deferred outflows related to pensions	(4,985)
Deferred outflows related to OPEB	1,546
Increase (decrease) in assets and deferred inflows of resources:	
Accounts payable	157,627
Accrued liabilities	2,403
Accrued payroll	7,174
Compensated absences	7,878
Due to other funds	(23,743)
Net pension liability	(220,270)
Total OPEB liability	3,999
Deferred inflows related to pensions	109,751
Deferred inflows related to OPEB	(93)
Net cash provided by operating activities	$ 3,633,459
Reconciliation of cash and cash equivalents	
Unrestricted cash and cash equivalents	$ 3,970,395
Restricted cash and cash equivalents	9,234,893
	$ 13,205,288

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

The accompanying financial statements of the City of Bowie, Texas (City) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Financial Reporting Model

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the City prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of a "management's discussion and analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities, business-type activities, and activities of its discretely presented component units on the statement of net position and statement of activities. The City's statement of net position includes noncurrent assets and liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared governmental fund financial statements which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the City's General Fund, the City's major governmental fund, is similar to that presented in the City's financial statements, although the format of financial statements has been modified by GASB Statement No. 34.

Statement of Net Position - The statement of net position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories, 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

2. Reporting Entity

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an Amendment of GASB Statement No. 14, include whether:

- the organization is legally separate
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements

Blended component units, although legally separate entities, are in substance, part of the City's operations and data from these units is combined with data presented by the City. Discretely presented component units, on the other hand, are reported in separate columns in the financial statements to emphasize they are legally separate from the City. Each blended and discretely presented component unit has a September 30 year end.

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Discretely Presented Component Units

The Bowie Economic Development Corporation is a non-profit corporation formed in May 1997 for the purpose of increasing employment opportunities, primarily through assisting qualifying enterprises with funds provided by a portion of the local sales tax. Assistance may be in the form of incentive grants, loans or leases which call for discounted rates or rebates for job development. The Corporation operates under the authority of Vernon's Civil Statutes, Article 5190.6, Section 4A and utilizes the modified accrual basis of accounting. The Bowie Economic Development Corporation is considered to be a part of the City's financial reporting entity because the City Council appoints its Board of Directors, approves its budgets, and exercises final authority over its operations.

The Bowie 4B Sales Tax Corporation is a non-profit corporation formed in May 1997 for the purpose of increasing employment opportunities and for public improvement projects such as parks, auditoriums, learning centers, open space improvements, athletic and exhibition facilities, and the related maintenance and operating costs of such projects. The Corporation operates under the authority of Vernon's Civil Statutes, Article 5190.6, Section 4B and utilizes the modified accrual basis of accounting. The Bowie 4B Sales Tax Corporation is also considered to be a part of the City's financial reporting entity because the City Council

appoints its Board of Directors, approves its budgets, and exercise final authority over its operations.

3. Basis of Presentation, Basis of Accounting

   a. Basis of Presentation

      Government-Wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

      Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds. The City has no nonmajor funds.

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

      The general fund is the only major governmental fund. This is the City's primary operating fund. It accounts for all financial resources of the City.

      The Utility fund is the only major enterprise fund. This fund accounts for electrical, water, and sewer utility services to residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

   b. Measurement Focus, Basis of Accounting

      Government-wide and Proprietary Fund Financial Statements: These 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Assigned fund balance indicates the intent of the City to use resources for a specific purpose. The City Council is authorized to assign amounts for specific purposes. When the City incurs an expenditure or expense for which both assigned and unassigned resources may be used, it is the City's policy to use assigned resources first, then unassigned resources.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen to apply future FASB standards.

4. Financial Statement Amounts

   a. Cash and Cash Equivalents

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

   b. Property Taxes

      Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

      Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2022, net property taxes receivable is calculated as follows:

Gross property taxes receivable	$ 53,163
Allowance for uncollectible taxes	(14,227)
Net property taxes receivable	$ 38,936

c. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid obscuring significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

Accounts receivable includes fines and fees assessed by court action in the municipal court and for fees for ambulance services. An allowance for uncollectible accounts has been set up for the fees based on a review of historical payment information. The municipal court receivables balance of $281,554 has an established allowance of $126,699 at September 30, 2022. The ambulance receivables balance of $627,178 has an established allowance of $407,666 at September 30, 2022.

