

OFFICIAL NOTICE OF SALE, BID FORM
and
PRELIMINARY OFFICIAL STATEMENT

\$18,650,000*
CITY OF ROANOKE, TEXAS

(A municipal corporation and political subdivision in the State of Texas located in Denton and Tarrant Counties)

**COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2024A**

Bids Due
Tuesday, October 8, 2024
at
10:00 A.M., Central Time

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

**\$18,650,000*
CITY OF ROANOKE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A**

Bids Due Tuesday, October 8, 2024, at 10:00 AM, CDT

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Roanoke, Texas (the “City”) is offering for sale its \$18,650,000* Combination Tax and Revenue Certificates of Obligation, Series 2024A (the “Certificates”). Bidders may submit bids for the Certificates electronically as described below in “Electronic Bidding Procedures.”

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. Bidders submitting an electronic bid shall not be required to submit Official Bid Forms prior to award.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Notice of Sale and Bidding Instructions, and shall be binding upon the bidder as if made by a signed, bid by facsimile to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale and Bidding Instructions shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale and Bidding Instructions shall control. Further information about PARITY, including any fee charged, may be obtained from Ipreo’s Municipal Client Services via telephone (212) 849-5021 or email munis@ipreo.com.

For purposes of the electronic bidding process, the time as maintained by i-Deal shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “Basis for Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and Bidding Instructions and the Official Bid Form. The winning bidder shall submit a signed bid form if not previously submitted.

Bids by physical delivery shall not be allowed.

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be publicly opened and read at the offices of Hilltop Securities Inc., Financial Advisor to the City, at 10:00 AM, CDT, Tuesday, October 8, 2024.

AWARD OF THE CERTIFICATES . . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 6:00 PM, CDT, on the date of the bid opening, and if the Certificates are awarded to the best bidder, will adopt an ordinance authorizing the Certificates and approving the Official Statement (the “Ordinance”).

* Preliminary, subject to change. See “THE CERTIFICATES– Adjustment of Principal Amounts and/or Types of Bids.”

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated as of the date of initial delivery to the winning bidder (the “Date of Delivery”, anticipated to be on or about October 30, 2024). Interest will be paid on February 15 and August 15 of each year, commencing February 15, 2025, until maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on August 15 in each year as follows:

MATURITY SCHEDULE*

<u>Maturity Date</u>	<u>Principal Amount</u>
2025	\$ 470,000
2026	410,000
2027	430,000
2028	450,000
2029	470,000
2030	495,000
2031	520,000
2032	545,000
2033	575,000
2034	605,000
2035	635,000
2036	665,000
2037	700,000
2038	735,000
2039	770,000
2040	810,000
2041	850,000
2042	890,000
2043	935,000
2044	985,000
2045	1,030,000
2046	1,085,000
2047	1,140,000
2048	1,195,000
2049	1,255,000

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as serial Certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more “Term Certificates”.

The final Official Statement will incorporate the mandatory redemption provisions for the Certificates in the event the successful bidder elects to convert serial maturities into one or more Term Certificates.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Certificates maturing on or after August 15, 2034, in whole or in part, on August 15, 2033, or on any date thereafter, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest, as further described herein. (See “THE CERTIFICATES – Redemption Provisions” herein).

ADJUSTMENT OF PRINCIPAL AMOUNTS AND/OR TYPES OF BIDS . . . Prior to 5:00 PM, CST on the business day before the bids are due, the City may, in its sole discretion, adjust the principal amount set forth above (the “Maturity Schedule”) and/or the type of bid required on the Certificates. Hilltop Securities Inc., as Financial Advisor to the City, will give notice of any such adjustment by Bloomberg and PARITY. Should such adjustments be made, a revised Official Bid Form will be made available through i-Deal Prospectus and PARITY. For purposes of this paragraph, the term “Maturity Schedule” shall include any adjustments to the principal amounts shown above including the total par amount so made by the City by posting to PARITY and a Bloomberg Wire. **Also see “CONDITIONS OF THE SALE” herein.**

* Preliminary, subject to change. See “THE CERTIFICATES – Adjustment of Principal Amounts and/or Types of Bids.”

After the Sale... After receipt of the Bids but prior to award, the City reserves the right to adjust the aggregate principal amount and the principal amount of each maturity of the Certificates shown on the Maturity Schedule. The principal amount of any maturity of the Certificates shall only be adjusted in \$5,000 increments and shall not be increased or decreased by an amount that exceeds 15% of the preliminary principal amount of such maturity (rounded up to the next higher integral of \$5,000) without permission of the successful bidder. Such adjustment(s), if any, shall be made within 4 hours of the bid opening of the Certificates. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid by the successful bidder will be adjusted to reflect changes in the aggregate principal amounts of the Certificates. Such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of Certificates from the selling compensation that would have been received based on the purchase price in the winning bid and initial reoffering prices. In the event of any adjustment of the maturity schedule for the Certificates as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Any such adjustment of the aggregate principal amount of the Certificates and/or the maturity schedules for the Certificates made by the City or its Financial Advisor shall be subsequent to the award of the Certificates to the winning bidder as determined pursuant to "CONDITIONS OF THE SALE – Basis for Award" herein and shall not affect such determination. The successful Bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"). See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be U.S. Bank Trust Company, National Association. See "REGISTRATION, TRANSFER AND EXCHANGE - Paying Agent/Registrar" in the Preliminary Official Statement.

SOURCE OF PAYMENT . . . The Certificates are direct obligations of the City, payable from a levy and collection of an annual ad valorem tax, on all taxable property located within the City, within the limits prescribed by law, and are additionally secured by a pledge of the surplus revenues derived from the operation of the City's combined waterworks and sewer system (the "System").

Further details regarding the Certificates are set forth in the Preliminary Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . The Certificates will be sold in one block, on an "All or None" basis, and at a price of not less than 102.00% of their par value. The maximum coupon rate shall not exceed 5.00%. Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the. The highest rate bid may not exceed the lowest rate bid by more than 3.00% in rate. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. Each bidder shall state in the bid the total interest cost in dollars and the True Interest Cost as defined below.

BASIS FOR AWARD . . . Subject to the City's right to reject any or all bids and to waive irregularities except for time of filing, the sale of the Certificates will be awarded to the bidder making a bid (the "Initial Purchaser" or "Purchaser") that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Date of Delivery of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the official bid.

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the "City of Roanoke, Texas", in the amount of \$373,000.00 is required. Such Good Faith Deposit shall be in the form of a bank cashier's check or certified check, which is to be retained uncashed by the City pending the Initial Purchaser's compliance with the terms of its bid and this Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser upon payment for the Certificates.** No interest will be allowed on the Good Faith Deposit. **In the event the Initial Purchaser should fail or refuse to take up and pay for the Certificates in accordance with the bid, or if it is determined after the acceptance of its bid by the City that the Initial Purchaser was found not to satisfy the requirements described below under the caption "Standing Letter Requirement"**

and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then said check shall be cashed and accepted by the City as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened, and an award of the Certificates has been made.

ADDITIONAL CONDITIONS OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM

Obligation of the City to receive information from winning bidder. Pursuant to Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Certificates to the winning bidder unless the bidder (i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC") or (ii) certifies in the Official Bid Form that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity. In the event that the bidder's bid for the Certificates is the best bid received, the City, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid, and, unless exempt, will obligate the bidder to promptly file a completed Disclosure Form, as described below, in order to complete the award. The City reserves the right to reject any bid that does not comply with the requirements prescribed herein.

Process for completing the Disclosure Form. Reference should be made to the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form the Initial Purchaser will need the following information: (a) item 2 – name of governmental entity: City of Roanoke, Texas and (b) item 3 – the identification number assigned to this contract by the City: City of Roanoke Certificates of Obligation, Series 2024A, and a description of the services to be provided under the contract: Purchase of Certificates. Unless a business entity is exempt from filing the Disclosure Form, the Interested Party Disclosure Act and the Disclosure Rules require a business entity contracting with the City to complete the form at the TEC Internet "portal" that may be accessed at the url set forth above, and then print, complete the unsworn declaration, sign and deliver the Disclosure Form by email to the City (Kyle Lester, Director of Finance, klester@roanoketexas.com), Financial Advisor (John Martin, john.martin@hilltopsecurities.com) and Bond Counsel (Jeff Gulbas, jgulbas@mphlegal.com). Following the award of the Certificates, the City will acknowledge receipt of the completed Disclosure Form through the TEC website, if necessary, as required by the law.

Preparations and for completion, and the significance of, the reported information. The Interested Party Disclosure Act provides that such disclosure is made "under oath and under penalty of perjury." **Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form.** Time will be of the essence in submitting the form to the City, and, unless exempt, no award will be made by the City of the Certificates until a completed Disclosure Form from the winning bidder is received. The City reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as described herein. Neither the City nor its consultants have the ability to verify whether a bidder is exempt or the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form or exemption status. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid.

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS: The City will not award the Certificates to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Covered Verifications"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the agreement to purchase the Certificates shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or this Notice of Sale, notwithstanding anything in the Official Bid Form or this Notice of Sale to the contrary.

(i) No Boycott of Israel (Chapter 2271, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

(ii) Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended): A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the

United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Discrimination Against Firearm Entities or Firearm Trade Associations (Chapter 2274, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the agreement to purchase the Certificates. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

(iv) No Boycott of Energy Companies (Chapter 2276, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the agreement to purchase the Certificates. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the “Covered Verifications”) shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

STANDING LETTER REQUIREMENT . . . The bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office as required by the All Bond Counsel Letter of the Texas Attorney General dated September 22, 2021 (the “All Bond Counsel Letter”). In submitting a bid, the bidder represents to the City that it has filed a standing letter that conforms to the requirements set forth in the All Bond Counsel Letter and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General’s Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The City reserves the right, in its sole discretion, to reject any bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Certificates. If requested by the City, the Purchaser agrees to provide such further representations, certifications or assurances regarding the matters described under the heading VERIFICATION PURSUANT TO CHAPTER 2274 OF THE TEXAS GOVERNMENT CODE, as of the date of delivery of the Certificates or such other date requested by the City.

FURTHER STATE LAW COMPLIANCE: IN ADDITION TO THE FOREGOING, THE BIDDER HEREBY REPRESENTS, BY SUBMISSION OF A BID, NEITHER IT NOR ITS PARENT COMPANY, SUBSIDIARIES OR AFFILIATES HAS RECEIVED A PENDING, UNRESOLVED LETTER OR NOTIFICATION THAT IT IS INCLUDED ON ANY LIST OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES. BY SUBMITTING A BID, BIDDER AGREES, THAT SHOULD IT BE THE WINNING BIDDER, BIDDER SHALL TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW. IF THE TEXAS ATTORNEY GENERAL REQUIRES ADDITIONAL DOCUMENTATION IN ORDER TO RELEASE ITS OPINION, IT IS THE BIDDER’S SOLE RESPONSIBILITY TO SATISFY ALL REQUESTS OF THE TEXAS ATTORNEY GENERAL. THE CITY HAS NO DUTY OR RESPONSIBILITY TO ASSIST THE BIDDER IN SATISFYING THESE REQUIREMENTS. BY SUBMITTING A BID, THE BIDDER UNDERSTANDS AND AGREES THAT THE CITY HAS THE SOLE DISCRETION TO KEEP THE BIDDER’S GOOD FAITH DEPOSIT IF THE BIDDER FAILS TO SATISFY THE OFFICE OF THE TEXAS ATTORNEY GENERAL AS TO THE REPRESENTATIONS DESCRIBED HEREIN.

By submitting a bid, each bidder agrees, should it be the winning bidder, to cooperate with the City and take any action necessary to further verify and confirm compliance with state law.

IMPACT OF BIDDING SYNDICATE ON AWARD . . . For purposes of contracting for the sale of the Certificates, the entity signing the bid form as Initial Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Initial Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS. . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Certificates shall be paid by the City.

DELIVERY OF CERTIFICATES . . . Initial Delivery will be accomplished by the issuance of one Initial Certificate (the "Initial Certificate"), either in typed or printed form, in the aggregate principal amount of \$18,650,000*, payable for each maturity of the Certificates to the Initial Purchaser or its designee, signed by the Mayor and City Secretary, approved by the Attorney General of the State of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas. Upon delivery of the Initial Certificate, they shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the office of the Paying Agent/Registrar in Dallas, Texas. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about October 30, 2024, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CST, on October 30, 2024. If for any reason the City is unable to make delivery on or before November 13, 2024, the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Initial Purchaser to take up and pay for the Certificates is subject to the Initial Purchaser's receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel for the City ("Bond Counsel") and (b) the City's certification as to the Official Statement and no litigation, all as further described in the Official Statement. Bond Counsel may not deliver its approving opinion of the Certificates without the prior receipt of the approving opinion of the Texas Attorney General, as described on the cover of the Preliminary Official Statement under "LEGALITY".

In order to provide the City and its consultants with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Initial Purchaser will be required to provide the City (on or before the 10th day prior to delivery of the Certificates) with a breakdown of its "Underwriting Spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ESTABLISHING THE ISSUE PRICE FOR THE CERTIFICATES . . . The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which require, among other things, that the City receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement").

In the event that the bidding process does not satisfy the Competitive Sale Requirement, Bids will not be subject to cancellation and the winning bidder (i) agrees to promptly report to the City the first prices at which at least 10% of each maturity of the Certificates (the "First Price Maturity") have been sold to the Public on the Sale Date (the "10% Test") (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Certificates that does not satisfy the 10% Test ("Hold-the-Price Maturity"), as described below.

In order to provide the City with information that enables it to comply with the establishment of the issue price of the Certificates under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the City or to the City's municipal advisor, Hilltop Securities Inc. (the "City's Municipal Advisor") a certification as to the Certificates' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public),
- (iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "Sale Date" means the date that the Certificates are awarded by the City to the winning bidder.

All actions to be taken by the City under this Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the City by the City's Municipal Advisor, and any notice or report to be provided to the City may be provided to the City's Municipal Advisor.

The City will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Certificates, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Certificates of that maturity, (B) to promptly notify the winning bidder of any sales of Certificates that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity. Sales of any Certificates to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the City when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

LEGAL OPINIONS. . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Initial Purchaser of an opinion of Bond Counsel, substantially in the form reproduced in APPENDIX C to the Official Statement, to the effect that the Certificates are valid and binding obligations of the City and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement.

CERTIFICATION OF PRELIMINARY OFFICIAL STATEMENT . . . On the Date of Delivery, the City will execute and deliver to the Initial Purchaser a certificate in the form set forth in the Preliminary Official Statement under "OTHER PERTINENT INFORMATION – Certification as to Official Statement."

CHANGE IN TAX EXEMPT STATUS . . . At any time before the Certificates are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character as the Certificates shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale and Bidding Instructions.

GENERAL

FINANCIAL ADVISOR . . . Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Hilltop Securities Inc. has agreed, in its Financial Advisory contract, not to bid for the Certificates, either independently or as a member of a syndicate organized to submit a bid for the Certificates. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Initial Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and sole expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary; provided, however, that the City shall not be obligated to qualify as a foreign corporation or to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement. Prospective purchasers are urged to carefully examine the Preliminary Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next 12 months.

RATINGS . . . The Certificates are rated "_____" by S&P Global Ratings, a division of S&P Global, Inc. ("S&P"), without regard to credit enhancement (see "OTHER PERTINENT INFORMATION -Rating" in the Official Statement).

MUNICIPAL BOND INSURANCE . . . In the event the Certificates are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost **will be paid by the Initial Purchaser**. Any fees to be paid to rating agencies other than S&P as a result of said insurance **will be paid by the Initial Purchaser**. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms, and the effect thereof with respect to the reoffering of the Certificates. Any rating downgrade or notice of potential downgrade by Moody's or S&P, respectively, of the bond insurance provider after the Bid Opening shall not relieve the Initial Purchaser of its obligation under the heading "Delivery of the Certificates and Accompanying Documents".

THE PRELIMINARY OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The City has prepared, or caused to be prepared, the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12 (the "Rule"), deems such Preliminary Official Statement to be final as of its date within the meaning of the Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Preliminary Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Preliminary Official Statement.

The City will furnish to the Initial Purchaser, acting through a designated senior representative, in accordance with instructions received from the Initial Purchaser, within seven (7) business days from the sale date, copies of the final Official Statement in such quantity and in the formats as the Initial Purchaser shall request in order for the Initial Purchaser to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board; provided, however, that the cost of any Official Statements in excess of 100 shall be prepared and distributed at the

cost of the Initial Purchaser. The Initial Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Certificates.

CONTINUING DISCLOSURE AGREEMENT . . . The City has agreed in the Ordinance to provide certain periodic information and notices of certain specified events in accordance with the Rule, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

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

ADDITIONAL COPIES OF NOTICE, BID FORM AND STATEMENT . . . A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement, are available over and above the normal mailing, may be obtained at the offices of Hilltop Securities Inc., 717 North Harwood, Suite 3400, Dallas, Texas 75201, Financial Advisor to the City.

On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Initial Purchaser.

Dated: _____

Mayor
City of Roanoke, Texas

ATTEST:

City Secretary

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Roanoke, Texas

October 8, 2024

Honorable Mayor and Members of the City Council:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated October 8, 2024 with respect to the \$18,650,000* CITY OF ROANOKE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A (the "Certificates"), both of which constitute a part hereof.

For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you par plus a net cash premium of \$ _____, for Certificates maturing and bearing interest as follows:

MATURITY SCHEDULE*

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate(%)</u>
2025	\$ 470,000	
2026	410,000	
2027	430,000	
2028	450,000	
2029	470,000	
2030	495,000	
2031	520,000	
2032	545,000	
2033	575,000	
2034	605,000	
2035	635,000	
2036	665,000	
2037	700,000	
2038	735,000	
2039	770,000	
2040	810,000	
2041	850,000	
2042	890,000	
2043	935,000	
2044	985,000	
2045	1,030,000	
2046	1,085,000	
2047	1,140,000	
2048	1,195,000	
2049	1,255,000	

*Preliminary, subject to change. See "THE CERTIFICATES – Adjustment of Principal Amounts and/or Types of Bids".

Of the principal maturities set forth in the table above, term Certificates have been created as indicated in the following table (which may include multiple term Certificates, one term Certificates or no term Certificates if none is indicated). For those years which have been combined into a "Term Certificates", the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term Certificates maturity date shall mature in such year. The Term Certificates created are as follows:

<u>Maturity Date</u> <u>August 15</u>	<u>Year of First</u> <u>Maturity</u> <u>Redemption</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Our calculation (which is not a part of this bid) of the true interest cost from the above is:

TRUE INTEREST COST _____ %

The Initial Certificate shall be registered in the name of _____, which will, upon payment for the Certificates, be canceled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

A bank cashier's check or certified check of _____ in the amount of \$373,000.00, which represents our Good Faith Deposit has been made available to you prior to the opening of this bid, and is submitted in accordance with the terms as set forth in the Preliminary Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds to U.S. Bank Trust Company, National Association, not later than 10:00 AM, CST, on October 30, 2024, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the City, by close of business on or before the sixth business day prior to the delivery of the Certificates a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City's Bond Counsel. The undersigned also agrees to provide the City and its consultants, at least ten business days prior to the delivery of the Certificates, a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS: The City will not award the Certificates to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Covered Verifications"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the agreement to purchase the Certificates shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or this Notice of Sale, notwithstanding anything in the Official Bid Form or this Notice of Sale to the contrary.

(i) No Boycott of Israel (Chapter 2271, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

(ii) Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended): A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Discrimination Against Firearm Entities or Firearm Trade Associations (Chapter 2274, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

(iv) No Boycott of Energy Companies (Chapter 2276, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

FURTHER STATE LAW COMPLIANCE: IN ADDITION TO THE FOREGOING, THE BIDDER HEREBY REPRESENTS, BY SUBMISSION OF THIS BID, THAT NEITHER IT NOR ITS PARENT COMPANY, SUBSIDIARIES OR AFFILIATES IS ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR HAS A PENDING OR UNRESOLVED INQUIRY FROM A POLITICAL SUBDIVISION OR THE TEXAS COMPTROLLER OR THE TEXAS ATTORNEY GENERAL RELATED TO COMPLIANCE WITH CHAPTER 2274 OF THE TEXAS GOVERNMENT CODE.

The bidder understands that the City reserves the right, in its sole and absolute discretion, to reject any bid from a bidder if the City has any belief or doubt, whether or not reasonable, that the bidder is under an active, pending or unresolved inquiry from the State of Texas as to the ability of the bidder to satisfy the representations and verifications required to be a standing letter.

THE UNDERSIGNED BIDDER HEREBY REPRESENTS, BY SUBMISSION OF A BID, THAT NEITHER IT NOR ITS PARENT COMPANY, SUBSIDIARIES OR AFFILIATES HAS RECEIVED A LETTER FROM THE TEXAS COMPTROLLER RELATED TO ITS INCLUSION ON ANY LIST OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES. BY SUBMITTING A BID, BIDDER AGREES, THAT SHOULD IT BE THE WINNING BIDDER, BIDDER SHALL TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW. IF THE TEXAS ATTORNEY GENERAL REQUIRES ADDITIONAL DOCUMENTATION IN ORDER TO RELEASE ITS OPINION, IT IS THE BIDDER'S SOLE RESPONSIBILITY TO SATISFY ALL REQUESTS OF THE TEXAS ATTORNEY GENERAL. THE CITY HAS NO DUTY OR RESPONSIBILITY TO ASSIST THE BIDDER IN SATISFYING THESE REQUIREMENTS. BY SUBMITTING A BID, THE BIDDER UNDERSTANDS AND AGREES THAT THE CITY HAS THE SOLE DISCRETION TO KEEP THE BIDDER'S GOOD FAITH DEPOSIT IF THE BIDDER FAILS TO SATISFY THE OFFICE OF THE TEXAS ATTORNEY GENERAL AS TO THE REPRESENTATIONS DESCRIBED HEREIN.

In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Certificates to a bidder unless the winning bidder either: (i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC"), or (ii) certifies below that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the City, upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the City's financial advisor at john.martin@hilltopsecurities.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the City from providing final written award of the enclosed bid.

The Purchaser (mark one):

(i) Agrees to timely make a filing of a completed Disclosure Form with the City

or

(ii) Hereby certifies that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity .

Respectfully submitted,

Syndicate Members:

Name of Underwriter or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Roanoke, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the ____ day of _____, 2024.

Mayor

**CITY OF ROANOKE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A**

(Form of Certificate if at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2024A issued by the City of Roanoke, Texas ("Issuer") in the principal amount of \$_____ ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

- (a) On the first day on which there was a binding contract in writing for the purchase of the Certificates by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Certificates with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Certificates, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates.
- (b) The Purchaser had an equal opportunity to bid to purchase the Certificates and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).
- (c) The bid submitted by the Purchaser constituted a firm bid to purchase the Certificates.
- (d) The Purchaser has [___]/has not [___] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$_____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this [ISSUE DATE].

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

ISSUE PRICE CERTIFICATE

(Form of Certificate if less than 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax & Revenue Certificates of Obligation, Series 2024A issued by the City of Roanoke, Texas ("Issuer") in the principal amount of \$_____ ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Certificates maturing in ____ ("Hold-the-Price Maturities"), the][The] first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Certificates having the same credit and payment terms ("Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Certificates that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if winning bidder designates one or more maturities as Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Certificates ("Sale Date"), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices, as set forth in Schedule A hereto ("Initial Offering Price").

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for each such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells at least ten percent of a Hold-the-Price-Maturity of the Certificates to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser has []/has not [] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$_____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this [ISSUE DATE].

[NAME OF PURCHASER], as Purchaser

By: _____
Name: _____

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

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OFFICIAL NOTICE OF SALE, BID FORM
and
PRELIMINARY OFFICIAL STATEMENT

\$8,825,000*
CITY OF ROANOKE, TEXAS

(A municipal corporation and political subdivision in the State of Texas located in Denton and Tarrant Counties)

**COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2024B**

Bids Due
Tuesday, October 8, 2024
at
10:30 A.M., Central Time

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

**\$8,825,000*
CITY OF ROANOKE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024B**

Bids Due Tuesday, October 8, 2024, at 10:30 AM, CDT

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Roanoke, Texas (the “City”) is offering for sale its \$8,825,000* Combination Tax and Revenue Certificates of Obligation, Series 2024B (the “Certificates”). Bidders may submit bids for the Certificates electronically as described below in “Electronic Bidding Procedures.”

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. Bidders submitting an electronic bid shall not be required to submit Official Bid Forms prior to award.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Notice of Sale and Bidding Instructions, and shall be binding upon the bidder as if made by a signed, bid by facsimile to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale and Bidding Instructions shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale and Bidding Instructions shall control. Further information about PARITY, including any fee charged, may be obtained from Ipreo’s Municipal Client Services via telephone (212) 849-5021 or email munis@ipreo.com.

For purposes of the electronic bidding process, the time as maintained by i-Deal shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under “Basis for Award” below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and Bidding Instructions and the Official Bid Form. The winning bidder shall submit a signed bid form if not previously submitted.

Bids by physical delivery shall not be allowed.

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be publicly opened and read at the offices of Hilltop Securities Inc., Financial Advisor to the City, at 10:30 AM, CDT, Tuesday, October 8, 2024.

AWARD OF THE CERTIFICATES . . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 6:00 PM, CDT, on the date of the bid opening, and if the Certificates are awarded to the best bidder, will adopt an ordinance authorizing the Certificates and approving the Official Statement (the “Ordinance”).

* Preliminary, subject to change. See “THE CERTIFICATES– Adjustment of Principal Amounts and/or Types of Bids.”

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated as of the date of initial delivery to the winning bidder (the “Date of Delivery”, anticipated to be on or about October 30, 2024). Interest will be paid on February 15 and August 15 of each year, commencing February 15, 2025, until maturity, or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on August 15 in each year as follows:

MATURITY SCHEDULE*

<u>Maturity Date</u>	<u>Principal Amount</u>
2025	\$ 295,000
2026	275,000
2027	295,000
2028	305,000
2029	325,000
2030	340,000
2031	360,000
2032	375,000
2033	390,000
2034	415,000
2035	435,000
2036	455,000
2037	475,000
2038	505,000
2039	525,000
2040	550,000
2041	580,000
2042	610,000
2043	640,000
2044	675,000

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as serial Certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more “Term Certificates”.

The final Official Statement will incorporate the mandatory redemption provisions for the Certificates in the event the successful bidder elects to convert serial maturities into one or more Term Certificates.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Certificates maturing on or after August 15, 2034, in whole or in part, on August 15, 2033, or on any date thereafter, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest, as further described herein. (See “THE CERTIFICATES – Redemption Provisions” herein).

ADJUSTMENT OF PRINCIPAL AMOUNTS AND/OR TYPES OF BIDS . . . Prior to 5:00 PM, CST on the business day before the bids are due, the City may, in its sole discretion, adjust the principal amount set forth above (the “Maturity Schedule”) and/or the type of bid required on the Certificates. Hilltop Securities Inc., as Financial Advisor to the City, will give notice of any such adjustment by Bloomberg and PARITY. Should such adjustments be made, a revised Official Bid Form will be made available through i-Deal Prospectus and PARITY. For purposes of this paragraph, the term “Maturity Schedule” shall include any adjustments to the principal amounts shown above including the total par amount so made by the City by posting to PARITY and a Bloomberg Wire. **Also see “CONDITIONS OF THE SALE” herein.**

After the Sale... After receipt of the Bids but prior to award, the City reserves the right to adjust the aggregate principal amount and the principal amount of each maturity of the Certificates shown on the Maturity Schedule. The principal amount of any maturity of the Certificates shall only be adjusted in \$5,000 increments and shall not be increased or decreased by an amount that exceeds 15% of the preliminary principal amount of such maturity (rounded up to the next higher integral of \$5,000) without permission of the successful bidder. Such adjustment(s), if

* Preliminary, subject to change. See “THE CERTIFICATES – Adjustment of Principal Amounts and/or Types of Bids.”

any, shall be made within 4 hours of the bid opening of the Certificates. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS. The dollar amount bid by the successful bidder will be adjusted to reflect changes in the aggregate principal amounts of the Certificates. Such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of Certificates from the selling compensation that would have been received based on the purchase price in the winning bid and initial reoffering prices. In the event of any adjustment of the maturity schedule for the Certificates as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Any such adjustment of the aggregate principal amount of the Certificates and/or the maturity schedules for the Certificates made by the City or its Financial Advisor shall be subsequent to the award of the Certificates to the winning bidder as determined pursuant to "CONDITIONS OF THE SALE – Basis for Award" herein and shall not affect such determination. The successful Bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"). See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be U.S. Bank Trust Company, National Association. See "REGISTRATION, TRANSFER AND EXCHANGE - Paying Agent/Registrar" in the Preliminary Official Statement.

SOURCE OF PAYMENT . . . The Certificates are direct obligations of the City, payable from a levy and collection of an annual ad valorem tax, on all taxable property located within the City, within the limits prescribed by law, and are additionally secured by a pledge of the surplus revenues derived from the operation of the City's combined waterworks and sewer system (the "System").

