NEW ISSUE-BOOK-ENTRY-ONLY

Rating: S&P: "AA"
(See "OTHER PERTINENT INFORMATION - Rating" herein)

OFFICIAL STATEMENT
Dated: November 23, 2021

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

THE OBLIGATIONS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

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

$2,770,000
General Obligation Refunding Bonds
Series 2021

$2,705,000
Combination Tax & Revenue Certificates of Obligation
Series 2021

Dated Date: December 15, 2021

Due: August 15, as shown on Inside Cover

The City of Roanoke, Texas (the "City" or "Issuer") is issuing two series of obligations as shown above, to wit: $2,770,000 General Obligation Refunding Bonds, Series 2021 (the "Bonds") and $2,705,000 Combination Tax & Revenue Certificates of Obligation, Series 2021 (the "Certificates", and together with the Bonds, the "Obligations"). The Bonds are issued in accordance with the Constitution and laws of the State of Texas (the "State"), particularly Texas Government Code, Chapter 1207, as amended, and the ordinance authorizing the issuance of the Bonds (the "Bond Ordinance"). 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, and the ordinance authorizing the issuance of the Certificates (the "Certificate Ordinance"). (See "THE BONDS - Authority for Issuance" and "THE CERTIFICATES - Authority for Issuance" herein.)

The Obligations 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 BONDS – Security for Payment" and "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Bonds will accrue from December 15, 2021 (the "Dated Date") and will be payable February 15 and August 15 of each year, commencing February 15, 2022, until maturity, and will be calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Certificates will accrue from the Dated Date and will be payable February 15 and August 15 of each year, commencing February 15, 2022, until maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Obligations will be issued as fully-registered Obligations 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 Obligations will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof within a maturity. Purchasers of the Obligations ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Obligations purchased. So long as DTC or its nominee is the registered owner of the Obligations, the principal of and interest on the Obligations will be payable by U.S. Bank 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 Obligations. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Bonds will be used for the purpose of (1) refunding a portion of the City's outstanding debt to achieve debt service savings (see SCHEDULE I attached hereto) and (2) paying costs associated with the issuance of the Bonds. (See "PLAN OF FINANCING FOR THE BONDS - Purpose" herein.) Proceeds from the sale of the Certificates will be used for paying all or a portion of the City's contractual obligations to be incurred in connection with (1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements and signage related thereto; and (2) professional services rendered in connection therewith, including costs of issuance of the Certificates (See "THE CERTIFICATES - Purpose" herein.)

The Bonds are not subject to redemption prior to their stated maturity.

The City reserves the right, at its option, to redeem the Certificates maturing on or after August 15, 2032, in whole or in part, on August 15, 2030, 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. Additionally, the Certificates maturing on August 15, 2032, August 15, 2034, August 15, 2036, August 15, 2038 and August 15, 2041 are subject to the mandatory sinking fund redemption provisions, as further described herein. (See "THE BONDS – No Optional Redemption" and "THE CERTIFICATES – Redemption Provisions" herein).

The Bonds and 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 Obligations 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 Obligations are offered for delivery when, as and if issued and 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. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The legal opinions of Bond Counsel will be printed on, or attached to, the Obligations. (See Appendix C – Forms of Opinions of Bond Counsel). It is expected that the Obligations will be available for delivery through DTC on or about December 21, 2021.

SAMCO CAPITAL

MATURITY SCHEDULE
(Due August 15)
Base CUSIP Number: 770043 [(1)]

$ 2,770,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021[(2)]

Stated Maturity	Principal Amount*	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix [(1)]
8/15/2022	$ 485,000	3.000	0.270	QV2
8/15/2023	470,000	3.000	0.440	QW0
8/15/2024	490,000	3.000	0.530	QX8
8/15/2025	505,000	3.000	0.670	QY6
8/15/2026	265,000	3.000	0.860	QZ3
8/15/2027	275,000	3.000	1.030	RA7
8/15/2028	280,000	3.000	1.210	RB5

(Interest to accrue from the Dated Date)

$ 2,705,000 COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

Stated Maturity	Principal Amount*	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix [(1)]
8/15/2022	$ 90,000	3.000	0.270	RC3
8/15/2023	105,000	3.000	0.440	RD1
8/15/2024	105,000	3.000	0.530	RE9
8/15/2025	110,000	3.000	0.670	RF6
8/15/2026	115,000	3.000	0.860	RG4
8/15/2027	115,000	3.000	1.030	RH2
8/15/2028	120,000	3.000	1.210	RJ8
8/15/2029	125,000	3.000	1.320	RK5
8/15/2030	130,000	3.000	1.390	RL3

$265,000 3.000% Term Certificate due 8/15/2032[(2)], Price to Yield 1.400%[(3)], CUSIP Suffix RN9[(1)]

$285,000 3.000% Term Certificate due 8/15/2034[(2)], Price to Yield 1.470%[(3)], CUSIP Suffix RQ2 [(1)]

$305,000 3.000% Term Certificate due 8/15/2036[(2)], Price to Yield 1.540%[(3)], CUSIP Suffix RS8[(1)]

$325,000 3.000% Term Certificate due 8/15/2038[(2)], Price to Yield 1.600%[(3)], CUSIP Suffix RU3[(1)]

$510,000 3.000% Term Certificate due 8/15/2041[(2)], Price to Yield 1.740%[(3)], CUSIP Suffix RX7[1)]

(Interest to accrue from the Dated Date)

(1) CUSIP numbers have been assigned to this issue and are included solely for the convenience of the purchasers of the Obligations. “CUSIP” is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence 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 Underwriter are responsible for the selection or correctness of the CUSIP numbers set forth herein.

(2) The Bonds are not subject to redemption prior to their stated maturity. (See “THE BONDS – No Optional Redemption”).

(3) The Certificates maturing on August 15, 2032 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, 2030 or any date thereafter at the redemption price of par plus accrued interest to the date of redemption. The yield shown is the yield to first optional redemption date of August 15, 2030. (See “THE CERTIFICATES-Redemption Provisions”).

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

ELECTED OFFICIALS

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

ADMINISTRATION

Name	Position	Length of Service In current position	Total Years of Service
Scott Campbell	City Manager	8 years	25 years
Vicki Rodriquez	Director of Fiscal & Administrative Services	8 years	28 years
April Hill	City Secretary	11 years	16 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:

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vrodriguez@roanoketexas.com

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

USE OF INFORMATION IN THE OFFICIAL STATEMENT

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any 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 Underwriter has provided the following statement for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

NONE OF THE CITY, ITS FINANCIAL ADVISOR OR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING DTC OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC.

THE OBLIGATIONS 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 OBLIGATIONS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE OBLIGATIONS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

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

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.

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TABLE OF CONTENTS

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 Obligations 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

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 an ordinance (the "Certificate Ordinance") adopted by the City Council on November 23, 2021. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Bonds

The Bonds are being issued pursuant the Constitution and general laws of the State of Texas (the "State"), including particularly Texas Government Code, Chapter 1207, as amended, and an ordinance (the "Bond Ordinance") adopted by the City Council on November 23, 2021. (See "THE BONDS - Authority for Issuance" herein.)

The Bonds and the Certificates are sometimes collectively referred to herein as the "Obligations." The Certificate Ordinance and the Bond Ordinance are sometimes collectively referred to herein as the "Ordinances."

Paying Agent/Registrar

The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas.

Security

The Obligations 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. (See "THE BONDS - Security for Payment" herein.) 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.)

Redemption Provisions

The Bonds are not subject to redemption prior to their stated maturity. (See "THE BONDS – No Optional Redemption" herein).

The City reserves the right, at its option, to redeem the Certificates maturing on or after August 15, 2032, in whole or in part, on August 15, 2030, 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. Additionally, the Certificates maturing on August 15, 2032, August 15, 2034, August 15, 2036, August 15, 2038 and August 15, 2041 are subject to the mandatory sinking fund redemption provisions, as further described herein. (See "THE CERTIFICATES - Redemption Provisions" herein).

Use of Proceeds

Proceeds from the sale of the Bonds will be used for the purpose of (1) refunding a portion of the City's outstanding debt to achieve debt service savings (see SCHEDULE I attached hereto) and (2) paying costs associated with the issuance of the Bonds. (See "PLAN OF FINANCING FOR THE BONDS – Purpose"). Proceeds from the sale of the Certificates will be used for paying all or a portion of the City's contractual obligations to be incurred in connection with (1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements and signage related thereto; and (2) professional services rendered in connection therewith, including costs of issuance of the Certificates. (See "THE CERTIFICATES - Purpose" herein.)

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 Obligations will be made to the beneficial owners of the Obligations. Such Book-Entry-Only System may affect the method and timing of payments on the Obligations and the manner the Obligations 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 "AA" to the Obligations. An explanation of the significance of any rating may be obtained from S&P. (See "OTHER PERTINENT INFORMATION-Rating" herein.)

Qualified Tax-Exempt Obligations

The City designated the Obligations as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions" 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 December 21, 2021.
Legality	Delivery of the Obligations 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 $2,770,000 General Obligation Refunding Bonds, Series 2021 (the "Bonds") and its $2,705,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 (the "Certificates" and collectively with the Bonds, the "Obligations") 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 Obligations are being issued pursuant to the Constitution and general laws of the State, and the respective ordinances authorizing the issuance of the respective Obligations adopted by the City Council. (See "THE CERTIFICATES- Authority for Issuance" and "THE BONDS – Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the respective Ordinances. Included in this Official Statement are descriptions of the Obligations 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 Bonds and the Certificates are being offered concurrently by the Issuer under this common Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the "Obligations". The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for this common Official Statement, and, while the Obligations 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.

PLAN OF FINANCING FOR THE BONDS

Purpose

The Bonds are being issued (i) to refund all or a portion of the outstanding debt obligations described in SCHEDULE I to this Official Statement (the "Refunded Obligations") to achieve debt service savings (see "SCHEDULE I - SCHEDULE OF REFUNDED OBLIGATIONS") and (ii) to pay the costs related to the issuance of the Bonds.

Refunded Obligations

The principal and interest due on the Refunded Obligations are to be paid on the redemption date of such Refunded Obligations, as shown on Schedule I, from funds to be deposited pursuant to a certain Escrow Deposit Agreement (the "Escrow Deposit Agreement") between the City and U.S. Bank National Association (the "Escrow Agent"). The Bond Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriter, the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on the redemption date. Such funds will be held uninvested by the Escrow Agent in a special account (the "Escrow Fund") until the Redemption Date.

Under the Escrow Deposit Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations. The Financial Advisor to the City will execute a certificate (the "Sufficiency Certificate") certifying that the amount deposited to the Escrow Fund will be sufficient to pay the principal of and interest on the Refunded Obligations on the redemption date.

By the deposit of the cash with the Escrow Agent pursuant to the Escrow Deposit Agreement, the City will have affected the defeasance of all of the Refunded Obligations in accordance with State law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the Sufficiency Certificate, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City nor for the purpose of applying any limitation on the issuance of debt.

THE BONDS

General Description

The Bonds will be dated December 15, 2021 (the "Dated Date"). The Bonds are stated to mature on August 15 in the years and in the principal amounts and will bear interest at per annum rates as set forth on page ii hereof. The Bonds will be issued only in fully registered form and in denominations of $5,000 or any integral multiple thereof within a maturity. The Bonds shall bear interest from the Dated 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 Bonds will be payable on February 15 and August 15 of each year commencing February 15, 2022, until maturity; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "Book-Entry-Only System" herein. Principal is payable at the designated office of the Paying Agent/Registrar, initially U.S. Bank National Association, Dallas, Texas. Interest on the Bonds shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the registration books or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be 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 shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Initially, the Bonds will be registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described below. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co. which will distribute the amounts received to the Beneficial Owners of the Bonds. Such Book-Entry-Only System may change the method and timing of payment for the Bonds and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Authority for Issuance

The Bonds are being issued pursuant to Texas Government Code, Chapter 1207, as amended, and the Bond Ordinance adopted by the City Council.

Security for Payment

The Bonds 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. (See "AD VALOREM TAX PROCEDURES – Tax Rate Limitations" herein.)

No Optional Redemption

The Bonds are not subject to redemption prior to their stated maturity.

THE CERTIFICATES

Purpose

Proceeds from the sale of the Certificates will be used for paying all or a portion of the City's contractual obligations to be incurred in connection with (1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements and signage related thereto; and (2) professional services rendered in connection therewith, including costs of issuance of the Certificates.

General Description

The Certificates will be dated December 15, 2021 (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 Dated 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, 2022 until maturity or prior redemption. Principal is payable at the designated offices of the Paying Agent/Registrar, initially U.S. Bank 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 the Certificate Ordinance 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

Optional Redemption: The Certificates maturing on or after August 15, 2032 are subject to redemption prior to their stated maturity at the option of the City on August 15, 2030, or any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption: In addition, the Term Certificates maturing on August 15, 2032, August 15, 2034, August 15, 2036, August 15, 2038 and August 15, 2041 are subject to the mandatory sinking fund redemption provisions, as further described herein by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Certificates, on August 15 in the years and in the respective principal amounts, set forth in the following schedule:

Term Certificates Maturing August 15, 2032	
Year	Principal Amount
8/15/2031	$ 130,000
8/15/2032*	135,000

Term Certificates Maturing August 15, 2034	
Year	Principal Amount
8/15/2033	$ 140,000
8/15/2034*	145,000

Term Certificates Maturing August 15, 2036	
Year	Principal Amount
8/15/2035	$ 150,000
8/15/2036*	155,000

Term Certificates Maturing August 15, 2038	
Year	Principal Amount
8/15/2037	$ 160,000
8/15/2038*	165,000

Term Certificates Maturing August 15, 2041	
Year	Principal Amount
8/15/2039	$ 165,000
8/15/2040	170,000
8/15/2041*	175,000

* Stated Maturity

Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. IF AN CERTIFICATE (OR ANY PORTION OF ITS PRINCIPAL SUM) SHALL HAVE BEEN DULY CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION DULY GIVEN, THEN UPON THE REDEMPTION DATE SUCH CERTIFICATE (OR THE PORTION OF ITS PRINCIPAL SUM TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE, AND, IF MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR AND ALL OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST SHALL CEASE TO ACCRUE AND BE PAYABLE FROM AND AFTER THE REDEMPTION DATE ON THE PRINCIPAL AMOUNT REDEEMED.

With respect to any optional redemption of the Certificates unless certain prerequisites to such redemption required by the applicable Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Certificates and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

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-ENTRY-ONLY SYSTEM" herein.)

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Obligations are expected to be applied as follows:

	The Bonds	The Certificates
Sources of Funds	$ 2,770,000.00	$ 2,705,000.00
Par Amount:	189,873.35	285,204.25
Premium:	1,385.00	1,352.50
Accrued Interest:	$ 2,961,258.35	$ 2,991,556.75
Total Sources of Funds		
Uses of Funds		
Deposit to Escrow Fund:	$ 2,870,718.75	$ --
Deposit to Project Fund:	--	2,900,000.00
Deposit to Debt Service Fund:	1,527.94	3,760.43
Cost of Issuance:	69,500.00	65,000.00
Underwriter's Discount:	19,511.66	22,796.32
Total Uses of Funds	$ 2,961,258.35	$ 2,991,556.75

THE OBLIGATIONS

Payment Record

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

Legality

The Obligations 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 Obligations 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 Obligations in any manner now or hereafter allowed by Texas law.

The Ordinances provide for the defeasance of the Obligations when the payment of the principal of and premium, if any, on the Obligations, 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 Obligations. 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 Obligations 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 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 Obligations. 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 Obligations.

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

In the Ordinances, the City has reserved the right to amend the Ordinances without the consent of any holder for the purpose of amending or supplementing the 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 Ordinances that do not materially adversely affect the interests of the holders, (iv) qualify the 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 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 Ordinances further provide that the holders of the Obligations aggregating in principal amount 51% of the outstanding Obligations shall have the right from time to time to approve any amendment not described above to the 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 Obligations so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Obligations; (ii) reducing the rate of interest borne by any of the outstanding Obligations; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Obligations; (iv) modifying the terms of payment of principal or of interest or redemption premium on outstanding Obligations, or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Obligations necessary for consent to such amendment.

Default and Remedies

The Ordinances specify the following events of default: (i) the failure to make payment of the principal of or interest on any of the Obligations 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 Obligations, including, but not limited to, their prospect or ability to be repaid in accordance with the 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 Obligations if there is no other available remedy at law to compel performance of the Obligations or 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 Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The 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 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 Obligations or 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 Obligations.