There are significant receivables for delinquent property taxes, ambulance fees, and municipal court fees that are not scheduled for collection within one year. Of the outstanding receivables for property taxes, ambulance fees, and municipal court fees at September 30, 2022, it is expected that the City will collect approximately $30,000 during the year ending September 30, 2023. This is similar to the collections for the year ending September 30, 2022.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. Expenditures over $1,000 are capitalized, while the cost of normal maintenance and repairs that add no value to or materially extend the lives of the asset are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings	20-50
Improvements	5-40
Reservoirs	50
Machinery and equipment	5-20
Infrastructure	20-50

e. Inter-fund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund

receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

f. Pensions

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

g. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense 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.

h. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

The City does not have violations of finance-related legal and contractual provisions.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The City does not have any funds with a deficit fund balance or deficit fund net position.

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash Deposits:

At September 30, 2022, the balance of the City's cash deposits was $6,016,806. The City's cash deposits at September 30, 2022 and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

At September 30, 2022, the component units' cash deposits balances were $640,678 for BEDC and $36,646 for 4B. The component units' cash deposits at September 30, 2022 and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name, which also covers the component unit.

Investments:

The City is required by Government Code Chapter 2256, the Public Funds Investment Act (Act), to adopt, implement, and publicize an investment policy. That policy must be written to; primarily emphasize safety of principal and liquidity; address investment diversification, yield, maturity, and the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and set the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The City's investments at September 30, 2022, are shown below.

			Component Units	
Investment Pool	Weighted Maturity (Months)	Primary Government Fair Value	Economic Development Corporation Fair Value	4B Sales Tax Corporation Fair Value
TexPool	1	$ 3,650,870	$ 1,591,516	$ 2,250,359
TexStar	1	926,771	-	-
Certificates of deposit	5.10 / 6.17	1,352,536	251,575	251,575
Total investments		$ 5,930,177	$ 1,843,091	$ 2,501,934

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the City's name. At year end, the City was not exposed to custodial credit risk.

c. Concentrations of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

At September 30, 2022, the component units were not exposed to any of the above risks.

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report non-participating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Restricted Assets:

Restricted assets in the Governmental fund consist of cash and cash equivalents held for specific purposes in accordance with bond ordinances or other legal restrictions and are comprised of the following:

	General Fund	Utilty Fund	Bowie Economic Development Corporation
Police	$ 10,066	$ -	$ -
Community Center	1,007	-	-
Municipal Court	41,926	-	-
Ambulance	63,041	-	-
Community Projects	260,983	-	-
Community Events	3,943	-	-
Capital Projects	192,049	9,234,893	587,664
Pandemic Response	111,263	-	-
American Rescue Plan Act	1,227,586	-	-
Fire	7,509	-	-
Other	14,766	-	-
	$ 1,934,139	$ 9,234,893	$ 587,664

Public Funds Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Inter-local Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board comprised of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Capital Assets

Capital asset activity for the period ended September 30, 2022, was as follows:

Primary government

Governmental activities:	Beginning Balances	Increases	Decreases and Reclassifications	Ending Balances
Capital assets not being depreciated:				
Land	$ 612,189	$ -	$ -	$ 612,189
Total capital assets not being depreciated	612,189	-	-	612,189
Capital assets being depreciated:				
Buildings	4,983,749	-	-	4,983,749
Improvements	3,205,127	66,786	-	3,271,913
Reservoirs	6,024,460	-	-	6,024,460
Machinery and equipment	4,845,381	255,148	(202,392)	4,898,137
Financed puchase equipment	450,161	-	-	450,161
Leased equipment	408,513	266,323	-	674,836
Infrastructure	3,572,627	7,068	-	3,579,695
Total capital assets being depreciated	23,490,018	595,325	(202,392)	23,882,951
Less accumulated depreciation for:				
Buildings	1,409,221	110,117	-	1,519,338
Improvements	2,201,757	109,170	-	2,310,927
Reservoirs	4,347,651	120,489	-	4,468,140
Machinery and equipment	3,727,145	329,813	(197,999)	3,858,959
Financed puchase equipment	300,107	-	-	300,107
Leased equipment	-	162,763	-	162,763
Infrastructure	1,698,906	161,577	-	1,860,483
Total accumulated depreciation	13,684,787	993,929	(197,999)	14,480,717
Total capital assets being depreciated, net	9,805,231	(398,604)	(4,393)	9,402,234
Governmental activities capital assets, net	$ 10,417,420	$ (398,604)	$ (4,393)	$ 10,014,423
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 267,499	$ -	$ -	$ 267,499
Construction in progress	753,061	503,399	(703,983)	552,477
Total capital assets not being depreciated	1,020,560	503,399	(703,983)	819,976
Capital assets being depreciated:				
Buildings	127,628	-	-	127,628
Improvements	29,308,928	-	703,983	30,012,911
Reservoirs	940,429	-	-	940,429
Machinery and equipment	2,143,032	140,990	-	2,284,022
Leased equipment	186,908	-	-	186,908
Capital lease equipment	-	-	-	-
Total capital assets being depreciated	32,706,925	140,990	703,983	33,551,898
Less accumulated depreciation for:				
Buildings	75,084	3,132	-	78,216
Improvements	14,596,184	715,429	-	15,311,613
Reservoirs	940,429	-	-	940,429
Machinery and equipment	1,459,185	116,465	-	1,575,650
Leased equipment	-	61,675	-	61,675
Capital lease equipment	-	-	-	-
Total accumulated depreciation	17,070,882	896,701	-	17,967,583
Total capital assets being depreciated, net	15,636,043	(755,711)	703,983	15,584,315
Business-type activities capital assets, net	$ 16,656,603	$ (252,312)	$ -	$ 16,404,291

