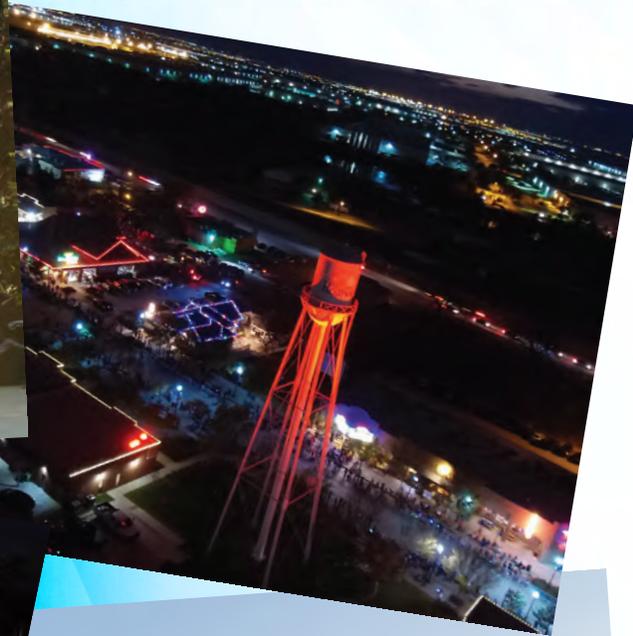


City of Roanoke, Texas

Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2018



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**City of Roanoke, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended
September 30, 2018**

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

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



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City of Roanoke, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2018

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Introductory Section



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February 19, 2019

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 ("CAFR") for the City of Roanoke, Texas ("City"), for the fiscal year ended September 30, 2018. 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, 2018 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, 2018 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, required supplementary information, 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 GOVERNMENT

Originally incorporated in 1933, The City of Roanoke currently occupies 6.5 square miles and serves a population of approximately 8,800. Roanoke is located in Denton County in the northern part of the Dallas/Fort Worth Metropolitan area and is situated 23 miles north of Fort Worth and 30 miles west of Dallas. Roanoke is readily accessible by State Highway 114, State Highway 170, and Farm-to-Market Road 377.

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 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 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 hires the City Manager and City Attorney. The City Manager 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. The City Council is elected on a non-partisan basis. The Mayor and Council members serve three-year terms. The six Council members are elected by ward, and the Mayor is elected at-large.

The City provides a full range of general governmental services to its citizens including: police and fire protection; emergency ambulance service; municipal court operations; planning, development and code services; construction and maintenance of streets, highways, parks, recreational facilities and infrastructure; library operations; visitor's center and museum; and general administrative services. The City's enterprise operations consist of the water and wastewater utility system. A private contractor, through a franchise agreement, 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. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally separate entities and not part of the primary government's operations. 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 included in the financial statements as discretely presented component units.

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.

Budgetary control is maintained at the fund level. 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. Financial reports are produced showing budget to actual expenditures by line item and are distributed monthly to City departments for review.

LOCAL ECONOMY

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”) metropolitan area (the “Metroplex”) and in close proximity to both the DFW Airport and the Alliance Airport. Thus, the economic vitality of the region significantly impacts the economic health of Roanoke. Due to the tremendous growth experienced over the last decade, DFW has become the fastest growing metropolitan area in Texas and the 4th largest metropolitan area by population in the U.S. The DFW Metroplex ranked first in both the rate of job growth and the number of jobs added, adding 100,400 since November 2016. The Metroplex contains 26% of the State’s population and 28% of the labor force. DFW’s strategic central location and diversified economy are the major reasons that businesses relocate to the area and propel the Metroplex to be the fastest growing Metropolitan market in the United States with one of the most stable economies. There are 22 Fortune 500 Companies, and a total labor force topping 3.81 million, employment of over 3.783 million, and an unemployment rate of 3.2%. Also located in the area are 15 major colleges and/or universities and numerous community colleges. This diverse economy has helped the region weather economic downturns in key sectors better than other regions of the nation.

DFW Airport is the world’s 4th largest airport in terms of operations and 12th in terms of passengers, covering over 17,200 acres of land. DFW Airport serves approximately 175,000 passengers daily and over 66.4 million passengers a year. 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, 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 2017 Comprehensive Annual Financial Report, 2017 ESG 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 507+ companies, 61,602 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 \$7.19 billion annually to North Texas. (SOURCE: Alliance website www.allianceairport.com, AllianceTexas Fact Sheet).

The City of Roanoke is continuing to enjoy a favorable economic environment. During FY2018, 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 \$1.96 billion for fiscal year 2018, a 9.5% increase from the prior year.

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. The City of Roanoke's unemployment rate remains well below both state and national levels, averaging just under 3.2%. As of October 2018, the State of Texas unemployment rate was at 3.5% and the national rate was 3.7%.

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

During fiscal year 2018, several new housing developments were completed, including Highland Glen, Glenmere, and 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.

Additionally, during the last fiscal year the City issued 57 Certificates of Occupancy, which added approximately 210,000 square feet of new restaurant and retail space throughout the city's retail corridors. New retail construction along the Oak Street Corridor saw the opening of three new restaurants in 2018, including The Wharf Seafood and Steak House, Chop Shop Live (a 10,000 square foot outdoor music venue) and Stacks Biscuit House. Additionally several more restaurants are expected to open by the summer of 2019. Infrastructure improvements are now complete for a major mixed use development project, Roanoke City Center, which will include approximately 115,000 square feet of retail space, 80,000 square feet of office space, approximately three hundred urban residential units, thirty-five townhomes, and the recently completed new Roanoke City Hall and Plaza. A full service luxury hotel and conference center will serve as the major anchor for the Roanoke City Center to include 300 rooms, 25,000 square feet of flexible meeting and event space, and many other amenities.

During fiscal year 2018, various capital improvement projects located throughout the city were completed. The projects completed included the reconstruction of Dallas Street and Pecan Street from Main Street to Dorman. This project included the upgrade from a two-lane asphalt roadway to a two-lane concrete roadway with curbs, gutters, and a storm drainage system. In addition, the new Roanoke City Hall had substantial completion. The City took possession of the new city hall in January 2019. This facility will bring together many departments including: City Administration, Fiscal and Administrative Services, Human Resources, Utility Billing, Development Services, Marketing, Information Services, Permits, and Building Inspections.

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. The City Council updated the City's strategic plan during FY2016 and began preparing a citywide needs assessment. 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 levy 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 21 years.

Major capital improvement plans for the next five years include: neighborhood vitality programs; concrete street improvements on Lamar/Bowie, Main/Rusk, Austin/Travis, and Denton/Houston; street overlays; new trails according to the trail master plan; and water line improvement program. In addition, the City will be working with the Texas Department of Transportation on the widening of US 377. The city's portion includes relocation of water and wastewater lines along the roadway and is currently under construction.

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. Bonds may be issued with a longer maturity of 20 years with the approval of City Council, as was the case with the Series 2017 issuance in fiscal year 2018. The majority of the City's existing long-term debt was used to finance infrastructure needs and traditional government facilities such as streets, fire stations, libraries, 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 sixty days (16%) of the total operating revenues of the General Fund. At the end of the current year, the City's unassigned fund balance in the General Fund is \$5,257,390 (26.1%) of total General Fund operating revenues. Total General Fund balance is \$5,947,375, which includes \$89,315 of nonspendable, \$591,409 of restricted, and \$9,261 of committed fund balance.

The City's fiscal policies for the Water and Wastewater Fund requires the maintenance of a minimum reserve of sixty days of operating revenue. At the end of the current year, the City was in compliance with this policy.

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., reaffirmed its AA long-term rating and underlying rating (SPUR) on the City's general obligation ("GO") debt outstanding based on the recently released local GO criteria. Additional information about the rating agency or the significance of the credit rating may be obtained from its website.

MAJOR INITIATIVES

For Fiscal Year 2018-19, the top priority projects for the City are: completion of a new city hall, reconstruction of Lamar Street and Bowie Street from US377 to Walnut Street, water and wastewater line improvements, and construction of the first phase of the city's trail master plan, and design of the second phase. Many of these projects are currently underway. In FY 2019, the City issued tax notes to fund the construction of Lamar Street and Bowie Street. Other projects were funded through prior bond issuance, and excess reserves in the water and sewer fund, REIDC (Type A) and RCEDC (Type B) corporations.

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 (CAFR) for the fiscal year ended September 30, 2017. 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 12 consecutive years. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, in 2018, the Texas Economic Development Council awarded the City merit recognition for *Outstanding Achievement in Community Economic Development*. The City also received a *Gold Award* in 2018 from the International Economic Development Council in recognition of its *Downtown Redevelopment*.

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
City Manager



Vicki Rodriguez
Director of Fiscal and Administrative Services

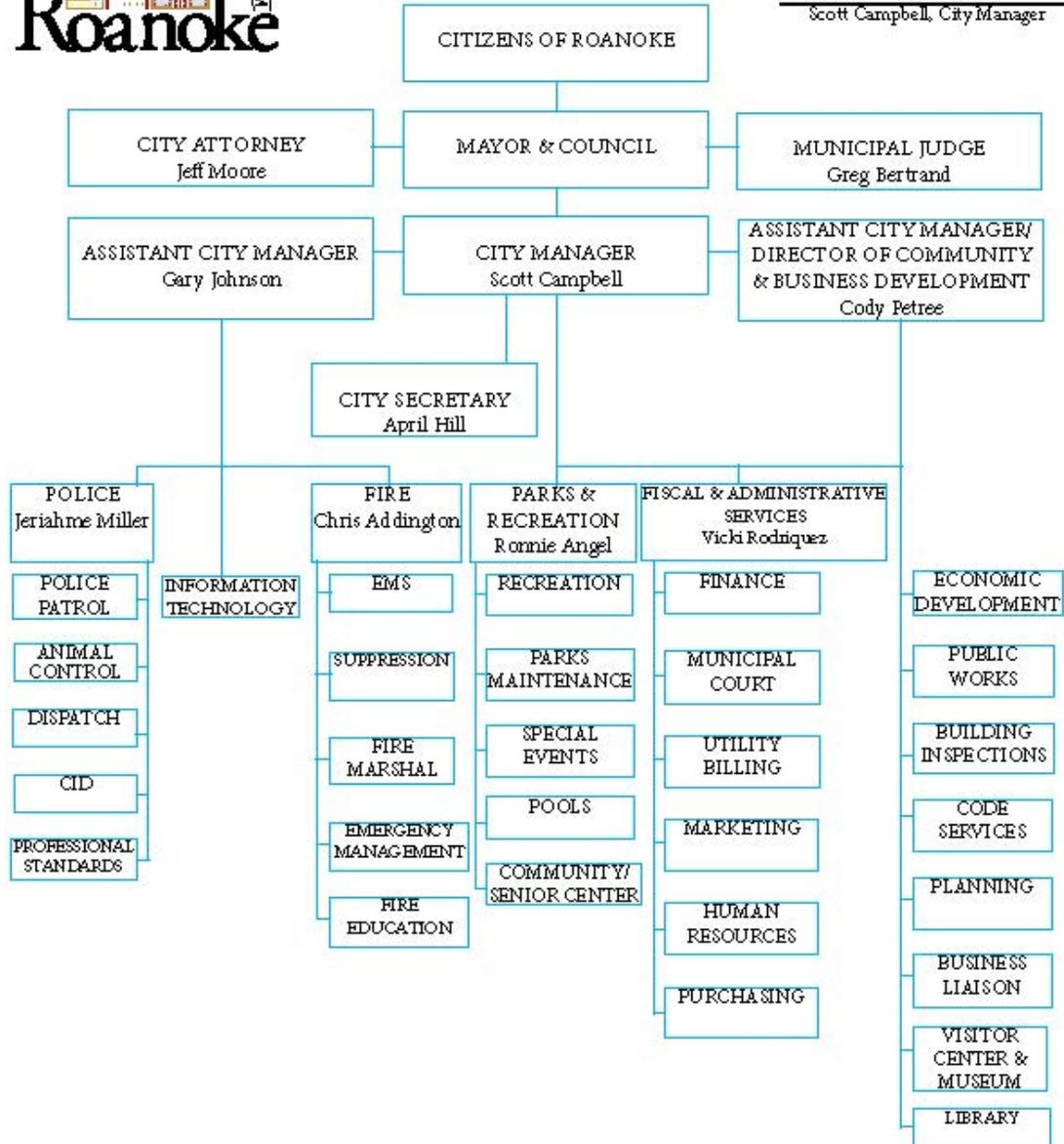


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Organizational Chart

Scott Campbell
 Scott Campbell, City Manager





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CITY OF ROANOKE, TEXAS



CITY OFFICIALS FISCAL YEAR 2017-2018

CITY COUNCIL

Carl E. Gierisch, Jr.	Mayor	
Holly Gray- Moore	Mayor Pro Tem	Ward 1
Angie Grimm	Council Member	Ward 1
Brian Darby	Council Member	Ward 2
Kirby Smith	Council Member	Ward 2
Steve Heath	Council Member	Ward 3
David Thompson	Council Member	Ward 3

CITY STAFF

Scott Campbell, City Manager

Vicki Rodriguez, 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, 2017

Christopher P. Morill

Executive Director/CEO



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Financial Section



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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, 2018, 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, 2018, 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 information 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 February 19, 2019, 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
February 19, 2019



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CITY OF ROANOKE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2018
(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, 2018. 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 74-93 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 \$56,218,747. This number must be viewed in the context that the vast majority of the City's net position of \$45,048,009 (80%) 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 \$2,501,313 (4%). The remaining \$8,669,425 (16%) 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 \$1,160,001 and business-type activities realized an increase in total net position of \$2,417,104 bringing the net increase in total net position for the City to \$3,577,105.

- At the close of the current fiscal year, the City of Roanoke’s governmental funds reported combined ending fund balances of \$14,745,688, which represents a decrease of \$10,564,410 in comparison with the prior year. Within this total, \$89,815 represents nonspendable fund balance for prepaid items. In addition, \$822,985 is restricted for debt service; \$130,658 and \$115,887 are restricted for Municipal Court building security and technology, respectively; \$227,977 is restricted for tourism, convention centers, and arts; \$213,537 is restricted for parkland; and \$374,956 for public safety. Fund Balances of \$7,512,483 has been committed to specific types of expenditures, primarily capital in nature. The remaining \$5,257,390 is unassigned fund balance in the General Fund, which can be used for any lawful purpose. The General Fund unassigned fund balance represents 26.1% of fiscal year 2018 revenue.
- The City’s long-term liabilities increased by \$626,713 due primarily to the issuance of bonds for capital improvements partially offset by existing debt requirements and a decrease in the net pension liability.