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 Ordinances and the Obligations 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.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas. In the 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 Obligations, the Issuer agrees to promptly cause written notice thereof to be sent to each registered owner of the Obligations by United States mail, first-class, postage prepaid.

In the event the Book-Entry-Only System should be discontinued, interest on the Obligations 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 Obligations 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 Obligations 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 Obligations, principal, interest and redemption payments on the Obligations 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 Obligations 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 Obligations 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 Obligations, printed certificates will be delivered to the registered owners and thereafter the Obligations 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. An Obligation may be assigned by the execution of an assignment form on the Obligation or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Obligation or Obligations will be delivered by the Paying Agent/Registrar in lieu of the Obligations 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 Obligations issued in an exchange or transfer of Obligations 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 Obligations 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 Obligations 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 Obligation or Obligations 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 Obligations.)

Limitation on Transfer or Exchange of Obligations

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

Replacement Obligations

In the Ordinances, provision is made for the replacement of mutilated, destroyed, lost, or stolen Obligations issued under such

Ordinances upon surrender of the mutilated Obligations 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 Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by DTC while the Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Financial Advisor, and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City, the Underwriter and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, 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 Obligations), 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 Obligations. The Obligations 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 Obligations, 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 "AA+" 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 Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of Obligations ("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 Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Obligations representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 Obligations 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 Obligations are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Obligations 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 Obligations 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, Obligations 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, Obligations 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 Underwriter believes to be reliable, but the Issuer and the Underwriter 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 Obligations 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 Obligations, 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 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 September 30, 2021, the City had investments totaling $469,271.00 (unaudited) held in Certificates of Deposit.

RETIREMENT PLAN AND OTHER POST RETIREMENT BENEFITS

Plan Description

The City participates as one of 887 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.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	66
Active employees	131
	232

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 17.45% and 17.34% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were $1,953,216, and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2019, 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, 2019 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 used in the December 31, 2019 valuation were based on the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018

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 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Golbal Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate:

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute, 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, 2019	$39,361,166	$30,063,788	$9,297,378
Changes for the year:			
Service cost	2,129,894		2,129,894
Interest (on the total pension Liability	2,699,481		2,699,481
Difference between expected and actual experience	(132,232)		(132,232)
Changes of assumptions	102,962		
Benefit payments, including refunds of employee contributions	(867,614)	(867,614)	--
Administrative expense		(26,262)	26,262
Contributions - member		752,233	(752,233)
Contributions - employer		1,875,207	(1,875,207)
Net investment income		4,661,309	(4,661,309)
Other		(789)	789
Net Changes	3,932,491	6,394,084	(2,461,593)
Balance at September 30, 2019	$43,293,657	$36,457,872	$6,835,785

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

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

1%Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
$ 14,470,944	$6,835,785	$686,561

Pension Plan Fiduciary Net Position:

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

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2020 the City recognized pension expense of $2,260,370.

At September 30, 2020, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 624,520	$ 372,745
Difference between projected and actual investment earnings on pension plan investments	--	--
Changes of assumptions		1,085,027
Difference in proportional share	85,715	23,502
Employer contributions subsequent to the measurement date	1,400,958	-
Total	$ 2,111,193	$ 1,481,274

$1,400,958 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, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

2020	$ (75,422)
2021	(147,519)
2022	55,070
2023	(590,142)
2024	(13,026)
Thereafter	--
	$ (771,039)

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"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised. See Table 1 for the reduction in taxable valuation attributable to the 10% Homestead Cap.

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

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

Beginning in the 2020 tax year, 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 $50 million for the 2020 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 District 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 Obligations.

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 $363,030,045 for the 2015 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 five year period, the City will rebate to Heritage Bag Company a percentage of property value (declining scale 80% in 2016, 60% in 2017, 45% in 2018, 25% in 2019, 15% in 2020), not to exceed $250,000.

TAX MATTERS

Opinion

On the date of initial delivery of the Obligations, 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 Obligations for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Obligations 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 Obligations. 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, (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Obligations and certain other matters and (c) the certificate as the sufficiency of the amounts deposited to the escrow fund for the redemption of the refunded obligations. Failure of the City to comply with these representations or covenants could cause the interest on the Obligations to become includable in gross income retroactively to the date of issuance of the Obligations.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Obligations in order for interest on the Obligations 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 Obligations to be included in gross income retroactively to the date of issuance of the Obligations. 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 Obligations.

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 Obligations.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Obligations or the facilities financed or refinanced with the proceeds of the Obligations. 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 Obligations, 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 Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Obligations 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 Obligations 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 Obligations 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 Obligations. 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 OBLIGATIONS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Obligations, 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 Obligations, 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 Obligations; 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 Obligations 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 Obligations 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 Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Obligations under Federal or state law and could affect the market price or marketability of the Obligations. 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 Obligations should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations for Financial Institutions

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

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

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law.

The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. The most recent executive orders provide for the phased reopening of businesses in Texas, subject to future restrictions in the Governor's discretion. Executive Order GA-28, which was issued on June 26, 2020 and remains in effect until modified, amended, rescinded or superseded by the Governor, requires every business establishment in Texas to operate at no more than 50 percent of total occupancy, with certain exceptions for designated businesses; provided that people may not visit bars or use commercial rafting services. In addition to the actions by the state and federal officials, certain local officials, have declared a local state of disaster and have issued “shelter-in-place” or “stay home, work safe” orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and orders are focused on limiting instances where the public can congregate or interact with each other or limiting activities that take place outside of homes to certain essential business, healthcare, and government functions. These limitations affect the operation of businesses and directly impact the economy.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values and/or the collection of ad valorem tax revenues within the City. The Bonds are secured by an ad valorem tax (within the limits prescribed by law), and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the City’s operations and maintenance expenses. See “AD VALOREM TAX PROCEDURES” herein.

The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City’s operations and financial condition.

LEGAL MATTERS

The City will furnish to the Underwriter a complete transcript of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel. A form of such opinion is attached hereto as Appendix C.

The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Obligations, or which would affect the provisions made for their payment or security, or in any manner questioning the validity of said Obligations, will also be furnished. In connection with the issuance of the Obligations, Bond Counsel has been engaged by and only represents the City. Though it may represent the Financial Advisor and the Underwriter from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel has been engaged by and only represents the City in the issuance of the Obligations. Except as noted below, Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions or subcaptions "PLAN OF FINANCING FOR THE BONDS," "THE BONDS," "THE CERTIFICATES," "THE OBLIGATIONS" (except under the subcaptions "Payment Record" and "Default and Remedies"), "REGISTRATION, TRANSFER AND EXCHANGE", "LEGAL MATTERS" (excluding the last two sentences of the second paragraph thereof), "TAX MATTERS", "OTHER PERTINENT INFORMATION- Registration and Qualification of Obligations for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas," and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Agreements"), and such firm is of the opinion that the information relating to the Obligations and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Obligations, such information conforms to the Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations. The legal opinion of Bond Counsel will accompany the Obligations deposited with DTC or will be printed on the definitive Obligations in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The legal fee of such firm is contingent upon the sale and delivery of the Obligations.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon or 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 from the transaction.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations 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 2021. 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 2021. 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 Obligations 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 Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, 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 Obligations, 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 Obligations 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 Obligations 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 Obligations in the primary offering of the Obligations 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 Obligations 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 Obligations 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 Obligations in the primary offering of the Obligations. 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:

The City became obligated to file audited financial statements in an offering that took place in 2015. Due to an administrative oversight, the audited financial statements for the City's fiscal year end September 30, 2015 were not timely filed with the MSRB.

All information has since been filed with the MSRB, including a notice of late filing. The City has implemented procedures to ensure timely filing of all future financial information.

OTHER PERTINENT INFORMATION

Registration and Qualification of Obligations for Sale

The sale of the Obligations 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 Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations 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 Obligations are legal investments for various institutions in those states.

No representation is made that the Obligations 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 Obligations for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Obligations for such purposes.

Rating

S&P Global Ratings, a division of S&P Global Inc. ("S&P"), has assigned its credit rating of "AA" to the Obligations. 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 its 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 Obligations.

Financial Advisor

Hilltop Securities, Inc. is employed as a Financial Advisor to the City in connection with the issuance of the Obligations. In this capacity, the Financial Advisor has compiled certain data relating to the Obligations 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 Obligations.

Underwriting

The Underwriter has agreed, subject to certain conditions to purchase the Bonds from the Issuer at a price of $2,941,746.69 (representing the par amount of the Bonds of $2,770,000.00, plus an original issue premium of $189,873.35, and less an Underwriter's discount of $19,511.66 plus accrued interest on the Bonds from the Dated Date to the date of initial delivery of the Bonds).

The Underwriter has agreed, subject to certain conditions, to purchase the Certificates from the Issuer at a price of $2,968,760.43 (representing the par amount of the Certificates of $2,705,000.00, plus an original issue premium of $285,204.25, and less an Underwriter's discount of $22,796.32, plus accrued interest on the Certificates from the Dated Date to the date of initial delivery of the Certificates).

The Underwriter's obligation is subject to certain conditions precedent. The Obligations may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following statement for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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.

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

Combination Tax and Revenue Certificates of Obligation, Series 2013
Date of Redemption: December 30, 2021

Maturity August 15	Principal Amount Outstanding	Amount to be Refunded	Amount Remaining
2022	$ 245,000	$ 245,000	$ -
2023	250,000	250,000	-
2024	260,000	260,000	-
2025	270,000	270,000	-
2026	275,000	275,000	-
2027	285,000	285,000	-
2028	295,000	295,000	-
	$ 1,880,000	$ 1,880,000	$ -

General Obligation Refunding Bonds, Series 2013
Date of Redemption: December 30, 2021

Maturity August 15	Principal Amount Outstanding	Amount to be Refunded	Amount Remaining
2022	$ 225,000	$ 225,000	$ -
2023	235,000	235,000	-
2024	245,000	245,000	-
2025	250,000	250,000	-
	$ 955,000	$ 955,000	$ -

TOTAL AMOUNT OF REFUNDED OBLIGATIONS: $2,835,000.00

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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**

2021 Actual Market Value of Taxable Property		$3,521,964,583
Less:		
Homestead Cap Adjustment	$ 5,010,530	
Productivity Loss	40,991,058	
		$ 46,001,588
Total Assessed Valuation		$ 3,475,962,995
Less Exemptions:		
Disabled Veteran	$8,444,774	
Over 65 and disabled	13,307,201	
Homestead	128,953,232	
Pollution Control	74,459	
House Bill 366	4,053	
Freeport	433,311,618	
Freeze Taxable	58,214,855	
Abatements	2,349,552	
Other	148,437,852	$ 793,097,596
2021 Net Taxable Value[1]		$ 2,682,865,399

[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 September 30, 2021)			$ 38,110,000
Add:	General Obligation Refunding Bonds, Series 2021 (the "Bonds")		2,770,000
	Combination Tax and Revenue Certificates of Obligation, Series 2021 (the Certificates")		2,705,000
Less:	Refunded Obligations (see Schedule I - Refunded Obligations)		(2,835,000)
	Total Gross General Obligation Debt:		$ 40,750,000
Less Self-Supporting General Obligation Debt: [1]			$ 5,969,913
Total Net General Obligation Debt Outstanding:			$ 34,780,088
	Population: 1990 - 1,616; 2000 - 2,810; 2010 - 5,962; 2021 estimate	9,400	
	Per Capita 2021 Net Taxable Valuation -	$ 285,411	
	Per Capita Gross General Obligation Debt -	4,335	
	Per Capita Net General Obligation Debt -	3,700	
	Ratio of Gross General Obligation Debt to Net Taxable Value	1.52%	
	Ratio of Net General Obligation Debt to Net Taxable Value	1.30%	

[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.

The following is a schedule of future minimum capital lease payments for the City as of September 30, 2021.

Payee & Description	Principal Outstanding	Final Payment
General Fund		
Eplus Group - PD Toughbooks	$ 13,895.57	Feb-22
IBM Credit - IT Servers	111,140.14	Sep-25
Total	$ 125,035.71	

Source: City of Roanoke

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS — TABLE 4

Fiscal Year 30-Sep	Current Total Debt Service	Refunded Debt Service	New Debt Service: GO Refunding	New Debt Service: Certs of Ob	Combined Debt Service	Self-Supporting Debt[(a)]	Net General Obligation Debt Service
2022	$ 5,653,467	$ (565,250)	$ 540,400	$ 144,100	$ 5,772,717	$ (855,712)	$ 4,917,005
2023	5,647,773	(566,150)	538,550	183,450	5,803,623	(850,364)	4,953,259
2024	5,410,413	(571,600)	544,450	180,300	5,563,563	(613,183)	4,950,380
2025	5,382,925	(568,925)	544,750	182,150	5,540,900	(610,512)	4,930,388
2026	5,031,350	(306,450)	289,600	183,850	5,198,350	(624,000)	4,574,350
2027	4,516,500	(308,200)	291,650	180,400	4,680,350	(559,200)	4,121,150
2028	2,318,000	(306,800)	288,400	181,950	2,481,550	(281,200)	2,200,350
2029	2,001,400			183,350	2,184,750	(278,600)	1,906,150
2030	1,614,700			184,600	1,799,300	(280,800)	1,518,500
2031	976,100			180,700	1,156,800	(282,600)	874,200
2032	976,250			181,800	1,158,050	(284,000)	874,050
2033	970,500			182,750	1,153,250	(280,000)	873,250
2034	974,050			183,550	1,157,600	(280,800)	876,800
2035	971,550			184,200	1,155,750	(281,200)	874,550
2036	973,150			184,700	1,157,850	(281,200)	876,650
2037	973,700			185,050	1,158,750	(280,800)	877,950
2038	548,200			185,250	733,450	-	733,450
2039	543,650			180,300	723,950	-	723,950
2040	543,800			180,350	724,150	-	724,150
2041	547,225			180,250	727,475	-	727,475
	$ 46,574,703	$ (3,193,375)	$ 3,037,800	$ 3,613,050	$ 50,032,178	$ (6,924,171)	$ 43,108,007

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

TAX ADEQUACY (Includes Self-Supporting Debt)* — TABLE 5

2021 Net Taxable Value	$ 2,682,865,399
Maximum Annual Debt Service Requirements (Fiscal Year Ending 9/30/2022) [(a)]	$ 5,803,623
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	$ 0.22074

(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

2021 Net Taxable Value	$ 2,682,865,399
Maximum Annual Debt Service Requirements(Fiscal Year Ending 9/30/2024) [(a)]	$ 4,953,259
Indicated Maximum Interest and Sinking Fund Tax Rate at 98% Collections	$ 0.18839

(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 Bonds" and "The Certificates")

Combination Tax & Public Improvement Revenue Certicates of Obligation, Series 2008B		
Gross Balance Outstanding:	$	440,000
% Self Supporting from PID Revenues:		100.00%
Balance Supported by PID Revenues:	$	440,000
Combination Tax & Revenue Certificates of Obligation, Series 2013		
Gross Balance Outstanding:	$	1,880,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
General Obligation Refunding Bonds, Series 2013		
Gross Balance Outstanding:	$	955,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
Combination Tax & Revenue Certificates of Obligation, Series 2014		
Gross Balance Outstanding:	$	2,955,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
General Obligation Refunding Bonds, Series 2014		
Gross Balance Outstanding:	$	2,125,000
% Self Supporting from Utility System:		8.57%
Balance Supported by Utility System:	$	182,113
General Obligation Refunding Bonds, Series 2015		
Gross Balance Outstanding:	$	2,090,000
% Self Supporting from Utility System:		66.99%
Balance Supported by Utility System:	$	1,400,000
Combination Tax & Revenue Certificates of Obligation, Series 2015		
Gross Balance Outstanding:	$	2,435,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
Combination Tax & Revenue Certificates of Obligation, Series 2016		
Gross Balance Outstanding:	$	8,090,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
Combination Tax & Revenue Certificates of Obligation, Series 2017		
Gross Balance Outstanding:	$	5,010,000
% Self Supporting from 4A and 4B Corporation:		58.58%
Balance Supported by 4A and 4B Corporations:	$	2,935,000
% Self Supported from Hotel Occupancy Tax:		10.28%
Balance supported by Hotel Occupancy Tax:	$	515,000
Tax Notes, Series 2018		
Gross Balance Outstanding:	$	1,005,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
General Obligation Refunding Bonds, Series 2018		
Gross Balance Outstanding:	$	4,750,000
% Self Supporting from Utility System:		10.48%
Balance Supported by Utility System:	$	497,800

COMPUTATION OF SELF-SUPPORTING DEBT BY SOURCE (CONTINUED) [1] TABLE 7

(Includes "The Bonds" and "The Certificates")

General Obligation Refunding Bonds, Series 2020		
Gross Balance Outstanding:	$	4,320,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
Combination Tax and Revenue Certificates of Obligation, Series 2020		
Gross Balance Outstanding:	$	2,055,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
General Obligation Refunding Bonds, Series 2021 (the "Bonds")		
Gross Balance Outstanding:	$	2,770,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
Combination Tax and Revenue Certificates of Obligation, Series 2021 (the "Certificates")		
Gross Balance Outstanding:	$	2,705,000
% Self Supporting from Utility System:		0.00%
Balance Supported by Utility System:	$	-
Combined Totals:		
Gross Balance Outstanding:	$	43,585,000
Balance Supported by Utility System:	$	2,079,913
% Self Supporting from Utility System:		4.77%
Balance Supported by PID Revenues:	$	440,000
% Self Supported from PID Revenues:		1.01%
Balance Supported by 4A and 4B Corporations:	$	2,935,000
% Self Supported from 4A and 4B Corporations:		6.73%
Balance supported by Hotel Occupancy Tax:	$	515,000
% Self Supported from Hotel Occupancy Tax:		1.18%

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, 2021) **TABLE 8**

Total Revenues [(a)]	$	7,658,703
Less: Operating Expenses [(b)]		6,201,233
Net Available Revenue	$	1,457,470
Less: Debt Service Requirements on Outstanding Revenue Bonds		599,232
Balance Available for Other Purposes	$	858,238
Maximum Annual Debt Service for Utility System Self Supporting Debt (2021)	$	599,232

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

[(b)] Excludes depreciation expense.