Depreciation was charged to functions as follows:

Governmental activities:

Administration	$	11,433
Finance		28,008
Public safety – police		130,379
Public safety – fire and ambulance		192,519
Municipal court		535
Streets		90,401
Airport		204,181
Second Monday		6,653
Recreation and swimming		36,470
Library		6,791
Parks		99,361
Code enforcement		9,734
Community center		56,720
Community development		255
Reservoirs		120,489
Total	$	993,929

Business-type activities:

Water	$	456,326
Sewer		215,768
Electric		224,607
Total	$	896,701

Discretely presented component units

Activity for the Bowie Economic Development Corporation for the year ended September 30, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 1,104,376	$ -	$ -	$ 1,104,376
Construction in progress	-	12,336	-	12,336
Total capital assets not being depreciated	1,104,376	12,336	-	1,116,712
Capital assets being depreciated:				
Buildings	713,468	-	-	713,468
Improvements	1,227,881	-	-	1,227,881
Machinery and equipment	6,913	5,552	-	12,465
Total capital assets being depreciated	1,948,262	5,552	-	1,953,814
Less accumulated depreciation for:				
Buildings	261,816	21,901	-	283,717
Improvements	271,249	27,627	-	298,876
Machinery and equipment	4,292	1,901	-	6,193
Total accumulated depreciation	537,357	51,429	-	588,786
Total capital assets being depreciated, net	1,410,905	(45,877)	-	1,365,028
Corporation capital assets, net	$ 2,515,281	$ (33,541)	$ -	$ 2,481,740

Activity for the Bowie 4B Sales Tax Corporation for the year ended September 30, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 95,500	$ -	$ -	$ 95,500
Total capital assets not being depreciated	95,500	-	-	95,500
Capital assets being depreciated:				
Buildings	6,809,649	-	-	6,809,649
Improvements	82,176	5,750	-	87,926
Total capital assets being depreciated	6,891,825	5,750	-	6,897,575
Less accumulated depreciation for:				
Buildings	1,539,786	136,193	-	1,675,979
Improvements	36,151	5,490	-	41,641
Total accumulated depreciation	1,575,937	141,683	-	1,717,620
Total capital assets being depreciated, net	5,315,888	(135,933)	-	5,179,955
Corporation capital assets, net	$ 5,411,388	$ (135,933)	$ -	$ 5,275,455

E. Inter-fund Balances and Activity

1. Due To and From Other Funds

The General Fund owed the Utility Fund $91,193 at September 30, 2022 for payroll-related items.

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2022, consisted of transfers totaling $1,866,245 from the Enterprise Fund to the General Fund for operations.