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 15-16 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 Park Construction, 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 17-20 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 Fund, which is considered to be a major fund of the City and the Sanitation Fund, which is a non-major fund of the City. The basic proprietary fund financial statements can be found on pages 21-23 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 26-58 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 59-61 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 62-73 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 \$56,218,747 as of September 30, 2018.

The largest portion of the City's net position \$45,048,009 (80%) 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 \$2,501,313 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$8,669,425 (15%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 18,058,363	\$ 27,330,028	\$ 5,447,637	\$3,283,571	\$ 23,506,000	\$ 30,613,599
Capital assets	80,628,369	65,680,046	14,450,005	14,466,442	95,078,374	80,146,488
Total assets	98,686,732	93,010,074	19,897,642	17,750,013	118,584,374	110,760,087
Deferred outflows of resources	2,466,450	3,408,854	208,686	284,797	2,675,136	3,693,651
Long-term liabilities	49,455,794	48,225,039	3,524,595	4,128,637	52,980,389	52,353,676
Other liabilities	7,145,811	5,461,426	1,488,896	1,278,185	8,634,707	6,739,611
Total liabilities	56,601,605	53,686,465	5,013,491	5,406,822	61,615,096	59,093,287
Deferred inflows of resources	3,357,997	2,698,884	67,670	19,925	3,425,667	2,718,809
Net position:						
Net investment in capital assets	33,086,945	31,097,018	11,961,064	11,369,432	45,048,009	42,466,450
Restricted	1,886,000	2,023,448	615,313	383,356	2,501,313	2,406,804
Unrestricted	6,220,635	6,913,113	2,448,790	855,275	8,669,425	7,768,388
Total net position	\$ 41,193,580	\$ 40,033,579	\$15,025,167	\$ 12,608,063	\$ 56,218,747	\$ 52,641,642

The City's unrestricted net position increased by \$901,037 in fiscal year 2018. Restricted net position realized an increase of \$94,509. The net investment in capital assets increased by \$2,581,559. The details of the results of current year operations are discussed in the following sections for governmental and business-type activities.

- Governmental Activities.** Governmental activities increased the City's net position by \$1,160,001, thereby accounting for 32% of the net growth in total net position. During fiscal year 2018, most revenue categories, including property tax collections, sales tax collections, license and permit collections, gross receipt tax collections and charges for service exceeded projections and all categories exceeded fiscal year 2017 revenues. Sound fiscal management and close monitoring of revenue and expenses allowed the City to realize an increase in net position before transfers of \$1,086,350.

Total revenue for the governmental activities (excluding transfers from business-type activities) increased from the previous year by \$4,643,163. General revenue, which is made up primarily of property taxes, sales taxes, and gross receipt taxes, had a net increase of \$1,415,777. Property tax revenue increased due to an overall increase in both the residential and commercial tax base. Sales tax collections increased as a result of new businesses and continued improvement in the local economy. Other general revenues increased primarily due to administrative fees and the sale of assets. Program revenues, which consist primarily of fines, fees, charges for services, operating and capital grants and contributions increased \$3,227,386. Capital grants and contributions increased significantly in FY2018 as a result of contributions from the Roanoke Economic Development Corporation for capital asset projects.

Total expenses for governmental activities increased by \$2,830,893. The majority of the increase in expenses was related to a contribution of \$2.4 million from the primary government to the component units for their participation in economic development projects. In addition, the compensation package for employees, which included a cost of living increase of 5% in October, along with the associated benefits, added to this increase.

- Business-type Activities.** Business-type activities increased the City's net position by \$2,417,104 (68%). The change in net position before transfers is income of \$2,490,755. Charges for services program revenues for business-type activities increased from the previous year by \$1,714,046 due to an increase in water and wastewater revenue, mostly related to an increase in consumption because of new accounts and a refund from Trinity River Authority for wastewater treatment. Capital grants and contributions increased from prior year by \$809,169. Overall business-type expenses increased \$177,719, which is primarily related to increased water purchased the City of Fort Worth Wholesale Water Utility and increased wastewater treated by Trinity River Authority for water purchases and wastewater treatment.

The following table provides a summary of the City's operations for the fiscal year ended September 30, 2018, with comparative totals for the fiscal year ended September 30, 2017.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES:						
Program revenues:						
Charges for services	\$ 3,458,598	\$ 2,656,074	\$ 8,252,684	\$ 6,538,638	\$ 11,711,282	\$ 9,687,863
Operating grants and contributions	3,603,245	3,305,142	-	-	3,603,245	3,048,086
Capital grants and contributions	3,997,294	1,870,535	1,359,886	550,717	5,357,180	2,421,252
General revenues:						
Property taxes	7,661,147	7,287,083	-	-	7,661,147	7,287,083
Sales taxes	7,947,723	7,265,264	-	-	7,947,723	7,265,264
Gross receipt taxes	1,692,818	1,626,812	-	-	1,692,818	1,626,812
Other taxes	110,225	75,488	-	-	110,225	75,488
Gain on sale of assets	205,466	111,574	-	5,854	205,466	117,428
Other revenues	735,997	571,378	9,428	2,836	745,425	574,214
Total revenues	29,412,513	\$24,769,350	9,621,998	7,098,045	39,034,511	32,103,490
EXPENSES:						
General government	7,066,144	6,887,737	-	-	7,066,144	6,887,737
Public safety	9,597,225	9,286,271	-	-	9,597,225	9,286,271
Cultural and recreation	4,278,952	4,641,205	-	-	4,278,952	4,641,205
Public works	3,480,824	3,152,161	-	-	3,480,824	3,152,161
Economic development	2,400,000	-	-	-	2,400,000	-
Interest on long-term debt	1,503,018	1,527,896	-	-	1,503,018	1,527,896
Water/wastewater	-	-	7,122,577	6,942,167	7,122,577	6,942,167
Sanitation	-	-	8,666	11,357	8,666	11,357
Total expenses	28,326,163	25,495,270	7,131,243	6,953,524	35,457,406	32,448,794
Increase (decrease) in net position before transfers	1,086,350	(725,920)	2,490,755	144,521	3,577,105	(581,399)
Transfers	73,651	73,491	(73,651)	(73,491)	-	-
Increase (decrease) in net position	1,160,001	(652,429)	2,417,104	71,030	3,577,105	(581,399)
Net position, beginning	40,033,579	43,406,008	12,608,063	12,537,033	52,641,642	55,943,041
Restatement to beginning net position, change in accounting principle*	-	(2,720,000)	-	-	-	(2,720,000)
Net position, ending	\$ 41,193,580	\$ 40,033,579	\$ 15,025,167	\$ 12,608,063	\$ 56,218,747	\$ 52,641,642

*Beginning amounts for 2017 were restated as per GASB Implementation Guide No. 2016-1

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.

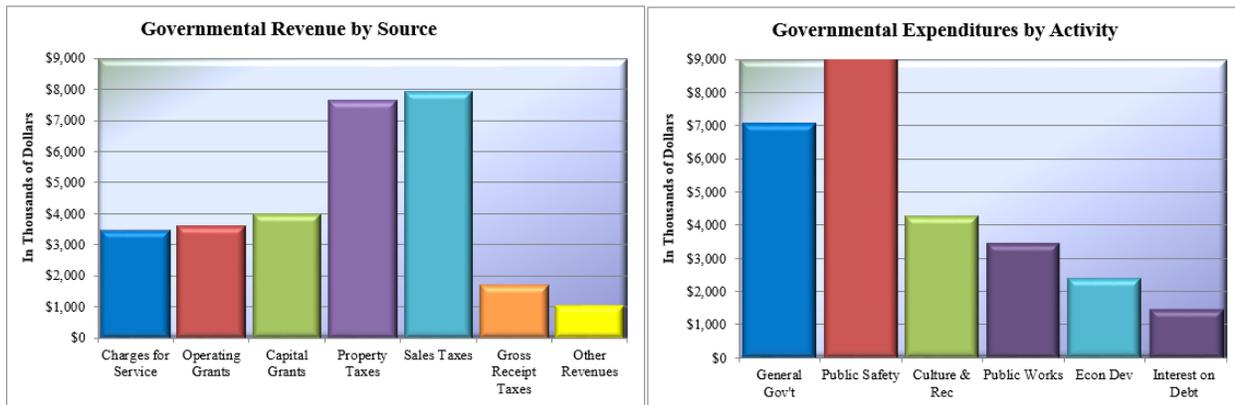
Fund Balances by Type Governmental Funds



At the end of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of \$14,745,688, a decrease of \$10,564,410 in comparison to prior year. Approximately 36% or \$5,257,390 constitutes unassigned fund balance in the general fund that is available for spending at the City's discretion. Another \$89,815 is non-spendable fund balance for prepaid items. The remainder of the fund balance is either restricted or committed, to indicate that it is: 1) restricted to pay debt service (\$822,985), 2) restricted for municipal court technology and building security (\$246,545), 3) restricted for traffic safety and law enforcement (\$374,956), 4) restricted for tourism (\$227,977), 5) restricted for parkland (\$213,537), 6) committed to capital projects (\$6,085,382), 7) committed to vehicle and computer replacement (\$1,417,840), or 8) committed to the City Manager contract (\$9,261). See discussion under Fund Balance Classifications in the Notes to the Basic Financial Statements for additional details on fund balance.

The General Fund is the chief operating fund of the City of Roanoke. In the General Fund, the City budgeted for a fund balance decrease in the current year of \$1,016,994. 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 revenues 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 almost every category. Total revenues exceeded budget projections by \$662,370. In addition, actual expenditures were managed by the departments to allow for a savings in expenditures and transfers out of \$1,003,358. This allowed for the total fund balance in the General Fund to increase by \$648,734, leaving a total fund balance of \$5,947,375 or 30% of total revenues. As a measure of the General Fund's liquidity, it may also be useful to compare unassigned fund balance to total revenues. Unassigned fund balance represents 26% of total general fund revenues, or 95 days.

All General Fund revenue categories realized increases over the prior year and some surpassed budget estimates as well. Property taxes, gross receipts taxes, charges for service, donations, and other revenues all exceeded budget with the all of these revenues also exceeding prior year. The increase in current property tax revenues is due to a rise in taxable values, while maintaining the same tax rate. Sales tax revenues increased due to new businesses and continued improvement in the overall local economy. Charges for services increased due to increased recreation activities, library activities and ambulance charges. Development revenue growth is directly related to the number of new certificates of occupancy issued during the fiscal year. Fines and Fees revenue increased from prior year but fell short of budget expectations. The City's continued emphasis on expenditure control, including close monitoring of expenditures in the final days of the fiscal year, resulted in an increase in the overall fund balance. The fund balance in excess of the City's financial policy of 60 days will be addressed during the fiscal year 2020 budget deliberations.



The Debt Service fund has a total fund balance of \$706,283, all of which is restricted for the payment of debt. The fund balance decreased \$106,683 due to a planned drawdown. The major capital project funds realized a combined decrease in fund balance of \$11,346,877 primarily resulting expenditures on existing capital projects, including the new Roanoke City Hall and reconstruction of Dallas and Pecan Streets. The combined net effect of these changes in governmental fund balances totals was a decrease of \$10,564,410.

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: Water and Wastewater fund \$2,363,328 and Sanitation fund \$85,462. The Water and Wastewater fund realized an increase in unrestricted net position of \$1,593,515, mostly due to a refund from Trinity River Authority for wastewater treatment in prior years.

General Fund Budgetary Highlights

During FY2017-18, actual revenues exceeded the final budget by \$662,370, which was primarily related to increased sales tax, property tax, and development revenues. Actual expenditures were \$955,056 less than the final budget due primarily to the close monitoring of expenditures throughout the year.

Pensions

Pensions 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, 2018 of \$6,814,179, which is 67.34% of the City’s, fiscal year 2018 covered payroll of \$10,118,002.

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2018, totaled \$95,078,374 (net of accumulated depreciation). The investment in capital assets includes land, improvements, buildings, vehicles, equipment, infrastructure, and construction in progress. The net increase in the City’s investment in capital assets for the current fiscal year was \$14,931,886, an increase of 19%.

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

- Capital asset contributions for the year consisted of \$2,519,319 in developer contributions for in commercial development in the Roanoke City Center and residential development in the Fairway Ranch subdivision.
- Completion of the infrastructure improvements in the amount of \$2,250,821 for a future hotel and conference center project.
- Construction-in-progress related to general government operations of \$14,822,655 primarily consisted of the design and construction of Pecan/Dallas Street (\$3,429,491), trail design (\$15,352), and design and construction for the New City Hall (\$12,033,371) and waterline improvements for Eleven Straight Road and US 377 (\$59,457).
- Other capital asset additions for governmental operations included a new fire apparatus, public safety equipment, irrigation equipment, parks and recreation equipment, technology upgrades, pool amenities, heavy equipment for public works, and vehicles.
- Capital asset additions for the business-type activities included infrastructure contributions from developers, new equipment for public works, and construction-in-progress related to waterline improvements for Eleven Straight Road and US 377.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,645,480	\$ 1,645,480	\$ -	\$ -	\$ 1,645,480	\$ 1,645,480
Land Improvements	9,695,158	10,576,617	-	-	9,695,158	10,576,617
Buildings/Structures	12,002,561	13,153,997	-	-	12,002,561	13,153,997
Vehicles/Machinery	2,542,904	2,839,109	92,051	111,837	2,634,955	2,950,946
Equipment	938,765	846,437	13,948	24,681	952,713	871,118
Infrastructure	34,124,100	31,761,660	-	-	34,124,100	31,761,660
Water/Sewer system	-	-	14,220,342	14,265,717	14,220,342	14,265,717
Construction in progress	19,679,401	4,856,746	123,664	64,207	19,803,065	4,920,953
Total	\$ 80,628,369	\$ 65,680,046	\$ 14,450,005	\$ 14,466,442	\$ 95,078,374	\$ 80,146,488

Additional information on the City's capital assets can be found in *Note 2* on page 41-42 of this report.