Source: Financial Statements of the City of Roanoke.

PRINCIPAL REPAYMENT SCHEDULE **TABLE 9**

Fiscal Year Ending 9/30	Outstanding Obligations	Refunded Obligations	The Bonds	The Certificates	Total	Bonds Unpaid at End of Year	Percent of Principal Retired (%)
2022	$ 4,290,000	$ (470,000)	$ 485,000	$ 90,000	$ 4,395,000	$ 36,355,000	10.79%
2023	4,420,000	(485,000)	470,000	105,000	4,510,000	31,845,000	21.85%
2024	4,325,000	(505,000)	490,000	105,000	4,415,000	27,430,000	32.69%
2025	4,455,000	(520,000)	505,000	110,000	4,550,000	22,880,000	43.85%
2026	4,275,000	(275,000)	265,000	115,000	4,380,000	18,500,000	54.60%
2027	3,925,000	(285,000)	275,000	115,000	4,030,000	14,470,000	64.49%
2028	1,880,000	(295,000)	280,000	120,000	1,985,000	12,485,000	69.36%
2029	1,635,000			125,000	1,760,000	10,725,000	73.68%
2030	1,310,000			130,000	1,440,000	9,285,000	77.21%
2031	720,000			130,000	850,000	8,435,000	79.30%
2032	745,000			135,000	880,000	7,555,000	81.46%
2033	765,000			140,000	905,000	6,650,000	83.68%
2034	795,000			145,000	940,000	5,710,000	85.99%
2035	820,000			150,000	970,000	4,740,000	88.37%
2036	850,000			155,000	1,005,000	3,735,000	90.83%
2037	880,000			160,000	1,040,000	2,695,000	93.39%
2038	485,000			165,000	650,000	2,045,000	94.98%
2039	495,000			165,000	660,000	1,385,000	96.60%
2040	510,000			170,000	680,000	705,000	98.27%
2041	530,000			175,000	705,000	-	100.00%
	$ 38,110,000	$ (2,835,000)	$ 2,770,000	$ 2,705,000	$ 40,750,000		

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2017-2021 **TABLE 10**

Tax Year	Net Taxable Valuation	Change From Preceding Year Amount ($)	Change From Preceding Year Percent
2017	$ 1,932,136,905	$ 189,446,032	10.87%
2018	2,069,065,115	136,928,210	7.09%
2019	2,258,649,809	189,584,694	9.16%
2020	2,513,032,619	254,382,810	11.26%
2021	2,682,865,399	169,832,780	6.76%

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

ASSESSED VALUATION AND EXEMPTION HISTORY **TABLE 11**

	2021	2020	2019	2018	2017
Total Market Value:	$ 3,521,964,583	$ 3,370,661,500	$ 3,007,013,780	$ 2,652,206,747	$ 2,485,314,883
Less: Homestead Cap:	$ 5,010,530	$ 2,831,434	$ 6,274,526	$ 10,591,986	$ 11,390,480
Productivity Loss:	$ 40,991,058	$ 38,714,647	$ 56,377,107	$ 21,588,496	44,330,459
	$ 46,001,588	$ 41,546,081	$ 62,651,633	$ 32,180,482	$ 55,720,939
Total Assessed Valuation	$ 3,475,962,995	$ 3,329,115,419	$ 2,944,362,147	$ 2,620,026,265	$ 2,429,593,944
Less Exemptions:					
Homestead:	$ 128,953,232	$ 117,308,787	$ 107,976,711	$ 94,941,413	$ 81,422,716
Over 65:	13,221,701	12,424,292	11,613,798	10,373,454	9,794,157
Disabled Persons:	85,500	82,782	85,500	52,000	54,000
Disabled Veterans:	8,444,774	6,558,037	4,884,067	2,812,161	1,337,069
Freeport:	433,311,618	483,653,591	401,618,201	351,467,050	329,970,931
House Billl 366	4,053	4,357	6,965	17,724	7,598
Pollution Control	74,459	116,634	965,330	967,274	893,359
Exempt Property	127,387,855	120,925,707	115,711,002	51,207,246	41,568,992
Prorated Exempt Property	-	-	-	179,407	808,707
Abatements	2,349,552	1,995,987	1,905,987	2,275,110	2,257,249
Other:	21,049,997	24,275,052	61,655	2,814,152	1,944,728
	$ 734,882,741	$ 767,345,226	$ 644,829,216	$ 517,106,991	$ 470,059,506
Freeze Taxable	$ 58,214,855	$ 48,737,574	$ 40,883,122	$ 33,854,159	$ 27,397,533
Net Taxable Valuation	$ 2,682,865,399	$ 2,513,032,619	$ 2,258,649,809	$ 2,069,065,115	$ 1,932,136,905

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

PRINCIPAL TAXPAYERS [(a)] TABLE 12

Name	Type of Business	2021 Net Taxable Valuation	% of Total 2021 Valuation
Citicorp Technology Inc	Financial	$ 224,033,634	8.35%
Amerisource Bergen Drug Corp	Pharmaceutical Distributor	192,785,651	7.19%
AT Industrial Owner 4 LLC	Industrial	74,584,350	2.78%
Cardinal Health 110 LLC	Pharmaceutical Distributor	74,241,579	2.77%
W W Grainger INC	Parts Distributor	67,895,036	2.53%
Mid America Apartments LP	Apartments	63,325,562	2.36%
AT Industrial Owner 7 LLC	Industrial	62,233,241	2.32%
Mid America Apartments LP	Apartments	59,000,000	2.20%
Enclave Roanoke City Centre, LP	Apartments/Retail	48,813,575	1.82%
Hancock Reit Gateway, LLC	Real Estate Investment	31,979,933	1.19%
Total		$ 898,892,561	33.50%

Based on a 2021 Net Taxable Valuation of $ 2,682,865,399

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

PROPERTY TAX RATES AND COLLECTIONS [(a)] TABLE 13

Tax Year	Net Taxable Valuation[(a)]	Tax Rate	Tax Levy	% Collections Current	% Collections Total	Fiscal Year Ended
2017	$ 1,932,136,905	$ 0.37512	$ 7,386,837	99.47%	99.88%	9/30/2018
2018	2,069,065,115	0.37512	7,940,832	99.77%	99.95%	9/30/2019
2019	2,258,649,809	0.37512	8,711,001	99.95%	99.93%	9/30/2020
2020	2,513,032,619	0.37512	9,023,144	99.77%	99.77%	9/30/2021
2021	2,682,865,399	0.37512	9,411,119	(In process of collection)		9/30/2022

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

Source: City of Roanoke.

TAX RATE DISTRIBUTION TABLE 14

	2021-22	2020-21	2019-20	2018-19	2017-18
General Fund	$ 0.195016	$ 0.184043	$ 0.173628	$ 0.167412	$ 0.160949
I & S Fund	0.180104	0.191077	0.201492	0.207708	0.214171
TOTAL	$ 0.375120	$ 0.375120	$ 0.375120	$ 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. The voters of the City have approved the collection of an additional one percent (1%) sales tax for economic development under Section 4A And Section 4B of Article 5190.6 Vernon's Annotated Texas Civil Statutes (now codified in Chapters 504 and 505, respectively, Texas Local Government Code). The 4A and the 4B Corporations each receive one half of the additional one percent sales tax. Net collections for the City's sales tax and the sales tax for each corporation are shown below.

Calendar Year	Total 2% Collected	1.00% General Fund	0.50% 4A Corp	0.50% 4B Corp
2017	$ 14,764,633	$ 7,382,317	$ 3,691,158	$ 3,691,158
2018	16,263,356	8,131,678	4,065,839	4,065,839
2019	16,861,889	8,430,944	4,215,472	4,215,472
2020	18,439,356	9,219,678	4,609,839	4,609,839
2021	16,677,796	8,338,898	4,169,449	4,169,449

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

* Current year collections are as of September 30, 2021

OVERLAPPING DEBT DATA AND INFORMATION — TABLE 16

Taxing Body	Principal Outstanding	As of	% Overlapping	Amount Overlapping
Denton County	$ 571,605,000	9/30/2021	2.33%	$ 13,318,397
Northwest ISD	1,223,981,739	9/30/2021	11.30%	138,309,937
Tarrant County	213,675,000	9/30/2021	0.07%	149,573
Tarrant County College Dist.	255,955,000	9/30/2021	0.07%	179,169
Tarrant Co Hosp. Dist.	14,495,000	9/30/2021	0.07%	10,147
Total Gross Overlapping Debt				$ 151,967,221
City of Roanoke	$ 40,750,000	(this issue)	100.00%	40,750,000 (1)
Total Direct and Overlapping Debt				$ 192,717,221

Ratio of Direct and Overlapping Debt to 2021 Net Assessed Valuation	7.18%
Ratio of Direct and Overlapping Debt to 2021 Actual Value	5.47%
Per Capita Direct and Overlapping Debt	$ 20,501.83

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

The Issuer's Net General Obligation Debt is $ 34,780,088

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

Total Direct and Overlapping Debt	$ 186,747,308
Ratio of Direct and Overlapping Debt to 2021 Net Assessed Valuation	6.96%
Ratio of Direct and Overlapping Debt to 2021 Actual Value	5.30%
Per Capita Direct and Overlapping Debt	$ 19,866.73

(1) Includes the Obligations and excludes the Refunded Obligations.

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

Governmental Entity	Year		Valuation		Tax Rate
Denton County	2021	$	127,010,590,822	$	0.2250
Northwest ISD	2021		22,291,509,381		1.4660
Tarrant County	2021		219,908,316,431		0.2340
Tarrant Co College Dist.	2021		220,876,522,612		0.1300
Tarrant Co Hosp. Dist.	2021		220,311,777,399		0.2240

Source: The Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL ENTITIES — TABLE 18

Governmental Entity	Date Authorized	Purpose	Amount Authorized	Issued To Date	Unissued
Denton County	5/15/2004	Equipment	206,870,000	204,870,000	2,000,000
Denton County	1/16/1999	Road	85,320,000	77,629,375	7,690,625
Tarrant County	8/8/1998	County Facilities	94,300,000	78,700,000	15,600,000
Tarrant County	5/13/2006	County Buildings	418,120,000	403,120,000	15,000,000
Tarrant County	11/2/2021	Street and Bridge	400,000,000	-	400,000,000

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				
	2021	**2020**	**2019**	**2018**	**2017**
Fund Balance - Beginning of Year	$ 8,221,104	$ 7,168,500	$ 5,947,375	$ 5,298,641	$ 6,438,358
Revenues:					
Sales Taxes	$ 10,393,315	$ 9,039,798	$ 8,475,563	$ 7,947,723	$ 7,265,264
Ad valorem taxes	4,657,073	4,041,124	3,540,258	3,179,830	2,966,501
Liquor taxes/Intergovernmental	136,344	102,385	129,474	110,225	75,488
Donations	7	1,003	13,235	12,125	23,695
Fines & Forfeitures	727,426	569,695	707,933	883,479	804,726
Gross Receipts Tax	1,335,944	1,439,154	1,500,730	1,497,717	1,413,999
Licenses and Permits	584,599	1,002,646	1,629,848	1,280,477	776,467
Investment/Interest Income	2,257	15,254	44,301	18,234	10,341
Grants & Awards	3,385,000	3,884,675	3,402,202	3,335,000	3,260,000
Charges for Services	1,127,151	933,635	1,317,029	1,231,894	1,144,550
Other Revenue	711,825	588,773	554,526	642,037	742,657
Total Revenues	$ 23,060,941	$ 21,618,142	$ 21,315,099	$ 20,138,741	$ 18,483,688
Expenditures:					
General Government	$ 4,897,375	$ 5,033,709	$ 4,789,286	$ 4,107,806	$ 4,054,611
Public Safety	10,425,832	9,229,186	9,220,501	8,741,272	8,508,943
Cultural and recreation	3,276,524	3,240,141	3,533,171	3,362,003	3,595,267
Public works	1,705,016	1,873,949	1,914,189	1,824,104	1,573,622
Debt Servce	45,376	58,736	94,640	94,031	101,013
Capital Expenditures	103,957	380,677	167,048	136,250	114,546
Total Expenditures	$ 20,454,080	$ 19,816,398	$ 19,718,835	$ 18,265,466	$ 17,948,002
Excess (Deficit) of Revenues Over Expenditures	$ 2,606,861	$ 1,801,744	$ 1,596,264	$ 1,873,275	$ 535,686
Other Sources (Uses)					
Capital Lease	$ (593,481)	$ 148,720	$ 55,999	-	-
Operating Transfers		(897,860)	(431,138)	(1,224,541)	(1,675,403)
Prior Period Adjustment	$ -	$ -	$ -	$ -	$ -
Fund Balance - End of Year	$ 10,234,484	$ 8,221,104	$ 7,168,500	$ 5,947,375	$ 5,298,641

Source: The Issuer's Financial Statements.

FUND BALANCES **TABLE 20**

(audited as of September 30, 2021)

General Operating Fund	$ 10,234,484
General Obligation Bond Interest and Sinking Funds	593,001
Capital Projects Fund	1,492,746
Water and Sewer Operating Fund	6,471,947
Water and Sewer Capital Projects Fund	783,850
Special Revenue Funds	4,129,949
REIDC - Type A	9,672,691
RCEDC - Type B	10,432,154
	$ 43,810,822

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

Year	City of Roanoke	Denton County
2021 estimate	9850	870,210
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

Employer	Principal Line of Business	2021 Approximate Number of Employees
General Motors Corporation	Auto Manufacturer	460
WW Grainger	Parts Distribution	450
Martin Brower	Restaurant Supplier	450
Walmart	Retail	400
Randall's/Tom Thumb	Grocery Distribution	360
Home Depot	Retail and Home Improvement	325
Cardinal Health	Medical Supply Distribution	270
Amerisource Bergens	Pharmaceutical Distribution	260
Behr Process Corporation	Paint Distribution	240
Heritage Bag	Manufacturer	185

Source: City of Roanoke audited financial statements.

EMPLOYMENT STATISTICS

	Denton County		State of Texas	
	September 2021	September 2020	September 2021	September 2020
Total Civilian Labor Force	520,557	504,459	14,254,432	13,993,842
Total Employed	500,121	472,617	13,549,183	12,877,405
Total Unemployed	20,436	31,842	705,249	1,116,437

Source: Texas Workforce Commission – Labor Market Information.

UNEMPLOYMENT RATES

	September 2021	September 2020
Denton County	3.9%	6.3%
State of Texas	4.9%	8.0%
United States of America	4.6%	7.7%

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 Bonds, assuming no material changes in facts or law.