F. Long-Term Liabilities

1. Long-Term Liability Activity

Long-term liabilities include debt and other long-term payables. Changes in long-term liabilities for the year ended September 30, 2022, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Financed purchases payable	$ 149,380	$ -	$ 48,305	$ 101,075	$ 49,778
Leases payable	408,513	233,073	154,341	487,245	171,943
Notes payable	551,633	40,630	183,592	408,671	188,240
General obligation refunding bonds	1,208,000	-	124,000	1,084,000	127,000
Compensated absences	136,970	3,659	-	140,629	-
Total governmental activities	$ 2,454,496	$ 277,362	$ 510,238	$ 2,221,620	$ 536,961
Business-type activities:					
Leases payable	$ 186,908	$ -	$ 60,428	$ 126,480	$ 61,649
Notes payable	986,662	368,748	370,156	985,254	379,206
Revenue bonds payable	12,259,000	-	272,000	11,987,000	543,000
Compensated absences	27,941	7,878	-	35,819	-
Total business-type activities	$13,460,511	$ 376,626	$ 702,584	$13,134,553	$ 983,855
Component Units:					
Bowie Economic Development Corporation:					
Note payable	$ 1,078,622	$ -	$ 68,709	$ 1,009,913	$ 71,669
Bowie 4B Sales Tax Corporation:					
Revenue bonds payable	$ 1,800,022	$ -	$ 85,254	$ 1,714,768	$ 88,540

2. Bonds Payable

In December 2015, the City issued $4,100,000 in General Obligation Refunding Bonds, Series 2015 to advance refund Series 2009 Utility System Revenue Refunding Bonds. Interest rate is at 3.75% with a maturity date of August 15, 2030 and annual series payments ranging from $267,000 to $280,000.

In 2017, the Bowie 4B Sales Tax Corporation issued Sales Tax Revenue Bonds, Series 2017 in the amount of $2,129,400. Interest is at 3.80%. The final maturity date is in 2037 and the annual series principal payments range from $74,285 to $144,767.

In August 2020, the City issued $1,330,000 in General Obligation Refunding Bonds, Series 2015 to advance refund Combination Tax and Revenue Certificates of Obligation Bonds, Series 2010. Interest rate is at 1.90% with a maturity date of August 15, 2030 and annual series payments ranging from $122,000 to $144,000.

In May 2021, the City issued $9,775,000 in Combination Tax and Surplus Revenue Certifications of Obligation, Series 2021 to the Texas Water Development Board. The bond issuance will fund a major sewer system upgrade. Interest rate ranges from 1.1% to 2.56% with a maturity date of February 15, 2051 and annual series payments ranging from $270,000 to $435,000.

In 2022, interest expense for bonds was $22,952 in the governmental activities and $281,801 in the business-type activities.

3. Financed Purchases

The Public Property Finance Act gives the City the authority to enter into financed purchases for the acquisition of personal property. In January 2013, the City entered into a financed purchase agreement to acquire a fire truck. The agreement bears interest at 3.05% and matures in fiscal year 2024. Principal repayment requirements due after September 30, 2022, are recorded as General Long-Term Debt in the Government-wide statements.

The commitments under financed purchase agreements for equipment provide for future payments as of September 30, 2022 as follows:

	Governmental Activities		
Year Ending September 30,	Principal	Interest	Total
2023	$ 49,778	$ 3,084	$ 52,862
2024	51,297	1,565	52,862
Total	$ 101,075	$ 4,649	$ 105,724

In 2022, interest expense for the loan was $4,556 in the governmental activities, which is included in direct expenses for the public safety - fire and ambulance department. The carrying value of fixed assets held under this agreement was $60,021 at September 30, 2022.

4. Leases

At September 30, 2022, the City had 30 leases of vehicles through Enterprise. Each of these leases have a 2.0% interest rate and variable terms of service. These leased vehicles are used for operations in both the departments under the General Fund and the Utility Fund. Principal repayment requirements due after September 30, 2022, are recorded as General Long-Term Debt in the Government-wide statements.

The commitments under the lease agreements for equipment provide for minimum future lease payments as of September 30, 2022 as follows:

	Governmental Activities		
Year Ending September 30,	Principal	Interest	Total
2023	$ 171,943	$ 8,174	$ 180,117
2024	154,639	4,781	159,420
2025	96,786	2,185	98,971
2026	48,186	837	49,023
2027	15,691	104	15,795
Total	$ 487,245	$ 16,081	$ 503,326

	Business-Type Activities		
Year Ending September 30,	Principal	Interest	Total
2023	$ 61,649	$ 1,967	$ 63,616
2024	46,626	783	47,409
2025	18,205	161	18,366
Total	$ 126,480	$ 2,911	$ 129,391

5. Note Payable

In December 2013, the Bowie Economic Development Corporation entered into an agreement for a note payable in the amount of $1,526,250 to fund the public improvements for the Corporation's industrial park. The note bears interest at 4.24% with fixed quarterly payments of $28,343. The final maturity date is December 15, 2033.