Further details regarding the Certificates are set forth in the Preliminary Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . The Certificates will be sold in one block, on an "All or None" basis, and at a price of not less than 102.00% of their par value. The maximum coupon rate shall not exceed 5.00%. Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the. The highest rate bid may not exceed the lowest rate bid by more than 3.00% in rate. The high bidder will be required to submit reoffering yields and dollar prices prior to award. No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. Each bidder shall state in the bid the total interest cost in dollars and the True Interest Cost as defined below.

BASIS FOR AWARD . . . Subject to the City's right to reject any or all bids and to waive irregularities except for time of filing, the sale of the Certificates will be awarded to the bidder making a bid (the "Initial Purchaser" or "Purchaser") that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Date of Delivery of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the official bid.

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the "City of Roanoke, Texas", in the amount of \$176,500.00 is required. Such Good Faith Deposit shall be in the form of a bank cashier's check or certified check, which is to be retained uncashed by the City pending the Initial Purchaser's compliance with the terms of its bid and this Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser upon payment for the Certificates.** No interest will be allowed on the Good Faith Deposit. **In the event the Initial Purchaser should fail or refuse to take up and pay for the Certificates in accordance with the bid, or if it is determined after the acceptance of its bid by the City that the Initial Purchaser was found not to satisfy the requirements described below under the caption "Standing Letter Requirement" and as a result the Texas Attorney General will not deliver its approving opinion of the Certificates, then said check shall be cashed and accepted by the City as full and complete liquidated damages.** The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened, and an award of the Certificates has been made.

ADDITIONAL CONDITIONS OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM

Obligation of the City to receive information from winning bidder. Pursuant to Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Certificates to the winning bidder unless the bidder (i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC") or (ii) certifies in the Official Bid Form that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity. In the event that the bidder's bid for the Certificates is the best bid received, the City, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid, and, unless exempt, will obligate the bidder to promptly file a completed Disclosure Form, as described below, in order to complete the award. The City reserves the right to reject any bid that does not comply with the requirements prescribed herein.

Process for completing the Disclosure Form. Reference should be made to the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form the Initial Purchaser will need the following information: (a) item 2 – name of governmental entity: City of Roanoke, Texas and (b) item 3 – the identification number assigned to this contract by the City: City of Roanoke Certificates of Obligation, Series 2024B, and a description of the services to be provided under the contract: Purchase of Certificates. Unless a business entity is exempt from filing the Disclosure Form, the Interested Party Disclosure Act and the Disclosure Rules require a business entity contracting with the City to complete the form at the TEC Internet "portal" that may be accessed at the url set forth above, and then print, complete the unsworn declaration, sign and deliver the Disclosure Form by email to the City (Kyle Lester, Director of Finance, klester@roanoketexas.com), Financial Advisor (John Martin, john.martin@hilltopsecurities.com) and Bond Counsel (Jeff Gulbas, jgulbas@mphlegal.com). Following the award of the Certificates, the City will acknowledge receipt of the completed Disclosure Form through the TEC website, if necessary, as required by the law.

Preparations and for completion, and the significance of, the reported information. The Interested Party Disclosure Act provides that such disclosure is made "under oath and under penalty of perjury." **Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form.** Time will be of the essence in submitting the form to the City, and, unless exempt, no award will be made by the City of the Certificates until a completed Disclosure Form from the winning bidder is received. The City reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as described herein. Neither the City nor its consultants have the ability to verify whether a bidder is exempt or the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form or exemption status. Consequently, an entity intending to bid on the Certificates should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid.

COMPLIANCE WITH LAW PROHIBITING CONTRACTS WITH COMPANIES THAT BOYCOTT ISRAEL AND CERTAIN

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS: The City will not award the Certificates to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Covered Verifications"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the agreement to purchase the Certificates shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or this Notice of Sale, notwithstanding anything in the Official Bid Form or this Notice of Sale to the contrary.

(i) No Boycott of Israel (Chapter 2271, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

(ii) Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended): A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Discrimination Against Firearm Entities or Firearm Trade Associations (Chapter 2274, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

(iv) No Boycott of Energy Companies (Chapter 2276, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

STANDING LETTER REQUIREMENT . . . The bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office as required by the All Bond Counsel Letter of the Texas Attorney General dated September 22, 2021 (the "All Bond Counsel Letter"). In submitting a bid, the bidder represents to the City that it has filed a standing letter that conforms to the requirements set forth in the All Bond Counsel Letter and it has no reason to believe that the City may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The City reserves the right, in its sole discretion, to reject any bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Certificates. If requested by the City, the Purchaser agrees to provide such further representations, certifications or assurances regarding the matters described under the heading VERIFICATION PURSUANT TO CHAPTER 2274 OF THE TEXAS GOVERNMENT CODE, as of the date of delivery of the Certificates or such other date requested by the City.

FURTHER STATE LAW COMPLIANCE: IN ADDITION TO THE FOREGOING, THE BIDDER HEREBY REPRESENTS, BY SUBMISSION OF A BID, NEITHER IT NOR ITS PARENT COMPANY, SUBSIDIARIES OR AFFILIATES HAS RECEIVED A PENDING, UNRESOLVED LETTER OR NOTIFICATION THAT IT IS INCLUDED ON ANY LIST OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES. BY SUBMITTING A BID, BIDDER AGREES, THAT SHOULD IT BE THE WINNING BIDDER, BIDDER SHALL TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW. IF THE TEXAS ATTORNEY GENERAL REQUIRES ADDITIONAL DOCUMENTATION IN ORDER TO RELEASE ITS OPINION, IT IS THE BIDDER'S SOLE RESPONSIBILITY TO SATISFY ALL REQUESTS OF THE TEXAS ATTORNEY GENERAL. THE CITY HAS NO DUTY OR RESPONSIBILITY TO ASSIST THE BIDDER IN SATISFYING THESE REQUIREMENTS. BY SUBMITTING A BID, THE BIDDER UNDERSTANDS AND AGREES THAT THE CITY HAS THE SOLE DISCRETION TO KEEP THE BIDDER'S GOOD FAITH DEPOSIT IF THE BIDDER FAILS TO SATISFY THE OFFICE OF THE TEXAS ATTORNEY GENERAL AS TO THE REPRESENTATIONS DESCRIBED HEREIN.

By submitting a bid, each bidder agrees, should it be the winning bidder, to cooperate with the City and take any action necessary to further verify and confirm compliance with state law.

IMPACT OF BIDDING SYNDICATE ON AWARD . . . For purposes of contracting for the sale of the Certificates, the entity signing the bid form as Initial Purchaser shall be solely responsible for the payment of the purchase price of the Certificates. The Initial Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the City is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS. . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Certificates shall be paid by the City.

DELIVERY OF CERTIFICATES . . . Initial Delivery will be accomplished by the issuance of one Initial Certificate (the “Initial Certificate”), either in typed or printed form, in the aggregate principal amount of \$8,825,000*, payable for each maturity of the Certificates to the Initial Purchaser or its designee, signed by the Mayor and City Secretary, approved by the Attorney General of the State of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas. Upon delivery of the Initial Certificate, they shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC’s Book-Entry-Only System. Delivery will be at the office of the Paying Agent/Registrar in Dallas, Texas. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given six business days’ notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about October 30, 2024, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Certificates by 10:30 AM, CST, on October 30, 2024. If for any reason the City is unable to make delivery on or before November 13, 2024, the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City’s reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Initial Purchaser to take up and pay for the Certificates is subject to the Initial Purchaser’s receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel for the City (“Bond Counsel”) and (b) the City’s certification as to the Official Statement and no litigation, all as further described in the Official Statement. Bond Counsel may not deliver its approving opinion of the Certificates without the prior receipt of the approving opinion of the Texas Attorney General, as described on the cover of the Preliminary Official Statement under “LEGALITY”.

In order to provide the City and its consultants with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Initial Purchaser will be required to provide the City (on or before the 10th day prior to delivery of the Certificates) with a breakdown of its “Underwriting Spread” among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ESTABLISHING THE ISSUE PRICE FOR THE CERTIFICATES . . . The City intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of municipal bonds), which require, among other things, that the City receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the “Competitive Sale Requirement”).

In the event that the bidding process does not satisfy the Competitive Sale Requirement, Bids will not be subject to cancellation and the winning bidder (i) agrees to promptly report to the City the first prices at which at least 10% of each maturity of the Certificates (the “First Price Maturity”) have been sold to the Public on the Sale Date (the “10% Test”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test) and (ii) agrees to hold-the-offering-price of each maturity of the Certificates that does not satisfy the 10% Test (“Hold-the-Price Maturity”), as described below.

In order to provide the City with information that enables it to comply with the establishment of the issue price of the Certificates under the Internal Revenue Code of 1986, as amended, the winning bidder agrees to complete, execute, and timely deliver to the City or to the City’s municipal advisor, Hilltop Securities Inc. (the “City’s Municipal Advisor”) a certification as to the Certificates’ “issue price” (the “Issue Price Certificate”) substantially in the form and to the effect attached hereto or accompanying this Notice of Sale, within 5 business days prior to the Closing Date if the Competitive Sale Requirement is satisfied or within 5 business days of the date on which the 10% Test is satisfied with respect to all of the First Price Maturities. In the event the winning bidder will not reoffer any maturity of the Certificates for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the City. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

- (i) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter,
- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the Public (including

a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public),

- (iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) "Sale Date" means the date that the Certificates are awarded by the City to the winning bidder.

All actions to be taken by the City under this Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the City by the City's Municipal Advisor, and any notice or report to be provided to the City may be provided to the City's Municipal Advisor.

The City will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Certificates, as specified in the bid and, if so stated, in the Official Bid Form.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder that either the 10% Test has been satisfied as to the Certificates of that maturity, (B) to promptly notify the winning bidder of any sales of Certificates that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Certificates of each maturity allocated to it until either all such Certificates have been sold or it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity. Sales of any Certificates to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Certificates, that each Underwriter will neither offer nor sell any Hold-the-Price Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of (1) the close of the fifth (5th) business day after the Sale Date; or (2) the date on which the Underwriters have sold at least 10% of that Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public. The winning bidder shall promptly advise the City when the Underwriters have sold 10% of a Hold-the-Price Maturity to the Public at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

LEGAL OPINIONS. . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Initial Purchaser of an opinion of Bond Counsel, substantially in the form reproduced in APPENDIX C to the Official Statement, to the effect that the Certificates are valid and binding obligations of the City and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement.

CERTIFICATION OF PRELIMINARY OFFICIAL STATEMENT . . . On the Date of Delivery, the City will execute and deliver to the Initial Purchaser a certificate in the form set forth in the Preliminary Official Statement under "OTHER PERTINENT INFORMATION – Certification as to Official Statement."

CHANGE IN TAX EXEMPT STATUS . . . At any time before the Certificates are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character as the Certificates shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable or be required to be

taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale and Bidding Instructions.

GENERAL

FINANCIAL ADVISOR . . . Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Hilltop Securities Inc. has agreed, in its Financial Advisory contract, not to bid for the Certificates, either independently or as a member of a syndicate organized to submit a bid for the Certificates. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Initial Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and sole expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary; provided, however, that the City shall not be obligated to qualify as a foreign corporation or to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement. Prospective purchasers are urged to carefully examine the Preliminary Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next 12 months.

RATINGS . . . The Certificates are rated "_____" by S&P Global Ratings, a division of S&P Global, Inc. ("S&P"), without regard to credit enhancement (see "OTHER PERTINENT INFORMATION -Rating" in the Official Statement).

MUNICIPAL BOND INSURANCE . . . In the event the Certificates are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost **will be paid by the Initial Purchaser**. Any fees to be paid to rating agencies other than S&P as a result of said insurance **will be paid by the Initial Purchaser**. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms, and the effect thereof with respect to the reoffering of the Certificates. Any rating downgrade or notice of potential downgrade by Moody's or S&P, respectively, of the bond insurance provider after the Bid Opening shall not relieve the Initial Purchaser of its obligation under the heading "Delivery of the Certificates and Accompanying Documents".

THE PRELIMINARY OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The City has prepared, or caused to be prepared, the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12 (the "Rule"), deems such Preliminary Official Statement to be final as of its date within the meaning of the Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Preliminary Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Preliminary Official Statement.

The City will furnish to the Initial Purchaser, acting through a designated senior representative, in accordance with instructions received from the Initial Purchaser, within seven (7) business days from the sale date, copies of the final Official Statement in such quantity and in the formats as the Initial Purchaser shall request in order for the Initial Purchaser to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board; provided, however, that the cost of any Official Statements in excess of 100 shall be prepared and distributed at the cost of the Initial Purchaser. The Initial Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Certificates.

CONTINUING DISCLOSURE AGREEMENT . . . The City has agreed in the Ordinance to provide certain periodic information and notices of certain specified events in accordance with the Rule, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Purchaser's obligation to accept and pay for the

Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

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

ADDITIONAL COPIES OF NOTICE, BID FORM AND STATEMENT . . . A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement, are available over and above the normal mailing, may be obtained at the offices of Hilltop Securities Inc., 717 North Harwood, Suite 3400, Dallas, Texas 75201, Financial Advisor to the City.

On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Initial Purchaser.

Dated: _____

Mayor
City of Roanoke, Texas

ATTEST:

City Secretary

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Roanoke, Texas

October 8, 2024

Honorable Mayor and Members of the City Council:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated October 8, 2024 with respect to the \$8,825,000* CITY OF ROANOKE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024B (the "Certificates"), both of which constitute a part hereof.

For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you par plus a net cash premium of \$ _____, for Certificates maturing and bearing interest as follows:

MATURITY SCHEDULE*

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate(%)</u>
2025	\$ 295,000	
2026	275,000	
2027	295,000	
2028	305,000	
2029	325,000	
2030	340,000	
2031	360,000	
2032	375,000	
2033	390,000	
2034	415,000	
2035	435,000	
2036	455,000	
2037	475,000	
2038	505,000	
2039	525,000	
2040	550,000	
2041	580,000	
2042	610,000	
2043	640,000	
2044	675,000	

Of the principal maturities set forth in the table above, term Certificates have been created as indicated in the following table (which may include multiple term Certificates, one term Certificates or no term Certificates if none is indicated). For those years which have been combined into a "Term Certificates", the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term Certificates maturity date shall mature in such year. The Term Certificates created are as follows:

<u>Maturity Date</u> <u>August 15</u>	<u>Year of First Maturity Redemption</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Our calculation (which is not a part of this bid) of the true interest cost from the above is:

TRUE INTEREST COST _____ %

The Initial Certificate shall be registered in the name of _____, which will, upon payment for the Certificates, be canceled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

*Preliminary, subject to change. See "THE CERTIFICATES – Adjustment of Principal Amounts and/or Types of Bids".

A bank cashier's check or certified check of _____ in the amount of \$176,500.00, which represents our Good Faith Deposit has been made available to you prior to the opening of this bid, and is submitted in accordance with the terms as set forth in the Preliminary Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds to U.S. Bank Trust Company, National Association, not later than 10:30 AM, CST, on October 30, 2024, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the City, by close of business on or before the sixth business day prior to the delivery of the Certificates a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City's Bond Counsel. The undersigned also agrees to provide the City and its consultants, at least ten business days prior to the delivery of the Certificates, a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

VERIFICATIONS OF STATUTORY REPRESENTATIONS AND COVENANTS: The City will not award the Certificates to a bidder unless the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Covered Verifications"), are included in the bid. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of the agreement to purchase the Certificates shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the Official Bid Form or this Notice of Sale, notwithstanding anything in the Official Bid Form or this Notice of Sale to the contrary.

(i) No Boycott of Israel (Chapter 2271, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Texas Government Code, as amended.

(ii) Not a Sanctioned Company (Chapter 2252, Texas Government Code, as amended): A bidder must represent that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended. The foregoing representation excludes a bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(iii) No Discrimination Against Firearm Entities or Firearm Trade Associations (Chapter 2274, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Texas Government Code, as amended.

(iv) No Boycott of Energy Companies (Chapter 2276, Texas Government Code, as amended): A bidder must verify that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of the agreement to purchase the Certificates. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Texas Government Code, as amended.

By submitting this bid, the Purchaser understands and agrees that the liability of the Purchaser for breach of any of the verifications made in connection with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended and as described above (collectively, the "Covered Verifications") shall survive until barred by the statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Official Bid Form or the Official Notice of Sale. Additionally, the Purchaser acknowledges and agrees that the City reserves and retains all rights and remedies at law and in equity for pursuit and recovery of damages, if any, relating to the Covered Verifications.

FURTHER STATE LAW COMPLIANCE: IN ADDITION TO THE FOREGOING, THE BIDDER HEREBY REPRESENTS, BY SUBMISSION OF THIS BID, THAT NEITHER IT NOR ITS PARENT COMPANY, SUBSIDIARIES OR AFFILIATES IS ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR HAS A

PENDING OR UNRESOLVED INQUIRY FROM A POLITICAL SUBDIVISION OR THE TEXAS COMPTROLLER OR THE TEXAS ATTORNEY GENERAL RELATED TO COMPLIANCE WITH CHAPTER 2274 OF THE TEXAS GOVERNMENT CODE.

The bidder understands that the City reserves the right, in its sole and absolute discretion, to reject any bid from a bidder if the City has any belief or doubt, whether or not reasonable, that the bidder is under an active, pending or unresolved inquiry from the State of Texas as to the ability of the bidder to satisfy the representations and verifications required to be a standing letter.

THE UNDERSIGNED BIDDER HEREBY REPRESENTS, BY SUBMISSION OF A BID, THAT NEITHER IT NOR ITS PARENT COMPANY, SUBSIDIARIES OR AFFILIATES HAS RECEIVED A LETTER FROM THE TEXAS COMPTROLLER RELATED TO ITS INCLUSION ON ANY LIST OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES. BY SUBMITTING A BID, BIDDER AGREES, THAT SHOULD IT BE THE WINNING BIDDER, BIDDER SHALL TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW. IF THE TEXAS ATTORNEY GENERAL REQUIRES ADDITIONAL DOCUMENTATION IN ORDER TO RELEASE ITS OPINION, IT IS THE BIDDER'S SOLE RESPONSIBILITY TO SATISFY ALL REQUESTS OF THE TEXAS ATTORNEY GENERAL. THE CITY HAS NO DUTY OR RESPONSIBILITY TO ASSIST THE BIDDER IN SATISFYING THESE REQUIREMENTS. BY SUBMITTING A BID, THE BIDDER UNDERSTANDS AND AGREES THAT THE CITY HAS THE SOLE DISCRETION TO KEEP THE BIDDER'S GOOD FAITH DEPOSIT IF THE BIDDER FAILS TO SATISFY THE OFFICE OF THE TEXAS ATTORNEY GENERAL AS TO THE REPRESENTATIONS DESCRIBED HEREIN.

In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Certificates to a bidder unless the winning bidder either: (i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC"), or (ii) certifies below that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the City, upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the City's financial advisor at john.martin@hilltopsecurities.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the City from providing final written award of the enclosed bid.

The Purchaser (mark one):

(i) Agrees to timely make a filing of a completed Disclosure Form with the City

or

(ii) Hereby certifies that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity .

Respectfully submitted,

Syndicate Members:

Name of Underwriter or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Roanoke, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the ____ day of _____, 2024.

Mayor

CITY OF ROANOKE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024B

(Form of Certificate if at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax and Revenue Certificates of Obligation, Series 2024B issued by the City of Roanoke, Texas ("Issuer") in the principal amount of \$_____ ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

- (a) On the first day on which there was a binding contract in writing for the purchase of the Certificates by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Certificates with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Certificates, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Certificates used by the Purchaser in formulating its bid to purchase the Certificates.
- (b) The Purchaser had an equal opportunity to bid to purchase the Certificates and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).
- (c) The bid submitted by the Purchaser constituted a firm bid to purchase the Certificates.
- (d) The Purchaser has [___]/has not [___] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$_____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this [ISSUE DATE].

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

ISSUE PRICE CERTIFICATE

(Form of Certificate if less than 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at competitive sale of the Combination Tax & Revenue Certificates of Obligation, Series 2024B issued by the City of Roanoke, Texas ("Issuer") in the principal amount of \$_____ ("Certificates"), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Certificates maturing in ____ ("Hold-the-Price Maturities"), the][The] first prices at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Certificates having the same credit and payment terms ("Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter ("Public") are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Certificates that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if winning bidder designates one or more maturities as Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Certificates ("Sale Date"), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices, as set forth in Schedule A hereto ("Initial Offering Price").

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for each such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells at least ten percent of a Hold-the-Price-Maturity of the Certificates to the Public at no higher price than the Initial Offering Price for such Maturity.

(d) The Purchaser has [___]/has not [___] purchased bond insurance for the Certificates. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$_____ (net any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Certificates, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public) to participate in the initial sale of the Certificates to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Certificates, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this [ISSUE DATE].

[NAME OF PURCHASER], as Purchaser

By: _____
Name: _____

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

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PRELIMINARY OFFICIAL STATEMENT

Dated: October 1, 2024

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

CITY OF ROANOKE, TEXAS
(A municipal corporation of the State of Texas located in Denton and Tarrant Counties)

\$18,650,000*
Combination Tax & Revenue Certificates of Obligation
Series 2024A

\$8,825,000*
Combination Tax & Revenue Certificates of Obligation
Series 2024B

Dated Date: October 15, 2024

Due: August 15, as shown on Inside Cover

The City of Roanoke, Texas (the "City" or "Issuer") is issuing the following two series of obligations: \$18,650,000* Combination Tax & Revenue Certificates of Obligation, Series 2024A (the "2024A Certificates") and \$8,825,000* Combination Tax & Revenue Certificates of Obligation, Series 2024B (the "2024B Certificates"). The 2024A Certificates and the 2024B Certificates are referred to collectively as the "Certificates". The Certificates are issued in accordance with the Constitution and laws of the State, particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, each series is issued pursuant to a separate ordinance (collectively, the "Certificate Ordinances"). (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law, and the Certificates are additionally secured by a pledge of the surplus revenues derived from the operation of the City's combined waterworks and sewer system (the "System"). (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from October 30, 2024 (the "Date of Delivery") and will be payable February 15 and August 15 of each year, commencing February 15, 2025, until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully-registered Certificates in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository. Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof within a maturity. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by U.S. Bank Trust Company, National Association, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the 2024A Certificates will be used for the purpose of (1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements and signage related thereto; (2) constructing a new police and courts facility and related parking for such facility; and (3) paying for professional services rendered in connection therewith, including costs of issuance of the 2024A Certificates. (See "THE CERTIFICATES - Purpose" herein.)

Proceeds from the sale of the 2024B Certificates will be used for the purpose of (1) water system improvements consisting of a storage tank and related water system infrastructure and; (2) paying for professional services rendered in connection therewith, including costs of issuance of the 2024B Certificates. (See "THE CERTIFICATES - Purpose" herein.)

The City reserves the right, at its option, to redeem the Certificates of either series maturing on or after August 15, 2034, in whole or in part, on August 15, 2033, or on any date thereafter, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest, as further described herein. (See "THE CERTIFICATES - Redemption Provisions" herein).

The Certificates are being offered concurrently by the Issuer under a common Official Statement, and are separate and distinct securities offerings being issued and sold independently except for this common Official Statement, and while the Certificates share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders and other features.

MATURITY SCHEDULE
(See Inside Cover Page)

The Certificates are offered for delivery when, as and if received by the Purchaser, subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. It is expected that the Certificates will be available for delivery through DTC on or about October 30, 2024.

*Preliminary; subject to change.

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

CITY OF ROANOKE, TEXAS
MATURITY SCHEDULE
(Due August 15)
Base CUSIP Number: 770043 ⁽¹⁾

\$ 18,650,000* COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024A

<u>Stated Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate (%)</u>	<u>Initial Yield (%)</u>	<u>CUSIP Suffix ⁽¹⁾</u>
8/15/2025	\$ 470,000			
8/15/2026	410,000			
8/15/2027	430,000			
8/15/2028	450,000			
8/15/2029	470,000			
8/15/2030	495,000			
8/15/2031	520,000			
8/15/2032	545,000			
8/15/2033	575,000			
8/15/2034	605,000			
8/15/2035	635,000			
8/15/2036	665,000			
8/15/2037	700,000			
8/15/2038	735,000			
8/15/2039	770,000			
8/15/2040	810,000			
8/15/2041	850,000			
8/15/2042	890,000			
8/15/2043	935,000			
8/15/2044	985,000			
8/15/2045	1,030,000			
8/15/2046	1,085,000			
8/15/2047	1,140,000			
8/15/2048	1,195,000			
8/15/2049	1,255,000			

(Interest to accrue from the Date of Delivery)

- ⁽¹⁾ CUSIP numbers have been assigned to this issue and are included solely for the convenience of the purchasers of the Certificates. "CUSIP" is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor or the Purchaser are responsible for the selection or correctness of the CUSIP numbers set forth herein.
- ⁽²⁾ The Certificates of either series maturing on and after August 15, 2034 are subject to redemption, at the option of the City, in whole or in part in principal amounts of \$5,000 or any multiple thereof, on August 15, 2033 or any date thereafter at the redemption price of par plus accrued interest to the date of redemption. (See "THE CERTIFICATES-Redemption Provisions").

*Preliminary; subject to change.

CITY OF ROANOKE, TEXAS
MATURITY SCHEDULE
(Due August 15)
Base CUSIP Number: 770043 ⁽¹⁾

\$ 8,825,000* COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2024B

<u>Stated Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate (%)</u>	<u>Initial Yield (%)</u>	<u>CUSIP Suffix ⁽¹⁾</u>
8/15/2025	\$ 295,000			
8/15/2026	275,000			
8/15/2027	295,000			
8/15/2028	305,000			
8/15/2029	325,000			
8/15/2030	340,000			
8/15/2031	360,000			
8/15/2032	375,000			
8/15/2033	390,000			
8/15/2034	415,000			
8/15/2035	435,000			
8/15/2036	455,000			
8/15/2037	475,000			
8/15/2038	505,000			
8/15/2039	525,000			
8/15/2040	550,000			
8/15/2041	580,000			
8/15/2042	610,000			
8/15/2043	640,000			
8/15/2044	675,000			

(Interest to accrue from the Date of Delivery)

⁽³⁾ CUSIP numbers have been assigned to this issue and are included solely for the convenience of the purchasers of the Certificates. "CUSIP" is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor or the Purchaser are responsible for the selection or correctness of the CUSIP numbers set forth herein.

⁽⁴⁾ The Certificates of either series maturing on and after August 15, 2034 are subject to redemption, at the option of the City, in whole or in part in principal amounts of \$5,000 or any multiple thereof, on August 15, 2033 or any date thereafter at the redemption price of par plus accrued interest to the date of redemption. (See "THE CERTIFICATES-Redemption Provisions").

*Preliminary; subject to change.

CITY OF ROANOKE, TEXAS
500 South Oak Street
Roanoke, Texas 76262
(817) 491-2411

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Occupation</u>
Carl E. "Scooter" Gierisch, Jr.	Mayor	May 2027	General Manager- Napa Auto
Holly Gray-McPherson	Mayor Pro Tem	May 2026	Consultant
Hogan Page	Council Member	May 2024	Loan Officer
Brian Darby	Council Member	May 2026	Civil Engineer
Bryan Moyers	Council Member	May 2024	Firearms Dealer
David Brundage	Council Member	May 2023	Certified Financial Planner
David Thompson	Council Member	May 2024	Technical Director of Risk Management

ADMINISTRATION

<u>Name</u>	<u>Position</u>	<u>Length of Service In current position</u>	<u>Total Years of Service</u>
Cody Petree	City Manager	2 years	25 years
Kyle Lester	Director of Finance	1 year	31 years
April S. Hill	City Secretary	14 years	19 years

CONSULTANTS AND ADVISORS

Bond Counsel	McCall, Parkhurst & Horton L.L.P. Dallas, Texas
Certified Public Accountants	BKD CPAs & Advisors Dallas, Texas
Financial Advisor	Hilltop Securities, Inc. Dallas, Texas

For Additional Information Please Contact:

Kyle Lester
 Director of Finance
 City of Roanoke
 500 South Oak Street
 Roanoke, Texas 76262
 (817) 491-2411
klester@roanoketexas.com

Mr. John L. Martin, Jr.
 Michael Martin
 Hilltop Securities, Inc.
 717 N. Harwood Street, Suite 3400
 Dallas, Texas 75201
 (214) 859-9447
john.martin@hilltopsecurities.com
michael.martin@hilltopsecurities.com

USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

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 state 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.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness of such information. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

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

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND IS NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

NONE OF THE CITY, ITS FINANCIAL ADVISOR OR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS PRELIMINARY OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM.

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

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

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City.

The prices and other terms respecting the offering and sale of the Certificates may be changed from time to time by the Purchaser after such Certificates are released for sale, and the Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Certificates into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES 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.