CITY OF ROANOKE, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021

IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,770,000

AS BOND COUNSEL FOR THE CITY OF ROANOKE, TEXAS, (the "*Issuer*") in connection with the issuance of the General Obligation Refunding Bonds described above (the "*Bonds*"), we have examined into the legality and validity of the Bonds, 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 Bonds and in the ordinance of the Issuer authorizing the issuance and sale of the Bonds (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 Bonds, including executed Bond Number T-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds 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 sovereign immunity of political subdivisions, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Bonds 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 Bonds have been levied and pledged for such purpose, within the limit prescribed by law, 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 Bonds (i) is excludable from the gross income of the owners thereof and (ii) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on and assume continuing compliance with, certain representations contained in the federal tax certificate of the Issuer and covenants set forth in the ordinance adopted by the Issuer to authorize the issuance of the Bonds, relating to, among other matters, the use of the project being refinanced and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of debt service on the Bonds and the certificate as to the sufficiency of the deposit to the escrow fund, the accuracy of which we have not independently verified. 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 Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on 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 Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the 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 Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. 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 Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds, and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds 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 Bonds. 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 Bonds as includable in gross income for federal income tax purposes.

Respectfully,

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 2021

IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,705,000

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 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,

APPENDIX D

EXCERPTS FROM THE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2020

(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, Texas

Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2020

500 S. Oak Street
Roanoke, TX 76262
Phone (817) 491-2411
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www.roanoketexas.com

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Roanoke

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City of Roanoke, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2020

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City of Roanoke, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2020

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

III. STATISTICAL SECTION

Introductory Section

The Unique Dining Capital of Texas ★ est.1881

Roanoke

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March 26, 2021

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

The Fiscal and Administrative Services Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report for the City of Roanoke, Texas ("City"), for the fiscal year ended September 30, 2020. 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 is published to provide the City Council, City staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City. 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 **BKD, 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, 2020 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 an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component 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 approximately 9,400.

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 Community Economic Development Corporation ("RCEDC") 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 Notes 1, 9, 10 and 11 of the Notes to the Basic 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 the fourth largest metropolitan region in the US and has experienced tremendous growth over the last decade. The Metroplex contains 26% of the State's population and 28% of the labor force. With its highly diversified economy, DFW has a population of over 7.5 million, a Gross Domestic Product of $613.4 billion, a labor force of 3.9 million, a 2.8% job growth rate, 25 Fortune 500 Companies, and 17 major colleges and/or universities and numerous junior colleges, with enrollment over 367,000. 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 world's third largest airport in terms of operations and tenth largest in terms of passengers in the world, handling over 75 million passengers a year, prior to the Covid-19 pandemic. DFW Airport reports service is provided to 244 destinations. Every major city in the continental United States can be accessed within four hours or less. DFW's central North American location makes it the preeminent U.S. hub and connecting point for the entire continent. Home to the largest Information Technology industry in the state, DFW is known as the economic engine for the North Texas region, powering 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 2020 Comprehensive Annual Financial Report*).

The AllianceTexas development, a portion of which lies within the City of Roanoke's boundaries, is a 26,000-acre master-planned, mixed-use community which is home to 525+ companies, 61,000 employees, 8,750+ single-family homes, and 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 contributes an estimated $7.3 billion annually to North Texas. (SOURCE: Alliance website www.allianceairport.com, *AllianceTexas Fact Sheet 2020*).

The City of Roanoke continues to enjoy a favorable economic environment. During fiscal year 2020, 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 $2.3 billion for fiscal year 2020, a 9.09% 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 FY2019-20 despite the projected impact of Covid-19. The City of Roanoke's unemployment rate remains well below both state and national levels, averaging just under 7.7%. As of September 2020, the State of Texas unemployment rate was at 8.2% and the national rate was 7.9%.

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, July 3rd Celebration of Independence, Roanoke Farmer's Market, Roanoke Eggapalooza, Fishing in the Park, and Evening on Oak Street Concert Series.

During fiscal year 2020, several new housing developments were completed, including the final phases of Briarwyck. The Fairway Ranch housing development is still under construction with over 100 homes completed annually. These developments have added over 1,400 single-family custom homes within the city limits with an average home value of $402,000. Copper Ridge Apartments completed a third phase of construction which added 168 new units. In addition, Roanoke City Center completed 8 Brownstone townhomes and started 8 more to be completed in 2021.

Additionally, during the fiscal year 2020 the City issued 32 Certificates of Occupancy which added approximately 100,000 square feet of commercial space, including new restaurants, industrial and retail space throughout the City. New retail construction along the Oak Street Corridor saw the opening of several new business including Vault Coffee, Smiley's Craft BBQ, Madijaks, Baja Cantina, and Los Compadres. Additionally, several more businesses are expected to open by the summer of 2021. The construction of a portion of Roanoke City Center was completed during FY2020. This project, at completion, will include approximately 115,000 square feet of retail space, 80,000 square feet of office space, 311 urban residential units (completed), 35 townhomes, and the recently completed new Roanoke City Hall and Plaza. Outside of the Oak Street Corridor, new Roanoke businesses Hat Creek Burger, Harvest Assisted Living, PIT Soccer complex, Care Now, Caliber Collision, Sower of Seeds, and the NW Chamber of Commerce opened in 2020. The Magnolia Live Work project began early 2020 and will be completed in the summer 2021.

During fiscal year 2020, the City continued their commitment to providing quality infrastructure by upgrading Lamar Street and Bowie Street from a two-lane asphalt roadway to a two-lane concrete roadway with curbs, gutters, and a storm drainage system. In addition, the City neared completion of the Cade Branch Trail, which included the relocation of a historic iron bridge. This project, when completed, will provide citizens north of State Highway 114 in the Briarwyck community easy access to Hawaiian Falls and the historic downtown area located south of State Highway 114.

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 tax rate for the past 23 years.

Major capital improvement plans for the next five years include: a new conference Center, a new police and court facility; concrete street improvements on Rusk/Austin/Travis, Denton/Houston, Howe Road, and Dorman Road; street overlays; new trails according to the trail master plan; and water line improvement program. In addition, the City will continue working with the Texas Department of Transportation on the widening of US 377 project, which is currently underway. The City's portion includes relocation of water and wastewater lines along the roadway and is near completion.

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 20 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 operating revenues of the General Fund. At no time will the reserve fall below 8.3% of the General Fund revenue level (*i.e.* 30-day level). Due to the City's immediate reaction to the Covid-19 pandemic, which included drastic cuts, frozen positions, elimination of some positions, and the receipt of federal CARES Act funding, the current operating reserve is at 137 days of operating revenue which equates to approximately 38% of next year's budgeted expenditures. 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 221-day reserve, which is well above the minimum reserve requirements.

Standard & Poor's Ratings Services ("S&P"), a division of the McGraw-Hill Companies, Inc., rates the City's general obligation debt and sales tax revenue debt. In FY2020, S&P reaffirmed its AA long-term rating and underlying rating (SPUR) on the City's debt. 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 is nearing completion on 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.

For Fiscal Year 2020-2021, the top priority projects for the City are: reconstruction of Rusk Street and Austin Street from Oak Street to Walnut Street, design of Travis Street, water and wastewater line improvements, and design of the second phase of the trail master plan. Many of these projects 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, 2019. 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 14 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 Fiscal and Administrative Service 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,

Scott Campbell	Vicki Rodriquez
City Manager	Director of Fiscal and Administrative Services

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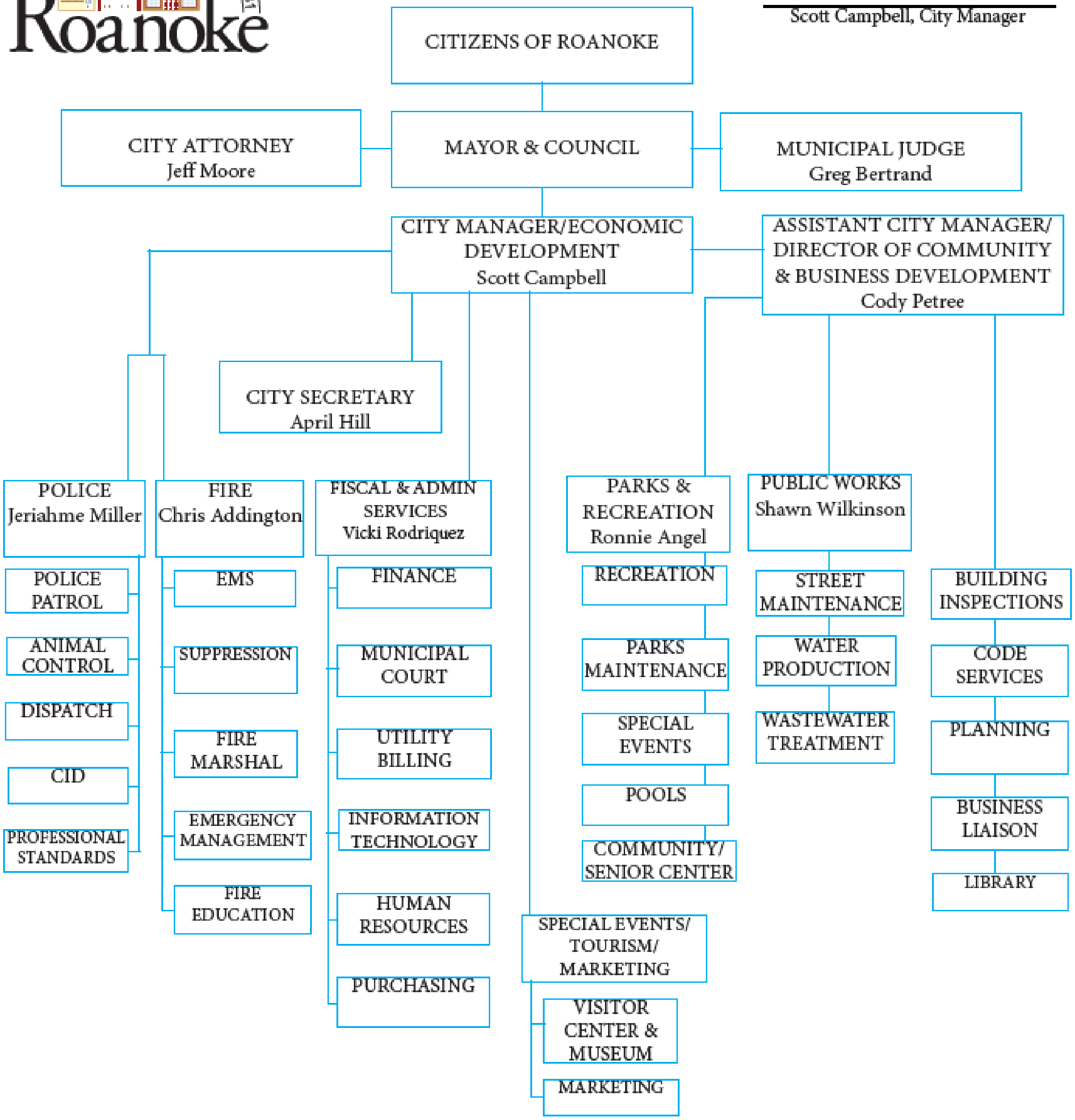
Organizational Chart

Scott Campbell, City Manager



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CITY OF ROANOKE, TEXAS

CITY OFFICIALS
FISCAL YEAR 2019-2020

CITY COUNCIL

Carl E. Grierisch	Mayor	
Holly McPherson	Mayor Pro Tem	Ward 1
Angie Grimm	Council Member	Ward 1
Brian Darby	Council Member	Ward 2
Kirby Smith	Council Member	Ward 2
Vacant	Council Member	Ward 3
David Thompson	Council Member	Ward 3

CITY STAFF

Scott Campbell, City Manager

Vicki Rodriquez, Director of Fiscal and Administrative Services

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Roanoke
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

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Financial Section

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BKD
CPAs & Advisors

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972.702.8262 | Fax 972.702.0673 | bkd.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Roanoke, Texas (City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of September 30, 2020, 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.

Other Matters

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

Other 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 statements, financial statements of the discretely presented component units, and the introductory and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements and financial statements of the discretely presented component units are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, 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.

BKD, LLP

Dallas, Texas
March 26, 2021

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CITY OF ROANOKE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2020
(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, 2020. 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 (pages i-vii of this report) and the statistical section (pages 84-102 of this report) 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 $56,409,189. This number must be viewed in the context that the vast majority of the City's net position of $48,465,410 (86%) are capital assets net of related debt and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The amount of net position restricted for specific purposes totaled $1,782,490 (3%). The remaining $6,161,289 (11%) 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 $486,973 and business-type activities realized an increase in total net position of $1,190,180 bringing the net increase in total net position for the City to $1,677,153.

- At the close of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of $12,583,903, which represents a decrease of $436,345 in comparison with the prior year. Within this total, $2,152,756 represents nonspendable fund balance for prepaid items and amounts due from other funds. In addition, $716,883 is restricted for debt service; $107,960 and $100,509 are restricted for Municipal Court building security and technology, respectively; $114,173 is restricted for tourism, convention centers, and arts; $213,537 is restricted for parkland; and $161,353 for traffic and public safety. Fund Balances of $4,998,312 has been committed to specific types of expenditures, primarily capital in nature, and for notes receivable. The remaining $4,018,420 is unassigned fund balance of which $5,796,625 is in the General Fund, which can be used for any lawful purpose and ($1,778,205) in negative fund balance in the Facilities Improvement Fund due to a pre-development loan related to the design and construction of a new conference center which will be reimbursed from bond proceeds. The General Fund unassigned fund balance represents 29.3% of fiscal year 2020 operating expenditures.

- The City's long-term liabilities decreased by $6,932,638 due primarily The City's long-term liabilities decreased by $6,932,638 due primarily to the decrease in the City's net pension and other post-employment benefits liabilities and 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 and multi-year funding progress on the City's pension plan. 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 distinguish 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 water and wastewater system, and sanitation 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 17-18 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 two categories: governmental funds and proprietary 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 twelve 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, Street Construction, and Vehicle Replacement, all of which are considered to be major funds. Data from the other seven 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 19-22 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 enterprise funds to account for its Water and Wastewater Utility and Sanitation.

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, and Sanitation, both of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 23-24 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 28-66 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 are also located in this section of the report. Required supplementary information can be found on page 67-70 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 71-82 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 $56,409,189 as of September 30, 2020.

The largest portion of the City's net position $48,465,410 (86%) reflects its investment in capital assets (*i.e.*, land, buildings, equipment, improvements, construction in progress, and infrastructure) net of accumulated depreciation, 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 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 assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position $1,782,490 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $6,161,289 (11%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$14,257,326	$14,881,428	$ 7,060,789	$5,880,202	$21,318,115	$20,761,630
Capital assets	76,867,974	79,486,564	13,652,493	14,233,060	90,520,467	93,719,624
Total assets	91,125,300	94,367,992	20,713,282	20,113,262	111,838,582	114,481,254
Deferred outflows of resources	2,107,635	3,622,939	209,898	330,536	2,317,533	3,953,475
Long-term liabilities	43,743,635	49,962,556	2,537,666	3,251,383	46,281,301	53,213,939
Other liabilities	6,106,951	6,089,809	1,451,350	1,516,614	7,558,301	7,606,423
Total liabilities	49,850,586	56,052,365	3,989,016	4,767,997	53,839,602	60,820,362
Deferred inflows of resources	3,801,814	2,845,003	105,511	37,328	3,907,325	2,882,331
Net position:						
Net investment in capital assets	36,199,549	34,936,164	12,265,861	12,176,418	48,465,410	47,112,582
Restricted	1,414,415	1,482,740	368,075	616,619	1,782,490	2,099,359
Unrestricted	1,966,572	2,674,659	4,194,717	2,845,436	6,161,289	5,520,095
Total net position	$39,580,536	$39,093,563	$ 16,828,653	$15,638,473	$56,409,189	$54,732,036

As of September 30, 2020, 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 2019.