In December 2018, the City entered into Public Property Finance Act Contract #8496, a note payable in the amount of $1,088,000 to fund equipment purchases for both the General Fund and Utility Fund. The note bears interest at 2.95% with annual payments of $231,471. The final maturity date is February 15, 2023.

In February 2019, the City entered into a Limited Tax Note, Series 2019, a note payable in the amount of $998,000 to fund capital purchases and improvements for both the General Fund and Utility Fund. The note bears interest at 3.17% with annual payments ranging from $158,473 to $159,473. The final maturity date is February 15, 2023.

In November 2019, the City entered into Public Property Finance Act Contract #8877, a note payable in the amount of $597,475 to fund equipment purchases for both the General Fund and Utility Fund. The note bears interest at 1.97% with annual payments of $124,780. The final maturity date is February 15, 2024.

In October 2021, the City entered into Public Property Finance Act Contract #9646, a note payable in the amount of $409,378 to fund equipment purchases for both the General Fund and Utility Fund. The note bears interest at 1.50% with annual payments of $85,547. The final maturity date is September 15, 2026.

6. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2022, are as follows:

	Governmental Activities				
	Bonds		Notes Payable		
Year Ending September 30,	Principal	Interest	Principal	Interest	Total
2023	127,000	20,596	188,240	10,297	$ 346,133
2024	129,000	18,183	106,199	5,229	258,611
2025	132,000	15,732	56,632	2,589	206,953
2026	134,000	13,224	57,600	913	205,737
2027	137,000	10,678	-	-	147,678
2028-2032	425,000	16,245	-	-	441,245
Totals	$ 1,084,000	$ 94,658	$ 408,671	$ 19,028	$ 1,606,357

	Business-type Activities				
	Bonds		Notes Payable		
Year Ending September 30,	Principal	Interest	Principal	Interest	Total
2023	543,000	246,707	379,206	22,731	1,191,644
2024	549,000	233,472	244,981	13,012	1,040,465
2025	555,000	220,145	178,405	7,275	960,825
2026	556,000	206,752	182,562	2,824	948,138
2027	562,000	193,294	-	-	755,294
2028-2032	2,302,000	772,708	-	-	3,074,708
Thereafter	6,920,000	1,503,575	-	-	8,423,575
Totals	$11,987,000	$3,376,653	$ 985,154	$ 45,842	$16,394,649

	Bowie Economic Development Corporation		
	Note Payable		
Year Ending September 30,	Principal	Interest	Total
2023	71,669	41,701	113,370
2024	74,756	38,614	113,370
2025	77,977	35,394	113,371
2026	81,336	32,034	113,370
2027	84,840	28,531	113,371
2028-2032	482,272	84,579	566,851
2033-2036	137,063	4,397	141,460
Totals	$ 1,009,913	$ 265,250	$1,275,163

	Bowie 4B Sales Tax Corporation		
	Refunding Bonds		
Year Ending September 30,	Principal	Interest	Total
2023	88,540	63,946	152,486
2024	91,953	60,533	152,486
2025	95,497	56,989	152,486
2026	99,178	53,308	152,486
2027	103,001	49,485	152,486
2028-2032	577,709	184,721	762,430
2033-2037	658,890	64,463	723,353
Totals	$ 1,714,768	$ 533,445	$2,248,213

G. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the state as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

H. Pension Plan

1. Plan Description

The City of Bowie participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's

defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at *www.tmrs.com*.

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

2. 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 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.

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

	Plan Year 2020	Plan Year 2021
Employee deposit rate	5%	5%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating	100% Repeating
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	74
Inactive employees entitled to but not yet receiving benefits	73
Active employees	85
Total	232

3. 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 actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Bowie were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bowie were 9.37% and

9.48**%** in calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were $414,587, and were equal to the required contribution.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2020 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35%	7.55%
Core Fixed Income	6%	2.00%
Non-Core Fixed Income	20%	5.68%
Other Public and Private Markets	12%	7.22%
Real Estate	12%	6.85%
Hedge Funds	5%	5.35%
Private Equity	10%	10.00%
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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2020	$18,150,129	$17,647,753	$ 502,376
Changes for the year:			
Service cost	494,768	-	494,768
Interest	1,216,493	-	1,216,493
Change of benefit terms	-	-	-
Difference between expected and actual experience	13,980	-	13,980
Changes of assumptions	-	-	-
Contributions – employer	-	384,143	(384,143)
Contributions – employee	-	202,608	(202,608)
Net investment income	-	2,298,701	(2,298,701)
Benefit payments, including refunds of employee contributions	(750,801)	(750,801)	-
Administrative expense	-	(10,645)	10,645
Other changes	-	73	(73)
Net changes	974,440	2,124,079	(1,149,639)
Balance at 12/31/2021	$ 19,124,569	$ 19,771,832	$ (647,263)