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

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TABLE OF CONTENTS

MATURITY SCHEDULE.....	ii	Valuation of Taxable Property	11
ELECTED OFFICIALS	iv	State Mandated Homestead Exemptions	12
ADMINISTRATION.....	iv	Local Option Homestead Exemptions	12
USE OF INFORMATION IN THE OFFICIAL STATEMENT.....	v	Local Option Freeze for the Elderly and Disabled	12
TABLE OF CONTENTS	vi	Personal Property.....	12
SELECTED DATA FROM THE OFFICIAL STATEMENT.....	5	Freeport and Goods-In-Transit Exemptions	13
INTRODUCTORY STATEMENT.....	1	Other Exempt Property.....	13
THE CERTIFICATES	1	Tax Increment Reinvestment Zones.....	13
Purpose	1	Tax Abatement Agreements.....	13
General Description	1	City and Taxpayer Remedies	13
Authority for Issuance	1	Levy and Collection of Taxes.....	14
Security for Payment.....	1	City’s Rights in the Event of Tax Delinquencies	14
Redemption Provisions	2	Public Hearing and Maintenance and Operations Tax Rate	
Payment Record.....	2	Limitations	14
Legality	2	Tax Rate Limitations.....	15
Default and Remedies	3	CITY APPLICATION OF THE PROPERTY TAX CODE	16
SOURCES AND USES OF FUNDS	4	TAX MATTERS.....	16
REGISTRATION, TRANSFER AND EXCHANGE.....	4	LEGAL MATTERS	18
Paying Agent/Registrar	4	CONTINUING DISCLOSURE OF INFORMATION	19
Record Date.....	4	Annual Reports.....	19
Registration.....	5	Notice of Certain Events.....	19
Limitation on Transfer or Exchange of Certificates	5	Availability of Information.....	20
Replacement Certificates.....	5	Limitations and Amendments	20
BOOK-ENTRY-ONLY SYSTEM	5	Compliance with Prior Agreements	20
Use of Certain Terms in Other Sections of this Official		OTHER PERTINENT INFORMATION	20
Statement	7	Registration and Qualification of Certificates for Sale.....	20
INVESTMENT POLICIES.....	7	Litigation	20
Current Investments.....	8	Legal Investments and Eligibility to Secure Public Funds in	
RETIREMENT PLAN AND OTHER POST RETIREMENT		Texas.....	20
BENEFITS.....	9	Rating.....	21
Plan Description.....	9	Financial Advisor	21
Contributions.....	9	Initial Purchaser.....	21
Net Pension Liability	9	Certification as to Official Statement.....	21
Pension Expense and Deferred Outflows of Resources		Forward-Looking Statements Disclaimer.....	21
Related to Pensions.....	11	CONCLUDING STATEMENT	22
AD VALOREM PROPERTY TAXATION	11		
		Financial Information of the City.....	Appendix A
		General Information Regarding City of Roanoke and Denton County and Tarrant Counties, Texas.....	Appendix B
		Forms of Legal Opinions of Bond Counsel	Appendix C
		Excerpts from The City of Roanoke’s Audited Financial Statements for Fiscal Year Ended September 30, 2023	Appendix D

The cover page, subsequent pages hereof and appendices attached hereto, are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The Issuer	The City of Roanoke, Texas (the “City” or “Issuer”), is located in Denton County and Tarrant County and is a home rule municipal corporation governed by a mayor and a six-member council. The Mayor is elected at-large and the six council members are elected by place number, all for three-year staggered terms. (See “Appendix B - General Information Regarding City of Roanoke and Denton County” herein.)
The Certificates	<p>The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Subchapter C, Chapter 271, Texas Local Government Code, as amended, and each series is issued pursuant to a separate ordinance (collectively, the “Certificate Ordinances”) to be adopted by the City Council on October 8, 2024. (See “THE CERTIFICATES - Authority for Issuance” herein.)</p> <p>The 2024A Certificates and the 2024B Certificates are collectively referred to herein as the “Certificates”.</p>
Paying Agent/Registrar	The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Dallas, Texas.
Security	The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law and are additionally secured by a pledge of the surplus revenues derived from the operation of the City’s combined waterworks and sewer system (the “System”). (See “THE CERTIFICATES - Security for Payment” herein.)
Redemption Provisions	The City reserves the right, at its option, to redeem the Certificates of either series maturing on or after August 15, 2034, in whole or in part, on August 15, 2033, or on any date thereafter, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest, as further described herein. (See “THE CERTIFICATES - Redemption Provisions” herein.)
Use of Proceeds	<p>Proceeds from the sale of the 2024A Certificates will be used for the purpose of (1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements and signage related thereto; (2) constructing a new police and courts facility and related parking for such facility; and (3) paying for professional services rendered in connection therewith, including costs of issuance of the 2024A Certificates. (See “THE CERTIFICATES - Purpose” herein.)</p> <p>Proceeds from the sale of the 2024B Certificates will be used for the purpose of (1) water system improvements consisting of a storage tank and related water system infrastructure and; (2) paying for professional services rendered in connection therewith, including costs of issuance of the 2024B Certificates. (See “THE CERTIFICATES - Purpose” herein.)</p>
Book-Entry-Only System	The Issuer intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”), New York, New York described herein. No physical delivery of the Certificates will be made to the beneficial owners of the Certificates. Such Book-Entry-Only System may affect the method and timing of payments on the Certificates and the manner the Certificates may be transferred. (See “Book-Entry-Only System” herein.)
Rating	S&P Global Ratings, a division of S&P Global Ratings, Inc. (“S&P”), has assigned their credit rating of “___” to the Certificates. An explanation of the significance of any rating may be obtained from S&P. (See “OTHER PERTINENT INFORMATION-Rating” herein.)
Payment Record	The City has never defaulted in the payment of its debt.
Issuance of Additional Debt	The City does not anticipate the issuance of additional general obligation debt in the next year.
Delivery	When issued, anticipated on or about October 30, 2024.

Legality

Delivery of the Certificates is subject to the approval by the Attorney General of the State of Texas and the rendering of opinions as to legality by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas.

INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by the City of Roanoke, Texas (the “City” or “Issuer”) of its \$18,650,000* Combination Tax and Revenue Certificates of Obligation, Series 2024A and its \$8,825,000* Combination Tax and Revenue Certificates of Obligation, Series 2024B identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas and operates under the statutes and the Constitution of the State of Texas and the home-rule Charter of the City. The Certificates are being issued pursuant to the Constitution and general laws of the State, and each series is issued pursuant to a separate ordinance (collectively, the “Certificate Ordinances”) to be adopted by the City Council. (See “THE CERTIFICATES- Authority for Issuance”)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective Certificate Ordinances. Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.** Copies of such documents may be obtained from the Issuer or the Financial Advisor.

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

The Certificates are being offered concurrently by the Issuer under this common Official Statement, and such Certificates are hereinafter sometimes referred to collectively as the “Certificates”. The Certificates are separate and distinct securities offerings being issued and sold independently except for this common Official Statement, and, while the Certificates share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders and other features.

THE CERTIFICATES

Purpose

Proceeds from the sale of the 2024A Certificates will be used for the purpose of (1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements and signage related thereto; (2) constructing a new police and courts facility and related parking for such facility; and (3) paying for professional services rendered in connection therewith, including costs of issuance of the 2024A Certificates.

Proceeds from the sale of the 2024B Certificates will be used for the purpose of (1) water system improvements consisting of a storage tank and related water system infrastructure and; (2) paying for professional services rendered in connection therewith, including costs of issuance of the 2024B Certificates.

General Description

The Certificates will be dated October 15, 2024 (the “Dated Date”). The Certificates are stated to mature on August 15 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from their Delivery Date on the unpaid principal amounts, and the amount of interest to be paid each payment period shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Certificates will be payable on February 15 and August 15 of each year commencing February 15, 2025 until maturity or prior redemption. Principal is payable at the designated offices of the Paying Agent/Registrar, initially U.S. Bank Trust Company National Association, Dallas, Texas. Interest on the Certificates is payable by check mailed on or before each interest payment date by the Paying Agent/Registrar to the registered owner at the address as it appears on the Paying Agent/Registrar’s books on the Record Date (as defined herein) or by such other method acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and each series is issued pursuant to a separate ordinance (collectively, the “Certificate Ordinances”) to be adopted by the City Council.

Security for Payment

The Certificates constitute direct obligations of the City payable from an annual ad valorem tax levied against all taxable property in the City, within the limits prescribed by law and are further secured by and payable from a pledge of the surplus revenues derived from the operation of the City’s combined waterworks and sewer system (the “System”). (See “AD VALOREM PROPERTY TAXATION – Debt Rate Limitations” herein).

Redemption Provisions

The Certificates of either series maturing on or after August 15, 2034, are subject to optional redemption prior to maturity, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2033 or any date thereafter, at par, plus accrued interest to the redemption date, as further described herein.

At least 30 days prior to the date fixed for any such redemption, the Issuer shall cause a written notice of such redemption to be deposited in the United States mail, first class postage prepaid, addressed to each registered owner of a Certificate to be redeemed at the address shown on the registration books of the Paying Agent/Registrar on the business day of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED TO THE REGISTERED OWNERS WILL BE DEEMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE OF THE REGISTERED OWNERS FAIL TO RECEIVE SUCH NOTICE. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof, which are to be so redeemed. If such notice of redemption is given and if due provisions for such payment is made, all as provided above, the Certificates or portions thereof shall be deemed to be redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar from the funds provided for such payment.

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

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, will 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 Issuer 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 Issuer or the Paying Agent/Registrar. Neither the Issuer nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. (See "BOOK-ENTRYONLY SYSTEM" herein.)

Payment Record

The City has never defaulted in repayment of its bonded indebtedness.

Legality

The Certificates are offered when, as and if issued, subject to the approval by the Attorney General of the State of Texas and the rendering of opinions as to legality by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City. The legal opinion of Bond Counsel will accompany the global certificates to be deposited with DTC or will be printed on the respective Certificates should the Book-Entry-Only System be discontinued. The forms of the legal opinions of Bond Counsel appear in Appendix C attached hereto.

Defeasance

The City reserves the right to defease the Certificates in any manner now or hereafter allowed by Texas law.

The Certificate Ordinances provide 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 a paying agent (or other financial institution permitted by applicable law), in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. 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

Certificate Ordinances specify that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificates. **If requested by potential purchasers, the City will consider modification of the above categories of obligations that are eligible to be Defeasance Securities.** The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Certificates.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the City to take any action amending the terms of the Certificates are extinguished.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described in clauses (a) – (c) in the first paragraph of this section above to be made with amounts deposited to defease the Certificates. Because the Certificate Ordinances specifically permit the use of other investments that may be permitted by future law, registered owners are deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law. There is no assurance that the ratings for U.S. Treasury Securities used as Defeasance Securities or those for any other Defeasance Security will be maintained at any particular rating category.

Amendments to the Certificate Ordinances

In the Certificate Ordinances, the City has reserved the right to amend the Certificate Ordinances without the consent of any holder for the purpose of amending or supplementing the Certificate Ordinances to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Certificate Ordinances that do not materially adversely affect the interests of the holders, (iv) qualify the Certificate Ordinances under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Certificate Ordinances that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the City, do not materially adversely affect the interests of the holders.

The Certificate Ordinances further provide 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 Certificate Ordinances if it is deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Certificates so affected, 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 imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Certificates necessary for consent to such amendment.

Default and Remedies

The Certificate Ordinances specify the following events of default: (i) the failure to make payment of the principal of or interest on any of the Certificates when due or (ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Certificates, including, but not limited to, their prospect or ability to be repaid in accordance with the Certificate Ordinances, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the City. Upon an event of default, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or Certificate Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Certificate Ordinances do not provide for the appointment of a trustee to represent the interest of the holders upon any failure of the City to perform in accordance with the terms of the Certificate Ordinances, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3rd 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders may not be able to bring such a suit against the City for breach of the Certificates or Certificate Ordinance covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered

owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates .

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or 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 opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificate Ordinances and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and may be limited by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

SOURCES AND USES OF FUNDS

The proceeds from the sale of both series of the Certificates are expected to be applied as follows:

	<u>The 2024A Certificates</u>	<u>The 2024B Certificates</u>
<u>Sources of Funds</u>		
Par Amount:		
Premium:		
Total Sources of Funds		
<u>Uses of Funds</u>		
Deposit to Project Fund:		
Deposit to Debt Service Fund:		
Cost of Issuance:		
Initial Purchaser’s Discount:		
Total Uses of Funds		

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Dallas, Texas. In the Certificate Ordinances, the Issuer retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the Issuer, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar’s records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the Issuer, must be a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar. Upon a change in the Paying Agent/Registrar for the Certificates , the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class, postage prepaid.

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” herein.

Record Date

The record date (“Record Date”) for determining the person to whom interest is payable, on any interest payment date, means the last business day of the month next preceding such interest payment date.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment

of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date"), which will be 15 days after the Special Record Date, must be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of the Certificates appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Registration

The Certificates are initially to be issued utilizing the Book-Entry-Only System of DTC. In the event such Book-Entry-Only System should be discontinued for either or both series of Certificates, printed certificates will be delivered to the registered owners and thereafter the Certificates may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Certificate may be assigned by the execution of an assignment form on the Certificate 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 Certificates being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered 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 registered owner in not more than three (3) business days 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 registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of \$5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and rate of interest as the Certificates surrendered for exchange or transfer. (See "Book-Entry-Only System" herein for a description of the system to be initially utilized in regard to ownership and transferability of the Certificates.)

Limitation on Transfer or Exchange of Certificates

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate called for redemption in part.

Replacement Certificates

In the Certificate Ordinances, provision is made for the replacement of mutilated, destroyed, lost, or stolen Certificates issued under such Certificate Ordinances upon surrender of the mutilated Certificates to the Paying Agent/Registrar, or the receipt of satisfactory evidence of destruction, loss, or theft, and the receipt by the Issuer and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The Issuer may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

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 DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City, the Purchaser and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or any 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 any 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 (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each stated maturity of the Certificates, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers

and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificated securities. 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"). Direct Participants and Indirect Participants are jointly referred to as "Participants". DTC has a rating of "AAA" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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 Certificates ("Beneficial Owner") is in turn to be recorded on the 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 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 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 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 registrar and request that copies of the 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 Issuer 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 and interest 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 Issuer 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 nor its nominee, the Paying Agent/Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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 the Participants.

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

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered. (See "REGISTRATION, TRANSFER, AND EXCHANGE" herein.)

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

Use of Certain Terms in Other Sections of this Official Statement

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

INVESTMENT POLICIES

Legal Investments

Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation 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 investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity 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 investing entity'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 investing entity appoints as the entity's custodian of the banking deposits issued for the entity'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 Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the 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 that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are 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 the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least 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 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, 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 a duration of one year or more and are invested exclusively in

obligations described in this paragraph or have 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 in the next succeeding paragraph.

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

Investment Policies

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

Additional Provisions

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

Current Investments

On August 31, 2024, the City had investments totaling \$53,313,161.00 (unaudited) as follows:

Government Investment Pools:	\$ 42,873,890.00
Certificates of Deposit:	10,439,271.00

RETIREMENT PLAN AND OTHER POST RETIREMENT BENEFITS

Plan Description

The City participates as one of 930 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 comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a 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.

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

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	73
Active employees	137
	<u>263</u>

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 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.18% and 17.17% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$2,443,889 and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation 2.5% per year
Overall payroll growth 2.75% per year
Investment rate of return 6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality Tables. Based on the size of the City, rates are multiplied by an additional factor of 100.0, which adds an additional layer of conservatism. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a four-year set-forward for males and a three-year set forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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 for pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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 longterm 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 arithmetic real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

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

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, and was projected over a period of 100 years. 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.

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Increase (Decrease)	
		Plan Fiduciary Net Pension (b)	Net Pension Liability (a)-(b)
Balance at October 1, 2022	\$52,563,663	\$48,355,054	\$4,208,499
Changes for the year:			
Service cost	2,605,166		2,605,166
Interest (on the total pension Liability)	3,575,214		3,575,214
Difference between expected and actual experience	952,488		952,488
Benefit payments, including refunds of employee contributions	(1,800,009)	(1,800,009)	--
Administrative expense		(30,544)	30,544
Contributions - member		924,755	(924,755)
Contributions - employer		2,269,614	(2,269,614)
Net investment income		(3,541,674)	3,541,674
Other		36,449	(36,449)
Net Changes	<u>5,332,859</u>	<u>(2,141,409)</u>	<u>7,474,268</u>
Balance at September 30, 2023	<u>\$57,896,412</u>	<u>\$46,213,645</u>	<u>\$11,682,767</u>

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:

<u>1% Decrease (5.75%)</u>	<u>Current Single Rate Assumption (6.75%)</u>	<u>1% Increase (7.75%)</u>
\$ 21,423,543	\$11,682,767	\$3,829,014

Pension Plan Fiduciary Net Position:

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

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2023 the City recognized pension expense of \$3,039,540.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in expected and actual experience	\$ 969,054	\$ 146,705
Difference between projected and actual investment earnings on pension plan investments	3,233,229	--
Changes of assumptions	33,974	
Employer contributions subsequent to the measurement date	<u>1,821,396</u>	<u>-</u>
Total	<u>\$ 6,257,653</u>	<u>\$ 146,705</u>

\$1,821,396 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 408,573
2023	985,690
2024	1,061,185
2025	1,523,040
2026	111,064
Thereafter	--
	<u>\$ 4,089,552</u>

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 their boundaries. The appraisal of property within the City is the responsibility of the Denton Central Appraisal District and the Tarrant Appraisal District (collectively, 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"). 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 – City and Taxpayer Remedies."

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

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

Local Option Freeze for the Elderly and Disabled

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

Personal Property

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

Temporary Exemption for Qualified Property Damaged By A Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code. On April 13, 2020, the Attorney General of Texas released his opinion that "a court would likely conclude that the Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster. Thus, purely economic, non-physical damage to property caused by the COVID-19 disaster is not eligible for the temporary tax exemption provided by section 11.35 of the Tax Code." Tex. Atty. Gen. Op. No. KP-0299 (2020).

Freeport and Goods-In-Transit Exemptions

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

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

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

Other Exempt Property

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

Tax Increment Reinvestment Zones

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

Tax Abatement Agreements

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

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

City and Taxpayer Remedies

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

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

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

Levy and Collection of Taxes

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

City's Rights in the Event of Tax Delinquencies

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

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

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

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

Public Hearing and Maintenance and Operations Tax Rate Limitations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tax Rate Limitations

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

CITY APPLICATION OF THE PROPERTY TAX CODE

The Denton Central Appraisal District and the Tarrant Appraisal District (the "Appraisal Districts") are responsible for appraising property within the City.

The City grants an exemption of \$40,000 to the market value of the residence homestead of persons 65 years of age or older and \$4,500 for persons disabled.

The City has irrevocably established an ad valorem tax freeze on the residence homesteads of disabled persons and persons 65 years of age and older.

The City grants an additional exemption of 20% of the market value of residence homesteads, minimum exemption of \$10,000.

The City does not tax non-business personal property.

The City does permit split payments but discounts are not allowed.

The City grants Article VIII, Section 1-j ("freeport property") exemptions. This exemption totals \$462,401,839 for the 2023 tax year.

The City does not tax Goods in Transit.

The City has entered into tax abatement agreements and has adopted criteria therefor, which is a prerequisite to the execution of abatement agreements. The City will grant 100% abatement for the first year for any property being constructed with a value of at least \$50,000,000. For the value of the tax abatements granted by the City for each of the last five years see Table 11 herein.

The City has not created a Tax Increment Reinvestment Zone.

The City entered into a Chapter 380 Agreement in 2002 pursuant to which the City agreed to rebate to AmerisourceBergen Corporation property taxes resulting in approximately \$600,000 being paid annually to the company. This 380 agreement expires December 31, 2023.

A second Chapter 380 Agreement provides that over a ten-year period, the City will rebate to W.W. Grainger, Inc. a percentage of property taxes (50%) resulting in approximately \$110,000 being paid annually to the company. This 380 agreement expires December 31, 2030.

A third Chapter 380 Agreement provides that over a ten-year period, the City will rebate to Integrity Group, LLC. a percentage of property taxes (declining scale 30% for the first 8 years, a 20% for the final 2 years) resulting in approximately \$75,000 being paid annually to the company. This 380 agreement expires December 31, 2030.

TAX MATTERS

Opinion

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

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

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

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

in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Certificates .

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

LEGAL MATTERS

The delivery of the Certificates is subject to the approval of the Attorney General of Texas, who will deliver its opinion, to the effect that the Certificates are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied within the legal limit as to rate or amount and are additionally secured by a pledge of the surplus revenues derived from the operation of the City's combined waterworks and sewer system, and based upon examination of such transcript of proceedings, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City ("Bond Counsel"), to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix C. Bond Counsel represents the Financial Advisor and purchasers of municipal bonds from time to time in matters unrelated to the issuance of the Certificates, but Bond Counsel has been engaged by and only represents the City in the issuance of the Certificates.

Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinances. The City intends to pay the legal fee of Bond Counsel for services rendered in connection with the issuance of the Certificates from the proceeds of the Certificates. The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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 unless it amends or repeals the agreement as described below. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available free of charge from the MSRB's Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org.

Annual Reports

The City will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement in Tables 1-4, 11-15 and 19-20 in Appendix A. The City will update and provide the information in Tables 1-4, 11-15 and 19-20 in Appendix A within six months after the end of each fiscal year ending in and after 2024. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2024. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. 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 financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site identified below or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in Tables 1-4, 11-15 and 19-20 in Appendix A by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) on or before September 30 of the following year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

Notice of Certain Events

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

For these purposes, any event described in the immediately preceding clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Availability of Information

In connection with its continuing disclosure agreements entered into with respect to the Certificates, the City will file all required information and documentation with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The City may amend its continuing disclosure agreements 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 (i) the provisions, as so amended, would have permitted an underwriter to purchase or sell the 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 (ii) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the ordinances that authorize such an amendment) of the outstanding Certificates subject to the proposed amendment, as the case may be, 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 subject to the proposed amendment. The City may also amend or repeal the provisions of its continuing disclosure agreements 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 agreements, it must include with the next financial information and operating data provided in accordance with its agreements described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Agreements

During the last five years, the City has substantially complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule, except as described below:

OTHER PERTINENT INFORMATION

Registration and Qualification of Certificates for Sale

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

Litigation

In the opinion of the City officials, the Issuer 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 condition of the City.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Government Code, as amended) provides that the Certificates are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION – Rating" herein. 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 capital of one million dollars or more, and savings and loan associations.

The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their fair market value. No review has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

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

Rating

S&P Global Ratings, a division of S&P Global Inc. ("S&P"), has assigned its credit rating of "_____" to the Certificates. An explanation of the significance of any rating may be obtained from S&P. A rating by S&P reflects only the view of such company at the time the rating is given, and the Issuer makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time, or that it will not be revised downward or withdrawn entirely by S&P, if, in the judgment of them, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Certificates.

Financial Advisor

Hilltop Securities, Inc. is employed as a Financial Advisor to the City in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the City to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and delivery of the Certificates.

Initial Purchaser

After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the "Initial Purchaser") to purchase the Certificates at the interest rates shown on page ii of this Official Statement at a price of _____, which produces compensation to the Initial Purchaser of \$_____. The Initial Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser. The initial yields shown on page ii of this Official Statement will be established by and are the sole responsibility of the Initial Purchaser and may subsequently be changed at the sole discretion of the Initial Purchaser. The City has no control over the determination of the initial yields and has no control over the prices at which the Certificates are sold in the secondary market.

Certification as to Official Statement

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

Forward-Looking Statements Disclaimer

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

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and

regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials.

Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CONCLUDING STATEMENT

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

This Official Statement will be approved by Issuer for distribution in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12.

APPENDIX A

FINANCIAL INFORMATION OF THE ISSUER

(This appendix contains quantitative financial information and operating data with respect to the Issuer. The information is only a partial representation and does not purport to be complete. For further and more complete information, reference should be made to the original documents, which can be obtained from various sources, as noted.)

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

TABLE 1

2024 Actual Market Value of Taxable Property		\$ 4,977,564,350
Less:		
Homestead Cap Adjustment	\$ 83,758,151	
Productivity Loss	30,537,137	
Total Assessed Valuation		<u>\$ 4,863,269,062</u>
Less Exemptions:		
Homestead	\$ 190,966,184	
Over 65	15,850,454	
Disabled Persons	58,500	
Disabled Veterans	16,550,304	
Freeport	467,863,845	
House Bill 366	55,836	
Pollution Control	233,715	
Exempt Property	155,706,582	
Other	680,165	
Freeze Taxable	103,292,394	
		<u>\$ 951,257,979</u>
2024 Net Taxable Value ⁽¹⁾		<u><u>\$ 3,912,011,083</u></u>

⁽¹⁾ See "AD VALOREM TAXATION" in the Official Statement for a description of the Issuer's taxation procedures.

Source: Denton Central Appraisal District and Tarrant Appraisal District.

GENERAL OBLIGATION BONDED DEBT

TABLE 2

General Obligation Debt Outstanding (as of October 1, 2024)		\$ 65,170,000
Add:		
Combination Tax and Revenue Certificates of Obligation, Series 2023A		18,650,000 *
Combination Tax and Revenue Certificates of Obligation, Series 2023B		8,825,000 *
Total Gross General Obligation Debt:		\$ 92,645,000
Less Self-Supporting General Obligation Debt: ⁽¹⁾		<u>\$ 59,382,992</u>
Total Net General Obligation Debt Outstanding:		\$ 33,262,008
Population: 1990 - 1,616; 2000 - 2,810; 2010 - 5,962; 2020 - 9,665; 2024 estimate	11,143	
Per Capita 2024 Net Taxable Valuation -	\$ 351,073	
Per Capita Gross General Obligation Debt -	8,314	
Per Capita Net General Obligation Debt -	2,985	
Ratio of Gross General Obligation Debt to Net Taxable Value	2.37%	
Ratio of Net General Obligation Debt to Net Taxable Value	0.85%	

* Preliminary; subject to change.

⁽¹⁾ General obligation debt in the amounts shown for which repayment is provided from other sources. The amount of self-supporting debt is based on the percentages of revenue support shown in TABLE 7, "COMPUTATION OF SELF-SUPPORTING DEBT BY SOURCE." It is the City's current policy to provide these payments from such revenues; provided this policy is subject to change in the future. In the event payment is not made from revenues, the City will be required to assess an ad valorem tax sufficient to make such payments.

OTHER OBLIGATIONS - CAPITAL LEASES AND NOTES PAYABLE

TABLE 3

The following is a schedule of future minimum capital lease payments for the City as of July 31, 2024.

<u>Payee & Description</u>	<u>Principal Outstanding</u>	<u>Final Payment</u>
General Fund		
IBM Credit - IT Servers	\$ 34,945.93	9/25
<u>Total</u>	\$ 34,945.93	

Source: City of Roanoke

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

TABLE 4

Fiscal Year 30-Sep	Current Total Debt Service	New Debt Service*		Combined Debt Service	Self- Supporting Debt ^(a)	Net General Obligation Debt Service
		Certs of Ob 24A	Certs of Ob 24B			
2025	\$ 8,579,050	\$ 1,208,229	\$ 644,323	\$ 10,431,602	\$ (4,572,099)	\$ 5,859,503
2026	8,238,000	1,319,000	701,500	10,258,500	(4,717,150)	5,541,350
2027	7,723,500	1,318,500	707,750	9,749,750	(4,657,850)	5,091,900
2028	5,519,950	1,317,000	703,000	7,539,950	(4,376,600)	3,163,350
2029	5,230,400	1,314,500	707,750	7,252,650	(4,382,250)	2,870,400
2030	4,838,450	1,316,000	706,500	6,860,950	(4,373,450)	2,487,500
2031	4,196,200	1,316,250	709,500	6,221,950	(4,380,750)	1,841,200
2032	4,198,950	1,315,250	706,500	6,220,700	(4,378,150)	1,842,550
2033	4,191,100	1,318,000	702,750	6,211,850	(4,373,350)	1,838,500
2034	3,863,800	1,319,250	708,250	5,891,300	(4,383,900)	1,507,400
2035	3,863,000	1,319,000	707,500	5,889,500	(4,383,950)	1,505,550
2036	3,857,850	1,317,250	705,750	5,880,850	(4,378,700)	1,502,150
2037	3,863,250	1,319,000	703,000	5,885,250	(4,380,300)	1,504,950
2038	3,108,200	1,319,000	709,250	5,136,450	(4,030,750)	1,105,700
2039	3,096,200	1,317,250	704,000	5,117,450	(4,024,500)	1,092,950
2040	3,100,400	1,318,750	702,750	5,121,900	(4,027,500)	1,094,400
2041	3,103,725	1,318,250	705,250	5,127,225	(4,029,000)	1,098,225
2042	2,377,250	1,315,750	706,250	4,399,250	(4,028,750)	370,500
2043	2,064,000	1,316,250	705,750	4,086,000	(3,716,500)	369,500
2044	2,062,000	1,319,500	708,750	4,090,250	(3,717,500)	372,750
2045	2,066,250	1,315,250		3,381,500	(3,381,500)	-
2046	2,066,250	1,318,750		3,385,000	(3,385,000)	-
2047	2,067,000	1,319,500		3,386,500	(3,386,500)	-
2048	2,063,250	1,317,500		3,380,750	(3,380,750)	-
2049		1,317,750		1,317,750	(1,317,750)	-
	<u>\$ 95,338,025</u>	<u>\$ 32,830,729</u>	<u>\$ 14,056,073</u>	<u>\$ 142,224,827</u>	<u>\$ (100,164,499)</u>	<u>\$ 42,060,328</u>

(a) See TABLE 7 "Computation of self supporting debt by source".