The City's unrestricted net position increased by $641,194 in fiscal year 2020. Restricted net position realized a decrease of $316,869. The amount invested in capital assets, net of related debt, increased by $1,352,828. The increase in net investment in capital assets portion of net position primarily results from asset additions and unspent debt proceeds outpacing the current year depreciation expenses, asset disposals, and the scheduled payments on debt used to acquire those capital assets. 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, 2020, with comparative totals for the fiscal year ended September 30, 2019.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES:						
Program revenues:						
Charges for services	$ 2,500,860	$ 3,635,569	$ 7,588,385	$ 6,969,475	$ 10,089,245	$ 9,687,863
Operating grants and contributions	5,107,184	4,014,171	-	-	5,107,184	3,048,086
Capital grants and contributions	837,904	596,040	466,292	536,086	1,304,196	1,132,126
General revenues:						
Property taxes	8,991,686	8,203,161	-	-	8,991,686	8,203,161
Sales taxes	9,039,798	8,475,563	-	-	9,039,798	8,475,563
Gross receipt taxes	1,556,493	1,684,619	-	-	1,556,493	1,684,619
Other taxes	102,385	129,474	-	-	102,385	129,474
Gain on sale of assets	64,339	70,999	-	-	64,339	70,999
Other revenues	632,986	694,565	7,812	24,715	640,798	719,280
Total revenues	28,833,635	27,504,161	8,062,489	7,530,276	36,896,124	33,151,171
EXPENSES:						
General government	8,738,683	9,047,141	-	-	8,738,683	9,047,141
Public safety	10,577,318	10,171,010	-	-	10,577,318	10,171,010
Cultural and recreation	4,100,280	4,374,352	-	-	4,100,280	4,374,352
Public works	3,929,218	4,800,393	-	-	3,929,218	4,800,393
Economic development	-	-	-	-	-	-
Interest on long-term debt	1,154,904	1,369,775	-	-	1,154,904	1,369,775
Water/wastewater	-	-	6,713,079	6,749,241	6,713,079	6,749,241
Sanitation	-	-	5,489	9,236	5,489	9,236
Total expenses	28,500,403	29,762,671	6,718,568	6,758,477	35,218,971	36,521,148
Increase (decrease) in net position before transfers	333,232	(2,258,510)	1,343,921	771,799	1,677,153	(1,486,711)
Transfers	153,741	158,493	(153,741)	(158,493)	-	-
Increase (decrease) in net position	486,973	(2,100,017)	1,190,180	613,306	1,677,153	(1,486,711)
Net position, beginning	39,093,563	41,193,580	15,638,473	15,025,167	54,732,036	56,218,747
Net position, ending	$ 39,580,536	$ 39,093,563	$ 16,828,653	$ 15,638,473	$ 56,409,189	$ 54,732,036

Governmental Activities. Governmental activities increased the City's net position by $486,973, thereby accounting for 29% of the net increase in total net position.

Total revenue for the governmental activities (excluding transfers from business-type activities) increased from the previous year by $1,329,474. General revenue, which is made up primarily of property taxes, sales taxes, licenses and permits, and gross receipt taxes, had a net increase of $1,129,306. Property tax revenue increased due to an overall increase in taxable values for both residential and commercial properties. Despite the pandemic, shelter in place orders, and social distancing, sales tax collections increased as a result of new businesses, operational changes such as curbside service in retail sales and the restaurant industry, and the continued essential operations of some of our large taxpayers who were able to remain operating during the pandemic. Other general revenues decreased primarily due to the decline 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 $200,168. Charges for services accounts for a decrease of $1,134,709 of the overall increase. The largest decrease in charges for service was noted in development sector. As the pandemic hit, shelter in place orders shut down some construction sites and decreased new starts resulting in revenue shortfalls. Culture and recreation revenues also took a large hit from the closure of the recreation and senior centers for more than half of the fiscal year along with the cancellation of all scheduled classes and leagues. Municipal Court fines and EMS revenue declined as compared to prior year as most of the City's public safety personnel and resources were allocated to activities related to the pandemic response. A flow-through of the federal CARES Act funding from Denton County and local funding from the North Central Texas Trauma Regional Advisory Council accounts for the increase of $1,093,013 in the operating grants and contributions. Developer contributions and transfers from the Roanoke Economic Development Corporations are responsible for the $241,864 in capital grants and contributions.

Total expenses for governmental activities decreased by $1,262,268. The compensation package for employees, which included an increase of 3.5%, along with the associated benefits, accounts for an increase in expenses across all functions. However, at the onset of the pandemic the City froze several vacant positions and eliminated others through attrition. This allowed the City to offset this increase, and in most cases provided additional expenditure savings. Pension-related entries increased expenses $295,508 primarily due to the recording of changes in and amortization of deferred outflows and deferred inflows combined with the decrease in the net pension liability. OPEB-related expenses, which includes the change in the net OPEB liability, related deferred inflows and deferred outflows, as well as the amortization of the deferrals increased expenses by approximately $47,711. Furthermore, fluctuations in depreciation expense as a result of the acquisition and disposal of capital assets affect the various expense categories. Public works realized expense decreases due to depreciation charges. The net position of general governmental operations accounts for 70% of total net position.

Business-type Activities. Business-type activities increased the City's net position by $1,190,180 (71%). The change in net position before transfers is income of $1,343,921. Charges for services program revenues for business-type activities increased from the previous year by $618,910 due to an increase in water and wastewater revenue. Capital grants and contributions also decreased from prior year by $69,794. Overall business-type expenses decreased $39,909, which is primarily related to a decrease in personnel expenses due to frozen positions. The overall decrease was offset slightly by pension-related entries which increased expenses $11,645 primarily due to the recording of changes in and amortization of deferred outflows and deferred inflows combined with the increase in the net pension liabilities. OPEB-related expenses which includes the net OPEB liability, related deferred inflows and deferred outflows, as well as the amortization of the deferrals increased expenses by approximately $3,591. The net position of business-type activities accounts for 30% of total net position.

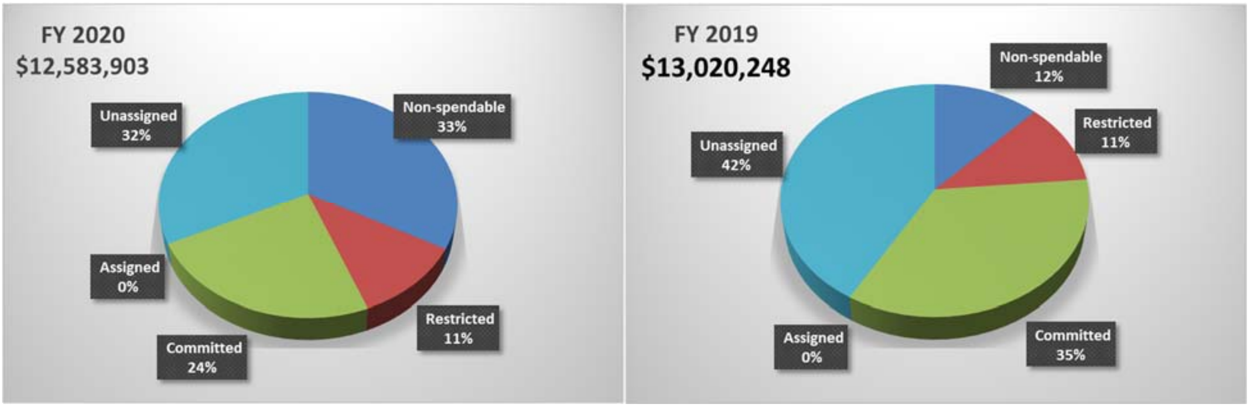
Financial Analysis of the City's Funds

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.

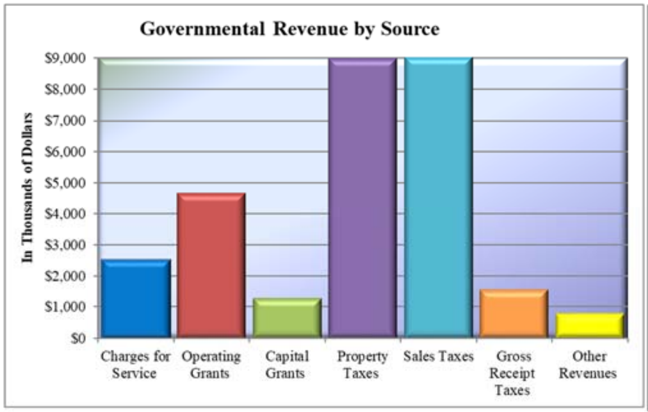
At the end of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of $12,583,903, a decrease of $436,345 in comparison to prior year. Approximately 32% or $4,018,420 constitutes an unassigned fund balance of which $5,796,625 is in the general fund and is available for spending at the City's discretion. Another $2,152,756 is non-spendable fund balance for prepaid items, due to other funds, and notes receivable. The remainder of the fund balance is either restricted or committed, to indicate that it is: 1) restricted to pay debt service ($716,883), 2) restricted for municipal court technology and building security ($208,469), 3) restricted for traffic safety and law enforcement ($161,353), 4) restricted for tourism ($114,173), 5) restricted for parkland ($213,537), 6) committed to capital projects ($1,071,149), 7) committed to the pre-development loan ($1,996,064), 8) committed to vehicle and computer replacement ($1,926,306), or 9) committed to the City Manager contract ($4,793). See discussion under Fund Balance Classifications in the Notes to the Basic Financial Statements for additional details on fund balance.

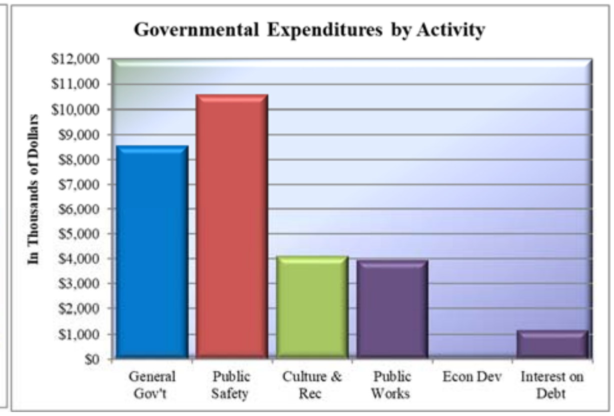
Fund Balances by Type
Governmental Funds



In the General Fund, the City budgeted for a decrease in fund balance (planned reduction) of $981,475. It is one of the City's financial policies to maintain a fund balance in the general fund equal to 60 days (16%) of operating 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 $298,746. In addition, actual expenditures were managed by the departments to allow for a savings in expenditures of $1,572,970. This allowed for the total fund balance in the General Fund to increase by $1,052,594, leaving a total fund balance of $8,221,094 or 41% of total operating 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 29% of total general fund operating expenditures, or 104 days.

Several General Fund revenue categories realized increases over the prior year, including property tax collections, sales tax collections, grants, and other income. FY2020 presented itself with many challenges due to the Covid-19 pandemic. However, despite business closures, shelter in place orders, and capacity limitations resulting from the pandemic, sales tax revenues increased over the prior year by $564,235. This increase is primarily due to new business openings prior and during the pandemic, updated operating models on retail sales and the restaurant industry including curbside service, as well as the continued essential operations of some of our largest taxpayers who remained operational throughout the pandemic. Taxable property values increased 9% over the prior year values. The resulting increase in property tax collections of close to $500,000 helped offset losses in other revenue categories. These revenue categories include gross receipt taxes, fines and fees, license and permits, mixed beverage taxes, charges for service and investment income. Telephone and cable gross receipt taxes declined due to a change in State law which required these providers to only remit taxes on one type of service. As mentioned earlier, building permits declined as the pandemic hit and several projects were delayed. Recreation fees also declined due to the Covid-19 pandemic. The recreation center, senior center, library, and visitor center were all closed, recreation classes and all leagues were cancelled, and limited capacity at the swimming pools significantly impacted these charges for service. Fines and fees were also significantly impacted due to a decline in citations issued as public safety personnel concentrated on proper social distancing and allocated personnel and resources to activities related to the pandemic response. In spite of the challenges presented to all communities related to the Covid-19 pandemic, the City's revenue exceeded the budgeted projections by $298,755 and surpassed prior year levels by $303,043.





The City's continued emphasis on expenditure control, including close monitoring of expenditures throughout the year, especially during the start of the pandemic, resulted in an increase in the overall fund balance. Expenditures increased approximately $97,000 over prior year but ended the fiscal year under budget projections by more than $1.5 million. Public safety salary and benefit expenditures came in significantly less than budget due to frozen positions and a portion being charged against grant revenues provided via a flow-through grant from Denton County of the federal CARES Act allocation and the North Central Texas Trauma Regional Advisory Council. Culture and recreation realized an overall decrease in expenditures primarily as a result of the closure of the recreation center, cancellation of classes and leagues, and the closure of the senior center. In addition, the City's response to projected revenue losses allowed for additional savings from frozen and eliminated position, and departmental efforts to hold capital and operating expenses while not impacting the operations of their departments or increasing future maintenance cost. The fund balance in excess of the City's financial policy of 60 days will be addressed during the fiscal year 2021 budget deliberations.

The Debt Service fund balance increased $80,181, increasing the total fund balance to $553,775, all of which is restricted for the payment of debt. The positive variance results from property taxes surpassing projections.

The capital project funds realized a combined decrease in fund balance of $2,036,098 primarily resulting from expenditures on existing capital projects, including continued progress on infrastructure improvements on Lamar Street and Bowie Street, and partial completion of a new trail. The combined net effect of these changes in governmental fund balances totals was a decrease of $462,842.

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 are totaled $4,194,717 for the Water and Wastewater fund. The Water and Wastewater fund realized an increase in unrestricted net position of $1,349,281.

The Water and Wastewater Enterprise fund is heavily dependent upon local weather conditions. While rainfall during the year exceeded that of a "normal" year, it fell short of the prior year by several inches particularly during the hotter summer months. This, combined with an increase in wastewater volume rates, new businesses and new residential properties as well as a slight decrease in operating expenses resulted in net operating income of $943,490. Service and miscellaneous charges declined with the arrival of the pandemic and the economic hardship it placed on some of our business and citizens. In an effort to assist our customers, the City ceased charging penalties and reconnection fees for several months giving customers more leeway in the payment of delinquent accounts.

General Fund Budgetary Highlights

During FY2019-20, actual revenues exceeded the final budget by $298,755, which was primarily related to increased sales tax, development revenues and grants. Actual expenditures were $1,572,970 less than the final budget due primarily to the close monitoring of expenditures, due to revenue losses caused by the Covid-19 pandemic throughout the year.

Pensions and Retiree Health Care

Pensions and other post-employment benefits continue to receive negative media attention as governments around the nation struggle to properly fund these commitments. The City is committed to providing 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, 2020 of $6,835,785 which is 60.79% of the City's fiscal year 2020 covered payroll of $11,244,145.

Retiree health care's actuarially accrued liability has been calculated in accordance with GASB Statement No. 75, "Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions (OPEB)" which replaced the previous authoritative guidance regarding the City's retiree health care benefits. The City implemented the new standard during FY2019, reporting the newly required Total OPEB Liability (TOL). 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, 2020 is $798,401, which is 7.15% of the City's fiscal year 2020 covered payroll of $11,244,145.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, totaled $90,520,467 (net of accumulated depreciation). The investment in capital assets includes land, improvements, buildings, vehicles, equipment, infrastructure, and construction in progress. The net decrease in the City's investment in capital assets for the current fiscal year was $3,199,157, a decrease of 3%.

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

- Construction-in-progress related to general government operations of $4,510,366 primarily consisted of the construction of Lamar/Bowie Street ($1,556,901) parking improvements ($60,054), Cade Branch Trail construction ($2,262,756), US377 street improvements ($447,992) and design of infrastructure improvements on Rusk and Austin Streets ($182,663).
- Capital asset additions also included infrastructure contributions from developers in the amount of $462,906 for the drainage and sidewalk improvements at the new Harvest Assisted Living Center and the Chamber of Commerce.
- Other capital asset additions for governmental operations included a new fire apparatus, public safety equipment, irrigation equipment, parks and recreation equipment, technology upgrades, new servers, heavy equipment for public works, vehicles and a new ambulance.
- Capital asset additions for the business-type activities included infrastructure contributions from developers for water and wastewater in the amount of $141,292 for the new Harvest Assisted Living Center, Roanoke Village, and the Chamber of Commerce. In addition, new equipment for public works was added during the year.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 1,645,480	$ 1,645,480	$ -	$ -	$ 1,645,480	$ 1,645,480
Land Improvements	7,932,240	8,813,698	-	-	7,932,240	8,813,698
Buildings/Structures	25,795,712	27,896,631	-	-	25,795,712	27,896,631
Vehicles/Machinery	2,532,637	2,625,370	60,152	74,682	2,592,789	2,700,052
Equipment	1,645,785	1,248,324	172,513	126,648	1,818,298	1,374,972
Infrastructure	32,805,754	35,176,351	-	-	32,805,754	35,176,351
Water/Sewer system	-	-	13,330,304	13,942,206	13,330,304	13,942,206
Construction in progress	4,510,366	2,080,710	89,524	89,524	4,599,890	2,170,234
Total	$ 76,867,974	$79,486,564	$13,652,493	$14,233,060	$90,520,467	$93,719,624

Additional information on the City's capital assets can be found in *Note 2* on pages 44-45 of this report.