Debt Administration

At the end of the current fiscal year, the City had total bonded debt outstanding of \$47,825,095. Of this amount, \$46,665,000 comprises debt backed by the full faith and credit of the government, and \$1,025,000 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.

In fiscal year 2018, the City issued \$5,970,000 in Certificates of Obligation which were used for: 1) acquiring, constructing, designing and engineering a New City Hall including related landscaping, fountains, lighting, parking, and signage related to such City Hall, 2) acquiring a structured parking facility, 3) designing, constructing, and equipping a new fire department museum and 4) paying all fees for legal, fiscal, architectural, and engineering fees associated with these projects. The City's total debt increased \$2,030,483 during fiscal year 2018 due to the issuance of the new Certificates of Obligation offset by 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.

Outstanding Bonded Debt

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
GO Bonds	\$ 8,331,031	\$ 9,436,648	\$ 2,743,969	\$ 3,173,352	\$ 11,075,000	\$ 12,610,000
COs	35,139,712	31,239,008	450,288	490,992	35,590,000	31,730,000
Special Assessment COs	1,025,000	1,205,000	-	-	1,025,000	1,205,000
Capital Leases	114,007	201,495	21,088	48,117	135,095	249,612
Totals	\$ 44,609,750	\$ 42,082,151	\$ 3,215,345	\$ 3,712,461	\$ 47,825,095	\$ 45,794,612

Additional information on the City's long-term debt can be found in *Note 2* on pages 44-47.

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 FY2018-19 budget, General Fund revenues and transfers are budgeted to increase by 4.6% from the 2017-18 budget with property taxes accounting for 17% of budgeted revenues and sales tax comprising approximately 40% of budgeted revenues. Certified assessed valuations as of July 25, 2018, increased 7.12% from the preceding year. In the FY2018-19 budget, sales tax receipts are projected to increase 3% over prior year estimates.

The General Fund ended FY2017-18 with unassigned fund balance of \$5,257,390, of which the City allocated \$583,628 for one-time capital purchases in FY2018-19.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 2.17% from the FY2017-18 original budget. This increase is primarily attributed to a new public safety positions and capital outlay. The City elected to use excess reserves in various funds to cash flow capital programs including city computer and technology upgrades, public safety equipment, facility upgrades, and various other equipment purchases and miscellaneous expenses. The property tax rate remained at .37512¢ per \$100 of assessed valuation for FY2018-19.

For the Water and Wastewater Fund, the FY2018-19 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 \$4.45 to \$8.37 per thousand gallons. Monthly water rates remained the same for both residential customers and commercial customers. The same held true for wastewater rates. A wastewater volume charge of \$6.50 per thousand gallons applies to all customer classes. 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. In addition, funding was provided for additional staffing in the utility billing area and facility maintenance.

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 Finance Department, Attn: Vicki Rodriguez, Director of Fiscal and Administrative Services, at City of Roanoke, 108 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, 2018

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
ASSETS				
Cash and cash equivalents	\$ 15,963,778	\$ 2,403,297	\$ 18,367,075	\$ 5,997,572
Investments	229,010	20,000	249,010	-
Receivables (net of allowances for uncollectibles)	1,761,394	997,366	2,758,760	1,396,515
Due from component unit	15,566	-	15,566	-
Prepays	88,615	140,456	229,071	2,000,104
Restricted cash and cash equivalents:				
Customer deposits	-	397,557	397,557	-
Capital projects	-	873,648	873,648	-
Impact fees	-	615,313	615,313	-
Capital assets not being depreciated	21,324,881	123,664	21,448,545	2,197,916
Capital assets, net of accumulated depreciation	59,303,488	14,326,341	73,629,829	-
Total Assets	<u>98,686,732</u>	<u>19,897,642</u>	<u>118,584,374</u>	<u>11,592,107</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	130,504	28,198	158,702	-
Pension contributions after measurement date	1,164,338	87,926	1,252,264	-
Difference in expected and actual experience – pension	1,159,060	92,562	1,251,622	-
Difference in proportional share – pension	12,548	-	12,548	-
Total Deferred Outflows of Resources	<u>2,466,450</u>	<u>208,686</u>	<u>2,675,136</u>	<u>-</u>
LIABILITIES				
Accounts payable	2,426,364	180,013	2,606,377	1,813
Other accrued liabilities	561,806	334,689	896,495	-
Deposits payable	-	396,557	396,557	-
Accrued interest payable	187,092	16,285	203,377	51,685
Due to primary government	-	-	-	15,566
Noncurrent liabilities:				
Due within one year				
Accrued compensated absences	480,070	74,048	554,118	-
Capital leases payable	76,695	21,088	97,783	-
Bonds payable, net	3,228,784	466,216	3,695,000	220,000
Special assessment debt	185,000	-	185,000	-
Due in more than one year				
Capital leases payable	37,312	-	37,312	-
Bonds payable, net	42,385,415	2,903,483	45,288,898	6,025,000
Special assessment debt	840,000	-	840,000	-
Net pension liability	6,193,067	621,112	6,814,179	-
Total Liabilities	<u>56,601,605</u>	<u>5,013,491</u>	<u>61,615,096</u>	<u>6,314,064</u>
DEFERRED INFLOWS OF RESOURCES				
Difference in assumption changes – pension	46,467	3,746	50,213	-
Difference in projected and actual earnings on pension plan investments	751,530	51,376	802,906	-
Difference in proportional share – pension	-	12,548	12,548	-
Service concession arrangement contribution	2,560,000	-	2,560,000	-
Total Deferred Inflows of Resources	<u>3,357,997</u>	<u>67,670</u>	<u>3,425,667</u>	<u>-</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	33,086,945	11,961,064	45,048,009	2,197,916
Restricted for:				
Debt service	822,985	-	822,985	-
Municipal court building security	130,658	-	130,658	-
Municipal court technology	115,887	-	115,887	-
Traffic safety	308,446	-	308,446	-
Tourism, convention centers, arts	227,977	-	227,977	-
Public safety	66,510	-	66,510	-
Parkland dedication	213,537	-	213,537	-
Impact fees	-	615,313	615,313	-
Unrestricted	6,220,635	2,448,790	8,669,425	3,080,127
Total Net Position (Deficit)	<u>\$ 41,193,580</u>	<u>\$ 15,025,167</u>	<u>\$ 56,218,747</u>	<u>\$ 5,278,043</u>

City of Roanoke, Texas
Statement of Activities
For the Year Ended September 30, 2018

Function/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Primary Government			Component Units Activities
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 7,066,144	\$ 11,438	\$ 12,125	\$ 3,865,520	\$ (3,177,061)	\$ -	\$ (3,177,061)	\$ -
Public safety	9,597,225	1,342,094	12,188	-	(8,242,943)	-	(8,242,943)	-
Cultural and recreation	4,278,952	824,589	3,335,000	131,774	12,411	-	12,411	-
Public works	3,480,824	1,280,477	-	-	(2,200,347)	-	(2,200,347)	-
Economic development	2,400,000	-	243,932	-	(2,156,068)	-	(2,156,068)	-
Interest and fiscal charges	1,503,018	-	-	-	(1,503,018)	-	(1,503,018)	-
Total governmental activities	<u>28,326,163</u>	<u>3,458,598</u>	<u>3,603,245</u>	<u>3,997,294</u>	<u>(17,267,026)</u>	<u>-</u>	<u>(17,267,026)</u>	<u>-</u>
Business-type activities:								
Water and Wastewater	7,122,577	8,250,944	-	1,359,886	-	2,488,253	2,488,253	-
Sanitation	8,666	1,740	-	-	-	(6,926)	(6,926)	-
Total business-type activities	<u>7,131,243</u>	<u>8,252,684</u>	<u>-</u>	<u>1,359,886</u>	<u>-</u>	<u>2,481,327</u>	<u>2,481,327</u>	<u>-</u>
Total primary government	<u>\$ 35,457,406</u>	<u>\$ 11,711,282</u>	<u>\$ 3,603,245</u>	<u>\$ 5,357,180</u>	<u>(17,267,026)</u>	<u>2,481,327</u>	<u>(14,785,699)</u>	<u>-</u>
Component Units:								
Roanoke Economic Industrial Development Corporation	\$ 2,527,189	\$ -	\$ -	\$ -				(2,527,189)
Roanoke Community Economic Development Corporation	2,433,820	-	-	-				(2,433,820)
Al & Lula Mae Slaughter Park Foundation	464	-	-	-				(464)
Total component units	<u>\$ 4,961,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(4,961,473)</u>
			General revenues:					
			Property taxes		7,661,147	-	7,661,147	-
			Sales taxes		7,947,723	-	7,947,723	7,947,722
			Gross receipt taxes		1,692,818	-	1,692,818	-
			Other taxes		110,225	-	110,225	-
			Rents and royalties		-	-	-	386,403
			Investment income		62,693	9,428	72,121	14,479
			Gain on sale of capital assets		205,466	-	205,466	-
			Contributions from Primary Government		-	-	-	2,400,000
			Miscellaneous		673,304	-	673,304	429,409
			Transfers		73,651	(73,651)	-	-
			Total general revenues and transfers		<u>18,427,027</u>	<u>(64,223)</u>	<u>18,362,804</u>	<u>11,178,013</u>
			Change in net position (deficit)		1,160,001	2,417,104	3,577,105	6,216,540
			Net Position (Deficit), Beginning of Year		<u>40,033,579</u>	<u>12,608,063</u>	<u>52,641,642</u>	<u>(938,497)</u>
			Net Position, End of Year		<u>\$ 41,193,580</u>	<u>\$ 15,025,167</u>	<u>\$ 56,218,747</u>	<u>\$ 5,278,043</u>

City of Roanoke, Texas
Balance Sheet – Governmental Funds
September 30, 2018

	General	Debt Service	Facilities Improvement	Street Construction	Park Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 5,220,894	\$ 707,483	\$ 4,311,684	\$ 1,236,473	\$ 2,637,197	\$ 1,850,047	\$ 15,963,778
Investments	229,010	-	-	-	-	-	229,010
Receivables (net of allowance for uncollectibles)							
Property taxes	15,218	19,856	-	-	-	280	35,354
Sales taxes	1,263,002	-	-	-	-	-	1,263,002
Gross receipts taxes	54,556	-	-	-	-	33,301	87,857
Other receivables	339,002	-	-	-	-	1,200	340,202
Intergovernmental receivable	34,979	-	-	-	-	-	34,979
Prepaid items	88,115	-	-	-	-	500	88,615
Due from other funds	1,200	-	-	-	-	-	1,200
Due from component unit	15,566	-	-	-	-	-	15,566
Total assets	<u>7,261,542</u>	<u>727,339</u>	<u>4,311,684</u>	<u>1,236,473</u>	<u>2,637,197</u>	<u>1,885,328</u>	<u>18,059,563</u>
LIABILITIES							
Accounts payable	451,829	1,200	1,496,896	386,188	3,351	86,900	2,426,364
Other accrued liabilities	557,969	-	-	-	-	3,837	561,806
Due to other funds	-	-	-	-	-	1,200	1,200
Total liabilities	<u>1,009,798</u>	<u>1,200</u>	<u>1,496,896</u>	<u>386,188</u>	<u>3,351</u>	<u>91,937</u>	<u>2,989,370</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	304,369	19,856	-	-	-	280	324,505
Total deferred inflows of resources	<u>304,369</u>	<u>19,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280</u>	<u>324,505</u>
FUND BALANCES							
Nonspendable	89,315	-	-	-	-	500	89,815
Restricted:							
Debt service	-	706,283	-	-	-	116,702	822,985
Municipal court building security	130,658	-	-	-	-	-	130,658
Municipal court technology	115,887	-	-	-	-	-	115,887
Traffic safety	308,446	-	-	-	-	-	308,446
Tourism, convention centers, arts	-	-	-	-	-	227,977	227,977
Public safety	36,418	-	-	-	-	30,092	66,510
Parkland dedication	-	-	-	-	213,537	-	213,537
Committed	9,261	-	2,814,788	850,285	2,420,309	1,417,840	7,512,483
Unassigned	5,257,390	-	-	-	-	-	5,257,390
Total fund balances	<u>5,947,375</u>	<u>706,283</u>	<u>2,814,788</u>	<u>850,285</u>	<u>2,633,846</u>	<u>1,793,111</u>	<u>14,745,688</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,261,542</u>	<u>\$ 727,339</u>	<u>\$ 4,311,684</u>	<u>\$ 1,236,473</u>	<u>\$ 2,637,197</u>	<u>\$ 1,885,328</u>	<u>\$ 18,059,563</u>

City of Roanoke, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2018

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

Total fund balance – governmental funds	\$	14,745,688
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		80,628,369
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.		(187,092)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.		324,505
Long-term liabilities and related deferred outflows and inflows of resources (deferred charge on refunding, pension contributions after measurement date, difference in expected and actual experience, difference in projected and actual earnings on pension plan investments, difference in pension proportional share, difference in assumption changes, and service concession arrangement contribution), including capital leases payable, bonds payable, special assessment debt, compensated absences and net pension liability are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		<u>(54,317,890)</u>
Net position of governmental activities	\$	<u>41,193,580</u>

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Year Ended September 30, 2018