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

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

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
City's net pension liability	$ 2,033,961	$ (647,263)	$ (2,835,465)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension income of $173,759.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 2,837
Changes in actuarial assumptions	800	-
Difference between projected and actual investment earnings	-	1,174,528
Contributions subsequent to the measurement date	305,415	-
Total	$ 306,215	$ 1,177,365

$305,415 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	$ (213,139)
2023	(494,480)
2024	(247,452)
2025	(221,494)
Total	$ (1,176,565)

I. Postemployment Benefits Other Than Pensions (OPEB)

1. Plan Description

The City of Bowie participates in a cost sharing multiple-employer defined benefit group life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to participate in SBDF, and 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

2. Benefits Provided

The SBDF provides group-term life insurance coverage to both current and retired employees. 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.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	12
Active employees	85
Total	145

3. Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50%, including inflation
Discount rate	1.84%
Retirees' share of benefit-related costs	$0

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates for service retirees are based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a full generational basis with scale UMP.

Mortality rates for disabled retirees are based on the 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 full generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

Total OPEB Liability - beginning of year	$ 387,612
Changes for the year:	
Service Cost	18,235
Interest on Total OPEB Liability	7,849
Changes of benefit terms	-
Differences between expected and actual experience	(5,669)
Changes in assumptions or other inputs	12,288
Benefit payments	(8,510)
Net changes	24,193
Total OPEB Liability – end of year	$ 411,805
Total OPEB as a percent of covered payroll	10.16%

Sensitivity of the Total OPEB Liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84 percent) or 1-percentage-point higher (2.84% percent) than the current discount rate:

	1% Decrease In Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase In Discount Rate (2.84%)
City's total OPEB liability	$ 502,205	$ 411,805	$ 342,787

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

For the year ended September 30, 2022, the City recognized OPEB expense of $41,775.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 15,806
Changes in actuarial assumptions	62,068	-
Contributions subsequent to the measurement date	11,409	-
Total	$ 73,477	$ 15,806

$11,409 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	
2022	$ 13,831
2023	14,848
2024	13,421
2025	3,763
2026	399
Thereafter	-
Total	$ 46,262

J. Commitments and Contingencies

1. Contingencies

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

2. Litigation

The City is a party to various legal actions normally associated with local governments, the aggregate effect of which, in the City's and legal counsel's opinion, would not be material to the financial statements of the City.

K. New Accounting Pronouncement

The City adopted the provisions of GASB Statement No. 87 Leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The beginning balances for leased capital assets and lease liabilities were increased by $408,513 and $186,908 for Governmental Activities and Business-type Activities, respectively, as a result of this implementation. Beginning net asset balances were not required to be restated.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF BOWIE, TEXAS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenue:				
Ad valorem taxes	$ 1,928,374	$ 1,928,374	$ 1,932,267	$ 3,893
Sales taxes	1,055,739	1,055,739	1,213,835	158,096
Other taxes	705,904	705,904	741,809	35,905
Charges for services	2,516,250	2,516,250	2,813,266	297,016
Fines and forfeitures	11,650	11,650	28,692	17,042
Interest income	1,710	1,710	16,158	14,448
Intergovernmental revenue	86,250	86,250	129,728	43,478
Miscellaneous	104,000	104,000	196,434	92,434
Total revenues	6,409,877	6,409,877	7,072,189	662,312
Expenditures:				
Administration	550,330	595,830	590,675	5,155
Finance	659,688	666,188	633,616	32,572
Public safety - police	1,954,665	2,014,670	2,243,882	(229,212)
Public safety - fire and ambulance	1,473,620	1,563,557	1,557,681	5,876
Municipal court	108,235	108,235	103,932	4,303
Sanitation	1,033,000	1,255,775	1,261,623	(5,848)
Streets	586,241	586,241	541,655	44,586
Airport	283,200	388,710	364,148	24,562
Second Monday	66,476	66,476	114,674	(48,198)
Recreation and swimming	75,900	75,900	71,220	4,680
Library	240,630	258,110	235,431	22,679
Outreach	-	-	-	-
Senior citizens	7,000	7,000	3,889	3,111
Parks	520,389	532,244	540,389	(8,145)
Hotel and motel	60,000	60,000	35,538	24,462
Code enforcement	143,415	159,415	157,646	1,769
Community development	124,161	133,101	131,059	2,042
Community center	323,742	323,742	309,589	14,153
Total expenditures	8,210,692	8,795,194	8,896,647	(101,453)
Deficiency of revenues under expenditures	(1,800,815)	(2,385,317)	(1,824,458)	560,859
Other financing sources:				
Transfers	1,866,243	1,866,243	1,866,245	2
Proceeds from the issuance of debt	-	-	273,703	273,703
Proceeds from sale of assets	5,000	5,000	14,530	9,530
Total other financing sources	1,871,243	1,871,243	2,154,478	283,235
Net change in fund balance	$ 70,428	$ (514,074)	$ 330,020	$ 844,094