Debt Administration

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $41,034,829. Of this amount, $40,225,000 comprises debt backed by the full faith and credit of the government, and $645,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's long-term obligations is comprised of capital leases.

Outstanding Bonded Debt

	Governmental Activities		Business-type Activities		Primary Government Total	
	2020	2019	2020	2019	2020	2019
GO Bonds	$ 9,730,895	$11,205,187	$ 2,239,106	$ 2,739,813	$11,970,001	$13,945,000
COs	27,015,000	28,860,000	-	-	27,015,000	28,860,000
Special Assessment COs	645,000	840,000	-	-	645,000	840,000
Tax Notes	1,240,000	1,465,000	-	-	1,240,000	1,465,000
Capital Leases	164,828	77,086	-	-	164,828	77,086
Totals	$38,795,723	$42,447,273	$ 2,239,106	$ 2,739,813	$41,034,829	$45,187,086

The City did not issue any new debt during fiscal year 2020. The City's total debt decreased $4,152,257 during fiscal year 2020 due to existing debt retirements.

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 49-51.

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 FY2020-21 budget, General Fund revenues and transfers are budgeted to increase by only 1.68% from the 2020-21 budget with property taxes accounting for 23% of budgeted revenues and sales tax comprising approximately 39% of budgeted revenues. Certified assessed valuations as of July 25, 2020, increased 9.10% from the preceding year. In the FY2020-21 budget, sales tax receipts are projected to remain relatively flat due primarily to Covid-19 state-mandated business closures, business capacity limitations upon reopening, and social distancing requirements. As a result, estimates for next year include a very modest increase in collections. Other revenue sources are projected to decrease due to the continued closure of some facilities and limited capacity at others.

The General Fund ended fiscal year 2019-20 with unassigned fund balance of $5,796,625, of which the City allocated $319,217 for one-time capital purchases in fiscal year 2020-21.

Baseline budgeted expenditures in the General Fund are projected to decrease approximately 1.5% from the fiscal year 2019-20 original budget. Expenditures cuts were implemented and some positions eliminated through attrition resulting from the effects of the pandemic. The City elected to use excess reserves to fund capital needs. The property tax rate remained at .37512¢ per $100 of assessed valuation for fiscal year 2020-21.

For the Water and Wastewater Fund, the FY2020-21 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 $2.56 to $8.37 per thousand gallons. Monthly water rates remained the same for both residential customers and commercial customers. A wastewater volume charge of $6.93 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 a meter change out program, waterline improvements, and additional equipment for public works.

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: Vicki Rodriquez, Director of Fiscal and Administrative Services, at City of Roanoke, 500 S. Oak Street, Roanoke TX 76262, call (817) 491-6075, or e-mail vrodriquez@roanoketexas.com

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Basic Financial Statements

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City of Roanoke, Texas
Statement of Net Position
September 30, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 9,387,906	$ 4,168,886	$ 13,556,792	$ 12,037,208
Investments	229,010	20,000	249,010	-
Receivables (net of allowances for uncollectibles)	2,620,113	1,018,749	3,638,862	1,798,629
Notes receivable	1,996,064	-	1,996,064	-
Prepaid items	24,233	116,955	141,188	2,425,864
Restricted cash and cash equivalents:				
Customer deposits	-	421,202	421,202	-
Capital projects	-	946,922	946,922	-
Impact fees	-	368,075	368,075	-
Capital assets not being depreciated	6,155,846	89,524	6,245,370	2,197,916
Capital assets, net of accumulated depreciation	70,712,128	13,562,969	84,275,097	-
Total Assets	91,125,300	20,713,282	111,838,582	18,459,617
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	80,839	57,344	138,183	250,337
Pension contributions after measurement date	1,302,891	98,067	1,400,958	-
Difference in assumption changes – pension	79,715	6,000	85,715	-
Difference in expected and actual experience – pension	580,804	43,716	624,520	-
OPEB contributions after measurement date	7,518	566	8,084	-
Difference in assumption changes – OPEB	41,687	3,138	44,825	-
Difference in expected and actual experience – OPEB	14,181	1,067	15,248	-
Total Deferred Outflows of Resources	2,107,635	209,898	2,317,533	250,337
LIABILITIES				
Accounts payable	784,312	339,632	1,123,944	1,257
Other accrued liabilities	589,995	73,209	663,204	9,620
Deposits payable	-	421,202	421,202	-
Accrued interest payable	161,638	9,656	171,294	30,360
Noncurrent liabilities:				
Due within one year				
Accrued compensated absences	668,207	85,718	753,925	-
Capital leases payable	39,792	-	39,792	-
Bonds payable, net	3,423,007	521,933	3,944,940	310,000
Special assessment debt	205,000	-	205,000	-
Tax Notes	235,000	-	235,000	-
Due in more than one year				
Capital leases payable	125,036	-	125,036	-
Bonds payable, net	35,208,114	1,868,965	37,077,079	5,740,000
Special assessment debt	440,000	-	440,000	-
Tax Notes	1,005,000		1,005,000	-
Net pension liability	6,222,973	612,812	6,835,785	-
Total OPEB liability	742,512	55,889	798,401	-
Total Liabilities	49,850,586	3,989,016	53,839,602	6,091,237
DEFERRED INFLOWS OF RESOURCES				
Difference in assumption changes – pension	21,857	1,645	23,502	-
Difference in expected and actual experience – pension	346,653	26,092	372,745	-
Difference in projected and actual earnings on pension plan investments	1,009,076	75,951	1,085,027	-
Difference in assumption changes – OPEB	24,228	1,823	26,051	-
Service concession arrangement contribution	2,400,000	-	2,400,000	-
Total Deferred Inflows of Resources	3,801,814	105,511	3,907,325	-
NET POSITION				
Net investment in capital assets	36,199,549	12,265,861	48,465,410	2,197,916
Restricted for:				
Debt service	716,883	-	716,883	-
Municipal court building security	107,960	-	107,960	-
Municipal court technology	100,509	-	100,509	-
Traffic safety	25,133	-	25,133	-
Tourism, convention centers, arts	114,173	-	114,173	-
Public safety	136,220	-	136,220	-
Parkland dedication	213,537	-	213,537	-
Impact fees	-	368,075	368,075	-
Economic development	-	-	-	13,366,837
Unrestricted	1,966,572	4,194,717	6,161,289	(2,946,036)
Total Net Position	$ 39,580,536	$ 16,828,653	$ 56,409,189	$ 12,618,717

City of Roanoke, Texas

Statement of Activities

For the Year Ended September 30, 2020

Function/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units Activities
Primary Government:								
Governmental activities:								
General government	$ 8,738,683	$ 6,778	$ 7,503	$ 537,904	$ (8,186,498)	$ -	$ (8,186,498)	$ -
Public safety	10,577,318	1,096,753	978,156	-	(8,502,409)	-	(8,502,409)	-
Cultural and recreation	4,100,280	394,683	3,884,675	80,000	259,078	-	259,078	-
Public works	3,929,218	1,002,646	-	220,000	(2,706,572)	-	(2,706,572)	-
Economic development	-	-	236,850	-	236,850	-	236,850	-
Interest and fiscal charges	1,154,904	-	-	-	(1,154,904)	-	(1,154,904)	-
Total governmental activities	28,500,403	2,500,860	5,107,184	837,904	(20,054,455)	-	(20,054,455)	-
Business-type activities:								
Water and Wastewater	6,713,079	7,584,385	-	466,292	-	1,337,598	1,337,598	-
Sanitation	5,489	4,000	-	-	-	(1,489)	(1,489)	-
Total business-type activities	6,718,568	7,588,385	-	466,292	-	1,336,109	1,336,109	-
Total primary government	$ 35,218,971	$ 10,089,245	$ 5,107,184	$ 1,304,196	(20,054,455)	1,336,109	(18,718,346)	-
Component Units:								
Roanoke Economic Industrial Development Corporation	$ 2,817,786	$ -	$ -	$ -				(2,817,786)
Roanoke Community Economic Development Corporation	2,725,408	-	-	-				(2,725,408)
Al & Lula Mae Slaughter Park Foundation	291	-	-	-				(291)
Total component units	$ 5,543,485	$ -	$ -	$ -				(5,543,485)
General revenues:								
Property taxes					8,991,686	-	8,991,686	-
Sales taxes					9,039,798	-	9,039,798	9,039,798
Gross receipt taxes					1,556,493	-	1,556,493	-
Other taxes					102,385	-	102,385	-
Rents and royalties					-	-	-	253,648
Investment income					22,334	7,812	30,146	14,615
Gain on sale of capital assets					64,339	-	64,339	-
Miscellaneous					610,652	-	610,652	11,560
Transfers					153,741	(153,741)	-	-
Total general revenues and transfers					20,541,428	(145,929)	20,395,499	9,319,621
Change in net position					486,973	1,190,180	1,677,153	3,776,136
Net Position, Beginning of Year					39,093,563	15,638,473	54,732,036	8,842,581
Net Position, End of Year					$ 39,580,536	$ 16,828,653	$ 56,409,189	$ 12,618,717

City of Roanoke, Texas

Balance Sheet – Governmental Funds

September 30, 2020

	General	Debt Service	Facilities Improvement	Street Construction	Vehicle Replacement	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 5,007,933	$ 553,775	$ -	$ 336,424	$ 1,897,593	$ 1,592,181	$ 9,387,906
Investments	229,010	-	-	-	-	-	229,010
Receivables (net of allowance for uncollectibles)							
Property taxes	21,761	27,654	-	-	-	-	49,415
Sales taxes	1,767,261	-	-	-	-	-	1,767,261
Gross receipts taxes	42,956	-	-	-	-	15,771	58,727
Other receivables	301,067	-	-	-	-	420,132	721,199
Intergovernmental receivable	23,511	-	-	-	-	-	23,511
Notes receivable	-	-	1,996,064	-	-	-	1,996,064
Prepaid items	24,233	-	-	-	-	-	24,233
Due from other funds	2,128,523	-	-	-	-	-	2,128,523
Total assets	9,546,255	581,429	1,996,064	336,424	1,897,593	2,028,084	16,385,849
LIABILITIES							
Accounts payable	468,791	-	-	290,245	25,279	-	784,315
Other accrued liabilities	584,901	-	-	-	-	5,094	589,995
Due to other funds	-	-	1,778,205	-	-	350,318	2,128,523
Total liabilities	1,053,692	-	1,778,205	290,245	25,279	355,412	3,502,833
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	271,459	27,654	-	-	-	-	299,113
Total deferred inflows of resources	271,459	27,654	-	-	-	-	299,113
FUND BALANCE							
Nonspendable	2,152,756	-	-	-	-	-	2,152,756
Restricted:							
Debt service	-	553,775	-	-	-	163,108	716,883
Municipal court building security	107,960	-	-	-	-	-	107,960
Municipal court technology	100,509	-	-	-	-	-	100,509
Traffic safety	25,133	-	-	-	-	-	25,133
Tourism, convention centers, arts	-	-	-	-	-	114,173	114,173
Public safety	33,328	-	-	-	-	102,892	136,220
Parkland dedication	-	-	-	-	-	213,537	213,537
Committed	4,793	-	1,996,064	46,179	1,872,314	1,078,962	4,998,312
Unassigned	5,796,625	-	(1,778,205)	-	-	-	4,018,420
Total fund balance	8,221,104	553,775	217,859	46,179	1,872,314	1,672,672	12,583,903
Total liabilities, deferred inflows of resources, and fund balance	$ 9,546,255	$ 581,429	$ 1,996,064	$ 336,424	$ 1,897,593	$ 2,028,084	$ 16,385,849

City of Roanoke, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

September 30, 2020

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

Total fund balance – governmental funds	$	12,583,903
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		76,867,974
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.		(161,638)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.		299,117
Long-term liabilities and deferred outflows and inflows of resources (deferred charge on refunding, pension contributions after measurement date, difference in expected and actual experience – pension, difference in projected and actual earnings on pension plan investments, difference in pension proportional share, difference in assumption changes – pension, OPEB contributions after measurement date, difference in assumption changes – OPEB and service concession arrangement contribution), including capital leases payable, bonds payable, special assessment debt, 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.		(50,008,820)
Net position of governmental activities	$	39,580,536

City of Roanoke, Texas

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Year Ended September 30, 2020

	General	Debt Service	Facilities Improvement	Street Construction	Vehicle Replacement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	$ 4,041,124	$ 4,694,340	$ -	$ -	$ -	$ 256,312	$ 8,991,776
Sales taxes	9,039,798	-	-	-	-	-	9,039,798
Gross receipts tax	1,439,154	-	-	-	-	117,339	1,556,493
Licenses and permits	1,002,646	-	-	-	-	-	1,002,646
Intergovernmental	102,385	-	-	-	-	-	102,385
Charges for services	933,635	-	-	-	-	-	933,635
Grants and contributions	3,884,675	236,850	-	220,000	75,000	978,156	5,394,681
Fines and fees	569,695	-	-	-	-	3,478	573,173
Investment income	15,254	2,647	-	1,884	-	2,549	22,334
Donations	1,003	-	-	-	-	6,500	7,503
Other revenue	588,773	16,954	-	-	-	977	606,704
Total revenues	21,618,142	4,950,791	-	221,884	75,000	1,365,311	28,231,128
EXPENDITURES							
Current:							
General government	5,033,709	-	86,625	-	27,164	122,031	5,269,529
Public safety	9,229,186	-	-	-	-	393,044	9,622,230
Cultural and recreation	3,240,141	-	-	-	-	-	3,240,141
Public works	1,873,949	-	-	3,591	-	-	1,877,540
Debt service:							
Principal	56,178	3,544,293	-	-	-	195,000	3,795,471
Interest and fiscal charges	2,558	1,370,917	-	-	-	40,308	1,413,783
Capital outlay	380,677	-	-	1,632,533	770,435	1,049,940	3,833,585
Total expenditures	19,816,398	4,915,210	86,625	1,636,124	797,599	1,800,323	29,052,279
Excess (deficiency) of revenues over (under) expenditures	1,801,744	35,581	(86,625)	(1,414,240)	(722,599)	(435,012)	(821,151)
OTHER FINANCING SOURCES (USES)							
Capital lease	143,920	-	-	-	-	-	143,920
Sale of general capital assets	4,800	-	-	-	82,345	-	87,145
Transfers in	70,000	44,600	-	-	1,034,831	86,770	1,236,201
Transfers out	(967,860)	-	-	-	-	(114,600)	(1,082,460)
Total other financing sources (uses)	(749,140)	44,600	-	-	1,117,176	(27,830)	384,806
Net change in fund balance	1,052,604	80,181	(86,625)	(1,414,240)	394,577	(462,842)	(436,345)
Fund balance, beginning of year	7,168,500	473,594	304,484	1,460,419	1,477,737	2,135,514	13,020,248
Fund balance, end of year	$ 8,221,104	$ 553,775	$ 217,859	$ 46,179	$ 1,872,314	$ 1,672,672	$ 12,583,903

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, 2020

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

Net change in fund balance – total governmental funds	$	(436,345)
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 expense. This is the amount by which deprecation of $6,802,183 exceeded capital outlays of $3,833,585 in the current year.		(2,968,597)
The net effect of various transactions involving capital assets *(i.e.* disposals/sales and developer contributions) is to increase net position.		350,008
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.		(4,736)
Up-front payment related to service concession arrangement was recorded by the governmental funds when received. On the statement of activities, revenue is recognized and the deferred inflows of resources are reduced in a systematic and rational manner over the term of the arrangement.		80,000
The issuance of long-term debt (bonds and related premium and capital leases) provides current financial resources to governmental funds, but has no effect on net position.		(143,920)
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.		3,795,471
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.		254,757
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.		(9,843)
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.		(343,219)
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.		(100,568)
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.		13,965
Change in net position of governmental activities	$	486,973