	General	Debt Service	Facilities Improvement	Street Construction	Park Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 3,179,830	\$ 4,231,023	\$ -	\$ -	\$ -	\$ 258,949	\$ 7,669,802
Sales taxes	7,947,723	-	-	-	-	-	7,947,723
Gross receipts tax	1,497,717	-	-	-	-	195,101	1,692,818
Licenses and permits	1,280,477	-	-	-	-	-	1,280,477
Intergovernmental	110,225	-	-	-	-	-	110,225
Charges for services	1,231,894	-	-	-	-	-	1,231,894
Grants and contributions	3,335,000	243,932	-	-	51,774	12,188	3,642,894
Fines and fees	883,479	-	-	-	-	-	883,479
Investment income	18,234	7,181	18,908	10,347	6,703	1,320	62,693
Donations	12,125	-	-	-	-	-	12,125
Other revenue	642,037	11,279	-	-	-	69,988	723,304
Total revenues	<u>20,138,741</u>	<u>4,493,415</u>	<u>18,908</u>	<u>10,347</u>	<u>58,477</u>	<u>537,546</u>	<u>25,257,434</u>
EXPENDITURES							
Current:							
General government	4,107,806	-	270,314	-	-	339,815	4,717,935
Public safety	8,741,272	-	-	-	-	18,295	8,759,567
Cultural and recreation	3,362,003	-	-	-	80,385	-	3,442,388
Public works	1,824,104	-	-	4,988	-	-	1,829,092
Economic Development	-	2,400,000	-	-	-	-	2,400,000
Debt service:							
Principal	87,488	3,174,913	-	-	-	180,000	3,442,401
Interest and fiscal charges	6,543	1,476,115	-	-	-	56,654	1,539,312
Bond issuance costs	-	144,728	-	-	-	-	144,728
Capital outlay	136,250	-	12,033,371	3,678,424	67,127	416,404	16,331,576
Total expenditures	<u>18,265,466</u>	<u>7,195,756</u>	<u>12,303,685</u>	<u>3,683,412</u>	<u>147,512</u>	<u>1,011,168</u>	<u>42,606,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,873,275</u>	<u>(2,702,341)</u>	<u>(12,284,777)</u>	<u>(3,673,065)</u>	<u>(89,035)</u>	<u>(473,622)</u>	<u>(17,349,565)</u>
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt	-	2,400,000	3,570,000	-	-	-	5,970,000
Premium on issuance of debt	-	151,770	380,000	-	-	-	531,770
Sale of general capital assets	-	-	-	-	-	209,734	209,734
Transfers in	70,000	43,888	750,000	-	-	618,192	1,482,080
Transfers out	(1,294,541)	-	-	-	-	(113,888)	(1,408,429)
Total other financing sources (uses)	<u>(1,224,541)</u>	<u>2,595,658</u>	<u>4,700,000</u>	<u>-</u>	<u>-</u>	<u>714,038</u>	<u>6,785,155</u>
Net change in fund balances	648,734	(106,683)	(7,584,777)	(3,673,065)	(89,035)	240,416	(10,564,410)
Fund balances, beginning of year	5,298,641	812,966	10,399,565	4,523,350	2,722,881	1,552,695	25,310,098
Fund balances, end of year	<u>\$ 5,947,375</u>	<u>\$ 706,283</u>	<u>\$ 2,814,788</u>	<u>\$ 850,285</u>	<u>\$ 2,633,846</u>	<u>\$ 1,793,111</u>	<u>\$ 14,745,688</u>

City of Roanoke, Texas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2018

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

Net change in fund balance – total governmental funds	\$	(10,564,410)
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 capital outlays of \$16,331,576 exceeded depreciation of \$5,244,505 in the current year.		11,087,071
The net effect of various transactions involving capital assets (<i>i.e.</i> disposals/sales and donations) is to increase net position.		3,861,252
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.		4,093
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.		(6,501,770)
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.		3,442,401
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.		208,067
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.		(13,174)
Current year pension 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.		(365,875)
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.		(63,783)
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.		(13,871)
Change in net position of governmental activities	\$	1,160,001

City of Roanoke, Texas
Statement of Net Position – Proprietary Funds
September 30, 2018

	Business-type Activities		
	Water and Wastewater	Non-Major Fund	
		Sanitation	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,317,261	\$ 86,036	\$ 2,403,297
Investments	20,000	-	20,000
Receivables (net where applicable of allowance for doubtful accounts)			
Accounts receivable	995,756	309	996,065
Other miscellaneous receivables	1,301	-	1,301
Prepaid items	140,456	-	140,456
Restricted cash and cash equivalents:			
Customer deposits	397,557	-	397,557
Capital projects	873,648	-	873,648
Impact fees	615,313	-	615,313
Total current assets	<u>5,361,292</u>	<u>86,345</u>	<u>5,447,637</u>
Noncurrent assets:			
Capital assets:			
Infrastructure	29,789,883	-	29,789,883
Machinery and equipment	178,990	-	178,990
Vehicles	291,152	-	291,152
Construction in progress	123,664	-	123,664
Accumulated depreciation	<u>(15,933,684)</u>	<u>-</u>	<u>(15,933,684)</u>
Total capital assets, net of accumulated depreciation	<u>14,450,005</u>	<u>-</u>	<u>14,450,005</u>
Total noncurrent assets	<u>14,450,005</u>	<u>-</u>	<u>14,450,005</u>
Total assets	<u>19,811,297</u>	<u>86,345</u>	<u>19,897,642</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	28,198	-	28,198
Pension contributions after measurement date	87,926	-	87,926
Difference in expected and actual experience – pension	92,562	-	92,562
Total deferred outflows of resources	<u>208,686</u>	<u>-</u>	<u>208,686</u>
LIABILITIES			
Current liabilities:			
Accounts payable	179,130	883	180,013
Accrued liabilities	300,992	-	300,992
Compensated absences	74,048	-	74,048
Customer deposits payable	396,557	-	396,557
Bonds payable, net	466,216	-	466,216
Lease payable	21,088	-	21,088
Accrued interest payable	16,285	-	16,285
Other liabilities	33,697	-	33,697
Total current liabilities	<u>1,488,013</u>	<u>883</u>	<u>1,488,896</u>
Noncurrent liabilities:			
Bonds payable, net	2,903,483	-	2,903,483
Net pension liability	621,112	-	621,112
Total noncurrent liabilities	<u>3,524,595</u>	<u>-</u>	<u>3,524,595</u>
Total liabilities	<u>5,012,608</u>	<u>883</u>	<u>5,013,491</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in assumption changes – pension	3,746	-	3,746
Difference in proportional share – pension	12,548	-	12,548
Difference in projected and actual earnings on pension plan investments	51,376	-	51,376
Total deferred inflows of resources	<u>67,670</u>	<u>-</u>	<u>67,670</u>
NET POSITION			
Net investment in capital assets	11,961,064	-	11,961,064
Restricted for:			
Impact fees	615,313	-	615,313
Unrestricted	2,363,328	85,462	2,448,790
Total net position	<u>\$ 14,939,705</u>	<u>\$ 85,462</u>	<u>\$ 15,025,167</u>

City of Roanoke, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities		
	Water and Wastewater	Non-Major Fund	
		Sanitation	Total Enterprise Funds
OPERATING REVENUES			
Charges for services			
Water service	\$ 4,208,945	\$ -	\$ 4,208,945
Wastewater service	2,190,962	-	2,190,962
Impact fees	506,857	-	506,857
Other charges for services and miscellaneous	1,344,180	1,740	1,345,920
Total operating revenues	<u>8,250,944</u>	<u>1,740</u>	<u>8,252,684</u>
OPERATING EXPENSES			
Personnel services	999,985	-	999,985
Maintenance and supplies	286,387	-	286,387
General and administrative	922,067	-	922,067
Water production and distribution	3,768,571	-	3,768,571
Sanitation	-	8,666	8,666
Depreciation	1,018,430	-	1,018,430
Total operating expenses	<u>6,995,440</u>	<u>8,666</u>	<u>7,004,106</u>
Operating income (loss)	<u>1,255,504</u>	<u>(6,926)</u>	<u>1,248,578</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	9,200	228	9,428
Interest expense and fiscal charges	(127,137)	-	(127,137)
Total nonoperating revenues (expenses)	<u>(117,937)</u>	<u>228</u>	<u>(117,709)</u>
Income (loss) before capital contributions and transfers	1,137,567	(6,698)	1,130,869
Capital contributions (cash and non-cash)	1,359,886	-	1,359,886
Transfers in	-	6,698	6,698
Transfers out	(80,349)	-	(80,349)
Change in net position	2,417,104	-	2,417,104
Net Position, Beginning of Year	<u>12,522,601</u>	<u>85,462</u>	<u>12,608,063</u>
Net Position, End of Year	<u>\$ 14,939,705</u>	<u>\$ 85,462</u>	<u>\$ 15,025,167</u>

City of Roanoke, Texas
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities		
	Water and Wastewater	Non-Major Fund	
		Sanitation	Total Enterprise Funds
OPERATING ACTIVITIES			
Receipts from customers	\$ 8,157,439	\$ 1,661	\$ 8,159,100
Receipt of customer deposits	23,696	-	23,696
Payments to suppliers for goods and services	(4,751,906)	(8,536)	(4,760,442)
Payments to employees for salaries and benefits	(958,994)	-	(958,994)
Net cash provided by (used for) operating activities	<u>2,470,235</u>	<u>(6,875)</u>	<u>2,463,360</u>
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	6,698	6,698
Transfers to other funds	(80,349)	-	(80,349)
Net cash provided by (used for) noncapital financing activities	<u>(80,349)</u>	<u>6,698</u>	<u>(73,651)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributions for capital acquisitions	425,000	-	425,000
Acquisition and construction of capital assets	(67,107)	-	(67,107)
Proceeds from issuance of debt	(27,029)	-	(27,029)
Principal paid on capital debt	(470,087)	-	(470,087)
Interest and fiscal charges paid on capital debt	(146,574)	-	(146,574)
Net cash used for capital and related financing activities	<u>(285,797)</u>	<u>-</u>	<u>(285,797)</u>
INVESTING ACTIVITIES			
Interest on investments	9,200	228	9,428
Net cash provided by investing activities	<u>9,200</u>	<u>228</u>	<u>9,428</u>
Net increase in cash and cash equivalents	2,113,289	51	2,113,340
Cash and Cash Equivalents, Beginning of Year	<u>2,090,490</u>	<u>85,985</u>	<u>2,176,475</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,203,779</u>	<u>\$ 86,036</u>	<u>\$ 4,289,815</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ 1,255,504	\$ (6,926)	\$ 1,248,578
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,018,430	-	1,018,430
(Increases) decreases in assets and deferred outflows of resources:			
Accounts receivable and unbilled revenue	(93,505)	(79)	(93,584)
Prepaid expenses	42,858	-	42,858
Deferred outflows of resources	9,273	-	9,273
Increases (decreases) in liabilities and deferred inflows of resources:			
Accounts payable	(68,575)	130	(68,445)
Accrued liabilities	251,265	-	251,265
Customer deposits	23,696	-	23,696
Compensated absences	15,828	-	15,828
Net pension liability	(96,087)	-	(96,087)
Deferred inflows of resources	111,548	-	111,548
Total adjustments	<u>1,214,731</u>	<u>51</u>	<u>1,214,782</u>
Net cash provided by (used for) operating activities	<u>\$ 2,470,235</u>	<u>\$ (6,875)</u>	<u>\$ 2,463,360</u>
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets	\$ 934,886	\$ -	\$ 934,886

City of Roanoke, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2018

	Governmental Activities			
	REIDC	RCEDC	Slaughter Park Foundation	Total
ASSETS				
Cash and cash equivalents	\$ 2,466,003	\$ 3,083,468	\$ 448,101	\$ 5,997,572
Sales tax receivables	631,501	631,501	-	1,263,002
Other miscellaneous receivables	-	133,000	513	133,513
Prepays	994,513	1,005,591	-	2,000,104
Capital assets not being depreciated				
Land	2,197,916	-	-	2,197,916
Total assets	<u>6,289,933</u>	<u>4,853,560</u>	<u>448,614</u>	<u>11,592,107</u>
LIABILITIES				
Accounts payable	1,540	273	-	1,813
Due to primary government	15,566	-	-	15,566
Accrued interest payable	51,685	-	-	51,685
Noncurrent liabilities:				
Due within one year	220,000	-	-	220,000
Due in more than one year	6,025,000	-	-	6,025,000
Total liabilities	<u>6,313,791</u>	<u>273</u>	<u>-</u>	<u>6,314,064</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	2,197,916	-	-	2,197,916
Unrestricted	(2,221,774)	4,853,287	448,614	3,080,127
Total Net Position (Deficit)	<u>\$ (23,858)</u>	<u>\$ 4,853,287</u>	<u>\$ 448,614</u>	<u>\$ 5,278,043</u>

City of Roanoke, Texas
Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2018

Function/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units			Total
					REIDC	RCEDC	Slaughter Park Foundation	
Governmental Activities:								
Roanoke Economic Industrial Development Corporation	\$ 2,527,189	\$ -	\$ -	\$ -	\$ (2,527,189)	\$ -	\$ -	\$ (2,527,189)
Roanoke Community Economic Development Corporation	2,433,820	-	-	-	-	(2,433,820)	-	(2,433,820)
AI & Lula Mae Slaughter Park Foundation	464	-	-	-	-	-	(464)	(464)
Total Component Units	\$ 4,961,473	\$ -	\$ -	\$ -	(2,527,189)	(2,433,820)	(464)	(4,961,473)
General revenues:								
					3,973,861	3,973,861	-	7,947,722
					377,000	-	9,403	386,403
					6,447	6,906	1,126	14,479
					1,200,000	1,200,000	-	2,400,000
					-	429,409	-	429,409
					<u>5,557,308</u>	<u>5,610,176</u>	<u>10,529</u>	<u>11,178,013</u>
					3,030,119	3,176,356	10,065	6,216,540
					<u>(3,053,977)</u>	<u>1,676,931</u>	<u>438,549</u>	<u>(938,497)</u>
					<u>\$ (23,858)</u>	<u>\$ 4,853,287</u>	<u>\$ 448,614</u>	<u>\$ 5,278,043</u>



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Notes to Basic Financial Statements



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City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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 8*.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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 9*.

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 10*.

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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 government funds is on the sources, uses and balances of current financial resources. GASB Statement No. 34 set forth minimum criteria (percentage of assets, liabilities, 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. In prior years, the Briarwyck Public Improvement District (PID) Fund was reported as a major fund. In 2018, the City undesignated this fund as major and presents this fund with the non-major funds. In 2018, 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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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.

Park Construction Fund –

The Park Construction Fund is used to account for various park land acquisition, park improvements and recreation projects throughout the city and the means for financing such projects.

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.

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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. Information about the Budget Ordinance is then published in the official newspaper of the City.

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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 is 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.