Budget and Budgetary Accounting

The City Council adopts an annual budget for the general, solid waste, storm drainage, water, sewer, and waste water funds. The general fund budget is legally adopted. The annual budgets for the general, solid waste, and storm drainage funds are adopted on a modified accrual basis. The budget for the water and waste water fund is adopted under a basis consistent with GAAP, except that amortization and depreciation are not considered (working capital basis).

The following procedures are followed in establishing the budgetary data reflected in the Basic Financial Statements:

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can only be amended by approval of a majority of the members of City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of City Council and are not made after fiscal year end. All budget appropriations lapse at year end.

Budget Amendments

There was one amendment to the budget during the year ended September 30, 2022.

CITY OF BOWIE, TEXAS **EXHIBIT B-2**

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2021

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service cost	$ 431,179	$ 415,055	$ 433,761	$ 417,495	$ 418,988	$ 451,666	$ 474,527	$ 494,768
Interest (on the Total Pension Liability)	956,376	974,313	988,770	1,044,268	1,086,065	1,097,600	1,153,611	1,216,493
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(423,315)	(2,663)	72,157	(139,130)	(655,382)	(98,050)	(2,128)	13,980
Change of assumptions	-	81,009	-	-	-	6,656	-	-
Benefit payments, including refunds of employee contributions	(595,106)	(804,773)	(689,981)	(638,767)	(769,546)	(620,709)	(658,301)	(750,801)
Net Change in Total Pension Liability	369,134	662,941	804,707	683,866	80,125	837,163	967,709	974,440
Total Pension Liability - Beginning	13,744,484	14,113,618	14,776,559	15,581,266	16,265,132	16,345,257	17,182,420	18,150,129
Total Pension Liability - Ending (a)	$ 14,113,618	$ 14,776,559	$ 15,581,266	$ 16,265,132	$ 16,345,257	$ 17,182,420	$ 18,150,129	$ 19,124,569
Plan Fiduciary Net Position								
Contributions - Employer	$ 404,050	$ 371,281	$ 344,831	$ 358,347	$ 367,264	$ 398,395	$ 372,231	$ 384,143
Contributions - Employee	186,887	180,146	181,490	173,956	173,566	187,569	194,478	202,608
Net investment income	696,546	18,977	852,506	1,842,123	(449,787)	2,214,231	1,250,982	2,298,701
Benefit payments, including refunds of employee contributions	(595,106)	(804,773)	(689,981)	(638,767)	(769,546)	(620,709)	(658,301)	(750,801)
Administrative expenses	(7,272)	(11,558)	(9,627)	(9,547)	(8,694)	(12,518)	(8,103)	(10,645)
Other	(598)	(572)	(519)	(484)	(454)	(377)	(316)	73
Net Change in Plan Fiduciary Net Position	684,507	(246,499)	678,700	1,725,628	(687,651)	2,166,591	1,150,971	2,124,079
Plan Fiduciary Net Position - Beginning	12,175,506	12,860,013	12,613,514	13,292,214	15,017,842	14,330,191	16,496,782	17,647,753
Plan Fiduciary Net Position - Ending (b)	$ 12,860,013	$ 12,613,514	$ 13,292,214	$ 15,017,842	$ 14,330,191	$ 16,496,782	$ 17,647,753	$ 19,771,832
Net Pension (Asset) Liability - Ending (a) - (b)	$ 1,253,605	$ 2,163,045	$ 2,289,052	$ 1,247,290	$ 2,015,066	$ 685,638	$ 502,376	$ (647,263)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.12%	85.36%	85.31%	92.33%	87.67%	96.01%	97.23%	103.38%
Covered Employee Payroll	3,737,741	3,602,910	3,629,801	3,479,122	3,471,316	3,751,378	3,889,562	4,052,158
Net Pension Liability as a Percentage of Covered Employee Payroll	33.54%	60.04%	63.06%	35.85%	58.05%	18.28%	12.92%	-15.97%