City of Roanoke, Texas

Statement of Net Position – Proprietary Funds

September 30, 2020

	Business-type Activities		
		Non-Major Fund	
	Water and Wastewater	Sanitation	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 4,168,886	$ -	$ 4,168,886
Investments	20,000	-	20,000
Receivables (net where applicable of allowance for doubtful accounts)			
Accounts receivable	1,018,749	-	1,018,749
Prepaid items	116,955	-	116,955
Restricted cash and cash equivalents:			
Customer deposits	421,202	-	421,202
Capital projects	946,922	-	946,922
Impact fees	368,075	-	368,075
Total current assets	7,060,789	-	7,060,789
Noncurrent assets:			
Capital assets:			
Infrastructure	30,384,537	-	30,384,537
Machinery and equipment	311,829	-	311,829
Vehicles	243,805	-	243,805
Construction in progress	89,524	-	89,524
Accumulated depreciation	(17,377,202)	-	(17,377,202)
Total capital assets, net of accumulated depreciation	13,652,493	-	13,652,493
Total noncurrent assets	13,652,493	-	13,652,493
Total assets	20,713,282	-	20,713,282
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	57,344	-	57,344
Pension contributions after measurement date	98,067	-	98,067
Difference in expected and actual experience – pension	43,716	-	43,716
Difference in assumption changes – pension	6,000	-	6,000
OPEB contributions after measurement date	566	-	566
Difference in assumption changes – OPEB	3,138	-	3,138
Difference in expected and actual experience – OPEB	1,067	-	1,067
Total deferred outflows of resources	209,898	-	209,898
LIABILITIES			
Current liabilities:			
Accounts payable	339,632	-	339,632
Accrued liabilities	47,519	-	47,519
Compensated absences	85,718	-	85,718
Customer deposits payable	421,202	-	421,202
Bonds payable, net	521,933	-	521,933
Accrued interest payable	9,656	-	9,656
Other liabilities	25,690	-	25,690
Total current liabilities	1,451,350	-	1,451,350
Noncurrent liabilities:			
Bonds payable, net	1,868,965	-	1,868,965
Net pension liability	612,812	-	612,812
Total OPEB liability	55,889	-	55,889
Total noncurrent liabilities	2,537,666	-	2,537,666
Total liabilities	3,989,016	-	3,989,016
DEFERRED INFLOWS OF RESOURCES			
Difference in assumption changes – pension	1,645	-	1,645
Difference in expected and actual experience – pension	26,092	-	26,092
Difference in projected and actual earnings on pension plan investments	75,951	-	75,951
Difference in assumption changes – OPEB	1,823	-	1,823
Total deferred inflows of resources	105,511	-	105,511
NET POSITION			
Net investment in capital assets	12,265,861	-	12,265,861
Restricted for:			
Impact fees	368,075	-	368,075
Unrestricted	4,194,717	-	4,194,717
Total net position	$ 16,828,653	$ -	$ 16,828,653

City of Roanoke, Texas

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

For the Year Ended September 30, 2020

	Business-type Activities		
		Non-Major Fund	
	Water and Wastewater	Sanitation	Total Enterprise Funds
OPERATING REVENUES			
Charges for services			
Water service	$ 4,237,651	$ -	$ 4,237,651
Wastewater service	2,516,764	-	2,516,764
Impact fees	294,506	-	294,506
Other charges for services and miscellaneous	535,464	4,000	539,464
Total operating revenues	7,584,385	4,000	7,588,385
OPERATING EXPENSES			
Personnel services	1,198,745	-	1,198,745
Maintenance and supplies	391,397	-	391,397
General and administrative	851,203	-	851,203
Water production and distribution	3,390,832	-	3,390,832
Sanitation	-	5,489	5,489
Depreciation	808,718	-	808,718
Total operating expenses	6,640,895	5,489	6,646,384
Operating income (loss)	943,490	(1,489)	942,001
NONOPERATING REVENUES (EXPENSES)			
Investment income	7,690	122	7,812
Interest expense and fiscal charges	(72,184)	-	(72,184)
Total nonoperating revenues (expenses)	(64,494)	122	(64,372)
Income (loss) before capital contributions and transfers	878,996	(1,367)	877,629
Capital contributions (cash and non-cash)	466,292	-	466,292
Transfers in	85,461	1,367	86,828
Transfers out	(155,108)	(85,461)	(240,569)
Change in net position	1,275,641	(85,461)	1,190,180
Net Position, Beginning of Year	15,553,012	85,461	15,638,473
Net Position, End of Year	$ 16,828,653	$ -	$ 16,828,653

City of Roanoke, Texas

Statement of Cash Flows – Proprietary Funds

For the Year Ended September 30, 2020

	Business-type Activities		
		Non-Major Fund	
	Water and Wastewater	Sanitation	Total Enterprise Funds
OPERATING ACTIVITIES			
Receipts from customers	$ 7,604,043	$ 4,258	$ 7,608,301
Receipt of customer deposits	11,927	-	11,927
Payments to suppliers for goods and services	(4,713,201)	(6,301)	(4,719,502)
Payments to employees for salaries and benefits	(1,160,399)	-	(1,160,399)
Net cash provided by (used in) operating activities	1,742,370	(2,043)	1,740,327
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	85,461	1,367	86,828
Transfers to other funds	(155,108)	(85,461)	(240,569)
Net cash used in noncapital financing activities	(69,647)	(84,094)	(153,741)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributions for capital acquisitions	325,000	-	325,000
Acquisition and construction of capital assets	(86,859)	-	(86,859)
Principal paid on capital debt	(500,706)	-	(500,706)
Interest and fiscal charges paid on capital debt	(92,261)	-	(92,261)
Net cash used in capital and related financing activities	(354,826)	-	(354,826)
INVESTING ACTIVITIES			
Interest on investments	7,690	122	7,812
Net cash provided by investing activities	7,690	122	7,812
Net increase (decrease) in cash and cash equivalents	1,325,587	(86,015)	1,239,572
Cash and Cash Equivalents, Beginning of Year (including $1,821,118 reported as restricted assets)	4,579,498	86,015	4,665,513
Cash and Cash Equivalents, End of Year (including $1,736,199 reported as restricted assets)	$ 5,905,085	$ -	$ 5,905,085
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	$ 943,490	$ (1,489)	$ 942,001
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	808,718	-	808,718
(Increases) decreases in assets and deferred outflows of resources:			
Accounts receivable and unbilled revenue	19,658	258	19,916
Prepaid expenses	39,069	-	39,069
Deferred outflows of resources	115,827	-	115,827
Increases (decreases) in liabilities and deferred inflows of resources:			
Accounts payable	(121,850)	(812)	(122,662)
Accrued liabilities	13,861	-	13,861
Customer deposits	11,927	-	11,927
Compensated absences	12,261	-	12,261
Net pension liability	(172,312)	-	(172,312)
Total OPEB liability	6,792	-	6,792
Deferred inflows of resources	64,929	-	64,929
Total adjustments	798,880	(554)	798,326
Net cash provided by (used in) operating activities	$ 1,742,370	$ (2,043)	$ 1,740,327
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets	$ 141,292	$ -	$ 141,292
Construction in progress payments in accounts payable	156,868	-	156,868

City of Roanoke, Texas

Statement of Net Position

Discretely Presented Component Units

September 30, 2020

	Governmental Activities			
	REIDC	RCEDC	Slaughter Park Foundation	Total
ASSETS				
Cash and cash equivalents	$ 5,574,605	$ 6,004,414	$ 458,189	$ 12,037,208
Sales tax receivables	883,630	883,630	-	1,767,260
Other miscellaneous receivables	31,250	-	119	31,369
Prepaid items	1,207,307	1,218,557	-	2,425,864
Capital assets not being depreciated				
Land	2,197,916	-	-	2,197,916
Total assets	9,894,708	8,106,601	458,308	18,459,617
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	250,337	-	-	250,337
Total deferred outflows of resources	250,337	-	-	250,337
LIABILITIES				
Accounts payable	1,072	-	185	1,257
Accrued interest payable	30,360	-	-	30,360
Other liabilities	-	9,620	-	9,620
Noncurrent liabilities:				
Due within one year	310,000	-	-	310,000
Due in more than one year	5,740,000	-	-	5,740,000
Total liabilities	6,081,432	9,620	185	6,091,237
NET POSITION				
Net investment in capital assets	2,197,916	-	-	2,197,916
Restricted	6,488,413	6,878,424	-	13,366,837
Unrestricted	(4,622,716)	1,218,557	458,123	(2,946,036)
Total Net Position	$ 4,063,613	$ 8,096,981	$ 458,123	$ 12,618,717

City of Roanoke, Texas
Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Component Units			
			Operating	Capital				
		Charges for	Grants and	Grants and			Slaughter Park	
Function/Programs:	Expenses	Services	Contributions	Contributions	REIDC	RCEDC	Foundation	Total
Governmental Activities:								
Roanoke Economic Industrial Development Corporation	$ 2,817,786	$ -	$ -	$ -	$ (2,817,786)	$ -	$ -	$ (2,817,786)
Roanoke Community Economic Development Corporation	2,725,408	-	-	-	-	(2,725,408)	-	(2,725,408)
Al & Lula Mae Slaughter Park Foundation	291	-	-	-	-	-	(291)	(291)
Total Component Units	$ 5,543,485	$ -	$ -	$ -	(2,817,786)	(2,725,408)	(291)	(5,543,485)
		General revenues:						
		Sales and use taxes			4,519,899	4,519,899	-	9,039,798
		Rents and royalties			250,000	-	3,648	253,648
		Investment income			6,812	7,189	614	14,615
		Miscellaneous			-	11,560	-	11,560
		Total general revenues			4,776,711	4,538,648	4,262	9,319,621
		Change in net position			1,958,925	1,813,240	3,971	3,776,136
		Net position, beginning of year			2,104,688	6,283,741	454,152	8,842,581
		Net position, end of year			$ 4,063,613	$ 8,096,981	$ 458,123	$ 12,618,717

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Notes to Basic Financial Statements

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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*.

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 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*.

Basis of Presentation

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

Government-wide Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. 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. Separate fund-based financial statements are provided for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements, all non-major funds are aggregated and presented in a single column on the fund financial statements. The non-major funds are detailed in the combining section of the 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:

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.

Street Construction Fund–

The Street Construction Fund is used to account for street construction, street reconstruction and street overlay projects and the means of financing such improvements. This has been designated as a major fund by City management.

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 funds:

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.

Sanitation Fund –

The only non-major proprietary fund of the City, the Sanitation Fund is used to account for billing, collection and payment for solid waste collection and disposal services. The City closed this fund during the year ended September 30, 2020 and transferred the residual net position of $85,461 to the Water and Wastewater Fund.

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.

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 financial statements and fund financial statements for proprietary funds 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. 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, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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 60 days 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.

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 month 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 only in non-negotiable certificates of deposit.

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 Assets

Capital assets, which include property, plant, vehicle, equipment and infrastructure 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.

Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Depreciation has been calculated on each class of depreciable property using the straight-line method over the following estimated useful lives:

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 position 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 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.
- 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 pension 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 position 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 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 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 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 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.
- Service concession arrangement contribution – As a part of the City's service concession arrangement, the operator provided the City with an up-front payment for the purpose of operating the Hawaiian Falls water park. The City has recorded this payment as a deferred inflow of resources on the government-wide financial statements and will amortize the amount into revenue over the term of the agreement.
- 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 $21,761, ambulance revenues of $132,132, court revenues of $117,566. In the Debt Service Fund, unavailable revenues consist of property taxes in the amount of $27,654. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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 an indirect cost percentage of administrative services for those funds but paid through the General fund along with other indirect costs deemed necessary for their operations. During the fiscal year ended September 30, 2020, the City's General Fund was reimbursed $505,166 for these services.

Restricted Assets

Certain cash and cash equivalent balances are restricted by various legal and contractual obligations. Customer deposits, capital projects and impact fees are, by law, to be considered restricted assets. These activities are included in the Water and Wastewater Fund. The City recorded the following restricted assets at the end of the fiscal year:

Business-type Activities	
Customer deposits	$ 421,202
Capital projects	946,922
Water and wastewater impact fees	368,075
Total Restricted Assets	$ 1,736,199

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.

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's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

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.

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 the use 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 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 traffic safety represents the portion of fund equity derived from certain traffic penalties, legally restricted to fund traffic safety programs.
- 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.

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						
	General	Debt Service	Facilities Improvement	Street Construction	Vehicle Replacement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ 2,152,756	$ -	$ -	$ -	$ -	$ -	$ 2,152,756
Restricted for							
Debt service	-	553,775	-	-	-	163,108	716,883
Municipal court building security	107,960	-	-	-	-	-	107,960
Municipal court technology	100,509	-	-	-	-	-	100,509
Traffic safety	25,133	-	-	-	-	-	25,133
Tourism, convention centers, arts	-	-	-	-	-	114,173	114,173
Public safety	33,328	-	-	-	-	102,892	136,220
Parkland dedication	-	-	-	-	-	213,537	213,537
Committed							
City manager contract	4,793	-	-	-	-	-	4,793
Capital projects	-	-	-	46,179	-	1,024,970	1,071,149
Predevelopment loan	-	-	1,996,064	-	-	-	1,996,064
Vehicle and computer replacement	-	-	-	-	1,872,314	53,992	1,926,306
Unassigned	5,796,625	-	(1,778,205)	-	-	-	4,018,420
Total	$ 8,221,104	$ 553,775	$ 217,859	$ 46,179	$ 1,872,314	$ 1,672,672	$ 12,583,903

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, into one component of net position. Accumulated depreciation 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.

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.

Note 2: Detailed Notes on All Funds

Deposits and Investments

Deposits. At September 30, 2020, the carrying amount of the City's cash and cash equivalents, including component units, was $27,330,199 and the respective bank balances totaled $27,575,898.

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 2020, the City invested in non-negotiable certificates of deposits measured at amortized costs. The City records all interest revenue related to investment activities in the respective funds. As of September 30, 2020, the carrying amount of the City's certificates of deposits reported as investments totaled $249,010.

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, 2020, the carrying amount of the City's bank deposits and investments, including component units, was $27,579,209, and the respective bank balances totaled $27,824,909. 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.

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.

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, 2020, were 99.77% of the adjusted tax levy. Allocations of property tax levy by purpose for 2020 and the preceding year are as follows (amounts per $100 assessed value):

Property Tax Rates:

Fund Type	2020	2019
General Fund	$ 0.17363	$ 0.16741
Debt Service Fund	$ 0.20149	$ 0.20771
Total	$ 0.37512	$ 0.37512

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	Nonmajor Governmental	Water and Wastewater	Total
Taxes	$ 1,831,978	$ 27,654	$ -	15,771	$ -	$ 1,875,403
Intergovernmental	23,511	-	-	-	-	23,511
Accounts	2,114,476	-	-	420,132	1,236,866	3,771,474
Notes	-	-	1,996,064	-	-	1,996,064
Less allowance for uncollectibles	(1,813,409)	-	-	-	(218,117)	(2,031,526)
Net receivables	$ 2,156,556	$ 27,654	$ 1,996,064	$ 435,903	$ 1,018,749	$ 5,634,926

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2020

Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	$ 1,645,480	$ -	$ -	$ -	$ 1,645,480
Construction in progress	2,080,710	2,519,746	-	(90,090)	4,510,366
Total capital assets not being depreciated	3,726,190	2,519,746	-	(90,090)	6,155,846
Capital assets being depreciated					
Buildings/structures	41,733,938	44,915	-	-	41,778,853
Improvements other than buildings	16,745,020	-	-	-	16,745,020
Vehicles	5,422,881	478,376	(108,367)	(22,457)	5,770,433
Machinery and equipment	3,496,875	790,545	(247,556)	12,900	4,052,764
Infrastructure	55,347,236	462,907	-	-	55,810,143
Total capital assets being depreciated	122,745,950	1,776,743	(355,923)	(9,557)	124,157,213
Less accumulated depreciation					
Buildings/structures	(13,837,307)	(2,145,834)	-	-	(15,983,141)
Improvements other than buildings	(7,931,322)	(881,458)	-	-	(8,812,780)
Vehicles	(2,797,511)	(543,907)	92,212	11,410	(3,237,796)
Machinery and equipment	(2,248,551)	(397,480)	240,905	(1,853)	(2,406,979)
Infrastructure	(20,170,885)	(2,833,504)	-	-	(23,004,389)
Total accumulated depreciation	(46,985,576)	(6,802,183)	333,117	9,557	(53,445,085)
Total capital assets being depreciated, net	75,760,374	(5,025,440)	(22,806)	-	70,712,128
Governmental activities capital assets, net	$ 79,486,564	$ (2,505,694)	$ (22,806)	$ (90,090)	$ 76,867,974

	Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Business-type activities					
Capital assets not being depreciated					
Construction in progress	$ 89,524	$ -	$ -	$ -	$ 89,524
Total capital assets not being depreciated	89,524	-	-	-	89,524
Capital assets being depreciated					
Infrastructure	30,243,245	141,292	-	-	30,384,537
Vehicles	243,805	-	-	-	243,805
Machinery and equipment	310,162	86,859	(85,192)	-	311,829
Total capital assets being depreciated	30,797,212	228,151	(85,192)	-	30,940,171
Less accumulated depreciation					
Infrastructure	(16,301,039)	(753,194)	-	-	(17,054,233)
Vehicles	(169,123)	(15,037)	-	507	(183,653)
Machinery and equipment	(183,514)	(40,487)	85,192	(507)	(139,316)
Total accumulated depreciation	(16,653,676)	(808,718)	85,192	-	(17,377,202)
Total capital assets being depreciated, net	14,143,536	(580,567)	-	-	13,562,969
Business-type activities capital assets, net	$ 14,233,060	$ (580,567)	$ -	$ -	$ 13,652,493

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

Governmental activities	
General government	$ 2,935,277
Public safety	955,088
Culture and recreation	860,140
Public works	2,051,678
Total depreciation expense – governmental activities	$ 6,802,183
Business-type activities	
Water and Wastewater	$ 808,718
Total depreciation expense – business-type activities	$ 808,718

Construction Commitments

Outstanding commitments at September 30, 2020, under authorized construction contracts were approximately $825,000. 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, 2020 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Facilities Improvement	$ 1,778,205
General Fund	Fire Grants Fund	350,318

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.