* Preliminary; subject to change

TAX ADEQUACY (Includes Self-Supporting Debt)*

TABLE 5

2024 Net Taxable Value	\$ 3,912,011,083
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9/30/2025) ^(a)	\$ 10,431,602
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.27210

(a) Includes general obligation self-supporting debt.

Note: Above computation is exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAX ADEQUACY (Excludes Self-Supporting Debt)*

TABLE 6

2024 Net Taxable Value	\$ 3,912,011,083
Maximum Annual Debt Service Requirements(Fiscal Year Ending 9/30/2025) ^(a)	\$ 5,859,503
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	\$ 0.15284

(a) Excludes general obligation self-supporting debt.

Note: Above computation is exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

COMPUTATION OF SELF-SUPPORTING DEBT BY SOURCE ⁽¹⁾**TABLE 7****(Includes the Obligations)**

Combination Tax & Revenue Certificates of Obligation, Series 2014	
Gross Balance Outstanding:	\$ 1,745,000
% Self Supporting from other sources:	0.00%
Balance Supported from other sources:	\$ -
General Obligation Refunding Bonds, Series 2014	
Gross Balance Outstanding:	\$ 560,000
% Self Supporting from Utility System:	8.57%
Balance Supported by Utility System:	\$ 47,992
General Obligation Refunding Bonds, Series 2015	
Gross Balance Outstanding:	\$ 1,385,000
% Self Supporting from Utility System:	48.38%
Balance Supported by Utility System:	\$ 670,000
Combination Tax & Revenue Certificates of Obligation, Series 2015	
Gross Balance Outstanding:	\$ 1,705,000
% Self Supporting from other sources:	0.00%
Balance Supported by other sources:	\$ -
Combination Tax & Revenue Certificates of Obligation, Series 2016	
Gross Balance Outstanding:	\$ 7,160,000
% Self Supporting from other sources:	0.00%
Balance Supported by other sources:	\$ -
Combination Tax & Revenue Certificates of Obligation, Series 2017	
Gross Balance Outstanding:	\$ 4,275,000
% Self Supporting from 4A Corporation:	56.02%
Balance Supported by 4A Corporation:	\$ 2,395,000
% Self Supported from Hotel Occupancy Tax:	9.71%
Balance supported by Hotel Occupancy Tax:	\$ 415,000
Tax Notes, Series 2018	
Gross Balance Outstanding:	\$ 265,000
% Self Supporting from other sources:	0.00%
Balance Supported by other sources:	\$ -
General Obligation Refunding Bonds, Series 2018	
Gross Balance Outstanding:	\$ 2,090,000
% Self Supporting from Utility System:	7.66%
Balance Supported by Utility System:	\$ 160,000
General Obligation Refunding Bonds, Series 2020	
Gross Balance Outstanding:	\$ 2,880,000
% Self Supporting from other sources:	0.00%
Balance Supported by other sources:	\$ -
Combination Tax and Revenue Certificates of Obligation, Series 2020	
Gross Balance Outstanding:	\$ 1,635,000
% Self Supporting from other sources:	0.00%
Balance Supported by other sources:	\$ -

COMPUTATION OF SELF-SUPPORTING DEBT BY SOURCE (CONTINUED) ⁽¹⁾

TABLE 7

General Obligation Refunding Bonds, Series 2021	
Gross Balance Outstanding:	\$ 1,325,000
% Self Supporting from other sources:	0.00%
Balance Supported by other sources:	\$ -
Combination Tax and Revenue Certificates of Obligation, Series 2021	
Gross Balance Outstanding:	\$ 2,405,000
% Self Supporting from other sources:	0.00%
Balance Supported by other sources:	\$ -
Combination Tax and Revenue Certificates of Obligation, Series 2022A	
Gross Balance Outstanding:	\$ 3,710,000
% Self Supporting from Crime Control and Prevention District:	100.00%
Balance Supported by Crime Control and Prevention District:	\$ 3,710,000
Combination Tax and Revenue Certificates of Obligation, Series 2022B	
Gross Balance Outstanding:	\$ 3,155,000
% Self Supporting from Utility System:	21.39%
Balance Supported by Utility System:	\$ 675,000
Combination Tax and Revenue Certificates of Obligation, Series 2023A	
Gross Balance Outstanding:	\$ 28,480,000
% Self Supporting from Crime Control and Prevention District:	100.00%
Balance Supported by Crime Control and Prevention District:	\$ 28,480,000
Combination Tax and Revenue Certificates of Obligation, Series 2023B	
Gross Balance Outstanding:	\$ 2,395,000
% Self Supporting from other sources:	0.00%
Balance Supported by other sources:	\$ -
Combination Tax and Revenue Certificates of Obligation, Series 2024A	
Gross Balance Outstanding:	\$ 18,650,000
% Self Supporting from Crime Control and Prevention District:	100.00%
Balance Supported by Crime Control and Prevention District:	\$ 18,650,000
Combination Tax and Revenue Certificates of Obligation, Series 2024B	
Gross Balance Outstanding:	\$ 8,825,000
% Self Supporting from Utility System:	47.00%
Balance Supported by Utility System:	\$ 4,180,000
Combined Totals:	
Gross Balance Outstanding:	\$ 92,645,000
Balance Supported by Utility System:	\$ 5,732,992
% Self Supporting from Utility System:	6.19%
Balance Supported by 4A Corporation:	\$ 2,395,000
% Self Supported from 4A Corporation:	2.59%
Balance supported by Hotel Occupancy Tax:	\$ 415,000
% Self Supported from Hotel Occupancy Tax:	0.45%
Balance supported by Crime Control and Prevention Tax:	\$ 50,840,000
% Self Supported from Crime Control and Prevention Tax:	54.88%

Source: Texas Municipal Report and the City of Roanoke.

⁽¹⁾ General obligation debt in the amounts shown for which repayment is provided from other sources. It is the City's current policy to provide these payments from such revenues; provided this policy is subject to change in the future. In the event payment is not made from revenues, the City will be required to assess an ad valorem tax sufficient to make such payments.

COMPUTATION OF UTILITY SYSTEM SELF-SUPPORTING DEBT (as of September 30, 2023)

TABLE 8

Total Revenues ^(a)	\$ 9,102,174
Less: Operating Expenses ^(b)	(7,766,165)
Net Available Revenue	<u>\$ 1,336,009</u>
Less: Debt Service Requirements on Outstanding Revenue Bonds	-
Balance Available for Other Purposes	<u><u>\$ 1,336,009</u></u>
 Maximum Annual Debt Service for Utility System Self Supporting Debt (2026)	 \$ 407,650 *

^(a) Includes operating, non-operating revenues and transfers.

^(b) Excludes depreciation expense.

Source: Financial Statements of the City of Roanoke.

* Preliminary; subject to change.

PRINCIPAL REPAYMENT SCHEDULE

TABLE 9

Fiscal Year Ending 9/30	Outstanding Obligations	Certificates of Obligation 2024A *	Certificates of Obligation 2024B *	Total *	Bonds Unpaid at End of Year *	Percent of Principal Retired (%) *
2025	\$ 5,720,000	\$ 470,000	\$ 295,000	\$ 6,485,000	\$ 86,160,000	7.00%
2026	5,610,000	410,000	275,000	6,295,000	79,865,000	13.79%
2027	5,325,000	430,000	295,000	6,050,000	73,815,000	20.32%
2028	3,340,000	450,000	305,000	4,095,000	69,720,000	24.74%
2029	3,190,000	470,000	325,000	3,985,000	65,735,000	29.05%
2030	2,935,000	495,000	340,000	3,770,000	61,965,000	33.12%
2031	2,420,000	520,000	360,000	3,300,000	58,665,000	36.68%
2032	2,530,000	545,000	375,000	3,450,000	55,215,000	40.40%
2033	2,630,000	575,000	390,000	3,595,000	51,620,000	44.28%
2034	2,415,000	605,000	415,000	3,435,000	48,185,000	47.99%
2035	2,515,000	635,000	435,000	3,585,000	44,600,000	51.86%
2036	2,615,000	665,000	455,000	3,735,000	40,865,000	55.89%
2037	2,735,000	700,000	475,000	3,910,000	36,955,000	60.11%
2038	2,100,000	735,000	505,000	3,340,000	33,615,000	63.72%
2039	2,180,000	770,000	525,000	3,475,000	30,140,000	67.47%
2040	2,280,000	810,000	550,000	3,640,000	26,500,000	71.40%
2041	2,385,000	850,000	580,000	3,815,000	22,685,000	75.51%
2042	1,765,000	890,000	610,000	3,265,000	19,420,000	79.04%
2043	1,540,000	935,000	640,000	3,115,000	16,305,000	82.40%
2044	1,615,000	985,000	675,000	3,275,000	13,030,000	85.94%
2045	1,700,000	1,030,000	-	2,730,000	10,300,000	88.88%
2046	1,785,000	1,085,000	-	2,870,000	7,430,000	91.98%
2047	1,875,000	1,140,000	-	3,015,000	4,415,000	95.23%
2048	1,965,000	1,195,000	-	3,160,000	1,255,000	98.65%
2049	-	1,255,000	-	1,255,000	-	100.00%
	<u>\$ 65,170,000</u>	<u>\$ 18,650,000</u>	<u>\$ 8,825,000</u>	<u>\$ 92,645,000</u>		

* Preliminary; subject to change.

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2020-2024

TABLE 10

Tax Year	Net Taxable Valuation	Change From Preceding Year	
		Amount (\$)	Percent
2020	\$ 2,513,032,619	\$ 254,382,810	12.29%
2021	2,703,538,822	169,832,780	6.76%
2022	3,269,061,624	586,196,225	21.68%
2023	3,783,544,080	354,125,378	10.83%
2024	3,912,011,083	128,467,003	3.40%

Source: Denton and Tarrant County Appraisal Reports and City of Roanoke.

ASSESSED VALUATION AND EXEMPTION HISTORY

TABLE 11

	2024	2023	2022	2021	2020
Total Market Value:	\$ 4,977,564,350	\$ 4,899,963,833	\$ 4,091,147,014	\$ 3,521,964,583	\$ 3,370,661,500
Less: Homestead Cap:	\$ 83,758,151	\$ 151,831,162	\$ 50,246,677	\$ 5,010,530	\$ 2,831,434
Productivity Loss:	\$ 30,537,137	\$ 36,438,063	\$ 29,743,078	\$ 27,726,154	\$ 38,714,647
	\$ 114,295,288	\$ 188,269,225	\$ 79,989,755	\$ 32,736,684	\$ 41,546,081
Total Assessed Valuation	\$ 4,863,269,062	\$ 4,711,694,608	\$ 4,011,157,259	\$ 3,489,227,899	\$ 3,329,115,419
Less Exemptions:					
Homestead:	\$ 190,966,184	\$ 187,631,767	\$ 154,398,520	\$ 128,953,232	\$ 117,308,787
Over 65:	15,850,454	14,373,083	14,240,696	13,221,701	12,424,292
Disabled Persons:	58,500	76,500	76,500	85,500	82,782
Disabled Veterans:	16,550,304	12,135,516	10,731,267	8,444,774	6,558,037
Freeport:	467,863,845	462,401,839	351,896,979	446,677,599	483,653,591
House Bill 366	55,836	75,297	87,753	4,053	4,357
Pollution Control	233,715	234,519	74,459	74,459	116,634
Exempt Property	155,706,582	172,163,410	134,428,341	127,615,674	120,925,707
Prorated Exempt Property	-	-	-	-	-
Abatements	-	-	-	2,349,552	1,995,987
Other:	680,165	-	126,849	47,678	24,275,052
	\$ 847,965,585	\$ 849,091,931	\$ 666,061,364	\$ 727,474,222	\$ 767,345,226
Freeze Taxable	\$ 103,292,394	\$ 79,058,597	\$ 76,034,271	\$ 58,214,855	\$ 48,737,574
Net Taxable Valuation	\$ 3,912,011,083	\$ 3,783,544,080	\$ 3,269,061,624	\$ 2,703,538,822	\$ 2,513,032,619

Source: Denton and Tarrant County Appraisal Reports and City of Roanoke.

PRINCIPAL TAXPAYERS

TABLE 12

<u>Name</u>	<u>Type of Business</u>	<u>2024 Net Taxable Valuation</u>	<u>% of Total 2024 Valuation</u>
CitiCorp Technology Inc.	Information Technology	\$ 322,408,702	8.24%
Amerisource Bergen Drug Corp	Health	212,896,054	5.44%
Charles Schwab & Co. Inc	Financial	169,617,048	4.34%
W.W. Grainger Inc.	Wholesale	120,706,817	3.09%
AT Industrial 4 HoldCo LP	Industrial	113,991,772	2.91%
IBM Credit LLC	Financial	104,630,440	2.67%
Cardinal Health 110 LLC	Health	103,789,370	2.65%
Mid America Apartments, LP	Housing	86,317,048	2.21%
Mid America Apartments, LP	Housing	83,300,000	2.13%
Albertsons Companies Inc	Grocer	75,318,800	1.93%
Total		\$ 1,392,976,051	35.61%

Source: Denton Central Appraisal District and Tarrant Appraisal District and City of Roanoke.

PROPERTY TAX RATES AND COLLECTIONS ^(a)

TABLE 13

<u>Tax Year</u>	<u>Net Taxable Valuation^(a)</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>% Collections</u>		<u>Fiscal Year Ended</u>
				<u>Current</u>	<u>Total</u>	
2020	\$ 2,513,032,619	\$ 0.37512	\$ 9,532,802	99.97%	99.97%	9/30/2021
2021	2,682,865,399	0.37512	10,130,941	99.88%	99.88%	9/30/2022
2022	3,269,061,624	0.37512	10,966,520	98.41%	98.41%	9/30/2023
2023	3,623,187,002	0.30804	11,160,829	99.78%	99.78%	9/30/2024
2024	3,623,187,002	0.30804	11,160,829	(in process of collections)		9/30/2025

^(a) Adjusted figures reported by Denton County as of the end of each Fiscal Year.

Source: City of Roanoke.

TAX RATE DISTRIBUTION

TABLE 14

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>
General Fund	\$ 0.178187	\$ 0.169665	\$ 0.182348	\$ 0.195016	\$ 0.184043
I & S Fund	0.129852	0.138374	0.157431	0.180104	0.191077
TOTAL	\$ 0.308039	\$ 0.308039	\$ 0.339779	\$ 0.375120	\$ 0.375120

Sources: City of Roanoke.

MUNICIPAL SALES TAX

TABLE 15

The City has adopted the provisions of Sections 321.506 & 321.507, Texas Tax Code, which provides for the maximum levy of a one percent (1%) sales tax which may be used by the City for any lawful purpose except that the City may not pledge any of the anticipated sales tax revenue to secure the payment of obligations or other indebtedness. Pursuant to elections authorizing the collection of additional sales and uses taxes for special purposes, beginning on April 1, 1996 and October 1, 1999, the City began collecting an additional one percent (1%) sales and use tax for economic development under Chapters 504 and 505, respectively, of the Texas Local Government Code (previously, Sections 4A and 4B of Article 5190.6 Vernon's Annotated Texas Civil Statutes). Beginning on October 1, 2022 (pursuant to an election held on May 7, 2022), the City began collecting a 0.50% crime control district sales and use tax pursuant to Chapter 363, Texas Local Government Code, and ceased collection of the 4B sales and use tax. Net collections for the City's sales and use tax and the sales tax for each corporation are shown below.

<u>Calendar Year</u>	<u>Total 2% Collected</u>	<u>1.00% General Fund</u>	<u>0.50% 4A Corp</u>	<u>0.50% 4B Corp⁽¹⁾</u>
2020	18,439,356	9,219,678	4,609,839	4,609,839
2021	21,096,071	10,548,036	5,274,018	5,274,018
2022	23,663,642	11,831,821	5,915,911	5,915,911
2023	19,292,185	9,646,093	4,823,046	4,823,046
2024	12,602,517 *	6,301,259 *	3,150,629 *	3,150,629 *

Source: State Comptroller's Office of the State of Texas and information from the Issuer.

* Current year collections are as of September 4, 2024

⁽¹⁾ Beginning on October 1, 2022 (pursuant to an election held on May 7, 2022), the City began collecting a 0.50% crime control district sales and use tax pursuant to Chapter 363, Texas Local Government Code, and ceased collection of the 4B sales and use tax.

OVERLAPPING DEBT DATA AND INFORMATION

TABLE 16

<u>Taxing Body</u>	<u>Principal Outstanding</u>	<u>As of</u>	<u>% Overlapping</u>	<u>Amount Overlapping</u>
Denton County	\$ 688,505,000	8/31/2024	2.33%	\$ 16,042,167
Northwest ISD	2,280,247,569	8/31/2024	10.60%	241,706,242
Tarrant County	345,130,000	8/31/2024	0.06%	207,078
Tarrant County College Dist.	569,915,000	8/31/2024	0.06%	341,949
Tarrant Co Hosp. Dist.	440,020,000	8/31/2024	0.06%	264,012
Total Gross Overlapping Debt				\$ 258,561,448
City of Roanoke	\$ 92,645,000	(this issue)	100.00%	92,645,000 ⁽¹⁾
Total Direct and Overlapping Debt				\$ 351,206,448
Ratio of Direct and Overlapping Debt to 2024 Net Assessed Valuation				8.98%
Ratio of Direct and Overlapping Debt to 2024 Actual Value				7.06%
Per Capita Direct and Overlapping Debt				\$ 31,518.12

Note: The above figures show Gross General Obligation Debt for the City of Roanoke, Texas

The Issuer's Net General Obligation Debt is \$ 33,262,008

Calculations on the basis of Net General Obligation Debt would change the above figures as follows:

Total Direct and Overlapping Debt	\$ 291,823,456
Ratio of Direct and Overlapping Debt to 2024 Net Assessed Valuation	7.46%
Ratio of Direct and Overlapping Debt to 2024 Actual Value	5.86%
Per Capita Direct and Overlapping Debt	\$ 26,188.95

(1) Includes the Certificates.

Source: City of Roanoke and Texas Municipal Report published by the Municipal Advisory Council of Texas.

ASSESSED VALUATION AND TAX RATES OF OVERLAPPING ENTITIES

TABLE 17

<u>Governmental Entity</u>	<u>Year</u>	<u>Valuation</u>	<u>Tax Rate</u>
Denton County	2023	\$ 177,207,953,929	\$ 0.1890
Northwest ISD	2023	35,583,578,983	1.0900
Tarrant County	2023	285,871,189,724	0.1950
Tarrant Co College Dist.	2023	310,866,090,441	0.1120
Tarrant Co Hosp. Dist.	2023	287,594,945,024	0.1950

Source: The Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL ENTITIES

TABLE 18

<u>Governmental Entity</u>	<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued To Date</u>	<u>Unissued</u>
Denton County	11/8/2022	Streets & Roads	650,000,000	213,309,375	436,690,625
Denton County	5/15/2004	Equipment	206,870,000	204,870,000	2,000,000
Northwest ISD	5/6/2023	Facilities and Tech	1,995,500,000	800,000,000	1,195,500,000
Tarrant County	11/2/2021	Roads	400,000,000	225,000,000	175,000,000
Tarrant County	8/8/1998	County Facilities	94,300,000	78,700,000	15,600,000
Tarrant County	5/13/2006	County Buildings	433,120,000	418,120,000	15,000,000
Tarrant Co College Dist	11/5/2019	College Facility	825,000,000	700,000,000	125,000,000
Tarrant Co Hospital Dist	11/6/2018	Hospital	800,000,000	450,000,000	350,000,000

Source: The Municipal Advisory Council of Texas - Texas Municipal Reports, and issuer official statements.

**GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES
AND ANALYSIS OF CHANGES IN FUND BALANCES**

TABLE 19

	Fiscal Year Ending September 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Fund Balance - Beginning of Year	\$ 14,472,063	\$ 11,006,121	\$ 8,221,104	\$ 7,168,500	\$ 5,947,375
Revenues:					
Sales Taxes	\$ 12,679,177	\$ 12,246,584	\$ 10,410,771	\$ 9,039,798	\$ 8,475,563
Ad valorem taxes	5,791,728	5,252,122	4,650,908	4,041,124	3,540,258
Liquor taxes/Intergovernmental	152,411	158,036	136,334	102,385	129,474
Donations	69,490	827	4,781	1,003	13,235
Fines & Forfeitures	600,037	663,388	738,002	569,695	707,933
Gross Receipts Tax	1,622,133	1,519,458	1,409,640	1,439,154	1,500,730
Licenses and Permits	477,560	922,855	584,600	1,002,646	1,629,848
Investment/Interest Income	666,296	56,906	2,479	15,254	44,301
Grants & Awards	13,063,559	4,316,642	3,424,241	3,884,675	3,402,202
Charges for Services	1,841,836	1,604,218	1,206,893	933,635	1,317,029
Other Revenue	618,852	265,805	415,407	588,773	554,526
Total Revenues	<u>\$ 37,583,079</u>	<u>\$ 27,006,841</u>	<u>\$ 22,984,056</u>	<u>\$ 21,618,142</u>	<u>\$ 21,315,099</u>
Expenditures:					
General Government	\$ 6,828,251	\$ 5,143,324	\$ 4,802,421	\$ 5,033,709	\$ 4,789,286
Public Safety	9,882,450	11,308,245	10,035,235	9,229,186	9,220,501
Cultural and recreation	4,423,710	3,629,170	3,348,025	3,240,141	3,533,171
Public works	1,799,161	1,875,156	1,735,532	1,873,949	1,914,189
Debt Service	36,194	31,109	45,377	58,736	94,640
Capital Expenditures	948,977	906,562	-	380,677	167,048
Total Expenditures	<u>\$ 23,918,743</u>	<u>\$ 22,893,566</u>	<u>\$ 19,966,590</u>	<u>\$ 19,816,398</u>	<u>\$ 19,718,835</u>
Excess (Deficit) of Revenues Over Expenditures	\$ 13,664,336	\$ 4,113,275	\$ 3,017,466	\$ 1,801,744	\$ 1,596,264
Other Sources (Uses)					
Capital Lease	\$ 15,859	\$ -	\$ -	\$ 148,720	\$ 55,999
Operating Transfers	(317,287)	(647,333)	(232,449)	(897,860)	(431,138)
Prior Period Adjustment	<u>\$ (2,239,239)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - End of Year	<u>\$ 25,595,732</u>	<u>\$ 14,472,063</u>	<u>\$ 11,006,121</u>	<u>\$ 8,221,104</u>	<u>\$ 7,168,500</u>

Source: The Issuer's Financial Statements.

FUND BALANCES**TABLE 20**

(unaudited as of July 31, 2024)

General Operating Fund	\$	23,362,054
General Obligation Bond Interest and Sinking Funds		5,195,582
Capital Projects Fund		28,665,983
Water and Sewer Operating Fund		8,428,925
Water and Sewer Capital Projects Fund		492,849
Special Revenue Funds		2,676,155
REIDC - Type A		11,840,632
RCEDC - Type B		4,308,319
	\$	<u>84,970,498</u>

Source: City of Roanoke

APPENDIX B

GENERAL INFORMATION REGARDING THE CITY OF ROANOKE AND DENTON COUNTY, TEXAS

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**INFORMATION REGARDING THE CITY OF ROANOKE
AND DENTON COUNTY, TEXAS**

GENERAL

The City of Roanoke, incorporated in 1933, is located primarily in Denton County, with a small portion of the City in Tarrant County. The City is located 23 miles north of Fort Worth, 30 miles west of Dallas and only 5 miles from the Fort Worth Alliance Airport. The City occupies a land area of 6.5 square miles and serves a population of approximately 8,400. The City currently enjoys a favorable economic environment and indicators point to continued growth. The City of Roanoke has been successful in recruiting quality companies, creating jobs and significantly expanding the local tax base.

Denton County is located in north central Texas and is the ninth most populous county in the state. The economy is diversified by manufacturing, state supported institutions, and agriculture. Minerals produced in the County include natural gas and clay. Institutions of higher education include the University of North Texas and Texas Women's University. Alliance Airport (the largest industrial airport in the world), Texas Motor Speedway (a major NASCAR race track) and a major Wal-Mart distribution center are also located in Denton County.



POPULATION TRENDS

<u>Year</u>	<u>City of Roanoke</u>	<u>Denton County</u>
2024 estimate	11,143	1,010,705
2020	9,665	906,422
2010	7,500	662,614
2000	2,810	432,976
1990	1,616	273,525

Source: City of Roanoke, United States Census Bureau and North Texas Council of Governments.

LEADING EMPLOYERS

<u>Employer</u>	<u>Principal Line of Business</u>	<u>2023 Approximate Number of Employees</u>
General Motors Corporation	Auto Manufacturer	460
WW Grainger	Parts Distribution	450
Martin Brower	Restaurant Supplier	450
Wal-Mart	Retail	400
Randall's / Tom Thumb	Grocery Distribution	360
Home Depot	Retail and Home Improvement	325
Cardinal Health	Medical Supply Distribution	270
Amerisource Bergen	Pharmaceutical Distribution	260
Behr Process Corp	Paint Distribution	240
Heritage Bag	Manufacturer	210

Source: City of Roanoke

EMPLOYMENT STATISTICS

	<u>Denton County</u>		<u>State of Texas</u>	
	<u>July 2024</u>	<u>July 2023</u>	<u>July 2024</u>	<u>July 2023</u>
Total Civilian Labor Force	581,394	571,649	15,454,094	15,124,871
Total Employed	558,449	550,192	14,776,132	14,486,077
Total Unemployed	22,945	21,457	677,962	638,794

Source: Texas Workforce Commission – Labor Market Information.

UNEMPLOYMENT RATES

	<u>July 2024</u>	<u>July 2023</u>
Denton County	3.9%	3.8%
State of Texas	4.2%	4.4%
United States of America	4.5%	3.8%

Source: Texas Workforce Commission – Labor Market Information.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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Proposed Form of Opinion of Bond Counsel

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

**CITY OF ROANOKE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2024A**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$18,650,000

AS BOND COUNSEL FOR THE CITY OF ROANOKE, TEXAS, (the "Issuer") in connection with the issuance of the Certificates of Obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates and in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued and delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from a pledge of the surplus revenues from the operation of the Issuer's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are secured by a lien on all or any part of the net revenues of the Issuer's waterworks and sewer system, all as defined and provided in the Ordinance.

IT IS FURTHER OUR OPINION that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Certificates (i) is excludable from the gross income of the owners thereof and (ii) 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, we express



no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates.

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

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

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

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



that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

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Proposed Form of Opinion of Bond Counsel

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

**CITY OF ROANOKE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2024B**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$8,825,000

AS BOND COUNSEL FOR THE CITY OF ROANOKE, TEXAS, (the "Issuer") in connection with the issuance of the Certificates of Obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which bear interest from the dates and mature on the dates, and are not subject to redemption, in accordance with the terms and conditions stated in the text of the Certificates and in the ordinance of the Issuer authorizing the issuance and sale of the Certificates (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized, issued and delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Certificates constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates have been levied and pledged for such purpose, within the limit prescribed by law, and that the Certificates are additionally secured by and payable from a pledge of the surplus revenues from the operation of the Issuer's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are secured by a lien on all or any part of the net revenues of the Issuer's waterworks and sewer system, all as defined and provided in the Ordinance.

IT IS FURTHER OUR OPINION that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Certificates (i) is excludable from the gross income of the owners thereof and (ii) 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, we express



no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Certificates.

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Certificates and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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

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

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

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



that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Respectfully,

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APPENDIX D

EXCERPTS FROM THE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

(Independent Auditor's Report, General Financial Statements and Notes to the Financial Statements - not intended to be a complete statement of the Issuer's financial condition. Reference is made to the complete Annual Financial Report for further information.)