The City has elected to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* (GASB 89). As a result, the interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the business-type activities or water and sewer fund.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

Capital assets are defined by the government 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:

<u>Assets</u>	
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) 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 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 proportional share – 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 were 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) until that time. The City has the following items that qualify for reporting in this category:

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

- 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 proportional share – 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 were 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.
- 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, court revenues and loan payments from the component unit. In the General Fund, deferred inflows of resources consists of property taxes of \$15,218, ambulance revenues of \$86,431, court revenues of \$187,154 and loan payments from the component unit of \$15,566. In the Debt Service Fund, unavailable revenues consist of property taxes in the amount of \$19,856. 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.”

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

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, 2018, the City’s General Fund was reimbursed \$513,486 for these services.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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	\$ 397,557
Capital projects	873,648
Water and wastewater impact fees	<u>615,313</u>
Total Restricted Assets	<u><u>\$ 1,886,518</u></u>

Compensated Absences

The City allows employees to accumulate up to 30 days of vacation time. Carryover of earned vacation time is limited to 240 hours. Upon termination, the City pays all accumulated vacation time not yet taken. Employees may sell back up to five vacation days to the City during June and December each year. If vacation time is sold back, each day bought back is deducted from the employee’s accrued vacation balance. Vacation is earned in varying amounts up to a maximum of 30 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 40 hours 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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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 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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

- 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.

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

	Reported in						Total Governmental Funds
	General Fund	Debt Service Fund	Facilities Improvement	Street Construction	Parks Construction	Nonmajor Governmental Funds	
Nonspendable	89,315	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 89,815
Restricted for							
Debt service	-	706,283	-	-	-	116,702	822,985
Municipal court building security	130,658	-	-	-	-	-	130,658
Municipal court technology	115,887	-	-	-	-	-	115,887
Traffic safety	308,446	-	-	-	-	-	308,446
Tourism, convention centers, arts	-	-	-	-	-	227,977	227,977
Public safety	36,418	-	-	-	-	30,092	66,510
Parkland dedication	-	-	-	-	213,537	-	213,537
Committed							
City manager contract	9,261	-	-	-	-	-	9,261
Capital projects	-	-	2,814,788	850,285	2,420,309	-	6,085,382
Computer replacement	-	-	-	-	-	6,375	6,375
Vehicle replacement	-	-	-	-	-	1,411,465	1,411,465
Unassigned	5,257,390	-	-	-	-	-	5,257,390
Total	\$ 5,947,375	\$ 706,283	\$ 2,814,788	\$ 850,285	\$ 2,633,846	\$ 1,793,111	\$ 14,745,688

City of Roanoke, Texas
Notes to Basic Financial Statements
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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 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.

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Note 2: Detailed Notes on All Funds

Deposits and Investments

Deposits. At September 30, 2018, the carrying amount of the City's cash and cash equivalents, including component units, was \$26,251,165 and the respective bank balances totaled \$26,566,425.

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 2018, 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, 2018, 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, 2018, the carrying amount of the City's bank deposits and investments, including component units, was \$26,500,175, and the respective bank balances totaled \$26,815,435. 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.

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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, 2018, were 99.82% of the adjusted tax levy. Allocations of property tax levy by purpose for 2018 and the preceding year are as follows (amounts per \$100 assessed value):

Property Tax Rates:

<u>Fund Type</u>	<u>2018</u>	<u>2017</u>
General Fund	\$ 0.158415	\$ 0.158415
Debt Service Fund	\$ 0.216705	\$ 0.216705
 Total	 <u>\$ 0.375120</u>	 <u>\$ 0.375120</u>

Property taxes are recorded as receivables and unavailable revenues (deferred inflows of resources) at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within 60 days following the close of the fiscal year have not been recognized as revenue since amounts are not material to the financial statements.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

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:

<u>Receivables</u>	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Water and Wastewater</u>	<u>Sanitation</u>	<u>Total</u>
Taxes	\$ 1,332,776	\$ 19,856	33,581	\$ -	\$ -	\$ 1,386,213
Intergovernmental	34,979	-	-	-	-	34,979
Accounts	2,172,382	-	1,200	1,177,542	309	3,351,433
Less allowance for uncollectibles	<u>(1,833,380)</u>	<u>-</u>	<u>-</u>	<u>(180,485)</u>	<u>-</u>	<u>(2,013,865)</u>
 Net receivables	 <u>\$ 1,706,757</u>	 <u>\$ 19,856</u>	 <u>\$ 34,781</u>	 <u>\$ 997,057</u>	 <u>\$ 309</u>	 <u>\$ 2,758,760</u>

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Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance Beginning of Year	Additions	Sales/ Disposals	Adjustment/ Transfers	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,645,480	\$ -	\$ -	\$ -	\$ 1,645,480
Construction in progress	4,856,746	15,478,214	-	(655,559)	19,679,401
Total capital assets not being depreciated	<u>6,502,226</u>	<u>15,478,214</u>	<u>-</u>	<u>(655,559)</u>	<u>21,324,881</u>
Capital assets being depreciated					
Buildings/structures	24,325,760	-	-	-	24,325,760
Improvements other than buildings	16,745,020	-	-	-	16,745,020
Vehicles	5,810,792	199,752	(1,038,519)	18,493	4,990,518
Machinery and equipment	2,895,744	404,549	(502,425)	-	2,797,868
Infrastructure	46,286,017	4,114,581	-	655,559	51,056,157
Total capital assets being depreciated	<u>96,063,333</u>	<u>4,718,882</u>	<u>(1,540,944)</u>	<u>674,052</u>	<u>99,915,323</u>
Less accumulated depreciation					
Buildings/structures	(11,171,763)	(1,151,436)	-	-	(12,323,199)
Improvements other than buildings	(6,168,403)	(881,459)	-	-	(7,049,862)
Vehicles	(2,971,683)	(495,957)	1,038,519	(18,493)	(2,447,614)
Machinery and equipment	(2,049,307)	(307,953)	498,157	-	(1,859,103)
Infrastructure	(14,524,357)	(2,407,700)	-	-	(16,932,057)
Total accumulated depreciation	<u>(36,885,513)</u>	<u>(5,244,505)</u>	<u>1,536,676</u>	<u>(18,493)</u>	<u>(40,611,835)</u>
Total capital assets being depreciated, net	<u>59,177,820</u>	<u>(525,623)</u>	<u>(4,268)</u>	<u>655,559</u>	<u>59,303,488</u>
Governmental activities capital assets, net	<u>\$ 65,680,046</u>	<u>\$ 14,952,591</u>	<u>\$ (4,268)</u>	<u>\$ -</u>	<u>\$ 80,628,369</u>
Business-type activities					
Capital assets not being depreciated					
Construction in progress	\$ 64,207	\$ 59,457	\$ -	\$ -	\$ 123,664
Total capital assets not being depreciated	<u>64,207</u>	<u>59,457</u>	<u>-</u>	<u>-</u>	<u>123,664</u>
Capital assets being depreciated					
Utility System	\$ 28,854,997	\$ 934,886	\$ -	\$ -	\$ 29,789,883
Vehicles	412,869	-	(103,224)	(18,493)	291,152
Machinery and equipment	341,340	7,650	(170,000)	-	178,990
Total capital assets being depreciated	<u>29,609,206</u>	<u>942,536</u>	<u>(273,224)</u>	<u>(18,493)</u>	<u>30,260,025</u>
Less accumulated depreciation					
Utility system	(14,589,280)	(980,261)	-	-	(15,569,541)
Vehicles	(301,032)	(19,786)	103,224	18,493	(199,101)
Machinery and equipment	(316,659)	(18,383)	170,000	-	(165,042)
Total accumulated depreciation	<u>(15,206,971)</u>	<u>(1,018,430)</u>	<u>273,224</u>	<u>18,493</u>	<u>(15,933,684)</u>
Total capital assets being depreciated, net	<u>14,402,235</u>	<u>(75,894)</u>	<u>-</u>	<u>-</u>	<u>14,326,341</u>
Business-type activities capital assets, net	<u>\$ 14,466,442</u>	<u>\$ (16,437)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,450,005</u>

City of Roanoke, Texas
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities

General government	\$ 1,918,551
Public safety	837,658
Culture and recreation	836,564
Public works	<u>1,651,732</u>
Total depreciation expense – governmental activities	<u><u>\$ 5,244,505</u></u>

Business-type activities

Water and Wastewater	<u>\$ 1,018,430</u>
Total depreciation expense – business-type activities	<u><u>\$ 1,018,430</u></u>

Construction Commitments

Outstanding commitments at September 30, 2018, under authorized construction contracts were approximately \$3,735,941. The outstanding commitments for the projects were funded primarily from bond proceeds.

Loan Payable and Transfers

Loan Payable

A summary of advance to/from component units for the year ended September 30, 2018, is as follows:

Fund/Component Unit	Advance to	Advance from
General Fund	\$ 15,566	\$ -
REIDC	<u>-</u>	<u>15,566</u>
Total	<u><u>\$ 15,566</u></u>	<u><u>\$ 15,566</u></u>

The amount payable to the General fund relates to a loan made to the REIDC. \$15,566 is expected to be collected in the subsequent year.

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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, 2018, were as follows:

	Transfers in					
	<i>Major Governmental</i>			Nonmajor Governmental	Nonmajor Enterprise	Total Transfers Out
	General	Facilities Improvement	Debt Service			
Transfers out						
General	\$ -	\$ 750,000	\$ -	\$ 537,843	\$ 6,698	\$ 1,294,541
Nonmajor governmental	70,000	-	43,888	-	-	113,888
Water and Wastewater	-	-	-	80,349	-	80,349
Total transfers in	<u>\$ 70,000</u>	<u>\$ 750,000</u>	<u>\$ 43,888</u>	<u>\$ 618,192</u>	<u>\$ 6,698</u>	<u>\$ 1,488,778</u>

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 Facilities CIP Fund for the purchase of furnishings, fixtures, and equipment for a new city hall, (3) transfer funds to the Sanitation Fund to cover a portion of the operating costs associated with this service, (4) transfer funds to the General Fund to cover costs associated with the Roanoke Visitor's Center and Museum and (5) transfer funds to the debt service fund to cover debt related to a fire department museum.

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 \$6,268,692 and a deferred inflow of resources in the amount of \$2,560,000 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.

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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 \$1,072,481.

As of September 30, 2018, property and equipment under capital leases is carried at \$320,613, with \$751,868 in accumulated depreciation.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018, were as follows:

	Governmental Activities	Business-type Activities	Total
2019	\$ 80,064	\$ 21,567	\$ 101,631
2020	<u>37,927</u>	<u>-</u>	<u>37,927</u>
Total	117,990	21,567	139,558
Less interest	<u>(3,983)</u>	<u>(479)</u>	<u>(4,462)</u>
Present value of remaining payments	<u>\$ 114,007</u>	<u>\$ 21,088</u>	<u>\$ 135,096</u>

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 is planned to be completed during fiscal year 2019. The City has agreed to pay or cause to be paid by the REIDC and RCEDC a total of \$2,400,000 in costs as base rent when the parking spaces are available for the City's use. The REIDC and RCEDC have prepaid approximately \$1,989,000 in expenses related to the construction of the parking garage during the year ended September 30, 2018 as prepaid base rent for the City's lease of the tenant spaces. When the spots are completed and available for City use, the prepaid base rent will be recognized as an expenditure over the initial term of the lease.

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Long-term Obligations

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2018, is as follows:

	Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Balance End of Year	Due within One Year
Governmental activities					
General obligation bonds	\$ 9,436,648	\$ -	\$ (1,105,617)	\$ 8,331,031	\$ 1,140,760
Certificates of obligation	31,239,008	5,970,000	(2,069,296)	35,139,712	2,088,024
Special assessment bonds	1,205,000	-	(180,000)	1,025,000	185,000
Capital leases	201,495	-	(87,488)	114,007	76,695
Premium on bonds	1,820,187	531,770	(208,110)	2,143,847	-
Discount on bonds	(434)	-	43	(391)	-
Compensated absences	416,287	548,317	(484,534)	480,070	480,070
Total governmental activities	<u>44,318,191</u>	<u>7,050,087</u>	<u>(4,135,002)</u>	<u>47,233,276</u>	<u>3,970,549</u>
Business-type activities					
General obligation refunding bonds	3,173,352	-	(429,383)	2,743,969	424,240
Certificates of obligation	490,992	-	(40,704)	450,288	41,976
Capital leases	48,117	-	(27,029)	21,088	21,088
Premium on bonds	197,661	-	(20,808)	176,853	-
Discount on bonds	(1,568)	-	157	(1,411)	-
Compensated absences	58,220	68,149	(52,321)	74,048	74,048
Total business-type activities	<u>3,966,774</u>	<u>68,149</u>	<u>(570,088)</u>	<u>3,464,835</u>	<u>561,352</u>
Total primary government	<u>\$ 48,284,965</u>	<u>\$ 7,118,236</u>	<u>\$ (4,705,090)</u>	<u>\$ 50,698,111</u>	<u>\$ 4,531,901</u>

For the governmental activities, compensated absences are liquidated by 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 1.0% to 4.8% 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.

Early in fiscal year 2018, the City issued Series 2017 Combination Tax and Revenue Certificates of Obligation in the amount of \$5,970,000 dated November 15, 2017, bearing interest rates of 3.00% to 4.00%. Proceeds from the sale of the Certificates will be used for (i) acquiring, constructing, designing and engineering a new City Hall including related landscaping, lighting, parking and signage related to such City Hall (ii) acquiring a structured parking facility, (iii) designing, constructing, and equipping a new fire department museum, (iv) for paying costs related to issuance of the certificates.