CITY OF BOWIE, TEXAS **EXHIBIT B-3**

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	$ 267,973	$ 352,939	$ 355,719	$ 359,399	$ 393,824	$ 379,055	$ 378,624	$ 384,143
Contribution in relation to the actuarially determined contribution	267,973	352,939	355,719	359,399	393,824	379,055	378,624	384,143
Contribution excess (deficiency)	-	-	-	-	-	-	-	-
Covered employee payroll	$ 3,737,741	$ 3,602,910	$ 3,629,801	$ 3,479,122	$ 3,471,316	$ 3,751,378	$ 3,889,562	$ 4,052,158
Contributions as a percentage of covered employee payroll	7.17%	9.80%	9.80%	10.33%	11.35%	10.10%	9.73%	9.48%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes — There were no benefit changes during the year.

CITY OF BOWIE, TEXAS **EXHIBIT B-4**

TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2021

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service cost	$ 7,306	$ 8,678	$ 10,129	$ 13,613	$ 18,235
Interest	9,250	9,325	9,703	9,140	7,849
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	-	(17,920)	532	(10,384)	(5,669)
Changes of assumptions	21,852	(18,625)	51,391	51,048	12,288
Benefit payments	(2,087)	(2,083)	(2,626)	(2,723)	(8,510)
Net Change in Total OPEB Liability	36,321	(20,625)	69,129	60,694	24,193
Total OPEB Liability - Beginning	242,093	278,414	257,789	326,918	387,612
Total OPEB Liability - Ending	$ 278,414	$ 257,789	$ 326,918	$ 387,612	$ 411,805
Covered Employee Payroll	3,479,122	3,471,316	3,751,378	3,889,562	4,052,158
Total OPEB Liability as a Percentage of Covered Employee Payroll	8.00%	7.43%	8.71%	9.97%	10.16%

NOTES TO SCHEDULE:

Changes of assumptions

Changes of assumptions and other inputs reflect the change in the municipal bond rate index, which is used as a basis for the discount rate.

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

Internal Control and Compliance Section

MWH GROUP
CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

City Council
City of Bowie, Texas
304 Lindsey Street
Bowie, Texas 76230

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bowie, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of Bowie, Texas' basic financial statements and have issued our report thereon dated March 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bowie, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bowie, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bowie, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as item 2022-1 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bowie, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

MWH GROUP, P.C. 624 Indiana P.O. Box 97000 Wichita Falls, TX 76307 (940) 723-1471 Fax (940) 723-2251 www.mwhpc.com

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

MWH GROUP, P.C.

Wichita Falls, Texas
March 28, 2023

CITY OF BOWIE, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Auditor's Results - Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	X Yes	____ No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	X Yes	____ No
Noncompliance material to financial statements noted?	____ Yes	X No

B. Financial Statement Findings

Finding 2022-1: Material Weakness over Financial Reporting - Material Audit Adjustments

Condition and Criteria: The City's internal control over financial reporting should ensure all financial statement amounts are adjusted to be in accordance with generally accepted accounting principles (GAAP). During the audit, we proposed several audit adjustments that were material to the City's financial statements, including adjustments required to implement GASB 87 *Leases*.

Cause: The City failed to identify all the adjustments needed during the year-end close process to adjust the general ledger balances to be in accordance with GAAP.

Effect: Material audit adjustments were required for the financial statement amounts to be in accordance with GAAP.

Recommendations: We recommend that the City perform all necessary reconciliations of general ledger balances to supporting records during the year and especially during the year-end close process to ensure that all balances are adjusted as necessary to be in agreement with the supporting records and recorded in accordance with GAAP. Additionally, we recommend that the City analyze unusual transactions during the year to determine if they are properly recorded in the general ledger.

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $_____ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _____

Risk Premium: $_____
Member Surplus Contribution: $ _____
Total Insurance Payment: $_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

SPECIMEN

[THIS PAGE INTENTIONALLY LEFT BLANK]

Printed by: ImageMaster, LLC
www.imagemaster.com