Transfers between funds for the year ended September 30, 2020, were as follows:

	Transfers in						
	Major Governmental				*Major Enterprise*		
Transfers out	General	Vehicle Replacement	Debt Service	Nonmajor Governmental Funds	Water and Wastewater	Nonmajor Enterprise Fund	Total Transfers Out
General	$ -	$ 885,307	$ -	$ 81,186	$ -	$ 1,367	$ 967,860
Nonmajor governmental funds	70,000	-	44,600	-	-	-	114,600
Water and Wastewater	-	149,524	-	5,584	-	-	155,108
Nonmajor enterprise funds	-	-	-	-	85,461	-	85,461
Total transfers in	$ 70,000	$ 1,034,831	$ 44,600	$ 86,770	$ 85,461	$ 1,367	$ 1,237,568

All transfers were routine budgeted transfers done in the course of normal City operations. Transfers are used to (1) transfer funds to the computer and vehicle replacement funds for computer, vehicle, and equipment purchases, (2) transfer funds to the Sanitation Fund to cover a portion of the operating costs associated with this service, (3) transfer funds to the General Fund to cover costs associated with the Roanoke Visitor's Center and Museum, (4) transfer funds to the Debt Service fund to cover debt related to a fire department museum, and (5) transfer funds to the Water and Wastewater Fund to cover cost associated with Sanitation recycling services..

Service Concession Arrangement

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 to provide its citizens a water park of first class quality in all respects, as compared to similar sized operations in Texas. Hawaiian Falls is required to be operated and maintained in accordance with the agreement; this agreement also regulates the range of rates that may be charged. The City received from RFE an upfront payment of $3.2 million. The City used the proceeds from the up-front payment to finance the initial construction of the waterpark in 2011. Additional funding for construction was provided by REIDC sales tax revenue bonds. The City reports the water park as a capital asset with a carrying amount of $5,304,278 and a deferred inflow of resources in the amount of $2,400,000 at year-end related to this agreement. The deferred inflow will be recognized as revenue over the initial term of the agreement. When the agreement terminates, the City retains the water park property.

Lease Obligations

Capital Leases

The City has entered into various capital lease agreements to finance the acquisition of various vehicles, equipment and machinery originally valued at $817,588.

As of September 30, 2020, property and equipment under capital leases is carried at $178,555, with $639,033 in accumulated depreciation.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2020, were as follows:

	Governmental Activities	Business-type Activities	Total
2021	$ 46,772	$ -	$ 46,772
2022	46,772	-	46,772
2023	32,197	-	32,197
2024	32,197	-	32,197
2025	24,419	-	24,419
Total	182,357	-	182,357
Less interest	(17,529)	-	(17,529)
Present value of remaining payments	$ 164,828	$ -	$ 164,828

Operating Lease

In fiscal year 2017, the City entered into an agreement to lease parking spaces within a parking garage for a term of 99 years. The parking garage was completed during fiscal year 2019. The City through REIDC and RCEDC prepaid a total of $2,464,000 in costs as base rent. The remaining prepaid lease payments as of September 30, 2020, will be amortized over the life of the lease as follows:

	September 30,	REIDC	RCEDC	Total
1	2021	$ 12,447	$ 12,446	$ 24,893
2	2022	12,447	12,446	24,893
3	2023	12,447	12,446	24,893
4	2024	12,447	12,446	24,893
5	2025	12,447	12,446	24,893
6	2026-2030	62,233	62,232	124,465
7	2031-2035	62,233	62,232	124,465
8	2036-2040	62,233	62,232	124,465
9	2041-2045	62,233	62,232	124,465
10	2046-2050	62,233	62,232	124,465
11	2051-2055	62,233	62,232	124,465
12	2056-2060	62,233	62,232	124,465
13	2061-2065	62,233	62,232	124,465
14	2066-2070	62,233	62,232	124,465
15	2071-2075	62,233	62,232	124,465
16	2076-2080	62,233	62,232	124,465
17	2081-2085	62,233	62,232	124,465
18	2086-2090	62,233	62,232	124,465
19	2091-2095	62,233	62,232	124,465
20	2096-2100	62,233	62,232	124,465
21	2101-2105	62,233	62,232	124,465
22	2106-2110	62,233	62,232	124,465
23	2111-2115	62,233	62,232	124,465
24	2116-2117	24,893	24,892	49,785
		$ 1,207,322	$ 1,207,298	$ 2,414,620

Long-term Obligations

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2020, is as follows:

	Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Balance End of Year	Due within One Year
Governmental activities					
General obligation bonds	$ 11,205,187	$ -	$ (1,474,292)	$ 9,730,895	$ 1,528,007
Certificates of obligation	28,860,000	-	(1,845,000)	27,015,000	1,895,000
Tax notes	1,465,000	-	(225,000)	1,240,000	235,000
Special assessment bonds	840,000	-	(195,000)	645,000	205,000
Capital leases	77,086	143,920	(56,178)	164,828	39,792
Premium on bonds	2,139,983	-	(254,757)	1,885,226	-
Compensated absences	567,639	582,769	(482,201)	668,207	668,207
Total governmental activities	45,154,895	726,689	(4,532,428)	41,349,156	4,571,006
Business-type activities					
General obligation refunding bonds	2,739,812	-	(500,706)	2,239,106	521,933
Certificates of obligation	-	-	-	-	-
Capital leases	-	-	-	-	-
Premium on bonds	178,058	-	(26,266)	151,792	-
Compensated absences	73,457	66,652	(54,391)	85,718	85,718
Total business-type activities	2,991,327	66,652	(581,363)	2,476,616	607,651
Total primary government	$ 48,146,222	$ 793,341	$ (5,113,791)	$ 43,825,772	$ 5,178,657

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.

General Obligation Bonds and Certificates of Obligation

The general obligation refunding bonds and certificates of obligation have interest rates ranging from 2.0% to 4.7% maturing annually in varying amounts through 2041. 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.

General Obligation Bonds:

	Governmental Activities		Business-type Activities		
Fiscal Year	Principal	Interest	Principal	Interest	Total
2021	$ 1,528,007	$ 343,386	$ 521,933	$ 77,239	$ 2,470,565
2022	1,561,722	297,545	273,339	61,580	2,194,186
2023	1,605,436	248,385	279,564	53,165	2,186,550
2024	1,628,722	197,845	286,278	44,555	2,157,400
2025	1,897,008	135,656	297,992	35,120	2,365,776
2026-2027	1,510,000	78,000	580,000	33,800	2,201,800
2028		-	-	-	-
	$ 9,730,895	$ 1,300,817	$ 2,239,106	$ 305,459	$ 13,576,277

Certificates of Obligation:

	Governmental Activities		Business-type Activities		
Fiscal Year	Principal	Interest	Principal	Interest	Total
2021	$ 1,895,000	$ 877,252	$ -	$ -	$ 2,772,252
2022	1,945,000	826,552	-	-	2,771,552
2023	2,005,000	772,502	-	-	2,777,502
2024	2,085,000	713,623	-	-	2,798,623
2025	1,820,000	649,410	-	-	2,469,410
2026-2030	9,670,000	2,130,396	-	-	11,800,396
2031-2035	3,845,000	1,023,450	-	-	4,868,450
2036-2040	3,220,000	362,500	-	-	3,582,500
2041	530,000	17,226	-	-	547,226
	$ 27,015,000	$ 7,372,911	$ -	$ -	$ 34,387,911

Special Assessment Bonds:

In September 2008, the City issued $2,500,000 in special assessment debt to provide funds for improvements in the Briarwyck Public Improvement district. These bonds will be repaid from amounts levied against the property owners benefited by the improvements. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time that the debt service is due, the government must provide resources to cover the deficit until the assessments are received. The special assessment bonds have interest rates ranging from 4.00% to 4.8% maturing annually in varying amounts through 2023. Debt service requirements of the special assessment bonds for the years subsequent to September 30, 2020, are as follows:

Special Assessment Bonds:

Fiscal Year	Principal	Interest	Total
2021	$ 205,000	$ 30,057	$ 235,057
2022	215,000	20,504	235,504
2023	225,000	10,485	235,485
	$ 645,000	$ 61,046	$ 706,046

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, 2020, are as follows:

Tax Notes:

Fiscal Year	Principal	Interest	Total
2021	$ 235,000	$ 42,400	$ 277,400
2022	240,000	35,350	275,350
2023	245,000	28,150	273,150
2024	255,000	20,800	275,800
2025	265,000	10,600	275,600
	$ 1,240,000	$ 137,300	$ 1,377,300

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 $2,000,000 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 deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Nationwide Retirement Solutions. 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.

Note 5: Employee Retirement System

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid agent multiple-employer 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.

Benefits Provided

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

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

Employees covered by benefit terms:

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	66
Active employees	131
	232

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 17.45% and 17.34% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were $1,953,216, and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2019, 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, 2019 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 used in the December 31, 2019 valuation were based on the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018.

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 long-term funding needs of TMRS.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	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:

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance at October 1, 2019	$ 39,361,166	$ 30,063,788	$ 9,297,378
Changes for the year:			
Service cost	2,129,894	-	2,129,894
Interest (on the total pension liability)	2,699,481	-	2,699,481
Difference between expected and actual experience	(132,232)	-	(132,232)
Changes of assumptions	102,962	-	102,962
Benefit payments, including refunds of employee contributions	(867,614)	(867,614)	-
Administrative expense	-	(26,262)	26,262
Contributions - member	-	752,233	(752,233)
Contributions - employer	-	1,875,207	(1,875,207)
Net investment income	-	4,661,309	(4,661,309)
Other	-	(789)	789
Net Changes	3,932,491	6,394,084	(2,461,593)
Balance at September 30, 2020	$ 43,293,657	$ 36,457,872	$ 6,835,785

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

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

1% Decrease in Discount Rate (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase in Discount Rate (7.75%)
$ 14,470,944	$ 6,835,785	$ 686,561

Pension Plan Fiduciary Net Position:

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

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of $2,260,370.

At September 30, 2020, 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	$ 624,520	$ 372,745
Difference between projected and actual investment earnings on pension plan investments	-	1,085,027
Changes of assumptions	85,715	23,502
Employer contributions subsequent to the measurement date	1,400,958	-
Total	$ 2,111,193	$ 1,481,274

$1,400,958 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, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

2020	$ (75,422)
2021	(147,519)
2022	55,070
2023	(590,142)
2024	(13,026)
Thereafter	-
	$ (771,039)

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.

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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active employees	124
	125

Total OPEB Liability

The City's total OPEB liability of $798,401 ($742,512 governmental activities and $55,889 business-type activities) was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2018.

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	2.75% as of December 31, 2019 (3.71% as of December 31, 2018)
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, 2019, 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 13 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, 2019	$	701,379
Changes for the year:		
Service cost		35,248
Interest (on the total OBEP liability)		26,097
Difference between expected and actual experience		16,965
Effect of assumptions changes (discount rate change)		49,872
Benefit payments, age adjusted premiums, net of retiree contributions		(31,160)
Balance at September 30, 2020	$	798,401

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 2.75%. The following presents the OPEB liability using a discount rate of 1% higher and 1% lower than the current discount rate.

1% Decrease 1.75%		Current Discount Rate Assumption (2.75%)		1% Increase 3.75%	
$	885,604	$	798,401	$	718,914

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	
$	695,368	$	798,401	$	920,641

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

For the year ended September 30, 2020, the City recognized OPEB expense of $64,803.

At September 30, 2020, 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	$ 15,248	$ -
Changes of assumptions	44,825	26,051
Contributions subsequent to the measurement date	8,084	-
Total	$ 68,157	$ 26,051

Benefit Payments 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, 2021.

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
2021	$ 3,458
2022	3,458
2023	3,458
2024	3,458
2025	3,458
Thereafter	16,732
	$ 34,022

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 to provide wastewater treatment at the Denton Creek Regional Wastewater Treatment Facility. Rates are determined annually by the Trinity River Authority.

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, 2020, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	$ 5,574,605
Total cash and cash equivalents	$ 5,574,605

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 Assets

Capital asset activity for the year ended September 30, 2020, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year
Component unit activities				
Capital assets not being depreciated				
Land	$ 2,197,916	$ -	$ -	$ 2,197,916
REIDC capital assets, net	$ 2,197,916	$ -	$ -	$ 2,197,916

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2020, 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	$ 6,350,000	$ -	$ (300,000)	$ 6,050,000	$ 310,000
Total REIDC	$ 6,350,000	$ -	$ (300,000)	$ 6,050,000	$ 310,000

<u>Sales Tax Revenue Bonds</u>

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, 2020, are as follows:

	Component Units		
Fiscal Year	**Principal**	**Interest**	**Total**
2021	$ 310,000	$ 242,880	$ 552,880
2022	315,000	232,650	547,650
2023	330,000	221,940	551,940
2024	340,000	210,390	550,390
2025	355,000	198,150	553,150
2026-2030	1,970,000	775,624	2,745,624
2031-2035	2,430,000	326,251	2,756,251
	$ 6,050,000	$ 2,207,885	$ 8,257,885

The following is a summary of pledged revenues of REIDC for the year ended September 30, 2020:

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	$ 4,519,899	$ 552,980	12.2%	$ 8,257,885	Until 2035

Other Payments

In conjunction with the City's service concession arrangement, REIDC receives annual payments from the operator of $377,000 through the term of the agreement.

Note 10: Roanoke Community Economic Development Corporation

The RCEDC is financed with a voter approved half-cent city sales tax, used to fund various public facilities and infrastructure including but not limited to parks, cultural and civic facilities, sports facilities and historic preservation and tourism facilities.

Cash and Investments

Cash and investments for the RCEDC as of September 30, 2020, consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	$ 6,004,414
Total cash and cash equivalents	$ 6,004,414

Investments – Because the City provides investment services for the RCEDC, the City adheres to its investment policy and all state statutes when investing available cash for the RCEDC. The RCEDC does not have any investments at this time.

Note 11: Al & 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 Al & Lula Mae Slaughter Park facilities.

Cash and Investments

Cash and investments for the Slaughter Park Foundation as of September 30, 2020, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	$ 458,189
Total cash and cash equivalents	$ 458,189

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 12: 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 with 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. For the fiscal year ended September 30, 2020, the City had the following 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	$ 652,079
Sales Taxes	-
Economic Industrial Development Corporation	
Sales Taxes	-
Community Economic Development Corporation	
Sales Taxes	-
Total	$ 652,079

Roanoke Economic Industrial Development Corporation (REIDC) and Roanoke Community Economic Development Corporation (RCEDC) Tax Abatements

Agreements entered into by both REIDC and RCEDC 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, both REIDC and RCEDC have commitments outstanding to provide developer assistance for the related projects. Outstanding commitments at September 30, 2020, under agreements above were approximately $75,000 for REIDC and approximately $75,000 for RCEDC. No taxes were abated for the year ended September 30, 2020 by these entities.

Note 13: Current Economic Events

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 14: Subsequent Events

On October 27, 2020, the City authorized the City Manager to execute a real estate sales contract to acquire approximately 22,000 square feet of real property.

On November 15, 2020, the City issued $4,790,000 of General Obligation Refunding Bond Series 2020 and $2,205,000 of Combination Tax and Revenue Certificates of Obligation Series 2020. The interest rate on the General Obligation Refunding Bond Series 2020 is 3% for 2021-2023 and increases to 4% for 2024-2027. The maturity date for the General Obligation Refunding Bond Series 2020 is August 15, 2027. The interest rate on the Combination Tax and Revenue Certificates of Obligation Series 2020 is 4% and the maturity date is August 15, 2030.

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