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The annual debt service requirements to maturity for each bond type for the years subsequent to September 30, 2018, are as follows:

General Obligation Bonds:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 1,140,760	\$ 280,840	\$ 424,240	\$ 110,335	\$ 1,956,175
2020	1,174,854	246,210	445,146	95,865	1,962,075
2021	1,217,529	205,882	467,471	80,443	1,971,325
2022	1,246,722	178,046	223,278	50,179	1,698,225
2023	1,285,436	133,235	229,564	43,265	1,691,500
2024-2027	2,265,730	174,101	954,270	92,275	3,486,376
	<u>\$ 8,331,031</u>	<u>\$ 1,218,314</u>	<u>\$ 2,743,969</u>	<u>\$ 472,362</u>	<u>\$ 12,765,676</u>

Certificates of Obligation:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 2,088,024	\$ 1,168,123	\$ 41,976	\$ 19,940	\$ 3,318,063
2020	2,146,116	1,109,802	43,884	18,261	3,318,063
2021	2,209,208	1,045,806	45,792	16,462	3,317,268
2022	2,272,300	981,909	47,700	14,538	3,316,447
2023	2,345,392	913,785	49,608	12,487	3,321,272
2024-2028	14,128,672	3,135,848	221,328	26,629	17,512,477
2029-2033	4,585,000	1,328,350	-	-	5,913,350
2034-2038	3,830,000	610,680	-	-	4,440,680
2039-2041	1,535,000	99,676	-	-	1,634,676
	<u>\$ 35,139,712</u>	<u>\$ 10,393,979</u>	<u>\$ 450,288</u>	<u>\$ 108,317</u>	<u>\$ 46,092,296</u>

City of Roanoke, Texas
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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, 2018, are as follows:

Special Assessment Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	185,000	47,765	232,765
2020	195,000	39,144	234,144
2021	205,000	30,057	235,057
2022	215,000	20,504	235,504
2023	<u>225,000</u>	<u>10,485</u>	<u>235,485</u>
	<u>\$ 1,025,000</u>	<u>\$ 147,955</u>	<u>\$ 1,172,955</u>

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.

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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 883 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.

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Employees covered by benefit terms:

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	67
Active employees	125
	214
	214

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 16.89% and 17.43% in calendar years 2017 and 2018, respectively. The City’s contributions to TMRS for the year ended September 30, 2018, were \$1,734,233, and were equal to the required contributions.

Net Pension Liability

The City’s net pension liability (NPL) was measured as of December 31, 2017, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Roanoke, Texas
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Actuarial Assumptions:

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% 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 RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. 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 BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy.

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
	<u>100.00%</u>	

Discount Rate:

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

Changes in the Net Pension Liability:

	<i>Increase (Decrease)</i>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at October 1, 2017	\$ 31,831,973	\$ 23,619,239	\$ 8,212,734
Changes for the year:			
Service cost	1,921,635	-	1,921,635
Interest (on the total pension liability)	2,205,366	-	2,205,366
Difference between expected and actual experience	63,042	-	63,042
Benefit payments, including refunds of employee contributions	(241,398)	(241,398)	-
Administrative expense	-	(16,965)	16,965
Contributions - member	-	682,122	(682,122)
Contributions - employer	-	1,645,859	(1,645,859)
Net investment income	-	3,278,442	(3,278,442)
Other	-	(860)	860
Net Changes	3,948,645	5,347,200	(1,398,555)
Balance at September 30, 2018	\$ 35,780,618	\$ 28,966,439	\$ 6,814,179

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%)
\$ 13,327,416	\$ 6,814,179	\$ 1,594,991

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of \$2,124,842.

At September 30, 2018, 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	\$ 1,251,622	\$ -
Difference between projected and actual investment earnings on pension plan investments	-	802,906
Changes of assumptions	-	50,213
Difference in proportional share	12,548	12,548
Employer contributions subsequent to the measurement date	1,252,264	-
Total	\$ 2,516,434	\$ 865,667

\$1,252,264 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, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 256,435
2020	215,407
2021	(45,498)
2022	(117,595)
2023	84,996
Thereafter	4,758
	\$ 398,503

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: 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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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 7: 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 8: 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, 2018, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	\$ 2,466,003
Total cash and cash equivalents	\$ 2,466,003

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, 2018, 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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2018, is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Component unit activities					
Sales tax revenue bonds	\$ 6,460,000		\$ (215,000)	\$ 6,245,000	\$ 220,000
Total REIDC	\$ 6,460,000	\$ -	\$ (215,000)	\$ 6,245,000	\$ 220,000

Sales Tax Revenue Bonds

In fiscal year 2011, the REIDC issued \$7,050,000 in taxable debt to provide funds for a public water recreation park for the City. The bonds are payable from a one-half of one percent sales and use tax collected within the boundaries of the City. The bonds do not constitute obligations of the City. The sales tax revenue bonds have interest rates ranging from 3.24% to 7.199% maturing annually in varying amounts through 2035. Debt service requirements of the sales tax revenue bonds for the years subsequent to September 30, 2018, are as follows:

Fiscal Year	Component Units		Total
	Principal	Interest	
2019	\$ 220,000	\$ 413,475	\$ 633,475
2020	235,000	402,959	637,959
2021	245,000	391,374	636,374
2022	255,000	378,560	633,560
2023	270,000	364,714	634,714
2024-2028	1,615,000	1,556,733	3,171,733
2029-2033	2,255,000	920,692	3,175,692
2034-2035	1,150,000	125,623	1,275,623
	\$ 6,245,000	\$ 4,554,130	\$ 10,799,130

The following is a summary of pledged revenues of REIDC for the year ended September 30, 2018:

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	\$ 3,973,861	\$ 638,077	16.1%	\$ 10,799,130	Until 2035

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

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 9: 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, 2018, consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 3,083,468
Total cash and cash equivalents	<u>\$ 3,083,468</u>

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

Note 10: AI & Lula Mae Slaughter Park Foundation

The Slaughter Park Foundation is financed by gifts, legacies, and devices, used to fund public improvements and operations for the AI & Lula Mae Slaughter Park facilities.

Cash and Investments

Cash and investments for the Slaughter Park Foundation as of September 30, 2018, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	<u>\$ 448,101</u>
Total cash and cash equivalents	<u><u>\$ 448,101</u></u>

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

Note 11: Tax Abatements

The City enters into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. The City has the authority under both Article III, Section 52-a of the Texas Constitution and Chapter 380 to make public funds available for the purposes of promoting local economic development and stimulating business and commercial activity 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, 2018, the City had the following open tax abatement agreements and abated the following amounts under these agreements:

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2018

<u>Open Agreements - Type of Tax Abatement</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
City of Roanoke:	
Property Taxes	\$ 642,130
Sales Taxes	-
Economic Industrial Development Corporation	
Sales Taxes	-
Community Economic Development Corporation	
Sales Taxes	-
Total	<u>\$ 642,130</u>

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 substantial commitments outstanding to provide developer assistance for the related projects. Outstanding commitments at September 30, 2018, under agreements above were approximately \$205,000 for REIDC and approximately \$205,000 for RCEDC. No taxes were abated for the year ended September 30, 2018 by these entities.

Note 12: Subsequent Events

Changes in Financing

Early in fiscal year 2019, the City issued Series 2018 General Obligation Refunding Bonds in the amount of \$8,075,000 and Series 2018 Tax Notes in the amount of \$1,695,000, both dated November 1, 2018, bearing interest rates ranging from 3.00% to 4.00%. Proceeds from the sale of the bonds will be used for refunding a portion of the City's outstanding debt to achieve debt service savings and for paying costs related to issuance of the bonds. Proceeds from the sale of the notes will be used for construction and improving streets and roads in the City and for paying costs related to issuance of the notes.

Early in fiscal year 2019, the Roanoke Economic Industrial Development Corporation (REIDC) issued Series 2018 Sales Tax Revenue Refunding Bonds in the amount of \$6,475,000, dated November 1, 2018, bearing interest rates ranging from 3.00% to 4.35%. Proceeds from the sale of the bonds will be used for refunding a portion of the REIDC's outstanding debt to achieve debt service savings and for paying costs related to issuance of the bonds.



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Required Supplementary Information



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City of Roanoke, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
September 30, 2018

	<u>Measurement Year 2014</u>	<u>Measurement Year 2015</u>	<u>Measurement Year 2016</u>	<u>Measurement Year 2017</u>
Total pension liability:				
Service cost	\$ 1,483,522	\$ 1,830,398	\$ 1,909,893	\$ 1,921,635
Interest (on the Total Pension Liability)	1,475,630	1,697,490	1,913,289	2,205,366
Difference between expected and actual experience	347,631	939,244	759,690	63,042
Change in assumptions	-	(90,278)	-	-
Benefit payments, including refunds of employee contributions	<u>(260,668)</u>	<u>(360,918)</u>	<u>(281,957)</u>	<u>(241,398)</u>
Net change in total pension liability	3,046,115	4,015,936	4,300,915	3,948,645
Total pension liability – beginning	<u>20,469,007</u>	<u>23,515,122</u>	<u>27,531,058</u>	<u>31,831,973</u>
Total pension liability – ending (a)	<u>\$ 23,515,122</u>	<u>\$ 27,531,058</u>	<u>\$ 31,831,973</u>	<u>\$ 35,780,618</u>
Plan fiduciary net position:				
Contributions – employer	\$ 1,135,950	\$ 1,508,981	\$ 1,610,585	\$ 1,645,859
Contributions – employee	591,201	654,047	682,453	682,122
Net investment income	919,497	27,222	1,370,636	3,278,442
Benefit payments, including refunds of employee contributions	(260,668)	(360,918)	(281,957)	(241,398)
Administrative expense	(9,596)	(16,575)	(15,459)	(16,965)
Other	<u>(789)</u>	<u>(818)</u>	<u>(833)</u>	<u>(860)</u>
City’s net change in plan fiduciary net position	2,375,595	1,811,939	3,365,425	5,347,200
Plan fiduciary net position – beginning	<u>16,066,280</u>	<u>18,441,875</u>	<u>20,253,814</u>	<u>23,619,239</u>
Plan fiduciary net position – ending (b)	<u>\$ 18,441,875</u>	<u>\$ 20,253,814</u>	<u>\$ 23,619,239</u>	<u>\$ 28,966,439</u>
City’s net pension liability – ending (a) – (b)	\$ 5,073,247	\$ 7,277,244	\$ 8,212,734	\$ 6,814,179
Plan fiduciary net position as a percentage of total pension liability	78.43%	73.57%	74.20%	80.96%
Covered payroll	\$ 8,445,726	\$ 9,343,534	\$ 9,749,326	\$ 9,744,598
City’s net pension liability as a percentage of covered payroll	60.07%	77.89%	84.24%	69.93%

Other Information:

For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's measurement date (December 31).

City of Roanoke, Texas
Schedule of Contributions
Texas Municipal Retirement System
September 30, 2018

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Actuarially determined contribution	\$ 1,100,637	\$ 1,377,502	\$ 1,517,046	\$ 1,676,035	\$ 1,734,233
Contribution in relation of the actuarially determined contribution	<u>1,100,637</u>	<u>1,377,502</u>	<u>1,517,046</u>	<u>1,676,035</u>	<u>1,734,233</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 8,315,841	\$ 8,886,331	\$ 9,241,138	\$ 9,991,152	\$ 10,118,002
Contributions as a percentage of covered payroll	13.24%	15.50%	16.42%	16.78%	17.14%

Notes to Required Supplementary Information – TMRS

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes

The discount changed from 7.00% to 6.75% for the 2015 valuation; there were no other changes in assumptions. There were no benefit changes during the most recent fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available. Information has been determined as of the City's most recent fiscal year-end (September 30).

City of Roanoke, Texas
Schedule of Revenues, Expenditures and Changes In Fund Balances
Budget to Actual – General Fund
For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive(Negative)
REVENUES				
General property tax	\$ 3,155,227	\$ 3,155,227	\$ 3,179,830	\$ 24,603
General sales tax	7,735,635	7,735,635	7,947,723	212,088
Gross receipts tax	1,438,702	1,438,702	1,497,717	59,015
Licenses and permits	932,500	932,500	1,280,477	347,977
Intergovernmental	71,070	71,070	110,225	39,155
Charges for services	1,093,700	1,089,700	1,231,894	142,194
Grants and contributions	3,335,000	3,335,000	3,335,000	-
Fines and fees	1,162,643	1,162,643	883,479	(279,164)
Investment income	8,000	8,000	18,234	10,234
Donations	5,000	5,000	12,125	7,125
Other revenue	538,894	542,894	642,037	99,143
Total revenues	<u>19,476,371</u>	<u>19,476,371</u>	<u>20,138,741</u>	<u>662,370</u>
EXPENDITURES				
Current:				
General government	4,359,863	4,359,863	4,107,806	252,057
Public safety	9,001,423	8,990,245	8,741,272	248,973
Cultural and recreation	3,847,744	3,847,744	3,362,003	485,741
Public works	1,785,496	1,785,496	1,824,104	(38,608)
Debt service:				
Principal	87,487	87,487	87,488	(1)
Interest and fiscal charges	6,545	6,545	6,543	2
Capital outlay	171,964	183,142	136,250	46,892
Total expenditures	<u>19,260,522</u>	<u>19,260,522</u>	<u>18,265,466</u>	<u>995,056</u>
Excess of revenues over expenditures	<u>215,849</u>	<u>215,849</u>	<u>1,873,275</u>	<u>1,657,426</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	70,000	70,000	70,000	-
Transfers out	(1,302,843)	(1,302,843)	(1,294,541)	(8,302)
Total other financing sources (uses), net	<u>(1,232,843)</u>	<u>(1,232,843)</u>	<u>(1,224,541)</u>	<u>(8,302)</u>
Net changes in fund balances	(1,016,994)	(1,016,994)	648,734	1,649,124
Fund Balances, Beginning of Year	<u>5,298,641</u>	<u>5,298,641</u>	<u>5,298,641</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 4,281,647</u>	<u>\$ 4,281,647</u>	<u>\$ 5,947,375</u>	<u>\$ 1,649,124</u>



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Nonmajor Governmental Funds

Special Revenue Funds

HOTEL/MOTEL FUND – to account for funds received from the hotel/motel tax. This fund promotes tourism and historical preservation.

BRIARWYCK PUBLIC IMPROVEMENT DISTRICT (PID) FUND – to account for the accumulation of resources from a special assessment levied upon properties within the district boundaries. The resources are utilized for the repayment of debt issued to fund the construction of the Marshall Creek Bridge.

FIRE GRANTS FUND – to account for grants to assist in the purchase of fire department equipment and related expenses.

POLICE GRANTS FUND – to account for grant funds for police operations and projects.

POLICE SEIZURE FUND – to account for monies received due to the sale and/or seizure of assets from police investigations of criminal activities.

Capital Projects Funds

VEHICLE REPLACEMENT FUND – to account for funds to purchase replacement equipment and vehicles.