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City of Roanoke

Annual Comprehensive Financial Report



Fiscal Year Ending September 30, 2023



500 S. Oak Street • Roanoke, TX 76262 • www.roanoketexas.com

**City of Roanoke, Texas
Annual Comprehensive Financial Report
Fiscal Year Ended
September 30, 2023**

**Prepared by
City of Roanoke
Department of Fiscal and Administrative Services**

**500 S. Oak Street
Roanoke, Texas 76262**

City of Roanoke, Texas
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2023

Table of Contents

	<u>Page</u>
I. INTRODUCTORY SECTION (unaudited)	
Letter of Transmittal	i-vii
Organizational Chart	viii
City Officials and Administrative Officers	ix
GFOA Certificate of Achievement	x
 II. FINANCIAL SECTION	
Independent Auditor's Report	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-15
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
 Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
 Proprietary Fund Financial Statements	
Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Fund Net Position	23
Statement of Cash Flows.....	24
 Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position.....	25
Statement of Changes in Fiduciary Net Position	26
 Discretely Presented Component Units	
Statement of Net Position	27
Statement of Activities	28
 Notes to Basic Financial Statements	 29-69
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	70
Schedule of Contributions – Texas Municipal Retirement System.....	71
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	72
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – General Fund.....	73

City of Roanoke, Texas
Annual Comprehensive Financial Report
Fiscal Year Ended September 30, 2023

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Crime Control and Prevention District Fund	74
---	----

COMBINING FUND FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS OF THE DISCRETELY PRESENTED COMPONENT UNITS (unaudited)

Nonmajor Governmental Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	77
Fiduciary Funds	
Combining Statement of Fiduciary Net Position – Fiduciary Funds – Custodial Funds	79
Combining Statement of Changes in Fiduciary Net Position–Fiduciary Funds–Custodial Funds	80
Discretely Presented Component Units	
Roanoke Economic Industrial Development Corporation	
Balance Sheet	82
Reconciliation of the Balance Sheet to the Statement of Net Position	83
Statement of Revenues, Expenditures and Changes in Fund Balances	84
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	85
Roanoke Community Economic Development Corporation	
Balance Sheet/Statement of Net Position	86
Statement of Revenues, Expenditures, and Changes in Fund Balances/Net Position	87
AI & Lula Mae Slaughter Park Foundation	
Balance Sheet/Statement of Net Position	88
Statement of Revenues, Expenditures, and Changes in Fund Balances/Net Position	89

III. STATISTICAL SECTION (unaudited)

Table

Net Position by Component	1	91
Changes in Net Position by Component	2	92-93
Fund Balances, Governmental Funds	3	94
Changes in Fund Balances, Governmental Funds	4	95
Assessed Value and Estimated Actual Value of Taxable Property	5	96
Direct and Overlapping Property Tax Rates	6	97
Principal Property Taxpayers	7	98
Ad Valorem Tax Levies and Collections	8	99
Ratio of Outstanding Debt by Type	9	100
Ratio of General Bonded Debt Outstanding	10	101
Legal Debt Margin Information	11	102
Direct and Overlapping Governmental Activities Debt	12	103
Pledged Revenue Coverage	13	104
Demographic and Economic Statistics	14	105
Principal Employers	15	106
Full-Time Equivalent City Government Employees by Function/Program	16	107
Operating Indicators by Function/Program	17	108
Capital Asset Statistics by Function/Program	18	109

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report	110-111
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**Introductory Section
(Unaudited)**



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March 29, 2024

To the Honorable Mayor,
Members of the City Council, and
Citizens of the City of Roanoke, Texas

The Finance Department and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report for the City of Roanoke, Texas ("City"), for the fiscal year ended September 30, 2023.

This report complies with State law which requires that all local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report provides the City Council, City staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. The report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy, completeness, and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits derived from them, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by FORVIS, LLP, a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified ("clean") opinions on the City's financial statements for the fiscal year ended September 30, 2023. The independent auditor's report is located at the front of the Financial Section of this report.

This report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a listing of City Officials, and an organizational chart of the City. The Financial Section includes the independent auditor's report on the basic financial statements, Management's Discussion and Analysis ("MD&A"), basic financial statements, the notes to the basic financial statements, and combining and individual fund statements and schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The City of Roanoke's MD&A can be found immediately following the independent auditor's report. The Statistical Section includes financial and demographic information relevant to readers of the City's financial statements. The statistical data is generally presented on a multi-year basis.

PROFILE OF THE CITY OF ROANOKE, TEXAS

The City of Roanoke is located in North Central Texas with portions of the city in Denton County and Tarrant County. The City is situated 23 miles north of downtown Fort Worth and 30 miles west of downtown Dallas. Roanoke is readily accessible by State Highway 114, State Highway 170, and Farm-to-Market Road 377. Roanoke's centralized location provides quick access to both the Dallas and Fort Worth Metropolitan areas and is only 13 miles from the Dallas-Fort Worth International Airport ("DFW Airport"), one of the world's busiest airports. Originally incorporated in 1933, The City of Roanoke currently occupies 6.5 square miles and serves a population of 10,775 according to the 2023 World Population Review.

The City is a home-rule city and operates under the Council-Manager form of government. The elected seven-member council is comprised of a Mayor and six Council members. The six council members represent 3 wards with 2 members from each ward. The Council has the authority to enact local legislation, levy taxes, incur debt, adopt budgets, and determine policies and regulations governing the City. The City Council appoints the City Manager, Municipal Court Judge, and the City Attorney. The City Manager reports directly to the City Council, and is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. City Council are elected on a non-partisan basis. The Mayor and Council members serve three-year terms. The Council members are elected by ward, and the Mayor is elected at-large. In addition, several boards and commissions were created to assist the City Council in deciding matters of policy and procedure and meet on various issues throughout the year.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by State statute to extend its corporate limits by annexations, which could occur periodically when deemed appropriate by the governing council.

The City provides a full range of general governmental services to its citizens including police and fire protection; emergency ambulance service; municipal court operations; development and code services; construction and maintenance of streets, highways, parks, and recreational facilities; water service and wastewater collection and treatment; library operations; visitor's center and museum; and general administrative services. Private contractors, through franchise agreements, provides solid waste and recycling collections and disposal services for the City.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Roanoke), as well as all of its component units. Three component units of the City, the Roanoke Economic Industrial Development Corporation (“REIDC”), the Roanoke Crime Control & Prevention District (“RCCPD”) and the Al & Lula Mae Slaughter Park (“Slaughter Park”) Foundation, are presented in the financial statements as discretely presented component units. These entities are legally separate entities for which the primary government is financially accountable but not part of the primary government’s operations. Additional information on these discretely presented component units can be found in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City of Roanoke’s financial planning and control. Per the City Charter, the City Manager provides to the City Council the proposed budget by August 1st each year. The budget is filed with the City Secretary and is open for public inspection. Upon receipt of the budget, the City Council sets a date for a public hearing at which time interested citizens may express their opinions regarding the proposed budget. The Charter requires the Council to adopt the budget by a favorable majority vote prior to the beginning of the next fiscal year.

The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the individual fund level. Financial reports are produced showing budget to actual expenditures by line item and are distributed monthly to City departments for review, and quarterly to the City Council.

ECONOMIC CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Roanoke operates.

The City of Roanoke is located in both Denton and Tarrant County, two of the fastest-growing counties in Texas, in the heart of the Dallas/Fort Worth (“DFW”) Metroplex and in close proximity to both the DFW International Airport and the Alliance Airport. Thus, the economic vitality of the region significantly impacts the economic health of Roanoke.

According to the North Texas Commission, DFW is quite unique. Home to 7.7 million people, North Texas is one of the fastest growing regions in the US. DFW is currently the fourth largest metropolitan region in the US and on the way to becoming one of the top three, as the area has 15 cities with populations over 100,000. North Texas is reported to grow by 1 person every 3.3 minutes. With its highly diversified and strong, DFW has a Gross Domestic Product of \$682 billion, a labor force over 4 million strong with the fifth largest concentration of tech workers in the United States, a 6.1% job growth rate, 24 Fortune 500 Companies, and 35 colleges and/or universities, including numerous junior colleges, with enrollment over 480,000. Such an economic environment has helped the region weather economic downturns in key sectors better than other regions of the nation.

DFW Airport reports itself as the second busiest airport in the world based on passengers and third busiest in terms of operations, handling over 73 million passengers a year and providing service to 260 destinations. DFW's central North American location makes it the preeminent U.S. hub and connecting point for the entire continent, with the ability to reach every major city in the continental United States within four hours or less. Powering a \$535 billion economy by Gross Domestic Product (GDP) and representing 30% of the state GDP, DFW is known as the economic engine for the North Texas region. DFW is home to 23 Fortune 500 companies, 33 major colleges and universities, and 15 professional sports and e-sports teams. The region powers a \$37 billion annual economy, covering 17,200 acres of land, supporting 60,000 on-airport employees, 228,000 local jobs, and an annual payroll of \$12.5 billion. (SOURCE: DFW website www.dfwairport.com *DFW Airport 2022 Comprehensive Annual Financial Report*).

The AllianceTexas, a Hillwood development, geographically spans two counties, five school districts, and nine municipalities, including the City of Roanoke. This area is a 27,000-acre master-planned, mixed-use community which is home to 562+ companies with more than 55 million square feet of office, retail, and industrial space, over 66,000 employees, 13,941+ single-family homes and over 2,775 multi-family units. AllianceTexas is anchored by the inland port known as the Alliance Global Logistics Hub. The development includes Fort Worth's Alliance Airport, the first purely industrial airport in the Western Hemisphere, which serves as the cornerstone for the nation's fastest-growing industrial complex. The area offers a variety of commercial real estate options as well as industrial, office, and retail space. Additionally, the AllianceTexas development contributed an estimated \$10.88 billion to North Texas in 2022. (SOURCE: Alliance website www.allianceairport.com, *AllianceTexas Fact Sheet 2022*).

The City of Roanoke continues to enjoy a favorable economic environment. During fiscal year 2023, property values reached an all-time high, and continue to rise as companies discover Roanoke as a prime location to establish operations. The City of Roanoke has been successful in recruiting several Fortune 50 and Fortune 500 companies, thus creating jobs, and significantly expanding the local tax base. In addition, Roanoke's designation as the "Unique Dining Capital of Texas" has allowed the City to enhance the downtown area, offering several "unique" dining options, eclectic shopping, and making it a true destination for the citizens and local communities. Management continually monitors revenue collections with expenditure patterns to ensure the City maintains a healthy financial position.

Taxable value for all residential and commercial property in the City of Roanoke totaled approximately \$3.2 billion for fiscal year 2023, an 18% increase from the prior year, due to increases in both residential and commercial real estate values. Increased strength in employment and growth in new residential and commercial construction are leading indicators of continued growth in the City's property tax base. Sales tax collections increased during FY2022-23 as new businesses came on board and existing businesses showed complete recovery from the previous year's concerns surrounding the Covid-19 pandemic. Additionally, the City of Roanoke's unemployment rate continues to remain well below the state and national levels. As of January 2024, the State of Texas unemployment rate was at 3.9% and the national rate was 3.7%.

Roanoke has several large tracts of undeveloped land within the City's boundaries and continues to focus on attracting quality, sustainable development to the area and to renew the emphasis on business retention. Over the last several years, Roanoke has experienced single-family residential, commercial, and industrial growth. The historic downtown Oak Street continues to attract unique restaurants which allowed the Texas House of Representatives to appoint Roanoke as the Unique Dining Capital of Texas. In addition, this area has attracted eclectic boutiques and retail stores.

Roanoke's focus on tourism often brings crowds of over 25,000 or more to local events, attracting visitors from across the Metroplex, around the state, and beyond. Major events include Celebrate Roanoke, Roanoke Hometown Holiday, Roanoke Roundup, the All American Fireworks Festival, Roanoke Farmer's Market, Fishing in the Park, and Evening on Oak Street Concert Series.

During the fiscal year 2023, the City issued 75 Certificates of Occupancy, including new restaurants, industrial and retail space throughout the City. The City's retail corridor along the Oak Street continues to be an attractive area for visitors, with new businesses such as Heimbaker's Market and Deli, Oak Street Beauty Bar, Board & Brie, and others bringing in substantial retail sales activity in the last several years. Downtown also saw the completion of the Magnolia Live/Work Project in FY22, which is a three-story mixed-use project including 78 urban residential units, 16 live/work units and 5,070 square feet of retail. Portions of the Roanoke City Center were also completed during that year. At its completion, the Center will include approximately 115,000 square feet of retail space, 80,000 square feet of office space, 311 urban residential units (completed), and 35 townhomes (90% complete). Outside of the Oak Street Corridor, new Roanoke businesses include GNC, Massage Therapy, MOD Pizza, Movement Fitness Studio, Sunbelt Rentals, Wild Shelf Bistro, Bingham Family Cellars, Bahama Buck's, and additional retail and office space available for lease.

The City continued their commitment to providing quality infrastructure by completing the reconstruction of Denton and Houston Streets in FY2023.

LONG-TERM FINANCIAL PLANNING

The City of Roanoke has developed a comprehensive capital improvement plan, as well as a multi-year financial plan for the City's major funds. Such strategic planning has allowed the City to fund several major infrastructure improvements, new facilities, park additions and enhancements, and capital purchases in a systematic manner while considering the full impact to the operating budget and tax requirements. While many of these projects have been funded through the issuance of debt, the City has been able to maintain a flat property tax rate for a full 25 years, and was even able to reduce the rate for FY2023 and FY2024.

Major capital improvement plans for the next five years include: a new conference Center, a new police and court facility, currently under design; concrete street improvements on Denton/Houston, Howe Road, and Dorman Road. Street overlays on Mesa Butte Road, Ashley Road, Alyse Court, and Alyse Road. In addition, new trails are being considered according to the trail master plan. During FY2023, the City completed its residential smart meter replacement program, which has since been well-received by Roanoke utility customers. In addition, the City continues to work with the Texas Department of Transportation on the widening of US 377 project, which is currently underway. The City's portion has been completed and included relocation of water and wastewater lines along the roadway.

The City Council and citizens of Roanoke have determined that debt issuance is a viable method of financing major capital projects. Analysis of potential debt issuance includes the operating impact that the repayment thereof will have on citizens, property tax rates, and enterprise fund service fee revenues. Per the City's fiscal policies, long-term debt will not be used for operating purposes, and the life of the debt instruments will not exceed the useful life of the projects financed. Policy also specifies that bonds with an average life of 25 years or less will be issued to reduce net interest cost and maintain future flexibility by paying off debt earlier. The majority of the City's existing long-term debt was used to finance infrastructure needs and traditional government facilities, streets, utility infrastructure, and development of parks and open spaces.

The City's fiscal policies state current expenditures will be paid with current revenues. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used for emergencies or nonrecurring expenditures, except when balances can be reduced because levels exceed guidelines or legally-required minimums.

Fiscal policies provide for a General Fund reserve equal to between 30 and 60 days of the total expenditures of the General Fund. At no time will the reserve fall below 8.3% of the General Fund expenditure level (i.e., 30-day level). The current operating reserve is at 383 days of expenditures which equates to approximately 88% of next year's budgeted expenditures. It should be noted that the City recognized a contribution from the Roanoke Economic Development Corporation into the General Fund in FY23, which significantly increased ending General Fund balance. This contribution was a result of the Corporation ceasing to exist during FY23 and the remaining balance being moved. At the end of the current year, the City was in compliance with this fiscal policy reserve level.

The City's fiscal policies for the Water and Wastewater Fund requires the maintenance of a minimum reserve of sixty days of operating revenue. The City currently maintains 320-day reserve, which is well above the minimum reserve requirements.

Standard & Poor's Global Ratings Services ("S&P"), a division of the McGraw-Hill Companies, Inc., rates the City's general obligation debt and certificates of obligation. In FY2023, S&P reaffirmed its 'AA' long-term rating with a positive outlook on the City's debt. This outlook reflects S&P's opinion of the city's continued tax base diversification due to ongoing tax base growth and very strong reserves that are expected to double as a percentage of expenditures in the next two years. Additional information about the rating agency or the significance of the credit rating may be obtained from its website.

MAJOR INITIATIVES

The City's Capital Improvement Program addresses facility and infrastructure needs throughout the City. The Parks and Trail Master Plan focuses on improving the quality of life for the community, including hike/bike trails, park amenities, and upgrades. The City has completed many projects over the last several years and completed the first phase of the Trail Master Plan project. The City believes it is critical to properly maintain the street, water, and drainage systems since they represent the most basic governmental functions. Deferral of these projects creates an increase in maintenance cost and a financial burden for future generations. In addition, the City is currently working on a Facility Master Plan to address new facility needs and renovations or improvements to existing facilities.

For Fiscal Year 2023-24, the top priority projects for the City are: completing the reconstruction of Denton Street and Houston Street from Oak Street to Walnut Street, water and wastewater line improvements, construction of the new public safety and municipal courts building, design of a 2.0-million-gallon ground storage facility, design of the second phase of the trail master plan, and continued focus on adequate staffing and operational funding for parks and recreation operations. Many of these initiatives are currently underway.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roanoke for its comprehensive annual financial report for the fiscal year ended September 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has been awarded a Certificate of Achievement for the last 17 consecutive years. We believe our current Comprehensive Annual Financial Report meets the Certificate of Achievement program requirements and are submitting it to GFOA for review.

The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated assistance of the entire staff of the Finance Department and City Administration. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful completion of this report.

We would like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible, professional, and progressive manner. The City of Roanoke staff welcomes and appreciates your comments.

Respectfully Submitted,



Cody Petree
City Manager



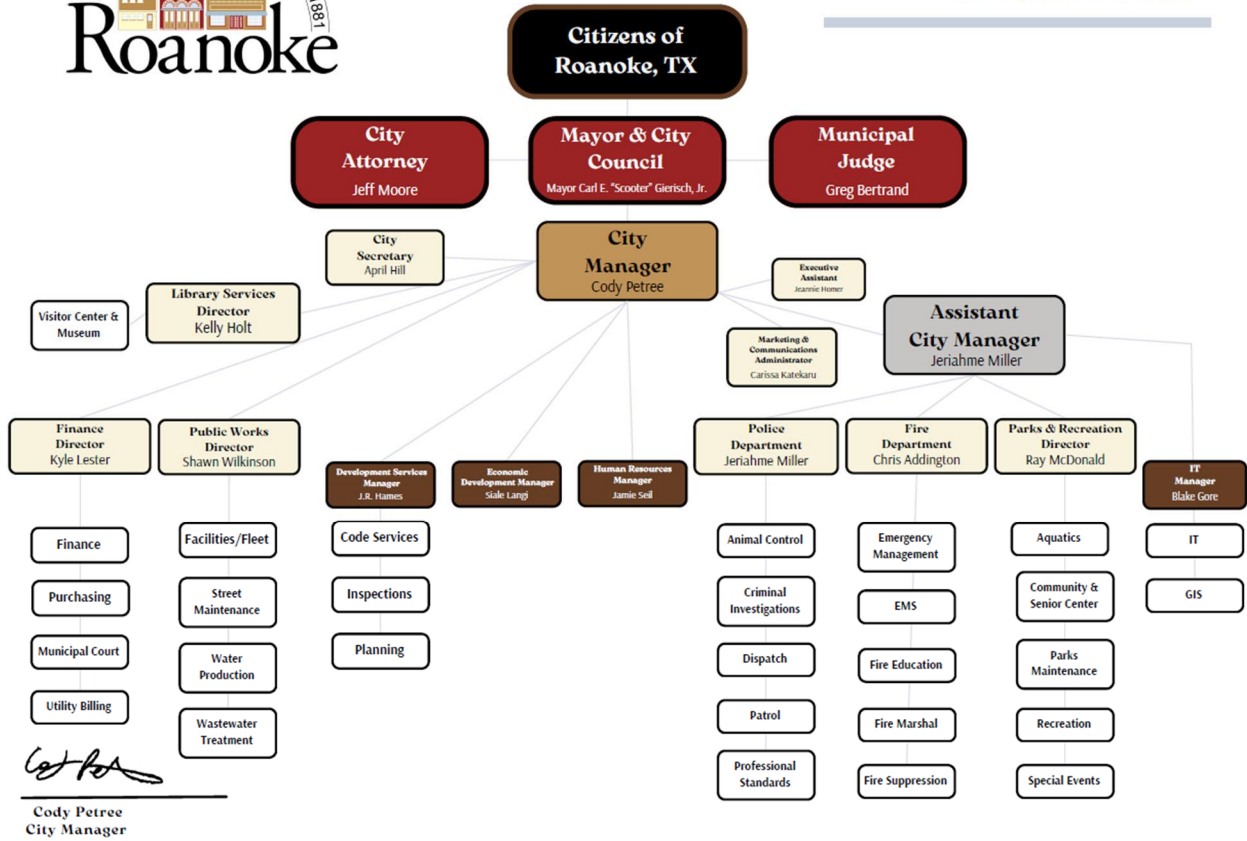
Kyle Lester
Director of Finance



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ORGANIZATIONAL STRUCTURE





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CITY OF ROANOKE, TEXAS



CITY OFFICIALS FISCAL YEAR 2022-2023

CITY COUNCIL

Carl E. Grierisch	Mayor	
Holly McPherson	Mayor Pro Tem	Ward 1
Hogan Page	Council Member	Ward 1
Brian Darby	Council Member	Ward 2
Bryan Moyers	Council Member	Ward 2
David Brundage	Council Member	Ward 3
David Thompson	Council Member	Ward 3

CITY STAFF

Cody Petree, City Manager
Kyle Lester, Director of Finance



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Roanoke
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO



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Financial Section



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14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

forvis.com

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Roanoke, Texas
Roanoke, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 Roanoke, Texas (City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in *Note 1* to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnership Arrangements (PPP) and Availability Payment Arrangements (APA)*, in fiscal year 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension and other postemployment benefit information 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

FORVIS,LLP

**Dallas, Texas
March 29, 2024**



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CITY OF ROANOKE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2023
(Unaudited)

As management of the City of Roanoke, we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2023. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Has the net position (containing both short-term and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal and the statistical section as well as information in the annual operating and capital budget, along with other community information found on the City's website at www.roanoketexas.com. It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

Financial Highlights

- The net position of the City of Roanoke at the close of the most recent fiscal year was \$82,444,248, an increase of \$17,243,218 from prior year. This number must be viewed in the context that the vast majority of the City's net position of \$45,593,870 (55.3%) are net investments in capital assets and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled \$4,691,763 (5.7%). The remaining \$32,158,615 (39%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- Governmental activities had an increase in total net position of \$16,481,459 and business-type activities realized an increase in total net position of \$761,759 bringing the net increase in total net position for the City to \$17,243,218.
- Effective October 1, 2022, the City adopted Governmental Account Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Governmental Account Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Comparative information presented herein has not been restated for the adoption of GASB 94 & 96 because the basic financial statements present fiscal year 2023 only.

- At the close of the current fiscal year, the City of Roanoke’s governmental funds reported combined ending fund balances of \$38,738,808 which represents an increase of \$20,984,612 in comparison with the prior year. Within this total, \$214,389 represents non-spendable fund balance for prepaid items. In addition, \$831,608 is restricted for debt service; \$128,545 and \$167,541 are restricted for Municipal Court building security and technology, respectively; \$162,203 is restricted for tourism, convention centers, and arts; \$213,537 is restricted for parkland; \$3,677,030 for capital projects and \$3,188,329 for public safety. Fund Balances of \$5,075,173 has been committed to specific types of expenditures, primarily capital in nature. The remaining \$25,080,453 is unassigned fund balance, which can be used for any lawful purpose. The General Fund unassigned fund balance represents 67% of fiscal year 2023 total general fund revenues.
- The City’s long-term liabilities increased by \$2,606,126 due primarily to the issuance of certificates of obligations in conjunction with scheduled principal payments and annual amortizations of premiums and discounts on debt issuances.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Roanoke’s basic financial statements, which are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information which includes this management’s discussion and analysis, budgetary comparison schedule for the general fund, and multi-year funding progress on the City’s pension and OPEB plans. In addition to the basic financial statements, this report also contains other required supplementary information as listed in the Table of Contents.

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

The statement of net position presents information on all of the City of Roanoke’s assets and liabilities, and deferred inflows/outflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Roanoke is improving or deteriorating.

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

The government-wide financial statements distinguishes between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, culture and recreation, and public works. The business-type activities of the City include the water and wastewater system.

The government-wide financial statements include not only the City of Roanoke (the primary government), but also the Roanoke Economic Development and Industrial Corporation, the Roanoke Community and Economic Development Corporation, and the Al and Lula Mae Slaughter Park Foundation, which are legally separate entities that are financially accountable to the City. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 16-17 of this report.

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

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

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

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Facilities Improvement, Crime Control & Prevention District, and Vehicle Replacement, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted budget. The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. There are two types of proprietary funds: enterprise funds and internal service funds. The City of Roanoke does not utilize internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Water and Wastewater Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Wastewater fund, which is considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

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

The City maintains one type of fiduciary funds. The Custodial funds report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity.

The fiduciary fund financial statements can be found on pages 25-26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-69 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Additionally, schedules comparing budgetary figures and actual results of the General Fund and Crime Control & Prevention District Fund are also located in this section of the report. Required supplementary information can be found on page 70-74 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions and budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 75-89 of this report.

Government-Wide Financial Statement Analysis

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. The City's net position was \$82,444,248 as of September 30, 2023.

The largest portion of the City's net position \$45,593,870 (55.3%) reflects its investment in capital and lease assets (*i.e.*, land, buildings, equipment, improvements, construction in progress, lease assets, and infrastructure) net of accumulated depreciation and amortization, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and, with the exception of business-type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future.

Although the City's investment in its capital and lease assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital and lease assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position \$4,691,763 (5.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$32,158,615 (39%) may be used to meet the City’s ongoing obligations to citizens, creditors, and employees.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 50,810,345	\$ 23,892,031	\$ 10,383,852	\$8,604,159	\$ 61,194,197	\$ 32,496,190
Capital assets	71,233,508	72,411,556	13,292,740	13,580,746	84,526,248	85,992,302
Total assets	<u>122,043,853</u>	<u>96,303,587</u>	<u>23,676,592</u>	<u>22,184,905</u>	<u>145,720,445</u>	<u>118,488,492</u>
Deferred outflows of resources	<u>5,676,168</u>	<u>2,066,233</u>	<u>587,803</u>	<u>193,154</u>	<u>6,263,971</u>	<u>2,259,387</u>
Long-term liabilities	46,787,489	37,827,437	3,136,458	2,193,526	49,923,947	40,020,963
Other liabilities	9,251,056	8,348,579	1,556,720	1,132,488	10,807,776	9,481,067
Total liabilities	<u>56,038,545</u>	<u>46,176,016</u>	<u>4,693,178</u>	<u>3,326,014</u>	<u>60,731,723</u>	<u>49,502,030</u>
Deferred inflows of resources	<u>8,135,240</u>	<u>5,129,027</u>	<u>673,205</u>	<u>915,792</u>	<u>8,808,445</u>	<u>6,044,819</u>
Net position:						
Net investment in capital assets	34,235,167	36,782,102	11,358,703	11,620,821	45,593,870	48,402,923
Restricted	4,691,763	1,669,465	-	-	4,691,763	1,669,465
Unrestricted	<u>24,619,306</u>	<u>8,613,210</u>	<u>7,539,309</u>	<u>6,515,432</u>	<u>32,158,615</u>	<u>15,128,642</u>
Total net position	<u>\$ 63,546,236</u>	<u>\$ 47,064,777</u>	<u>\$ 18,898,012</u>	<u>\$ 18,136,253</u>	<u>\$ 82,444,248</u>	<u>\$ 65,201,030</u>

As of September 30, 2023, the City reports positive balances in all three categories of net position, for the government as a whole, as well as, for its separate governmental and business-type activities. The same situation held true for fiscal year 2022.

The City’s unrestricted net position increased by \$17,029,973 in fiscal year 2023. Restricted net position realized an increase of \$3,022,298. The amount invested in capital, lease and subscription assets, net of related debt, decreased by \$2,809,053. The decrease in net investment in capital assets portion of net position primarily results from the scheduled payments on debt used to acquire those capital assets, as well as the issuance of certificates of obligations. The details of the results of current year operations are discussed in the following sections for governmental and business-type activities.

The following table provides a summary of the City’s operations for the fiscal year ended September 30, 2023, with comparative totals for the fiscal year ended September 30, 2022.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES:						
Program revenues:						
Charges for services	\$ 2,795,932	\$ 3,271,344	\$ 8,608,046	\$ 8,273,084	\$ 11,403,978	\$ 10,113,443
Operating grants and contributions	15,886,175	5,396,944	-	-	15,886,175	4,421,780
Capital grants and contributions	-	475,387	146,733	-	146,733	2,541,306
General revenues:						
Property taxes	11,174,255	10,366,652	-	-	11,174,255	9,757,831
Sales taxes	18,748,880	12,246,584	-	-	18,748,880	10,410,771
Gross receipt taxes	1,766,849	1,663,629	-	-	1,766,849	1,530,110
Other taxes	152,411	158,036	-	-	152,411	136,334
Gain on sale of assets	94,717	769,715	-	-	94,717	-
Other revenues	1,568,973	544,598	347,395	139,137	1,916,368	431,724
Total revenues	<u>52,188,192</u>	<u>34,892,889</u>	<u>9,102,174</u>	<u>8,412,221</u>	<u>61,290,366</u>	<u>39,343,299</u>
EXPENSES:						
General government	10,758,648	7,336,948	-	-	10,758,648	7,336,948
Public safety	14,381,852	13,038,866	-	-	14,381,852	13,038,866
Cultural and recreation	5,591,010	4,643,104	-	-	5,591,010	4,643,104
Public works	4,204,424	4,301,254	-	-	4,204,424	4,301,254
Interest on long-term debt	1,255,421	1,045,677	-	-	1,255,421	1,045,677
Water/wastewater	-	-	7,855,793	7,695,537	7,855,793	7,695,537
Total expenses	<u>36,191,355</u>	<u>30,365,849</u>	<u>7,855,793</u>	<u>7,695,537</u>	<u>44,047,148</u>	<u>38,061,386</u>
Increase in net position before transfers	15,996,837	4,527,040	1,246,381	716,684	17,243,218	5,243,724
Transfers	484,622	535,728	(484,622)	(535,728)	-	-
Increase in net position	<u>16,481,459</u>	<u>5,062,768</u>	<u>761,759</u>	<u>180,956</u>	<u>17,243,218</u>	<u>5,243,724</u>
Net position, beginning	<u>47,064,777</u>	<u>42,002,009</u>	<u>18,136,253</u>	<u>17,955,297</u>	<u>65,201,030</u>	<u>59,957,306</u>
Net position, ending	<u>\$ 63,546,236</u>	<u>\$ 47,064,777</u>	<u>\$ 18,898,012</u>	<u>\$ 18,136,253</u>	<u>\$ 82,444,248</u>	<u>\$ 65,201,030</u>

Governmental Activities. Governmental activities increased the City's net position by \$16,481,459 thereby accounting for 96% of the total net increase in net position.