COMPUTER REPLACEMENT FUND – to account for funds to purchase replacement computers and peripherals.



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City of Roanoke, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Hotel Motel	Briarwyck PID	Fire Grants	Police Grants	Police Seizure	Vehicle Replacement	Computer Replacement	
ASSETS								
Cash and cash equivalents	\$ 194,676	\$ 116,702	\$ -	\$ 7,479	\$ 26,450	\$ 1,498,365	\$ 6,375	\$ 1,850,047
Accounts receivable	33,301	280	1,200	-	-	-	-	34,781
Prepaid items	500	-	-	-	-	-	-	500
Total assets	<u>\$ 228,477</u>	<u>\$ 116,982</u>	<u>\$ 1,200</u>	<u>\$ 7,479</u>	<u>\$ 26,450</u>	<u>\$ 1,498,365</u>	<u>\$ 6,375</u>	<u>\$ 1,885,328</u>
LIABILITIES								
Accounts payable	-	-	-	-	-	86,900	-	86,900
Due to other funds	-	-	1,200	-	-	-	-	1,200
Other accrued liabilities	-	-	-	-	3,837	-	-	3,837
Total liabilities	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>-</u>	<u>3,837</u>	<u>86,900</u>	<u>-</u>	<u>91,937</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	280	-	-	-	-	-	280
Total deferred inflows of resources	<u>-</u>	<u>280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280</u>
FUND BALANCES								
Nonspendable	500	-	-	-	-	-	-	500
Restricted								
Debt service	-	116,702	-	-	-	-	-	116,702
Tourism, convention centers, arts	227,977	-	-	-	-	-	-	227,977
Public safety	-	-	-	7,479	22,613	-	-	30,092
Committed	-	-	-	-	-	1,411,465	6,375	1,417,840
Total fund balances	<u>228,477</u>	<u>116,702</u>	<u>-</u>	<u>7,479</u>	<u>22,613</u>	<u>1,411,465</u>	<u>6,375</u>	<u>1,793,111</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 228,477</u>	<u>\$ 116,982</u>	<u>\$ 1,200</u>	<u>\$ 7,479</u>	<u>\$ 26,450</u>	<u>\$ 1,498,365</u>	<u>\$ 6,375</u>	<u>\$ 1,885,328</u>

City of Roanoke, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Hotel Motel	Briarwyck PID	Fire Grants	Police Grants	Police Seizure	Vehicle Replacement	Computer Replacement	
REVENUES								
Property taxes	\$ -	\$ 258,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,949
Gross receipts tax	195,101	-	-	-	-	-	-	195,101
Grants and contributions	-	-	9,180	3,008	-	-	-	12,188
Other revenue	51,371	173	3,432	-	12,157	2,855	-	69,988
Investment income	662	612	-	-	46	-	-	1,320
Total revenues	247,134	259,734	12,612	3,008	12,203	2,855	-	537,546
EXPENDITURES								
General government	194,716	-	-	-	-	32,549	112,550	339,815
Public safety	-	-	12,612	1,550	4,133	-	-	18,295
Debt service:								
Principal	-	180,000	-	-	-	-	-	180,000
Interest and fiscal charges	-	56,654	-	-	-	-	-	56,654
Capital outlay	-	-	-	-	-	416,404	-	416,404
Total expenditures	194,716	236,654	12,612	1,550	4,133	448,953	112,550	1,011,168
Excess (deficiency) of revenues over (under) expenditures	52,418	23,080	-	1,458	8,070	(446,098)	(112,550)	(473,622)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	546,356	71,836	618,192
Transfers out	(113,888)	-	-	-	-	-	-	(113,888)
Sale of general capital assets	-	-	-	-	-	209,734	-	209,734
Total other financing sources (uses)	(113,888)	-	-	-	-	756,090	71,836	714,038
Net change in fund balances	(61,470)	23,080	-	1,458	8,070	309,992	(40,714)	240,416
Fund balances, beginning of year	289,947	93,622	-	6,021	14,543	1,101,473	47,089	1,552,695
Fund balances, end of year	\$ 228,477	\$ 116,702	\$ -	\$ 7,479	\$ 22,613	\$ 1,411,465	\$ 6,375	\$ 1,793,111

DISCRETELY PRESENTED COMPONENT UNITS

ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION – to aid, promote and further economic development within the City.

ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION – to fund public projects to maintain or enhance the quality of life in the City.

AL & LULA MAE SLAUGHTER PARK FOUNDATION – to provide funding for the construction, improvements and maintenance of Slaughter Park.



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City of Roanoke, Texas
Balance Sheet
Roanoke Economic Industrial Development Corporation
September 30, 2018

	REIDC
ASSETS	
Cash and cash equivalents	\$ 2,466,003
Receivables:	
Sales taxes	631,501
Prepaid expenses	994,513
Total assets	4,092,017
DEFERRED OUTFLOW OF RESOURCES	
Payable to primary government	15,566
Total deferred outflow of resources	15,566
Total assets and deferred outflow of resources	4,107,583
LIABILITIES	
Accounts payable	1,540
Due to primary government	15,566
Total liabilities	17,106
FUND BALANCES	
Nonspendable	994,513
Assigned	3,095,964
Total fund balances	4,090,477
Total liabilities and fund balances	\$ 4,107,583

City of Roanoke, Texas
Reconciliation of the Balance Sheet
to the Statement of Net Position
Roanoke Economic Industrial Development Corporation
September 30, 2018

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

Total fund balance – governmental fund	\$	4,090,477
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		2,197,916
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.		(51,685)
Certain long-term receivables are deferred in the governmental funds balance sheet.		(15,566)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		<u>(6,245,000)</u>
Net deficit of governmental activities	<u>\$</u>	<u>(23,858)</u>

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Roanoke Economic Industrial Development Corporation
For the Year Ended September 30, 2018

	REIDC
REVENUES	
Sales and use taxes	\$ 3,973,861
Investment income	6,447
Other payments	377,000
Contributions from Primary Government	1,200,000
Total revenues	5,557,308
EXPENDITURES	
Economic development	2,105,263
Debt service:	
Repayment of due to primary government	50,000
Principal	215,000
Interest and fiscal charges	423,077
Total expenditures	2,793,340
Net change in fund balances	2,763,968
Fund Balances, Beginning of Year	1,326,509
Fund Balances, End of Year	\$ 4,090,477

City of Roanoke, Texas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
to the Statement of Activities
Roanoke Economic Industrial Development Corporation
For the Year Ended September 30, 2018

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

Net change in fund balances – total governmental funds	\$	2,763,968
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		215,000
The repayment of due to primary government consumes the current financial resources of governmental funds, but has no effect on net position.		50,000
Current year changes in accrued interest payables do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		1,151
		1,151
Change in net position of governmental activities	\$	3,030,119

City of Roanoke, Texas
Balance Sheet/Statement of Net Position
Roanoke Community Economic Development Corporation
September 30, 2018

	RCEDC
ASSETS	
Cash and cash equivalents	\$ 3,083,468
Sales tax receivable	631,501
Miscellaneous receivable	133,000
Prepaid items	1,005,591
Total assets	4,853,560
LIABILITIES	
Accounts payable	273
Total liabilities	273
FUND BALANCES/NET POSITION	
Nonspendable/Unrestricted	1,005,591
Assigned/Unrestricted	3,847,696
Total fund balances/net position	4,853,287
Total liabilities and fund balances/net position	\$ 4,853,560

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes
in Fund Balances/Net Position
Roanoke Community Economic Development Corporation
For the Year Ended September 30, 2018

	RCEDC
REVENUES	
Sales and use taxes	\$ 3,973,861
Investment income	6,906
Miscellaneous income	429,409
Contributions from Primary Government	1,200,000
Total revenues	5,610,176
EXPENDITURES	
Economic development	2,433,820
Total expenditures	2,433,820
Net change in fund balances	3,176,356
Fund Balances/Net Position, Beginning of Year	1,676,931
Fund Balances/Net Position, End of Year	\$ 4,853,287

City of Roanoke, Texas
Balance Sheet/Statement of Net Position
Al and Lula Mae Slaughter Park Foundation
September 30, 2018

	Slaughter Park Foundation
ASSETS	
Cash and cash equivalents	\$ 448,101
Other miscellaneous receivables	513
Total assets	448,614
 FUND BALANCES/NET POSITION	
Assigned/Unrestricted	448,614
Total fund balances/net position	\$ 448,614

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position
Al and Lula Mae Slaughter Park Foundation
For the Year Ended September 30, 2018

	Slaughter Park Foundation
REVENUES	
Rents and royalties	\$ 9,403
Investment income	1,126
Total revenues	10,529
EXPENDITURES	
General government	464
Total expenditures	464
Net change in fund balances/net position	10,065
Fund Balances/Net Position, Beginning of Year	438,549
Fund Balances/Net Position, End of Year	\$ 448,614



Statistical Section



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STATISTICAL SECTION

This part of the City of Roanoke’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends	75-79
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
Revenue Capacity	80-83
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity	84-88
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information	89-90
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information	91-93
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	



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City of Roanoke, Texas
Net Position by Component – Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

Table 1

	2009	2010	2011	2012	2013	2014	2015 (a)	2016	2017 (b)	2018
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 7,361,797	\$ 12,611,396	\$ 20,484,900	\$ 21,700,296	\$ 29,503,588	\$ 31,686,704	\$ 31,687,171	\$ 31,174,600	\$ 31,097,018	\$ 33,086,945
Restricted	9,116,153	5,309,986	8,991,311	7,612,427	3,398,251	1,129,768	1,540,759	1,727,260	2,023,448	1,886,000
Unrestricted	1,676,328	1,320,173	1,320,336	2,056,435	8,461,426	10,531,484	7,914,595	10,504,148	6,913,113	6,220,635
Total governmental activities net position	\$ 18,154,278	\$ 19,241,555	\$ 30,796,547	\$ 31,369,158	\$ 41,363,265	\$ 43,347,956	\$ 41,142,525	\$ 43,406,008	\$ 40,033,579	\$ 41,193,580
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 7,978,558	\$ 8,249,596	\$ 7,994,245	\$ 7,693,934	\$ 11,213,677	\$ 11,104,686	\$ 11,100,468	\$ 11,394,270	\$ 11,369,432	\$ 11,961,064
Restricted	493,436	74,448	7,549	32,615	285,117	422,658	627,433	332,828	383,356	615,313
Unrestricted	(361,379)	(762,150)	(370,229)	167,322	621,404	480,702	504,474	809,935	855,275	2,448,790
Total business-type activities net position	\$ 8,110,615	\$ 7,561,894	\$ 7,631,565	\$ 7,893,871	\$ 12,120,198	\$ 12,008,046	\$ 12,232,375	\$ 12,537,033	\$ 12,608,063	\$ 15,025,167
PRIMARY GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 15,340,355	\$ 20,860,992	\$ 28,479,145	\$ 29,394,230	\$ 40,717,265	\$ 42,791,390	\$ 42,787,639	\$ 42,568,870	\$ 42,466,450	\$ 45,048,009
Restricted	9,609,589	5,384,434	8,998,860	7,645,042	3,683,368	1,552,426	2,168,192	2,060,088	2,406,804	2,501,313
Unrestricted	1,314,949	558,023	950,107	2,223,757	9,082,830	11,012,186	8,419,069	11,314,083	7,768,388	8,669,425
Total primary governmental activities net position	\$ 26,264,893	\$ 26,803,449	\$ 38,428,112	\$ 39,263,029	\$ 53,483,463	\$ 55,356,002	\$ 53,374,900	\$ 55,943,041	\$ 52,641,642	\$ 56,218,747

Source: Comprehensive Annual Financial Reports

Notes: (a) Beginning amounts for 2015 were restated as per GASB 68

(b) Beginning amounts for 2017 were restated to reflect a change in accounting principle as per GASB Implementation Guide No. 2016-1

City of Roanoke, Texas
Changes in Net Position by Component – Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited)