Total revenue for the governmental activities (excluding transfers from business-type activities) increased from the previous year by \$17,295,303. General revenue, which is made up primarily of property taxes, sales taxes, licenses and permits, and gross receipt taxes, had a net increase of \$7,756,871. Property tax revenue increased due to an overall increase in taxable values for both residential and commercial properties, as well as new construction added to the tax rolls. Sales tax collections remained strong throughout FY2023 and increased as a result of new businesses, operational changes in retail sales in the restaurant industry, and the continued success of some of our large taxpayers. Other general revenues also increased primarily due to an increase in gross receipt taxes, occupancy taxes, and the sale of assets. Total governmental program revenues, which consist primarily of charges for services, grants, and contributions, net to an increase of \$9,538,432. Contributions from the Roanoke Economic Development Corporations is responsible for the operating contributions. These contributions increased \$10,489,231 from prior year.

Total expenses for governmental activities increased by \$5,825,506, primarily due to the compensation package and associated benefits provided to city employees, additional personnel added to the City, a focus on maintenance and rehabilitation of the City's parks facilities, and increased debt service related to the 2022 and 2023 issues of Certificates of Obligation. The net position of general governmental operations accounts for 77% of total net position.

Business-type Activities. Business-type activities increased the City’s net position by \$761,759 (4% of the total net increase). The change in net position before transfers is income of \$1,246,381. Charges for services program revenues for business-type activities increased from the previous year by \$334,962. Capital grants and contributions increased from prior year by \$146,733. Overall business-type expenses increased \$160,256, which is primarily related to personnel expenses as mentioned above. The net position of business-type activities accounts for 23% of total net position.

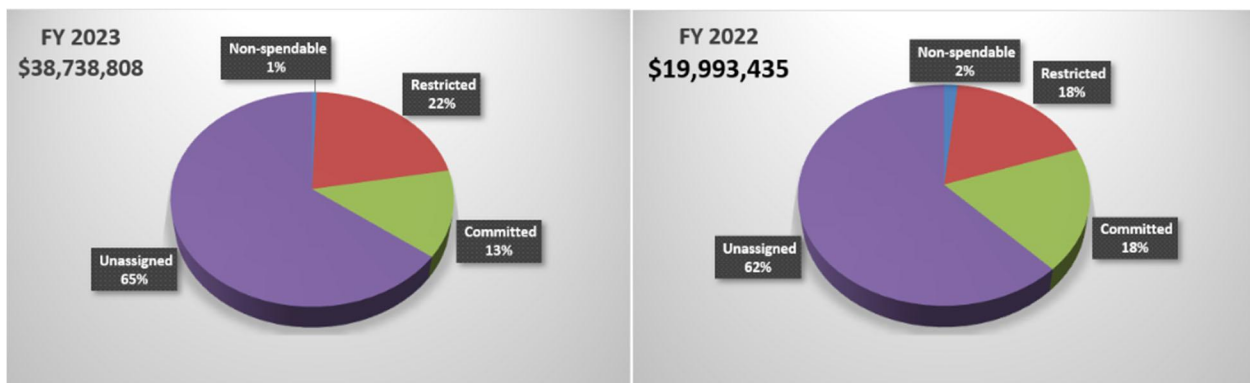
Financial Analysis of the City’s Funds

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

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

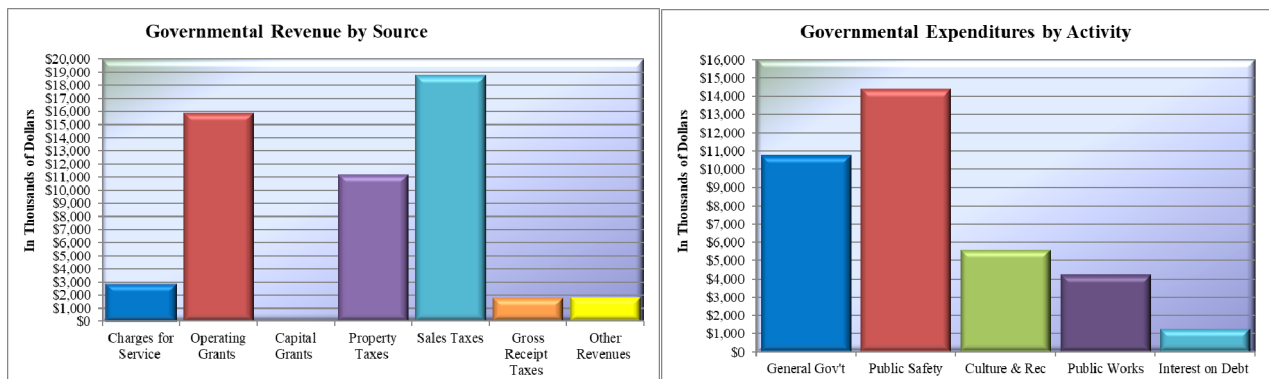
At the end of the current fiscal year, the City of Roanoke’s governmental funds reported combined ending fund balances of \$38,738,808, an increase of \$20,984,612 in comparison to prior year before restatement to opening General Fund balance to reflect the adoption of GASB 94. Approximately 65% or \$25,080,453 constitutes an unassigned fund balance in the governmental funds and is available for spending at the City’s discretion. Another \$214,389 is non-spendable fund balance for prepaid items. The remainder of the fund balance is either restricted or committed, to indicate that it is: 1) restricted to pay debt service (\$831,608), 2) restricted for municipal court technology and building security (\$296,086), 3) restricted for public safety (\$3,188,329), 4) restricted for tourism (\$162,203), 5) restricted for parkland (\$213,537), 6) restricted for capital projects (\$3,677,030), 7) committed to the capital projects (\$2,004,135), or 8) committed to vehicle replacement (\$3,071,038). See discussion under Fund Balance Classifications in the Notes to the Basic Financial Statements for additional details on fund balance.

Fund Balances by Type Governmental Funds



In the General Fund, the City budgeted for a decrease in fund balance (planned reduction) of \$1,796,183. It is one of the City's financial policies to maintain a fund balance in the general fund equal to 60 days (16%) of expenditures and when those balances significantly exceed the 60-day target, to utilize these funds for capital projects and pay-as-you-go capital expenditures. Actual revenues exceeded the original budgeted amount in several categories. Total revenues exceeded budget projections by \$13,747,083. In addition, actual expenditures were managed by the departments to allow for a savings in expenditures of \$949,324. This allowed for the total fund balance in the General Fund to increase by \$13,362,908, before change in accounting principle, leaving a total fund balance of \$25,595,732 or 107% of total expenditures. As a measure of the General Fund's liquidity, it may also be useful to compare unassigned fund balance to total operating expenditures. Unassigned fund balance represents 105% of total general fund expenditures, or 383 days.

Several General Fund revenue categories realized increases over the prior year, including property tax collections, sales tax collections, gross receipt taxes, license and permits, charges for service, other income, and grants. Sales tax revenues increased over the prior year by \$432,593. This increase is primarily due to new business openings, expansion of current businesses, updated operating models on retail sales and the restaurant industry, as well as the continued success of some of our largest taxpayers. Taxable property values increased 11% over the prior year values. The resulting increase in property tax collections was approximately \$539,606.



The City's continued emphasis on expenditure control, including close monitoring of expenditures throughout the year resulted in an increase in the overall fund balance. Expenditures increased approximately \$1,025,177 over prior year but ended the fiscal year under budget projections by \$949,324.

The Debt Service fund balance increased \$24,786, increasing the total fund balance to \$598,726, all of which is restricted for the payment of debt. The negative variance resulted from issuance cost related to new and refunded debt.

The Facilities Improvement fund balance increased \$1,720,710, increasing the total fund balance to \$299,914, all of which is committed for capital projects.

The Crime Control & Prevention District fund balance increased \$2,916,380, increasing the total fund balance to \$2,916,380, all of which is restricted for public safety.

The Vehicle Replacement fund balance increased \$111,305, increasing the total fund balance to \$3,071,038, all of which is committed for capital projects.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Unrestricted net position of the proprietary funds at the close of the fiscal year totaled \$7,539,309 for the Water and Wastewater fund. The Water and Wastewater fund realized an increase in unrestricted net position of \$1,023,877.

General Fund Budgetary Highlights

During FY2022-23, actual revenues exceeded the final budget by \$13,747,083, which was primarily related to increased sales tax, property tax revenues, charges for services, gross receipt taxes, and grant contributions. Actual expenditures were \$949,324 less than the final budget due primarily to the close monitoring of expenditures.

Pensions and Retiree Health Care

The City is committed to providing pensions and other postemployment benefit programs in these areas that are fair to both the employees and taxpayers and that can be sustained over the long term.

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to the effectiveness of its funding strategy. Information contained in the financial statements themselves, including the first schedule of the Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2023 of \$11,682,768 which is 88.43% of the City's fiscal year 2023 covered payroll of \$13,210,783.

Retiree health care's actuarially accrued liability has been calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* which replaced the previous authoritative guidance regarding the City's retiree health care benefits. The defined benefit portion of the City's retiree health program is only offered to retirees until the age of 65 when they become Medicare eligible. The TOL recorded as of September 30, 2023 is \$602,925, which is 4.97% of the City's fiscal year 2023 covered employee payroll of \$12,120,911.

Capital, Lease and Subscription Assets

The City's investment in capital, lease, and subscription assets for its governmental and business-type activities as of September 30, 2023, totaled \$84,526,248 (net of accumulated depreciation and amortization). The investment in capital assets includes land, improvements, buildings, vehicles, equipment, infrastructure, lease and subscription assets and construction in progress. The net decrease in the City's investment in capital assets for the current fiscal year was \$1,466,054, a decrease of 2%.

Capital and Lease Assets (Net of Accumulated Depreciation and Amortization)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 5,989,193	\$ 5,768,785	\$ -	\$ -	\$ 5,989,193	\$ 5,768,785
Improvements other than buildings	5,301,497	6,169,323	13,404	18,766	5,314,901	6,188,089
Buildings/Structures	20,024,140	21,535,553	115,642	-	20,139,782	21,535,553
Vehicles	2,287,104	1,818,243	15,038	30,076	2,302,142	1,848,319
Machinery and equipment	1,691,677	1,189,454	804,580	709,260	2,496,257	1,898,714
Infrastructure	31,221,908	34,324,221	-	-	31,221,908	34,324,221
Lease asset	51,974	80,323	-	-	51,974	80,323
SBITAs	34,887	-	-	-	34,887	-
Water/Sewer system	-	-	12,201,269	12,722,332	12,201,269	12,722,332
Construction in progress	4,631,128	1,525,654	142,807	100,312	4,773,935	1,625,966
Total	<u>\$ 71,233,508</u>	<u>\$ 72,411,556</u>	<u>\$ 13,292,740</u>	<u>\$ 13,580,746</u>	<u>\$ 84,526,248</u>	<u>\$ 85,992,302</u>

Major capital asset events occurring during the current fiscal year included the following:

- Construction-in-progress related to general government operations of \$4,631,128 primarily consisted of the construction of a new police and courts facility (\$1,983,858), rehabilitation of Denton and Houston Streets (\$902,949.71), downtown electrical (\$157,647), Morningside Drive (\$46,270), and A1 Trail (\$14,750).
- Other capital asset additions for governmental operations included new fire equipment, public safety equipment, parks and recreation equipment, technology upgrades, heavy equipment for public works, and new vehicles for various departments.
- The City purchased property in FY22 which will house a new state-of-the-art police and courts facility, and will break ground on construction in FY24.
- Capital asset additions for the business-type activities included lift station upgrades, SCADA upgrades, and emergency generators. Capital asset additions also included infrastructure contributions from developers in the amount of \$146,733 for utility improvements.

Additional information on the City's capital and lease assets can be found in *Note 2* on pages 49-50 of this report.

Debt Administration

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$39,496,700. Of this amount, \$39,010,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's long-term obligations is comprised of leases and SBITA liabilities.

Outstanding Bonded Debt

	Governmental Activities		Business-type Activities		Primary Government Total	
	2023	2022	2023	2022	2023	2022
GO Bonds	\$ 9,750,730	\$ 12,061,166	\$ 1,164,270	\$ 1,443,834	\$ 10,915,000	\$ 13,505,000
COs	26,860,000	21,860,000	715,000	-	27,575,000	21,860,000
Special Assessment COs	-	225,000	-	-	-	225,000
Tax Notes	520,000	765,000	-	-	520,000	765,000
Notes Payable	-	-	404,519	453,779	404,519	453,779
SBITAs	28,074	-	-	-	28,074	-
Leases	54,107	81,795	-	-	54,107	81,795
Totals	<u>\$ 37,212,911</u>	<u>\$ 34,992,961</u>	<u>\$ 2,283,789</u>	<u>\$ 1,897,613</u>	<u>\$ 39,496,700</u>	<u>\$ 36,890,574</u>

The City issued \$7,445,000 in Certificates of during fiscal year 2023. The City’s total debt increased \$2,606,126 during fiscal year 2023 due to existing debt retirements and issuance of certificates of obligation.

Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. rates the City’s general obligation debt at AA.

Additional information on the City’s long-term debt can be found in *Note 2* on pages 51-54.

Economic Factors and Next Year’s Budgets and Rates

The City of Roanoke’s elected, and appointed officials consider many factors when preparing the City’s budget. In the FY2023-24 budget, General Fund revenues and transfers are budgeted to increase by a full 10% from the 2022-23 budget with property taxes accounting for 27% of budgeted revenues and sales tax comprising approximately 49% of budgeted revenues. Certified assessed valuations as of July 25, 2023, increased 16% from the preceding year. In the FY2023-24 budget, sales tax receipts are projected to increase by approximately 14%, or \$1.5 million, from the FY2022-23 budget projections. Estimates for next year include a very modest increase in collections. Other revenue sources are projected to remain flat or increase slightly in some areas.

The General Fund ended fiscal year 2022-23 with unassigned fund balance of \$25,080,453, of which the City allocated \$2.2 million for one-time capital purchases in fiscal year 2023-24.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 11% from the fiscal year 2022-23 original budget. This increase is attributed to non-recurring expenditures in the General Fund related to development and parks facilities, as well as payroll and health insurance increases. In the previous year, the Roanoke voters elected to dissolve the Community and Economic Development Corporation in favor of a new Crime Control & Prevention District. The additional sales tax enabled the city to shift a significant amount of police department expenditures to the newly created District for FY24. The property tax rate reduced to 0.308039¢ per \$100 of assessed valuation for fiscal year 2023-24.

For the Water and Wastewater Fund, the FY2023-24 budget includes the continuation of the tiered rate structure for water volume billing. Under the tiered structure, customers pay a graduated volume rate based on varying levels of monthly water consumption. Volume rates range from \$2.79 to \$8.37 per thousand gallons, although the City is currently undergoing a rate study that is expected to increase these rates significantly. The water and wastewater revenue projections were based on historical consumption averages, with proposed increased in collections based on growth. In addition, the city plans to adjust both water and wastewater rates due to projected pass-through increases from both the City of Fort Worth and Trinity River Authority. A wastewater volume charge of \$7.99 per thousand gallons applies to all customer classes. All base rates remained the same as prior year. Residential wastewater volume charges are based on an average of winter water consumption and are capped at a maximum of 10,000 gallons per month. The City budgeted to continue its capital projects in the Water and Wastewater Fund, which includes waterline improvements, additional equipment for public works and a new two-million water ground storage tank.

Request for Information

The financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the City of Roanoke's finances. If you have questions about this report or need additional information, contact the Fiscal and Administrative Services Department, Attn: Kyle Lester, Finance Director, at City of Roanoke, 500 S. Oak Street, Roanoke TX 76262, call (817) 491-6075, or e-mail klester@roanoketexas.com



Basic Financial Statements



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City of Roanoke, Texas
Statement of Net Position
September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 32,929,631	\$ 7,152,854	\$ 40,082,485	\$ 12,598,447
Investments	229,010	20,000	249,010	-
Receivables (net of allowances for uncollectibles)	4,909,175	1,415,735	6,324,910	1,128,424
Lease receivable	-	678,450	678,450	-
PPP receivable	5,578,634	-	5,578,634	-
Notes receivable	1,996,064	-	1,996,064	693,514
Prepaid items	214,389	6,232	220,621	7,500
Restricted cash and cash equivalents	4,953,442	1,110,581	6,064,023	-
Capital assets not being depreciated	10,620,321	142,807	10,763,128	3,153,106
Capital and lease assets, net of accumulated depreciation/amortization	60,613,187	13,149,933	73,763,120	2,339,935
Total assets	<u>122,043,853</u>	<u>23,676,592</u>	<u>145,720,445</u>	<u>19,920,926</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	37,958	33,149	71,107	200,270
Deferred outflows of resources - pension	5,512,463	545,190	6,057,653	-
Deferred outflows of resources - OPEB	125,747	9,464	135,211	-
Total deferred outflows of resources	<u>5,676,168</u>	<u>587,803</u>	<u>6,263,971</u>	<u>200,270</u>
LIABILITIES				
Accounts payable	1,942,907	536,082	2,478,989	105,491
Other accrued liabilities	448,380	81,808	530,188	-
Deposits payable	-	478,522	478,522	-
Accrued interest payable	153,580	9,730	163,310	49,293
Unearned revenues	1,561,097	-	1,561,097	-
Noncurrent liabilities:				
Due within one year				
Accrued compensated absences	705,286	78,515	783,801	-
Notes payable	-	50,785	50,785	-
Lease liability	28,960	-	28,960	-
SBITA liability	17,124	-	17,124	-
Bonds payable, net	4,138,722	321,278	4,460,000	340,000
Tax notes	255,000	-	255,000	-
Due in more than one year				
Accrued compensated absences	700,201	47,179	747,380	-
Notes payable	-	353,734	353,734	-
Lease liability	25,147	-	25,147	-
SBITA liability	10,950	-	10,950	-
Bonds payable, net	34,601,368	1,634,676	36,236,044	4,755,000
Tax notes	265,000	-	265,000	-
Net pension liability	10,624,104	1,058,663	11,682,767	-
Total OPEB liability	560,719	42,206	602,925	-
Total liabilities	<u>56,038,545</u>	<u>4,693,178</u>	<u>60,731,723</u>	<u>5,249,784</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	133,502	13,203	146,705	-
Deferred inflows of resources - OPEB	365,169	27,487	392,656	-
Lease related	-	632,515	632,515	-
PPP related	7,636,569	-	7,636,569	-
Total deferred inflows of resources	<u>8,135,240</u>	<u>673,205</u>	<u>8,808,445</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	34,235,167	11,358,703	45,593,870	5,493,041
Restricted for:				
Debt service	831,608	-	831,608	-
Municipal court building security	128,545	-	128,545	-
Municipal court technology	167,541	-	167,541	-
Tourism, convention centers, arts	162,203	-	162,203	-
Public safety	3,188,329	-	3,188,329	-
Parkland dedication	213,537	-	213,537	-
Economic development	-	-	-	8,900,737
Unrestricted	24,619,306	7,539,309	32,158,615	477,634
Total net position	<u>\$ 63,546,236</u>	<u>\$ 18,898,012</u>	<u>\$ 82,444,248</u>	<u>\$ 14,871,412</u>

City of Roanoke, Texas

Statement of Activities

For the Year Ended September 30, 2023

Function/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Business-type Activities	Total	Component Units
Primary Government:							
Governmental activities:							
General government	\$ 10,758,648	\$ 82,849	\$ 329,540	\$ (10,346,259)	\$ -	\$ (10,346,259)	\$ -
Public safety	14,381,852	1,495,479	2,493,076	(10,393,297)	-	(10,393,297)	-
Cultural and recreation	5,591,010	740,044	13,063,559	8,212,593	-	8,212,593	-
Public works	4,204,424	477,560	-	(3,726,864)	-	(3,726,864)	-
Interest and fiscal charges	1,255,421	-	-	(1,255,421)	-	(1,255,421)	-
Total governmental activities	<u>36,191,355</u>	<u>2,795,932</u>	<u>15,886,175</u>	<u>(17,509,248)</u>	<u>-</u>	<u>(17,509,248)</u>	<u>-</u>
Business-type activities:							
Water and Wastewater	7,855,793	8,608,046	146,733	-	898,986	898,986	-
Total business-type activities	<u>7,855,793</u>	<u>8,608,046</u>	<u>146,733</u>	<u>-</u>	<u>898,986</u>	<u>898,986</u>	<u>-</u>
Total primary government	<u>\$ 44,047,148</u>	<u>\$ 11,403,978</u>	<u>\$ 15,886,175</u>	<u>(17,509,248)</u>	<u>898,986</u>	<u>(16,610,262)</u>	<u>-</u>
Component Units:							
Roanoke Economic Industrial Development Corporation	\$ 6,484,600	-	\$ 125,000	-	-	-	(6,359,600)
Roanoke Community Economic Development Corporation	10,038,559	-	-	-	-	-	(10,038,559)
Al & Lula Mae Slaughter Park Foundation	583	-	-	-	-	-	(583)
Total component units	<u>\$ 16,523,742</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(16,398,742)</u>
General revenues:							
Property taxes				11,174,255	-	11,174,255	-
Sales taxes				18,748,880	-	18,748,880	6,339,588
Gross receipt taxes				1,766,849	-	1,766,849	-
Other taxes				152,411	-	152,411	-
Rents and royalties				-	-	-	60,150
Investment income				924,289	246,696	1,170,985	507,759
Gain on sale of capital assets				94,717	-	94,717	-
Miscellaneous				644,684	100,699	745,383	-
Transfers				484,622	(484,622)	-	-
Total general revenues and transfers				<u>33,990,707</u>	<u>(137,227)</u>	<u>33,853,480</u>	<u>6,907,497</u>
Change in net position				16,481,459	761,759	17,243,218	(9,491,245)
Net Position, Beginning of Year				<u>47,064,777</u>	<u>18,136,253</u>	<u>65,201,030</u>	<u>24,362,657</u>
Net Position, End of Year				<u>\$ 63,546,236</u>	<u>\$ 18,898,012</u>	<u>\$ 82,444,248</u>	<u>\$ 14,871,412</u>

City of Roanoke, Texas
Balance Sheet – Governmental Funds
September 30, 2023

	General	Debt Service	Facilities Improvement	Crime Control & Prevention District	Vehicle Replacement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 24,535,248	\$ 605,598	\$ 1,148,091	\$ 1,890,768	\$ 3,398,987	\$ 6,304,381	\$ 37,883,073
Investments	229,010	-	-	-	-	-	229,010
Receivables (net of allowance for uncollectibles)							
Property taxes	91,039	84,930	-	-	-	311	176,280
Sales taxes	2,256,849	-	-	1,096,332	-	-	3,353,181
Gross receipts taxes	38,947	-	-	-	-	22,772	61,719
Other receivables	583,716	-	-	-	-	723,046	1,306,762
Intergovernmental receivable	11,233	-	-	-	-	-	11,233
PPP receivable	5,578,634	-	-	-	-	-	5,578,634
Notes receivable	-	-	1,996,064	-	-	-	1,996,064
Prepaid items	214,389	-	-	-	-	-	214,389
Due from other funds	2,819,954	-	-	-	-	-	2,819,954
	<u>\$ 36,359,019</u>	<u>\$ 690,528</u>	<u>\$ 3,144,155</u>	<u>2,987,100</u>	<u>\$ 3,398,987</u>	<u>\$ 7,050,510</u>	<u>\$ 53,630,299</u>
LIABILITIES							
Accounts payable	\$ 783,699	\$ 6,872	\$ 443,893	35,272	\$ 327,949	\$ 345,222	\$ 1,942,907
Other accrued liabilities	384,579	-	-	35,448	-	28,353	448,380
Due to other funds	-	-	2,400,348	-	-	419,606	2,819,954
Unearned revenue - grants	1,561,097	-	-	-	-	-	1,561,097
Total liabilities	<u>2,729,375</u>	<u>6,872</u>	<u>2,844,241</u>	<u>70,720</u>	<u>327,949</u>	<u>793,181</u>	<u>6,772,338</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	397,343	84,930	-	-	-	311	482,584
PPP related	7,636,569	-	-	-	-	-	7,636,569
Total deferred inflows of resources	<u>8,033,912</u>	<u>84,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311</u>	<u>8,119,153</u>
FUND BALANCE							
Nonspendable	214,389	-	-	-	-	-	214,389
Restricted:							
Debt service	-	598,726	-	-	-	232,882	831,608
Capital projects	-	-	-	-	-	3,677,030	3,677,030
Municipal court building security	128,545	-	-	-	-	-	128,545
Municipal court technology	167,541	-	-	-	-	-	167,541
Tourism, convention centers, arts	-	-	-	-	-	162,203	162,203
Public safety	-	-	-	2,916,380	-	271,949	3,188,329
Parkland dedication	-	-	-	-	-	213,537	213,537
Committed	4,804	-	299,914	-	3,071,038	1,699,417	5,075,173
Unassigned	25,080,453	-	-	-	-	-	25,080,453
Total fund balance	<u>25,595,732</u>	<u>598,726</u>	<u>299,914</u>	<u>2,916,380</u>	<u>3,071,038</u>	<u>6,257,018</u>	<u>38,738,808</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 36,359,019</u>	<u>\$ 690,528</u>	<u>\$ 3,144,155</u>	<u>\$ 2,987,100</u>	<u>\$ 3,398,987</u>	<u>\$ 7,050,510</u>	<u>\$ 53,630,299</u>

City of Roanoke, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2023

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

Total fund balance – governmental funds	\$ 38,738,808
Capital and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	71,233,508
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(153,580)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.	482,584
Long-term liabilities and deferred outflows and inflows of resources (deferred charge on refunding, pension related, and OPEB related), including leases payable, SBITA payable, bonds payable, tax notes, compensated absences, net pension liability and total OPEB liability are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.	<u>(46,755,084)</u>
Net position of governmental activities	<u><u>\$ 63,546,236</u></u>

City of Roanoke, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended September 30, 2023

	General	Debt Service	Facilities Improvement	Crime Control & Prevention District	Vehicle Replacement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 5,791,728	\$ 5,001,434	\$ -	\$ -	\$ -	\$ 263,495	\$ 11,056,657
Sales taxes	12,679,177	-	-	6,069,703	-	-	18,748,880
Gross receipts tax	1,622,133	-	-	-	-	144,716	1,766,849
Licenses and permits	477,560	-	-	-	-	-	477,560
Intergovernmental	152,411	-	-	-	-	-	152,411
Charges for services	1,841,836	-	-	-	-	-	1,841,836
Grants and contributions	13,063,559	239,050	-	-	-	2,493,076	15,795,685
Fines and fees	600,037	-	-	-	-	-	600,037
Investment income (loss)	666,296	42,809	30,661	11,770	76,694	96,059	924,289
Donations	69,490	-	-	-	-	21,000	90,490
Other revenue	618,852	11,198	-	403	-	14,231	644,684
Total revenues	<u>37,583,079</u>	<u>5,294,491</u>	<u>30,661</u>	<u>6,081,876</u>	<u>76,694</u>	<u>3,032,577</u>	<u>52,099,378</u>
EXPENDITURES							
Current:							
General government	6,828,251	-	199,244	-	2,300	67,734	7,097,529
Public safety	9,882,450	-	-	2,439,995	-	772,474	13,094,919
Cultural and recreation	4,423,710	-	-	-	-	14,000	4,437,710
Public works	1,799,161	-	-	-	-	102,434	1,901,595
Debt service:							
Principal	33,183	4,250,436	-	13,712	-	225,000	4,522,331
Interest and fiscal charges	3,011	1,454,657	-	789	-	20,314	1,478,771
Bond issuance costs	-	209,616	-	-	-	-	209,616
Capital outlay	948,977	-	2,210,707	7,107	920,328	1,852,680	5,939,799
Total expenditures	<u>23,918,743</u>	<u>5,914,709</u>	<u>2,409,951</u>	<u>2,461,603</u>	<u>922,628</u>	<u>3,054,636</u>	<u>38,682,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,664,336</u>	<u>(620,218)</u>	<u>(2,379,290)</u>	<u>3,620,273</u>	<u>(845,934)</u>	<u>(22,059)</u>	<u>13,417,108</u>
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt	-	-	3,965,000	-	-	2,730,000	6,695,000
Premium on issuance of debt	-	211,563	35,000	-	-	20,000	266,563
SBITAs issued	15,859	-	-	7,107	-	-	22,966
Sale of general capital assets	-	-	-	-	98,353	-	98,353
Transfers in	516,825	493,100	100,000	-	858,886	258,682	2,227,493
Transfers out	(834,112)	(59,659)	-	(711,000)	-	(138,100)	(1,742,871)
Total other financing sources (uses)	<u>(301,428)</u>	<u>645,004</u>	<u>4,100,000</u>	<u>(703,893)</u>	<u>957,239</u>	<u>2,870,582</u>	<u>7,567,504</u>
Net change in fund balance	13,362,908	24,786	1,720,710	2,916,380	111,305	2,848,523	20,984,612
Fund balance, beginning of year, as previously reported	14,472,063	573,940	(1,420,796)	-	2,959,733	3,408,495	19,993,435
Change in accounting principle (Note 1)	(2,239,239)	-	-	-	-	-	(2,239,239)
Fund balance, beginning of year, as restated	<u>12,232,824</u>	<u>573,940</u>	<u>(1,420,796)</u>	<u>-</u>	<u>2,959,733</u>	<u>3,408,495</u>	<u>17,754,196</u>
Fund balance, end of year	<u>\$ 25,595,732</u>	<u>\$ 598,726</u>	<u>\$ 299,914</u>	<u>\$ 2,916,380</u>	<u>\$ 3,071,038</u>	<u>\$ 6,257,018</u>	<u>\$ 38,738,808</u>

City of Roanoke, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2023

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

Net change in fund balance – total governmental funds	\$ 20,984,612
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization of \$7,138,032 exceeded capital outlays of \$5,939,799 in the current year.	(1,198,233)
The net effect of various transactions involving capital assets (<i>i.e.</i> disposals/sales and developer contributions) is to decrease net position.	(3,636)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This amount is the net change in deferred inflows of resources.	(5,903)
The issuance of long-term debt (bonds and related premium and SBITAs) provides current financial resources to governmental funds, but has no effect on net position.	(6,984,529)
The repayment of the principal of long-term debt, including amounts provided to bond escrow agent, consumes the current financial resources of governmental funds, but has no effect on net position.	4,522,331
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	440,792
Governmental funds report the effect of gains and losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	9,611
Current year pension and OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.	(610,513)
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.	(674,858)
Current year change in accrued interest payable does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.	<u>1,785</u>
Change in net position of governmental activities	<u><u>\$ 16,481,459</u></u>

City of Roanoke, Texas
Statement of Net Position – Proprietary Fund
September 30, 2023

	Business-type Activities
	Water and Wastewater
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,152,854
Investments	20,000
Receivables (net of allowance for doubtful accounts)	
Accounts receivable	1,396,908
Lease receivable	52,854
Other miscellaneous receivables	18,827
Prepaid items	6,232
Restricted cash and cash equivalents:	
Customer deposits	478,522
Capital projects	632,059
Total current assets	9,758,256
Noncurrent assets:	
Lease receivable	625,596
Capital assets:	
Infrastructure	30,963,981
Buildings	121,728
Machinery and equipment	1,263,471
Vehicles	243,805
Construction in progress	142,807
Land improvements	26,809
Accumulated depreciation	(19,469,861)
Total capital assets, net of accumulated depreciation	13,292,740
Total noncurrent assets	13,918,336
Total assets	23,676,592
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	33,149
Deferred outflows of resources - pension	545,190
Deferred outflows of resources - OPEB	9,464
Total deferred outflows of resources	587,803
LIABILITIES	
Current liabilities:	
Accounts payable	536,082
Accrued liabilities	50,440
Compensated absences	78,515
Customer deposits payable	478,522
Bonds payable, net	321,278
Note payable	50,785
Accrued interest payable	9,730
Other liabilities	31,368
Total current liabilities	1,556,720
Noncurrent liabilities:	
Compensated absences	47,179
Bonds payable, net	1,634,676
Note payable	353,734
Net pension liability	1,058,663
Total OPEB liability	42,206
Total noncurrent liabilities	3,136,458
Total liabilities	4,693,178
DEFERRED INFLOWS OF RESOURCES	
Lease related	632,515
Deferred inflows of resources - pension	13,203
Deferred inflows of resources - OPEB	27,487
Total deferred inflows of resources	673,205
NET POSITION	
Net investment in capital assets	11,358,703
Unrestricted	7,539,309
Total net position	\$ 18,898,012

City of Roanoke, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Fund
For the Year Ended September 30, 2023

	Business-type Activities
	Water and Wastewater
OPERATING REVENUES	
Charges for services	
Water service	\$ 5,325,127
Wastewater service	3,025,011
Impact fees	90,246
Other charges for services and miscellaneous	167,662
Total operating revenues	8,608,046
OPERATING EXPENSES	
Personnel services	1,860,697
Maintenance and supplies	578,804
General and administrative	982,914
Water production and distribution	3,498,408
Depreciation	845,342
Total operating expenses	7,766,165
Operating income	841,881
NONOPERATING REVENUES (EXPENSES)	
Investment income	246,696
Interest expense and fiscal charges	(75,295)
Leases	100,699
Loss on sale of assets	(14,333)
Total nonoperating revenues (expenses)	257,767
Income before transfers & capital contributions	1,099,648
Capital contributions	146,733
Transfers in	59,659
Transfers out	(544,281)
Change in net position	761,759
Net Position, Beginning of Year	18,136,253
Net Position, End of Year	\$ 18,898,012

City of Roanoke, Texas
Statement of Cash Flows – Proprietary Fund
For the Year Ended September 30, 2023

	Business-type Activities
	Water and Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 8,309,362
Receipt of customer deposits	20,845
Payments to suppliers for goods and services	(4,474,798)
Payments to employees for salaries and benefits	(1,795,888)
Net cash provided by operating activities	2,059,521
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	59,659
Transfers to other funds	(544,281)
Net cash used in noncapital financing activities	(484,622)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(649,375)
Proceeds from issuance of debt	750,000
Principal paid on capital debt and notes payable	(363,824)
Interest and fiscal charges paid on capital debt and notes payable	(90,988)
Proceeds from sale of assets	(14,333)
Net cash used in capital and related financing activities	(368,520)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	246,696
Net cash provided by investing activities	246,696
Net increase in cash and cash equivalents	1,453,075
Cash and Cash Equivalents, Beginning of Year (including \$457,677 reported as restricted assets)	6,810,360
Cash and Cash Equivalents, End of Year (including \$1,110,581 reported as restricted assets)	\$ 8,263,435
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 841,881
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	845,342
Other income	100,699
(Increases) decreases in assets and deferred outflows of resources:	
Accounts receivable and unbilled revenue	(333,560)
Prepaid expenses	6,942
Deferred outflows of resources	(308,232)
Increases (decreases) in liabilities and deferred inflows of resources:	
Accounts payable	555,466
Accrued liabilities	22,757
Customer deposits	20,845
Compensated absences	32,982
Net pension liability	629,762
Total OPEB liability	(18,294)
Deferred inflows of resources	(337,069)
Total adjustments	1,217,640
Net cash provided by operating activities	\$ 2,059,521
Schedule of noncash capital and related financing activities:	
Purchase of capital assets with accounts payable	\$ 238,772
Capital contributions	146,733

City of Roanoke, Texas
Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
September 30, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 138,337
Total assets	138,337
LIABILITIES	
Accrued expenses	96,924
Total liabilities	96,924
NET POSITION	
Restricted for individuals, organizations other governments	41,413
Total net position	\$ 41,413

City of Roanoke, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended September 30, 2023

	Custodial Funds
ADDITIONS	
Fines and forfeiture collections for other governments	\$ 321,432
Total additions	321,432
DEDUCTIONS	
Payments of fines and forfeitures to other governments	321,432
Seizures forfeited and returned to defendants	58,934
Total deductions	380,366
Net change in fiduciary net position	(58,934)
Net position, beginning of year	100,347
Net position, end of year	\$ 41,413

City of Roanoke, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2023

	Governmental Activities			Total
	REIDC	RCEDC	Slaughter Park Foundation	
ASSETS				
Cash and cash equivalents	\$ 12,120,813	\$ -	\$ 477,634	\$ 12,598,447
Sales tax receivables	1,128,424	-	-	1,128,424
Notes receivable	693,514	-	-	693,514
Prepaid items	7,500	-	-	7,500
Capital assets not being depreciated	3,153,106	-	-	3,153,106
Capital and lease assets being depreciated/amortized	2,339,935	-	-	2,339,935
Total assets	<u>19,443,292</u>	<u>-</u>	<u>477,634</u>	<u>19,920,926</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	200,270	-	-	200,270
Total deferred outflows of resources	<u>200,270</u>	<u>-</u>	<u>-</u>	<u>200,270</u>
LIABILITIES				
Accounts payable	105,491	-	-	105,491
Accrued interest payable	49,293	-	-	49,293
Noncurrent liabilities:				
Due within one year	340,000	-	-	340,000
Due in more than one year	4,755,000	-	-	4,755,000
Total liabilities	<u>5,249,784</u>	<u>-</u>	<u>-</u>	<u>5,249,784</u>
NET POSITION				
Net investment in capital assets	5,493,041	-	-	5,493,041
Restricted	8,900,737	-	-	8,900,737
Unrestricted	-	-	477,634	477,634
Total net position	<u>\$ 14,393,778</u>	<u>\$ -</u>	<u>\$ 477,634</u>	<u>\$ 14,871,412</u>

City of Roanoke, Texas

Statement of Activities

Discretely Presented Component Units

For the Year Ended September 30, 2023

Function/Programs: Governmental Activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	REIDC	RCEDC	Slaughter Park Foundation	Total
Roanoke Economic Industrial Development Corporation	\$ 6,484,600	\$ 125,000	\$ -	\$ (6,359,600)	\$ -	\$ -	\$ (6,359,600)
Roanoke Community Economic Development Corporation	10,038,559	-	-	-	(10,038,559)	-	(10,038,559)
AI & Lula Mae Slaughter Park Foundation	583	-	-	-	-	(583)	(583)
Total component units	<u>\$ 16,523,742</u>	<u>\$ 125,000</u>	<u>\$ -</u>	<u>(6,359,600)</u>	<u>(10,038,559)</u>	<u>(583)</u>	<u>(16,398,742)</u>
General revenues:							
Sales and use taxes				6,339,588	-	-	6,339,588
Rents and royalties				60,150	-	-	60,150
Investment income				501,515	-	-	507,759
Total general revenues				<u>6,901,253</u>	<u>-</u>	<u>6,244</u>	<u>6,907,497</u>
Change in net position				541,653	(10,038,559)	5,661	(9,491,245)
Net position, beginning of year				13,852,125	10,038,559	471,973	24,362,657
Net position, end of year				<u>\$ 14,393,778</u>	<u>\$ -</u>	<u>\$ 477,634</u>	<u>\$ 14,871,412</u>



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Notes to Basic Financial Statements



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City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 1: Summary of Significant Accounting Policies

The City of Roanoke (City) was incorporated in 1933. The City operates under a Council-Manager form of government and provides the following services: general government, police and fire protection, emergency ambulance service, road and traffic signal maintenance, water and wastewater operations, parks and recreational facilities, courts, library services, building inspection and development services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments, as established by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described as follows:

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is governed by an elected mayor and six-member council.

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

Discretely Presented Component Units

The Roanoke Economic Industrial Development Corporation (REIDC) is a discretely presented component unit. The REIDC is governed by a five-member board appointed by the City Council. The City does not have a voting majority of the corporation. The purpose of the REIDC is to aid, promote and further the economic development within the City. The REIDC is financed with a voter approved half-cent city sales tax; therefore, the organization is fiscally dependent upon the City. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The REIDC is presented as a governmental fund type and has a September 30 year-end. The REIDC does not issue separate financial statements. For more information about the REIDC, refer to *Note 9*.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

The Roanoke Community Economic Development Corporation (RCEDC) is a discretely presented component unit. The RCEDC is governed by a seven-member board appointed by the City Council. The City does not have a voting majority of the corporation. The purpose of the RCEDC is to identify and fund public projects to maintain or enhance the quality of life for current and future residents, visitors, and businesses of our community. The RCEDC is financed with a voter approved half-cent city sales tax; therefore, the organization is fiscally dependent upon the City. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. The RCEDC is presented as a governmental fund type and has a September 30 year-end. The RCEDC does not issue separate financial statements. For more information about the RCEDC, refer to *Note 10*. The RCEDC was dissolved in fiscal year 2023 and all assets transferred to the primary government.

The Al & Lula Mae Slaughter Park Foundation (Slaughter Park) is also a discretely presented component unit. The Slaughter Park Foundation is governed by a five-member board, of which two directors are represented by the Al and Lula Mae Slaughter family, and three are appointed by the City Council. The Slaughter Park Foundation is a 501(3) (c) corporation whose purpose is to benefit and accomplish public projects related to the city-owned Al & Lula Mae Slaughter Park facilities. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Slaughter Park Foundation is presented as a governmental fund type and has a September 30 year-end. The Slaughter Park Foundation does not issue separate financial statements. For more information about the Slaughter Park Foundation, refer to *Note 11*.

Blended Component Unit

The Crime Control and Prevention District (CCPD) was formed under Chapter 363 of the Texas Local Government Code, the *Crime Control and Prevention Act*. The CCPD is organized exclusively to act on behalf of the City to finance crime control within the City. The CCPD is governed by a seven member board appointed by the City Council. The annual budget and issuance of debt must be approved by the City Council. The CCPD provides services entirely, or almost entirely to the primary government. The CCPD is reported a major special revenue fund and does not issue separate financial statement.

Basis of Presentation

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Government-wide Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. As a general rule, the effect of inter-fund activity, with the exception of interfund services provided or used, within the governmental or business-type activities columns, has been eliminated from these statements. Elimination of the interfund services provided or used would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid in financial management and to demonstrate compliance with various legal provisions. The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Governmental funds are those funds through which most government functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. GASB Statement No. 34 set forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. In addition to funds that meet the major funds criteria, the City may designate other funds as major. The City has presented the following major governmental funds:

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

General Fund –

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

Debt Service Fund –

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt primarily from property taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Facilities Improvement Fund –

The Facilities Improvements Fund is used to account for the construction of new municipal buildings and renovations to existing facilities. Generally, proceeds from the sale of bonds provide financing.

Crime Control and Prevention District Fund –

The Crime Control and Prevention District Fund is used to account for the funds received from a one-half percent sales tax, which can be utilized for public safety.

Vehicle Replacement Fund –

The Vehicle Replacement Fund is used to account for funds accumulated to purchase replacement equipment and vehicles.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets, deferred outflows of resources, deferred inflows of resources, and liabilities are included on the statement of net position. The City has presented the following proprietary fund:

Water and Wastewater Fund –

The Water and Wastewater Fund (a major fund) is used to account for the provision of water and sewer services to the residents and commercial customers of the City. Activities of this fund include administration, operations and maintenance of the water and wastewater system and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term outstanding debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the funds.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the personal and contractual services, cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The resources of these funds are not reflected in the government-wide financial statements because they are not available to support the City's own programs. The City reports two fiduciary funds, including the Trophy Club Courts Collection and Seized Asset Funds. The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured, such as current financial resources or economic resources; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of transactions of the measurement made, regardless of the measurement focus applied.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources method measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included in the accompanying Statement of Net Position and the operating statement presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, including water and wastewater services, which are accrued. Expenses are recognized at the time a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual; *i.e.*, when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Generally, the City considers property taxes and other revenues as available if they are collected within 60 days of the fiscal year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, and other long-term liabilities, including lease liabilities, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

The revenues susceptible to accrual are property taxes, gross receipts tax, licenses, charges for services, fines and fees, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government, as they are deemed immaterial.

The proprietary fund types are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Amounts reported as program revenues include: (1) charges to customers for goods and services, (2) operating grants and contributions and (3) capital grants and contributions. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

Budgetary Information

Budgetary Basis of Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the general fund. Capital project funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

The City Charter establishes the fiscal year as the 12-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager submits a budget of estimated expenditures and revenues to the City Council by August 1.

Upon receipt of the budget estimates, the City Council holds a public hearing on the proposed budget. The annual budget is published on the City's website and the budget ordinances are published on Municode, which can be accessed from the City's website.

Prior to October 1, the budget is legally enacted through the passage of an ordinance. The appropriated budget is prepared by fund and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control (*i.e.*, the level at which expenditures may not legally exceed appropriations) is at the fund level. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

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

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund, which can be found in the Required Supplementary Information, presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Substantially all operating deposits are maintained in pooled deposits accounts. Interest income relating to pooled deposits is allocated to the participating individual funds based on each fund's pro rata share of total pooled deposits and investments. For the purpose of the Statement of Cash Flows, the City considers all highly liquid investments to be cash equivalents.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the state of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds, and certificates of deposit within established criterion. The City currently invests in non-negotiable certificates of deposit and investment pools.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital, Lease, and Subscription Assets

Capital assets, which include property, plant, vehicle, equipment, leased equipment and infrastructure, and subscription assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical costs or estimated historical cost if actual historical costs are not available. Donated assets are valued at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are recorded as expenses. Major outlays for improvements are capitalized. Outlays for capital items are capitalized as projects are constructed. Infrastructure assets begin depreciating at the end of the year in which costs are incurred. Other constructed capital assets begin depreciating when the asset is placed in service.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (\$15,000 for leases) and an estimated useful life in excess of one year. Depreciation and amortization has been calculated on each class of depreciable/amortizable property using the straight-line method over the following estimated useful lives or the lease/subscription term, whichever is shorter:

Assets

Buildings/structures	10 to 20 Years
Land improvements	10 to 20 Years
Street infrastructure	10 to 20 Years
Water and wastewater system	10 to 50 Years
Vehicles, machinery, and equipment	5 to 20 Years
Parks improvements	20 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of net pension liability or total OPEB liability) until then. The City has the following items that qualify for reporting in this category:

- Deferred charge on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and will be recognized in the subsequent fiscal year end.
- Difference in assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in projected and actual earnings on pension plan investments – This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- OPEB contributions after measurement date – These contributions are deferred and will be recognized in the subsequent fiscal year end.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue/increase of net pension liability or total OPEB liability) until that time. The City has the following items that qualify for reporting in this category:

- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Public-Private Partnership – This is reported under both the full accrual and modified accrual basis of accounting. This is measured at the value of the partnership receivable plus any payments received at or before the commencement of the partnership term that relate to future periods. The City will recognize an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the partnership.
- Leases – This is reported under both the full accrual and modified accrual basis of accounting. This is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The City will recognize an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, ambulance revenues, and court revenues. In the General Fund, deferred inflows of resources consists of property taxes of \$91,039, ambulance revenues of \$279,052, court revenues of \$27,252. In the Debt Service Fund, unavailable revenues consist of property taxes in the amount of \$84,930. In the nonmajor funds, unavailable revenues consist of property taxes in the amount of \$311. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unearned Revenues

The City also records unearned revenue, revenue received but not yet earned, in its governmental funds.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts and are reported as “due to /from other funds.”

Transactions Between Funds & Discretely Presented Component Units

Legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

The City allocates to the proprietary funds and the discretely presented component units a predetermined allocated amount for administrative services for budget purposes. During the fiscal year ended September 30, 2023, the City’s General Fund was reimbursed \$571,825 for these services.

The REIDC provides amounts to the City for parks and recreation projects, debt service, rebates and incentives, and water and sewer improvements. During fiscal year 2023, \$5,104,754 was provided by the REIDC to the City. \$10,027,559 was provided by the RCEDC to the City for the dissolution of RCEDC.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Restricted Assets

Certain cash and cash equivalent balances are restricted by various legal and contractual obligations. The City recorded the following restricted assets at the end of the fiscal year:

Governmental Activities	
Debt service	\$ 605,598
Capital projects	3,677,030
Municipal court building security	128,545
Municipal court technology	167,541
Tourism, convention centers, arts	139,431
Public safety	21,760
Parkland dedication	<u>213,537</u>
Total Governmental Activities Restricted Assets	<u><u>\$ 4,953,442</u></u>
Business-type Activities	
Customer deposits	\$ 478,522
Capital projects	<u>632,059</u>
Total Business-type Activities Restricted Assets	<u><u>\$ 1,110,581</u></u>

Compensated Absences

The City allows employees to accumulate up to 30 days of vacation time. Carryover of earned vacation time is limited to 240 hours. Upon termination, the City pays all accumulated vacation time not yet taken. Employees may sell back up to five vacation days to the City during June and December each year. If vacation time is sold back, each day bought back is deducted from the employee's accrued vacation balance. Vacation is earned in varying amounts up to a maximum of 20 days per year for employees with 10 years or more of service.

All regular full-time employees earn and accrue sick leave based on the service an employee has attained during each calendar year. Any accrued but unused sick leave shall be carried to the employee's credit for the following year up to 90 days (720 hours). Employees can have up to 5 days of sick leave "bought back" from the City each year. Each day that is sold back to the City is subtracted from the employee's accrued sick time balance. Accrued sick leave is not paid to any City employee upon separation from employment with the City; however, if an employee retires from the City, that employee will be compensated for any accrued sick leave, not to exceed 720 hours.

Vacation pay accrued in the proprietary funds financial statements are reported as accrued compensated absences (a current liability). Compensated absences are recorded in governmental funds as they mature (*i.e.*, as taken). The liability for governmental fund compensated absences is typically liquidated in the General Fund.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Pensions

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

Defined Benefit Other Postemployment Benefit Plan

The City has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). 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 the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Lease Receivable

The City is a lessor for noncancellable leases of tower spaces and land. The City recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Public-Private Partnership Receivable

The City is the transferor for a partnership agreement relating to the use of land and related water park assets. The City recognizes a PPP receivable and a deferred inflow of resources. At the commencement of a partnership, the City initially measures the PPP receivable at the present value of future PPP payments to be received for the PPP term. Subsequently, the PPP receivable is reduced by the principal portion of PPP payments received. The deferred inflow of resources is initially measured as the initial amount of the PPP, adjusted for PPP payments received at or before the partnership commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the partnership term.

The City monitors changes in circumstances that would require a remeasurement of its partnerships, and will remeasure the PPP receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the PPP receivable.

Lease Liability

The City is a lessee for a noncancellable lease of a building and recognizes a related lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

Subscription Liability

The City contracts for noncancellable subscriptions of information technology software. The City recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more. At the commencement of a subscription, the City measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Fund Balance Policies and Classifications

In the fund financial statements, governmental funds report fund balance into classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purpose for which amount in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned and Unassigned.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Nonspendable. This classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) are legally or contractually required to remain intact. The City has classified prepaid items, notes receivable, and due from other funds as being nonspendable.

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

The City has recorded the following restrictions at year-end:

- Restricted for debt service represents the portion of fund equity legally restricted for retirement of bond principal and payment of interest and related charges.
- Restricted for capital projects represents the portion of fund equity that is unspent bond proceeds legally restricted for capital projects.
- Restricted for municipal court building security represents the portion of fund equity derived from municipal court security fees, legally restricted for the purpose of providing security services for buildings housing the municipal court of record.
- Restricted for municipal court building technology represents the portion of fund equity derived from municipal court technology fees, legally restricted to finance the purchase of or to maintain technological enhancements for the municipal court of record.
- Restricted for tourism, convention centers, and arts represents funds derived from hotel occupancy taxes to promote the City through tourism and historical preservation.
- Restricted for public safety are funds from police and fire grants, citizen donations and sale of assets seized in connection with arrests in the police department, which are to be used solely for public safety related expenditures.
- Restricted for parkland dedication represents funds derived from fees in lieu of a donation of land for park purposes from developers.

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

Assigned. This classification includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager. The City has recorded no assignments at year-end.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Unassigned. This classification represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The table below details the fund balance categories and classifications for Governmental Funds.

	Reported in							Total Governmental Funds
	General	Debt Service	Facilities Improvement	Control & Prevention District	Vehicle Replacement	Nonmajor Governmental Funds	-	
Nonspendable	\$ 214,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,389
Restricted for								
Debt service	-	598,726	-	-	-	-	232,882	831,608
Capital projects	-	-	-	-	-	-	3,677,030	3,677,030
Municipal court building security	128,545	-	-	-	-	-	-	128,545
Municipal court technology	167,541	-	-	-	-	-	-	167,541
Tourism, convention centers, arts	-	-	-	-	-	-	162,203	162,203
Public safety	-	-	-	2,916,380	-	-	271,949	3,188,329
Parkland dedication	-	-	-	-	-	-	213,537	213,537
Committed	4,804	-	299,914	-	3,071,038	1,699,417	-	5,075,173
Unassigned	25,080,453	-	-	-	-	-	-	25,080,453
Total	\$ 25,595,732	\$ 598,726	\$ 299,914	\$ 2,916,380	\$ 3,071,038	\$ 6,257,018	\$ -	\$ 38,738,808

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed resources would be considered spent first (if available), followed by assigned resources (if available), and then unassigned resources, as appropriate opportunities arise. However, the City reserves the right to selectively spend unassigned resources to defer the use of these other classified funds.

It is the desire of the City to maintain adequate fund balance to maintain liquidity in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum unassigned fund balance of 60 days (16%) of expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, lease, and subscription, into one component of net position. Accumulated depreciation and amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category represents net position that have external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Unrestricted Net Position – The category represents net position of the City, not restricted for any project.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City’s management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

Adoption of New Accounting Standards

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. The implementation of this statement resulted in a \$2.2 million decrease in beginning fund balance for the general fund. The additional disclosures required by this standard are included in *Note 2*.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a single model for subscription-based information technology arrangements (SBITAs) accounting based on the principle that contracts are financings of the right to use an underlying information technology software asset. The standard requires recognition of certain right-to-use subscription assets and subscription liabilities. As a result of implementing this standard the City recognized right-to-use subscription assets and liabilities. The adoption of this standard had no impact on beginning net position. The additional disclosures required by this standard are included in *Note 2*.

Future Adoption of Accounting Principles

GASB Statement No. 100, Accounting Changes and Error Corrections (GASB 100)

GASB 100 improves the clarify and requirements for accounting changes and error corrections. The City expects to first apply GASB 100 during the year ending September 30, 2024. The impact of applying the Statement has not been determined.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

GASB Statement No. 101, Compensated Absences (GASB 101)

GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized for leave for which employees may receive one or more: cash payments when the leave is used for time off; other cash payments, such as payment for unused leave upon termination of employment which includes voluntary resignation or retirement; or noncash settlements, such as conversion to defined benefit postemployment benefits. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The City expects to first apply GASB 101 during the year ending September 30, 2025. The impact of applying the Statement has not been determined.

GASB Statement No. 102, Certain Risk Disclosures (GASB 102)

GASB 102 requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The City expects to first apply GASB 102 during the year ending September 30, 2025. The impact of applying the Statement has not been determined.

Note 2: Detailed Notes on All Funds

Deposits and Investments

Deposits. At September 30, 2023, the carrying amount of the City's cash and cash equivalents held with financial institutions, including, fiduciary activities and component units, was \$28,016,421 and the respective bank balances totaled \$29,370,304.

Investments. The City's investment policy allows for investments in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the state of Texas or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "AA" or its equivalent; (5) certificates of deposits issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date.

For fiscal year 2023, the City invested in non-negotiable certificates of deposits measured at amortized cost and TexasCLASS investment pool measured at net asset value. The City records all interest revenue related to investment activities in the respective funds. As of September 30, 2023, the carrying amount of the City's certificates of deposits reported as investments totaled \$249,010 and the amount invested in TexasCLASS at net asset value totaled \$29,534,552.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

TexasCLASS is supervised by a Board of Trustees (the Board) who are elected by the Participants and shall be an odd number of three or more. Additionally, TexasCLASS has a five-member Advisory Board. Fair value of the City's position in the pools is, in all material respects, the same as the value of the pool shares. Investment income earned on pooled cash and investments is allocated to each fund based upon each fund's weighted-average daily cash and investment balances.

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the City's deposits may not be returned. Both the City's investment policy and the *Texas Public Funds Investment Act* requires that all deposits of the City that exceed the Federal Depository Insurance Corporation (FDIC) coverage levels are collateralized with securities held by a third-party custodian in the City's name. As of September 30, 2023, the carrying amount of the City's bank deposits and investments, including component units, was \$29,099,730, and the respective bank balances totaled \$29,370,304. The value of the City's deposits and investments not insured through the FDIC has been fully collateralized and meets the requirements of the City's policy and state statutes.

Concentration of Credit Risk. In compliance with the City's investment policy, as of September 30, 2023, the City minimized credit risk by limiting investments to the safest types of securities and diversifying the portfolio so that potential losses on individual securities were minimized. The investment pools (which represent approximately 99% of the City's portfolio) are rated Aam by Standard and Poor's.

Interest Rate Risk. As a means of minimizing risk of loss due to interest rate fluctuations, the City's investment policy requires that the portfolio remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Liquidity and marketability will be ensured by investing in securities with active secondary markets.

Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Denton and Tarrant County Appraisal Districts at 100% of its estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2023, were 98.82% of the adjusted tax levy. Allocations of property tax levy by purpose for 2023 and the preceding year are as follows (amounts per \$100 assessed value):

Property Tax Rates:

Fund Type	2023	2022
General Fund	\$ 0.15968	\$ 0.19502
Debt Service Fund	<u>0.18010</u>	<u>0.18010</u>
Total	<u>\$ 0.33978</u>	<u>\$ 0.37512</u>

Property taxes are recorded as receivables and unavailable revenues (deferred inflows of resources) at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within 60 days following the close of the fiscal year have not been recognized as revenue since amounts are not material to the financial statements.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. If a city with a population of less than 30,000 adopts a tax rate that exceeds the greater of the city’s voter-approval tax rate or the de minimis tax rate, the city council must order an election to approve the adopted tax rate for the November uniform election date.

Receivables

Receivables as of year-end for the government’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General	Debt Service	Facilities Improvement	Crime Control & Prevention District	Nonmajor Governmental	Water and Wastewater
Taxes	\$ 2,386,835	\$ 84,930	\$ -	\$ 1,096,332	\$ 23,083	\$ -
Intergovernmental	11,233	-	-	-	-	-
Accounts	2,447,542	-	-	-	723,046	1,643,362
Notes	-	-	1,996,064	-	-	-
PPP receivable	5,578,634	-	-	-	-	-
Lease	-	-	-	-	-	678,450
Less allowance for uncollectibles	<u>(1,863,826)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,627)</u>
Net receivables	<u>\$ 8,560,418</u>	<u>\$ 84,930</u>	<u>\$ 1,996,064</u>	<u>\$ 1,096,332</u>	<u>\$ 746,129</u>	<u>\$ 2,094,185</u>

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Notes Receivable

Based on the terms of the notes receivable agreement, the outstanding balance of \$1,996,064 as of year-end is not anticipated to be collected within the next year.

Lease Receivable

The City's proprietary fund leases tower space and land to third parties, the terms of which expire between 2027 and 2032. The City recognized approximately \$100,699 in lease revenue and interest revenue during the current fiscal year related to the leases. As of September 30, 2023, the City's proprietary fund receivable for lease and related interest payments was \$678,450 and the balance of the deferred inflow of resources was \$632,515.

PPP Receivable

The City has entered into one public-private partnership arrangement. A third party will operate, maintain, and retain related fees for the Hawaiian Falls waterpark for 28 years. The City will receive installment payments under the agreement until 2048.

In fiscal year 2011, the City entered into an agreement with Roanoke Family Entertainment, LLC, (RFE) commonly referred to as Hawaiian Falls, under which the RFE will operate, maintain, and retain fees from a water park for 40 years with two 5-year renewal options succeeding the term of 40 years. In fiscal year 2016, the agreement was assigned to and assumed by Store Master Funding VIII, LLC. Management's objective for entering into the agreement was provide its citizens a water of first class quality in all respects, as compared to similar sized operations in Texas. The City received from RFE an upfront payment of \$3.2 million. The City used the proceeds from the upfront payment to finance the initial construction of the waterpark in 2011. The City continues to report the water park as a capital asset with a carrying amount of \$3,857,657.

As of September 30, 2023, the value of the PPP receivable is \$5,578,634. The operator is required to make annual fixed payments of \$225,000. The value of the deferred inflow of resources as of September 30, 2023, was \$7,636,569, which includes \$2,240,000 received previously from RFE, and the City recognized PPP revenue of \$286,421 during the fiscal year.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Capital, Lease, and Subscription Assets

Capital, lease, and subscription asset activity for the year ended September 30, 2023, was as follows:

	<i>Restated</i> Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 5,768,785	\$ 220,408	\$ -	\$ -	\$ 5,989,193
Construction in progress	1,525,654	3,105,474	-	-	4,631,128
Total capital assets not being depreciated	<u>7,294,439</u>	<u>3,325,882</u>	<u>-</u>	<u>-</u>	<u>10,620,321</u>
Capital and lease assets being depreciated/amortized					
Buildings/structures	41,837,923	669,662	-	-	42,507,585
Improvements other than buildings	16,745,020	13,690	-	-	16,758,710
Vehicles	5,746,784	1,010,600	(233,727)	-	6,523,657
Machinery and equipment	4,215,972	896,999	(222,208)	-	4,890,763
Lease asset	108,672	-	-	-	108,672
Subscription asset	31,528	22,966	-	-	54,494
Infrastructure	63,394,930	-	-	-	63,394,930
Total capital and lease assets being depreciated/amortized	<u>132,080,829</u>	<u>2,613,917</u>	<u>(455,935)</u>	<u>-</u>	<u>134,238,811</u>
Less accumulated depreciation/amortization					
Buildings/structures	(20,302,370)	(2,181,075)	-	-	(22,483,445)
Improvements other than buildings	(10,575,697)	(881,516)	-	-	(11,457,213)
Vehicles	(3,928,541)	(541,739)	233,727	-	(4,236,553)
Machinery and equipment	(3,026,518)	(391,140)	218,572	-	(3,199,086)
Lease asset	(28,349)	(28,349)	-	-	(56,698)
Subscription asset	(7,707)	(11,900)	-	-	(19,607)
Infrastructure	(29,070,709)	(3,102,313)	-	-	(32,173,022)
Total accumulated depreciation/amortization	<u>(66,939,891)</u>	<u>(7,138,032)</u>	<u>452,299</u>	<u>-</u>	<u>(73,625,624)</u>
Total capital and lease assets being depreciated/amortized, net	<u>65,140,938</u>	<u>(4,524,115)</u>	<u>(3,636)</u>	<u>-</u>	<u>60,613,187</u>
Governmental activities capital and lease assets, net	<u>\$ 72,435,377</u>	<u>\$ (1,198,233)</u>	<u>\$ (3,636)</u>	<u>\$ -</u>	<u>\$ 71,233,508</u>
	Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Business-type activities					
Capital assets not being depreciated					
Construction in progress	\$ 100,312	\$ 42,495	-	-	\$ 142,807
Total capital assets not being depreciated	<u>100,312</u>	<u>42,495</u>	<u>-</u>	<u>-</u>	<u>142,807</u>
Capital assets being depreciated					
Infrastructure	31,092,249	146,732	(275,000)	-	30,963,981
Buildings	-	121,728	-	-	121,728
Improvements other than buildings	26,809	-	-	-	26,809
Vehicles	243,805	-	-	-	243,805
Machinery and equipment	1,002,756	260,715	-	-	1,263,471
Total capital assets being depreciated	<u>32,365,619</u>	<u>529,175</u>	<u>(275,000)</u>	<u>-</u>	<u>32,619,794</u>
Less accumulated depreciation/amortization					
Infrastructure	(18,369,917)	(653,462)	260,667	-	(18,762,712)
Buildings	-	(6,086)	-	-	(6,086)
Improvements other than buildings	(8,043)	(5,362)	-	-	(13,405)
Vehicles	(213,730)	(15,038)	-	-	(228,768)
Machinery and equipment	(293,496)	(165,394)	-	-	(458,890)
Total accumulated depreciation/amortization	<u>(18,885,186)</u>	<u>(845,342)</u>	<u>260,667</u>	<u>-</u>	<u>(19,469,861)</u>
Total capital assets being depreciated, net	<u>13,480,433</u>	<u>(316,167)</u>	<u>(14,333)</u>	<u>-</u>	<u>13,149,933</u>
Business-type activities capital assets, net	<u>\$ 13,580,745</u>	<u>\$ (273,672)</u>	<u>\$ (14,333)</u>	<u>\$ -</u>	<u>\$ 13,292,740</u>

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities		
General government	\$	2,887,111
Public safety		924,896
Culture and recreation		1,068,448
Public works		<u>2,257,577</u>
Total depreciation and amortization expense – governmental activities	\$	<u>7,138,032</u>
Business-type activities		
Water and Wastewater	\$	<u>845,342</u>
Total depreciation expense – business-type activities	\$	<u>845,342</u>

Construction Commitments

Outstanding commitments at September 30, 2023, under authorized construction contracts were approximately \$2,960,704. The outstanding commitments for the projects were funded primarily from bond proceeds.

Due to/from Other Funds

The composition of interfund balances for the year ended September 30, 2023 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Facilities Improvement	\$ 2,400,348
General Fund	Fire Grants Fund	419,606

The outstanding balance between the funds is related to working capital loans in which the general fund expects to collect in the subsequent year.

Transfers

All interfund transfers between the various funds are approved supplements to the operations of those funds.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Transfers between funds for the year ended September 30, 2023, were as follows:

Transfers Out	Transfers in						Total Transfers Out
	Major Governmental			Major Enterprise			
	General	Facilities Improvement	Vehicle Replacement	Debt Service	Nonmajor Governmental Funds	Water and Wastewater	
General	\$ -	\$ 100,000	\$ 502,014	\$ -	\$ 232,098	\$ -	\$ 834,112
Crime Control & Prevention District			240,000	471,000			711,000
Debt service	-	-	-	-	-	59,659	59,659
Nonmajor governmental funds	95,000	-	-	22,100	21,000	-	138,100
Water and wastewater	421,825	-	116,872	-	5,584	-	544,281
Total transfers in	\$ 516,825	\$ 100,000	\$ 858,886	\$ 493,100	\$ 258,682	\$ 59,659	\$ 2,287,152

All transfers were routine budgeted transfers done in the course of normal City operations. Transfers are used to (1) transfer funds to the Vehicle and Computer Replacement funds from the General Fund and Water and Wastewater fund for computer, vehicle, and equipment replacements, (2) transfer funds to the General Fund from the Water and Wastewater fund and Hotel Occupancy fund to cover advertising and marketing costs and other administrative services, (3) transfer funds to the Debt Service fund to cover debt related to a fire department museum, (4) transfer funds to the Street Construction fund from the General fund for future street improvements, (5) transfer funds to the Facilities Improvement fund for future building maintenance.

Leases Liability

The City's general fund has an agreement for equipment, the terms of which expire in 2025. During the fiscal year ended September 30, 2023, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

Governmental Activities	Principal	Interest	Total
Year Ending September 30,			
2024	\$ 28,960	\$ 1,842	\$ 30,802
2025	25,147	522	25,669
	<u>\$ 54,107</u>	<u>\$ 2,364</u>	<u>\$ 56,471</u>

Subscription Liability

The City has subscription IT arrangements to conduct its operations, the terms of which expire 2024 through 2027. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

As of September 30, 2023, the value of the subscription liabilities was \$28,074. An incremental borrowing rate of 4.00% was used to measure subscription liabilities.

The future principal and interest payments for subscription liabilities as of September 30, 2023, are as follows:

Governmental Activities				
Year Ending September 30,	Principal Payments	Interest Payments	Total Payments	
2024	\$ 17,124	\$ 922	\$ 18,046	
2025	9,073	341	9,414	
2026	920	75	995	
2027	957	38	995	
	<u>\$ 28,074</u>	<u>\$ 1,376</u>	<u>\$ 29,450</u>	

Long-term Obligations

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2023, is as follows:

	Restated Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Adjustments/ Refundings	Balance End of Year	Due within One Year
Governmental Activities						
General obligation bonds	\$ 12,061,166	\$ -	\$ (2,310,436)	\$ -	\$ 9,750,730	\$ 2,388,722
Certificates of obligation	21,860,000	6,695,000	(1,695,000)	-	26,860,000	1,750,000
Tax notes	765,000	-	(245,000)	-	520,000	255,000
Special assessment bonds	225,000	-	(225,000)	-	-	-
Lease	81,795	-	(27,688)	-	54,107	28,960
SBITAs	24,315	22,966	(19,207)	-	28,074	17,124
Premium on bonds	2,303,589	266,563	(440,792)	-	2,129,360	-
Compensated absences	730,629	1,697,974	(1,023,116)	-	1,405,487	705,286
Total governmental activities	<u>38,051,494</u>	<u>8,682,503</u>	<u>(5,986,239)</u>	<u>-</u>	<u>40,747,758</u>	<u>5,145,092</u>
Business-type Activities						
General obligation refunding bonds	1,443,834	-	(279,564)	-	1,164,270	286,278
Certificates of obligation	-	750,000	(35,000)	-	715,000	35,000
Premium on bonds	103,526	-	(26,842)	-	76,684	-
Notes payable	453,779	-	(49,260)	-	404,519	50,785
Compensated absences	92,712	140,213	(107,231)	-	125,694	78,515
Total business-type activities	<u>2,093,851</u>	<u>890,213</u>	<u>(497,897)</u>	<u>-</u>	<u>2,486,167</u>	<u>450,578</u>
Total primary government	<u>\$ 40,145,345</u>	<u>\$ 9,572,716</u>	<u>\$ (6,484,136)</u>	<u>\$ -</u>	<u>\$ 43,233,925</u>	<u>\$ 5,595,670</u>

For the governmental activities, compensated absences are liquidated by the General Fund. Also, for governmental activities, the net pension liability and OPEB liability is generally liquidated from the General Fund. For the business-type activities, the Water and Wastewater fund liquidates the compensated absences.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

General Obligation Bonds and Certificates of Obligation

The general obligation refunding bonds and certificates of obligation have interest rates ranging from 3.0% to 5.0% maturing annually in varying amounts through 2042. Interest for these bonds is payable semi-annually. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. They are payable from property taxes and water/wastewater revenues.

In 2023, the City issued \$3,965,000 of Combination Tax and Revenue Certificates of Obligation, Series 2022A, with a premium of \$148,177, and \$3,480,000 of Combination Tax and Revenue Certificates of Obligation, Series 2022B, with a premium of \$118,386. The interest rate on the Certificates of Obligations is 5% and the maturity dates are August 15, 2042 and 2037, respectively. The proceeds from the 2022A Certificates will be used for the purpose 1) designing a new police and courts facility and related parking for such facility; and 2) paying for professional services rendered in connection therewith, including costs of issuance of the 2022A Certificates. Proceeds from the 2022B Certificates will be used for the purpose of 1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements, and signage related thereto; 2) acquiring and constructing a new water ground storage tank; and 3) paying for professional services rendered in connection therewith, including costs of issuance of the 2022B Certificates.

General Obligation Bonds:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 2,388,722	\$ 370,145	\$ 286,278	\$ 44,555	\$ 3,089,700
2025	2,472,008	281,320	297,992	35,120	3,086,440
2026	2,485,000	187,400	315,000	23,200	3,010,600
2027	2,125,000	90,650	265,000	10,600	2,491,250
2028	280,000	8,400	-	-	288,400
	<u>\$ 9,750,730</u>	<u>\$ 937,915</u>	<u>\$ 1,164,270</u>	<u>\$ 113,475</u>	<u>\$ 11,966,390</u>

Certificates of Obligation:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,750,000	\$ 1,019,263	\$ 35,000	\$ 33,200	\$ 2,837,463
2025	1,790,000	956,900	40,000	31,450	2,818,350
2026	1,870,000	886,950	40,000	29,450	2,826,400
2027	1,950,000	813,800	40,000	27,450	2,831,250
2028	2,025,000	737,350	45,000	25,450	2,832,800
2029-2033	7,685,000	2,611,050	260,000	91,300	10,647,350
2034-2038	6,635,000	1,306,650	255,000	29,950	8,226,600
2039-2042	3,155,000	273,076	-	-	3,428,076
	<u>\$ 26,860,000</u>	<u>\$ 8,605,039</u>	<u>\$ 715,000</u>	<u>\$ 268,250</u>	<u>\$ 36,448,289</u>

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Tax Notes:

In October 2018, the City issued \$1,695,000 in tax notes to pay all or a portion of the City's contractual obligations to be incurred in connection with (1) constructing and improving streets and roads in the City and (2) paying costs associated with the issuance of the Notes. The tax notes have interest rates ranging from 3.00% to 4.00% maturing annually in varying amounts through 2025. Debt service requirements of the tax notes for the years subsequent to September 30, 2023, are as follows:

Tax Notes:

Fiscal Year	Principal	Interest	Total
2024	255,000	20,800	275,800
2025	265,000	10,600	275,600
	<u>\$ 520,000</u>	<u>\$ 31,400</u>	<u>\$ 551,400</u>

Note Payable:

In March 2022, the City issued a note payable of \$481,013 to acquire a sewer vac truck in the Water and Wastewater Fund. The note payable has an interest rate of 3.071% and matures in 2027. Debt service requirements of the note payable for the years subsequent to September 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	50,785	11,639	62,424
2025	52,357	10,067	62,424
2026	53,977	8,447	62,424
2027	247,400	3,600	251,000
	<u>\$ 404,519</u>	<u>\$ 33,753</u>	<u>\$ 438,272</u>

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 3: Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$1,000,000 per insured event. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in the past three years.

Note 4: Deferred Compensation Plan

The City offers its employees a defined contribution, deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is administered by Nationwide Retirement Solutions. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the City.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City does not contribute to the plan.

Note 5: Employee Retirement System

Plan Description

The City participates as one of 930 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS. The City does not participate in the supplemental death benefit plan.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Benefits Provided

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

At retirement, the Member’s benefit is calculated based on the sum of the Member’s contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a 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.

Employees covered by benefit terms:

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

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	73
Active employees	137
	263
	263

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.18% and 17.17% in calendar years 2022 and 2023, respectively. The City’s contributions to TMRS for the year ended September 30, 2023, were \$2,443,889 and were equal to the required contributions.

Net Pension Liability

The City’s net pension liability (NPL) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Actuarial Assumptions:

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3% 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.

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).

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

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

Discount Rate:

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

Changes in the Net Pension Liability:

	<i>Increase (Decrease)</i>		
	Total Pension (a)	Plan Fiduciary Net (b)	Net Pension Liability (a) - (b)
Balance at October 1, 2022	\$ 52,563,553	\$ 48,355,054	\$ 4,208,499
Changes for the year:			
Service cost	2,605,166	-	2,605,166
Interest (on the total pension liability)	3,575,214	-	3,575,214
Difference between expected and actual experience	952,488	-	952,488
Benefit payments, including refunds of employee contributions	(1,800,009)	(1,800,009)	-
Administrative expense	-	(30,544)	30,544
Contributions - member	-	924,755	(924,755)
Contributions - employer	-	2,269,614	(2,269,614)
Net investment income	-	(3,541,674)	3,541,674
Other	-	36,449	(36,449)
Net Changes	5,332,859	(2,141,409)	7,474,268
Balance at September 30, 2023	\$ 57,896,412	\$ 46,213,645	\$ 11,682,767

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

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

1% Decrease in Discount Rate (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase in Discount Rate (7.75%)
\$ 21,423,543	\$ 11,682,767	\$ 3,829,014

Pension Plan Fiduciary Net Position:

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

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of \$3,039,540.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 969,054	\$ 146,705
Difference between projected and actual investment earnings on pension plan investments	3,233,229	-
Changes of assumptions	33,974	-
Employer contributions subsequent to the measurement date	1,821,396	-
Total	\$ 6,057,653	\$ 146,705

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

\$1,821,396 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

September 30	Amortization of Future Deferred (Inflows) Outflows of Resources
2024	\$ 408,573
2025	985,690
2026	1,061,185
2027	1,523,040
2028	111,064
	\$ 4,089,552

Allocation of Pension Items

The City allocates pension items between governmental activities and business-type activities on the basis of employee payroll funding.

Note 6: Postemployment Benefits Other Than Pensions

Plan Description

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City’s insurance carrier until the age 65 through a single employer defined benefit plan. The City contributes an amount, which is established each fiscal year depending on plan costs and budget availability, towards the total monthly cost of retiree medical/prescription plans. City contribution amounts are tiered to increase with the level of coverage (Employee Only, Employee and Spouse, Employee and Children, or Employee and Family) and subject to change. This effect on cost is considered to be an implicit rate subsidy. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

To qualify for retiree health plan benefits, the employee must meet all four qualifications:

1. Must have coverage for medical benefits under the city health plan as an employee immediately prior to termination of employment.
2. Must Apply for TMRS benefits in accordance with their requirements and deadlines, but in no event later than thirty days from termination of employment
3. Must enroll for retiree health coverage within thirty-one (31) days of the date of termination.
4. Must not be eligible for Medicare or another insurance through another employer. If the employee is eligible for Medicare at age 65 or another insurance through a new employer, they are required to take it.

If dependents are not covered under the City’s health benefit plan or an employee opts out of the health benefit plan offered by the City, they are not eligible for coverage under this subsection.

Benefits Provided

Retiree medical coverage levels for retirees are the same plans and benefits for all active employees in accordance with the terms and conditions of the City’s current health plan. Premiums for the retiree health plans are the same as active employee’s health plans. The plans themselves are the same as well with regard to benefits and structure with no differentiation.

Employees covered by benefit terms:

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	0
Active employees	134
	138

Total OPEB Liability

The City’s total OPEB liability of \$602,925 (\$560,719 governmental activities and \$42,206 business-type activities) was measured as of December 31, 2022, and was determined by an actuarial valuation as December 31, 2022.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Actuarial Assumptions:

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

Actuarial Cost Method	Entry-Age Normal
Discount Rate	4.05% as of December 31, 2022 (1.84% as of December 31, 2021)
Inflation	2.50%
Salary Increase	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 15 years; The City's explicit subsidies were assumed to increase in line with general inflation (2.50% per year).
Participation Rates	0% for employees who retire prior to the age of 50; 15% for employees who retire between ages 50 and 59; 40% for employees who retire between the ages of 60 and 64

Discount Rate:

For plans that do not have a formal trust that meets GASB's requirements, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The discount rate was based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index".

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at October 1, 2022	\$ 864,265
Changes for the year:	
Service cost	79,510
Interest (on the total OPEB liability)	16,363
Difference between expected and actual experience	(243,870)
Effect of assumptions changes (discount rate change)	(83,879)
Benefit payments, age adjusted premiums, net of retiree contributions	(29,464)
Balance at September 30, 2023	\$ 602,925

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Sensitivity of the total OPEB liability to changes in the discount rate and health care cost trend rates:

The total OPEB liability of the City has been calculated using a discount rate of 4.05%. The following presents the OPEB liability using a discount rate of 1% higher and 1% lower than the current discount rate.

1% Decrease (3.05%)	Current Discount Rate Assumption (4.05%)	1% Increase (5.05%)
\$ 652,258	\$ 602,925	\$ 557,745

The total OPEB liability of the City has been calculated using the assumed health care cost trend rates of 7.0% decreasing to 4.25%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 542,194	\$ 602,925	\$ 673,987

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$66,295.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 34,189	\$ 219,651
Changes of assumptions	74,366	173,005
Contributions subsequent to the measurement date	26,656	-
Total	\$ 135,211	\$ 392,656

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2024.

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

September 30	Amortization of Future Deferred (Inflows) Outflows of Resources
2024	\$ (29,578)
2025	(29,578)
2026	(29,578)
2027	(29,578)
2028	(29,181)
Thereafter	(136,608)
	\$ (284,101)

Allocation of OPEB Items

The City allocates OPEB items between governmental activities and business-type activities on the basis of employee payroll funding.

Note 7: Water Purchase and Wastewater Treatment Contracts

The City has an agreement with the City of Fort Worth under which the City purchases water. The terms of the agreement provide that the City will purchase an amount of treated potable water each year, at rates determined on a periodic basis. The rate is adjusted based on a water rate study, which is conducted about every three years, on behalf of the wholesale water customers with the City of Fort Worth.

The City has an agreement with the Trinity River Authority (Authority) to provide wastewater treatment at the Authority’s Denton Creek Regional Wastewater Treatment Facility. The Authority has issued bonds in connection with the financing and services of the Facility. The City’s contractual minimum payment is required to cover a portion of the annual principal and interest payments incurred related to this debt. Rates are determined annually by the Trinity River Authority.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 8: Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City’s legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City’s operations or financial position. The amount of ultimate loss, if any, could differ materially.

Note 9: Roanoke Economic Industrial Development Corporation

The REIDC is financed with a voter approved half-cent city sales tax, to aid, promote and further the economic development within the City.

Cash and Investments

Cash and investments for the REIDC as of September 30, 2023, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	\$ 12,120,813
Total cash and cash equivalents	\$ 12,120,813

Investments – Because the City provides investment services for the REIDC, the City adheres to its investment policy and all state statutes when investing available cash for the REIDC. The REIDC does not have any investments at this time.

Capital and Lease Assets

Capital and lease asset activity for the year ended September 30, 2023, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year
Component unit activities				
Capital and lease assets not being depreciated				
Land	\$ 3,153,106	\$ -	\$ -	\$ 3,153,106
Total capital assets not being depreciated	3,153,106	-	-	3,153,106
Capital and lease assets being depreciated/amortized				
Lease asset	2,389,721	-	-	2,389,721
Total capital assets being depreciated/amortized	2,389,721	-	-	2,389,721
Less accumulated depreciation/amortization				
Lease asset	(24,893)	(24,893)	-	(49,786)
Total accumulated depreciation/amortization	(24,893)	(24,893)	-	(49,786)
Total capital and lease assets being depreciated/amortized	2,364,828	(24,893)	-	2,339,935
REIDC capital and lease assets, net	\$ 5,517,934	\$ (24,893)	\$ -	\$ 5,493,041

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2023, is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Component unit activities					
Sales tax revenue refunding bonds	\$ 5,425,000	\$ -	\$ (330,000)	\$ 5,095,000	\$ 340,000
Total REIDC	<u>\$ 5,425,000</u>	<u>\$ -</u>	<u>\$ (330,000)</u>	<u>\$ 5,095,000</u>	<u>\$ 340,000</u>

Sales Tax Revenue Bonds

The City issued Series 2018 Sales Tax Revenue Refunding Bonds in the amount of \$6,475,000, dated October 25, 2018, bearing interest rates of 3.00% to 4.35%. Proceeds from the sale of the Bonds will be used for the purpose of paying costs for (i) refund certain debt of the corporation (the "Refunded Bonds") for the debt service (ii) for paying costs of issuance of the Bonds. Debt service requirements of the sales tax revenue bonds for the years subsequent to September 30, 2023, are as follows:

Fiscal Year	Component Units		Total
	Principal	Interest	
2024	340,000	210,390	550,390
2025	355,000	198,150	553,150
2026	365,000	185,015	550,015
2027	375,000	170,963	545,963
2028	395,000	156,150	551,150
2029-2033	2,230,000	521,669	2,751,669
2034-2035	1,035,000	68,078	1,103,078
	<u>\$ 5,095,000</u>	<u>\$ 1,510,415</u>	<u>\$ 6,605,415</u>

The following is a summary of pledged revenues of REIDC for the year ended September 30, 2023:

Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will Not be Available for Other Purposes
.5% sales and use tax	\$ 6,339,588	\$ 552,440	8.7%	\$ 6,605,415	Until 2035

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Leases

The REIDC has an agreement for a parking garage, the terms of which expire in 2117. During the fiscal year ended September 30, 2023, the REIDC did not recognize any rental expense for variable payments not previously included in the measurement of the leased asset.

Note 10: AI & Lula Mae Slaughter Park Foundation

The Slaughter Park Foundation is financed by gifts, legacies, and devices, used to fund public improvements and operations for the AI & Lula Mae Slaughter Park facilities.

Cash and Investments

Cash and investments for the Slaughter Park Foundation as of September 30, 2023, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	<u>\$ 477,634</u>
Total cash and cash equivalents	<u><u>\$ 477,634</u></u>

Investments – Because the City provides investment services for the Slaughter Park Foundation, the City adheres to its investment policy and all state statutes when investing available cash for the Slaughter Park Foundation. The Slaughter Park Foundation does not have any investments at this time.

Note 11: Tax Abatements

The City enters into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. The City has the authority under both Article III, Section 52-a of the Texas Constitution and Chapter 380 to make public funds available for the purposes of promoting local economic development and stimulating business and commercial activity within the City. The City offers individual incentive packages to attract new business to the City. Abatements may be granted by City Council resolution to companies or developers agreeing to relocate to the City or to establish a new business in the City. As part of the agreements, the City agrees to refund a portion of Local Sales and Use Tax, Type A Sales and Use Tax, Type B Sales and Use Tax, and/or Property Taxes after confirmation of payment. The agreements entered into by the City include clawback provisions should the recipient of the tax abatement fail to fully meet its commitments, such as annual sales levels or appraised values of real and personal property located on the project site. As a part of these agreements, the City may also provide Developers financial assistance for Developer’s expenditures made towards the Project.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

In addition to tax abatements, the City occasionally makes additional commitments in its economic development incentive agreements. The following additional commitments have been made:

The City has agreed, subject to the discretion of the City Council, the issuance of Certificates of Obligations or other public security of the City in the maximum amount of \$30,000,000 for the construction of a convention center facility. In addition, the City, along with the REIDC and RCEDC, have agreed to provide a loan of up to \$4,500,000 to cover predevelopment expenses paid or incurred related to the qualified project. The current loan amount is the notes receivable balances in the Facilities Improvement Fund and REIDC at September 30, 2023.

For the fiscal year ended September 30, 2023, the City has ten open tax abatement agreements and abated the following amounts under these agreements:

Open Agreements - Type of Tax Abatement	Amount of Taxes Abated During the Fiscal Year
City of Roanoke:	
Property taxes	\$ 951,087
Total	\$ 951,087

Roanoke Economic Industrial Development Corporation (REIDC) Tax Abatements

Agreements entered into by REIDC are made in conjunction with the City’s agreements and are therefore included in the open agreement listing above. As a part of these agreements, REIDC has commitments outstanding to provide developer assistance for the related projects. Outstanding commitments at September 30, 2023, under agreements above were approximately \$286,580. No taxes were abated for the year ended September 30, 2023 by REIDC.

Note 12: Contingencies

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2023

Note 13: Subsequent Events

On October 4, 2023, the City issued \$29,435,000 of Combination Tax & Revenue Certificates of Obligation Series 2023A and \$2,635,000 of Combination Tax and Revenue Certificates of Obligation Series 2023B. The interest rate on the Combination Tax & Revenue Certificates of Obligation Series 2023A is 5% and the maturity date is August 15, 2048. The interest rate on the Combination Tax and Revenue Certificates of Obligation Series 2023B is 5% and the maturity date is August 15, 2033.



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