Table 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES										
Governmental activities										
General government	\$ 2,151,342	\$ 2,362,257	\$ 2,371,123	\$ 2,701,075	\$ 4,583,873	\$ 4,901,738	\$ 6,306,915	\$ 7,508,329	\$ 6,887,737	\$ 7,066,144
Public Safety	5,890,444	6,237,787	6,249,662	7,056,489	6,983,951	7,728,245	8,248,352	8,624,292	9,286,271	9,597,225
Cultural and recreation	3,090,806	3,192,716	3,229,804	4,010,026	3,708,246	3,618,977	3,906,258	4,146,327	4,641,205	4,278,952
Public works	1,237,478	1,319,586	1,363,265	1,814,679	1,525,117	1,720,389	2,265,043	2,822,182	3,152,161	3,480,824
Economic development	-	-	-	-	-	-	-	-	-	2,400,000
Interest and fiscal charges	1,321,133	1,211,878	1,100,821	1,125,864	1,621,281	1,244,945	1,313,299	1,256,070	1,527,896	1,503,018
Total governmental activities expenses	<u>13,691,203</u>	<u>14,324,224</u>	<u>14,314,675</u>	<u>16,708,133</u>	<u>18,422,468</u>	<u>19,214,294</u>	<u>22,039,867</u>	<u>24,357,200</u>	<u>25,495,270</u>	<u>28,326,163</u>
Business-type activities										
Water and Wastewater	4,084,247	4,341,602	4,834,989	4,775,631	5,725,076	6,264,083	6,614,508	6,863,245	6,942,167	7,122,577
Sanitation	40,834	59,364	34,168	26,440	24,541	23,747	20,294	10,012	11,357	8,666
Total business-type activities expenses	<u>4,125,081</u>	<u>4,400,966</u>	<u>4,869,157</u>	<u>4,802,071</u>	<u>5,749,617</u>	<u>6,287,830</u>	<u>6,634,802</u>	<u>6,873,257</u>	<u>6,953,524</u>	<u>7,131,243</u>
Total primary government expenses	<u>\$ 17,816,284</u>	<u>\$ 18,725,190</u>	<u>\$ 19,183,832</u>	<u>\$ 21,510,204</u>	<u>\$ 24,172,085</u>	<u>\$ 25,502,124</u>	<u>\$ 28,674,669</u>	<u>\$ 31,230,457</u>	<u>\$ 32,448,794</u>	<u>\$ 35,457,406</u>
PROGRAM REVENUES										
Governmental activities										
Charges for Services:										
General government	\$ 1,279,678	\$ 1,298,060	\$ 1,313,572	\$ 1,526,045	\$ 87,097	\$ 18,100	\$ 6,330	\$ 9,154	\$ 10,830	\$ 11,438
Public Safety	380,195	389,440	444,612	413,941	1,363,906	1,014,255	1,720,909	1,477,366	1,097,913	1,342,094
Cultural and recreation	702,883	627,221	609,625	656,096	847,805	693,895	744,977	763,934	770,864	824,589
Public works	-	6,285	-	9,596	1,096,788	1,088,105	1,307,092	957,280	776,467	1,280,477
Operating grants and contributions	373,390	437,531	478,518	379,991	3,591,655	3,044,370	3,048,086	3,208,558	3,305,142	3,603,245
Capital grants and contributions	2,157,763	2,988,451	13,290,690	2,983,606	7,697,743	849,421	1,924,943	3,752,297	1,870,535	3,997,294
Total governmental activities program revenues	<u>4,893,909</u>	<u>5,746,988</u>	<u>16,137,017</u>	<u>5,969,275</u>	<u>14,684,994</u>	<u>6,708,146</u>	<u>8,752,337</u>	<u>10,168,589</u>	<u>7,831,751</u>	<u>11,059,137</u>
Business-type activities										
Charges for Services										
Water and Wastewater	2,818,752	2,660,458	3,836,029	3,942,610	4,304,793	5,295,707	5,907,615	6,599,639	6,537,123	8,250,944
Sanitation	-	2,230	1,690	1,705	1,010	890	940	1,189	1,515	1,740
Capital grants and contributions	900,000	800,000	798,087	828,087	4,300,023	828,910	1,240,987	1,022,686	550,717	1,359,886
Total business-type activities program revenues	<u>3,718,752</u>	<u>3,462,688</u>	<u>4,635,806</u>	<u>4,772,402</u>	<u>8,605,826</u>	<u>6,125,507</u>	<u>7,149,542</u>	<u>7,623,514</u>	<u>7,089,355</u>	<u>9,612,570</u>
Total primary government program revenues	<u>\$ 8,612,661</u>	<u>\$ 9,209,676</u>	<u>\$ 20,772,823</u>	<u>\$ 10,741,677</u>	<u>\$ 23,290,820</u>	<u>\$ 12,833,653</u>	<u>\$ 15,901,879</u>	<u>\$ 17,792,103</u>	<u>\$ 14,921,106</u>	<u>\$ 20,671,707</u>
Net (Expenses) Revenue										
Governmental activities	\$ (8,797,294)	\$ (8,577,236)	\$ 1,822,342	\$ (10,738,858)	\$ (3,737,474)	\$ (12,506,148)	\$ (13,287,530)	\$ (14,188,611)	\$ (17,663,519)	\$ (17,267,026)
Business-type activities	(406,329)	(938,278)	(233,351)	(29,669)	2,856,209	(162,323)	514,740	750,257	135,831	2,481,327
Total primary government net expense	<u>\$ (9,203,623)</u>	<u>\$ (9,515,514)</u>	<u>\$ 1,588,991</u>	<u>\$ (10,768,527)</u>	<u>\$ (881,265)</u>	<u>\$ (12,668,471)</u>	<u>\$ (12,772,790)</u>	<u>\$ (13,438,354)</u>	<u>\$ (17,527,688)</u>	<u>\$ (14,785,699)</u>

City of Roanoke, Texas
Changes in Net Position by Component – Last Ten Fiscal Years
Accrual Basis of Accounting (Unaudited) (Continued)

Table 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL REVENUES										
AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property taxes	\$ 5,023,619	\$ 4,997,327	\$ 4,472,864	\$ 4,721,841	\$ 4,986,506	\$ 5,397,439	\$ 5,944,469	\$ 6,581,529	\$ 7,287,083	\$ 7,661,147
Sales taxes	3,984,894	3,925,739	4,339,834	5,557,572	6,868,566	7,067,815	6,290,680	7,202,926	7,265,264	7,947,723
Gross receipt taxes	1,050,036	1,078,191	1,169,773	1,276,645	1,531,850	1,505,456	1,522,187	1,627,619	1,626,812	1,692,818
Other taxes	17,514	21,787	30,911	30,867	40,785	44,238	56,412	69,428	75,488	110,225
Investment income	92,044	30,054	21,904	15,963	11,862	8,942	6,892	15,332	38,446	62,693
Gain on sale of assets	-	-	-	-	5,725	-	39,199	16,829	111,574	205,466
Miscellaneous	-	-	-	-	179,406	515,239	485,259	491,417	532,932	673,304
Transfers	217,462	(388,585)	(302,636)	(291,419)	106,881	(48,290)	(92,073)	447,014	73,491	73,651
Total governmental activities	10,385,569	9,664,513	9,732,650	11,311,469	13,731,581	14,490,839	14,253,025	16,452,094	17,011,090	18,427,027
Business-type activities										
Impact Fees	-	-	-	-	327,937	-	-	-	-	-
Investment income	14,767	972	386	556	802	881	493	1,415	2,836	9,428
Gain on sale of assets	-	-	-	-	-	1,000	-	-	5,854	-
Transfers	(217,462)	388,585	302,636	291,419	312,413	48,290	92,073	(447,014)	(73,491)	(73,651)
Total business-type activities	(202,695)	389,557	303,022	291,975	641,152	50,171	92,566	(445,599)	(64,801)	(64,223)
Total primary government	\$ 10,182,874	\$ 10,054,070	\$ 10,035,672	\$ 11,603,444	\$ 14,372,733	\$ 14,541,010	\$ 14,345,591	\$ 16,006,495	\$ 16,946,289	\$ 18,362,804
CHANGE IN NET POSITION										
Governmental activities	\$ 1,588,275	\$ 1,087,277	\$ 11,554,992	\$ 572,611	\$ 9,994,107	\$ 1,984,691	\$ 965,495	\$ 2,263,483	\$ (652,429)	\$ 1,160,001
Business-type activities	(609,024)	(548,721)	69,671	262,306	3,497,361	(112,152)	607,306	304,658	71,030	2,417,104
Total primary government	\$ 979,251	\$ 538,556	\$ 11,624,663	\$ 834,917	\$ 13,491,468	\$ 1,872,539	\$ 1,572,801	\$ 2,568,141	\$ (581,399)	\$ 3,577,105

Source: Comprehensive Annual Financial Reports

City of Roanoke, Texas
Fund Balances, Governmental Funds – Last Ten Fiscal Years
Modified Accrual Basis of Accounting (Unaudited)

Table 3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL FUND										
Nonspendable	\$ 80,847	\$ 61,128	\$ 155,730	\$ 37,056	\$ 81,054	\$ 90,327	\$ 38,254	\$ 115,973	\$ 25,592	\$ 89,315
Restricted	-	-	-	-	-	241,990	379,182	335,365	592,812	591,409
Committed	-	-	-	-	-	10,868	11,810	8,820	8,820	9,261
Assigned	-	-	-	-	65,939	2,598,030	630,375	642,581	750,000	-
Unassigned	4,526,217	3,345,456	2,777,860	3,816,764	5,697,784	5,242,046	5,595,223	5,335,619	3,921,417	5,257,390
Total general fund	<u>\$ 4,607,064</u>	<u>\$ 3,406,584</u>	<u>\$ 2,933,590</u>	<u>\$ 3,853,820</u>	<u>\$ 5,844,777</u>	<u>\$ 8,183,261</u>	<u>\$ 6,654,844</u>	<u>\$ 6,438,358</u>	<u>\$ 5,298,641</u>	<u>\$ 5,947,375</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ 500
Restricted	8,918,751	5,309,986	6,089,515	5,938,841	3,317,197	4,397,476	3,239,780	5,431,638	10,759,595	1,294,591
Committed	-	-	3,293,740	1,673,586	165,486	2,550,263	4,387,106	8,030,928	9,251,862	7,503,222
Assigned	143,033	233,805	267,953	378,314	2,789,772	-	-	-	-	-
Total all other governmental funds	<u>\$ 9,061,784</u>	<u>\$ 5,543,791</u>	<u>\$ 9,651,208</u>	<u>\$ 7,990,741</u>	<u>\$ 6,272,455</u>	<u>\$ 6,947,739</u>	<u>\$ 7,628,086</u>	<u>\$ 13,462,566</u>	<u>\$ 20,011,457</u>	<u>\$ 8,798,313</u>

Source: Comprehensive Annual Financial Reports

City of Roanoke, Texas
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years
Modified Accrual Basis of Accounting (Unaudited)

Table 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Property taxes	\$ 5,023,619	\$ 4,997,327	\$ 4,472,773	\$ 4,721,841	\$ 4,891,984	\$ 5,363,030	\$ 5,921,763	\$ 6,690,929	\$ 7,285,311	\$ 7,669,802
Sales taxes	3,984,894	3,925,739	4,339,834	5,557,572	6,868,566	7,067,815	6,290,680	7,202,926	7,265,264	7,947,723
Gross receipts tax	1,067,550	1,099,978	1,200,684	1,307,512	1,531,850	1,505,456	1,522,187	1,627,619	1,626,812	1,692,818
Licenses and permits	541,148	679,342	493,096	738,546	1,096,788	1,088,105	1,307,092	957,280	776,467	1,280,477
Intergovernmental	-	-	-	-	40,785	44,238	56,412	69,428	75,488	110,225
Charges for services	1,341,420	1,252,511	1,408,448	1,377,016	1,120,448	1,067,727	1,123,389	1,162,330	1,144,550	1,231,894
Grants and contributions	2,307,749	3,173,806	9,975,956	3,254,366	6,160,111	3,344,699	3,341,492	6,040,460	4,983,896	3,642,894
Fines and fees	396,251	338,211	413,983	435,748	934,286	791,614	1,265,612	1,052,309	804,726	883,479
Investment income	92,044	30,054	21,904	15,963	11,861	8,942	6,892	15,332	38,446	62,693
Donations	18,343	55,624	136,434	40,953	55,889	49,671	48,308	32,021	23,695	12,125
Other revenue	83,937	46,741	102,281	54,368	566,240	499,417	535,259	541,417	582,932	723,304
Total revenues	<u>14,856,955</u>	<u>15,599,333</u>	<u>22,565,393</u>	<u>17,503,885</u>	<u>23,278,808</u>	<u>20,830,714</u>	<u>21,419,086</u>	<u>25,392,051</u>	<u>24,607,587</u>	<u>25,257,434</u>
EXPENDITURES										
General government	2,070,739	2,309,722	2,262,399	2,593,559	2,666,932	2,929,626	4,316,851	4,953,413	4,334,368	4,717,935
Public safety	5,952,481	6,005,300	5,918,552	6,790,657	6,426,758	7,135,108	7,582,687	7,871,321	8,537,241	8,759,567
Cultural and recreation	2,480,706	2,562,665	2,530,201	2,824,185	3,246,525	2,945,625	3,112,546	3,329,768	3,799,014	3,442,388
Public works	730,965	764,109	788,898	859,262	1,022,449	933,965	1,241,798	1,658,383	1,573,622	1,829,092
Economic Development	-	-	-	-	-	-	-	-	-	2,400,000
Debt service:										
Principal	1,133,953	8,367,095	1,334,622	1,560,625	1,721,780	2,112,691	2,565,752	2,833,861	3,053,362	3,442,401
Interest and fiscal charges	1,321,133	1,185,513	1,116,078	1,103,317	1,346,668	1,125,893	1,172,979	1,221,312	1,399,177	1,539,312
Bond issuance costs	-	-	-	-	110,850	173,253	223,469	157,732	253,096	144,728
Capital outlay	4,510,421	6,802,180	13,164,901	6,116,098	6,265,828	4,381,123	8,147,371	2,440,877	6,351,526	16,331,576
Total expenditures	<u>18,200,398</u>	<u>27,996,584</u>	<u>27,115,651</u>	<u>21,847,703</u>	<u>22,807,790</u>	<u>21,737,284</u>	<u>28,363,453</u>	<u>24,466,667</u>	<u>29,301,406</u>	<u>42,606,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,343,443)</u>	<u>(12,397,251)</u>	<u>(4,550,258)</u>	<u>(4,343,818)</u>	<u>471,018</u>	<u>(906,570)</u>	<u>(6,944,367)</u>	<u>925,384</u>	<u>(4,693,819)</u>	<u>(17,349,565)</u>
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	-	1,390,000	4,945,000	3,895,000	-	3,650,000	5,470,000	3,750,000	9,425,000	5,970,000
Refunding bonds issued	-	7,092,929	-	-	-	2,600,000	3,286,909	2,290,000	-	-
Premium on issuance of debt	-	-	-	-	114,066	287,301	792,026	538,994	330,672	531,770
Payment to bond escrow agent	-	-	-	-	-	(2,656,983)	(3,516,396)	(2,414,311)	-	-
Capital leases	138,261	-	-	-	-	72,110	116,632	-	-	-
Sale of general capital assets	-	-	-	-	-	16,200	39,199	80,913	273,830	209,734
Capital contributions	-	-	3,542,317	-	-	-	-	-	-	-
Transfers in	6,794,000	2,580,806	1,214,812	856,740	5,732,872	914,299	2,931,628	2,317,514	1,888,894	1,482,080
Transfers out	(6,576,538)	(3,384,957)	(1,517,448)	(1,148,159)	(6,045,285)	(962,589)	(3,023,701)	(1,870,500)	(1,815,403)	(1,408,429)
Total other financing sources	<u>355,723</u>	<u>7,678,778</u>	<u>8,184,681</u>	<u>3,603,581</u>	<u>(198,347)</u>	<u>3,920,338</u>	<u>6,096,297</u>	<u>4,692,610</u>	<u>10,102,993</u>	<u>6,785,155</u>
Net change in fund balances	<u>\$ (2,987,720)</u>	<u>\$ (4,718,473)</u>	<u>\$ 3,634,423</u>	<u>\$ (740,237)</u>	<u>\$ 272,671</u>	<u>\$ 3,013,768</u>	<u>\$ (848,070)</u>	<u>\$ 5,617,994</u>	<u>\$ 5,409,174</u>	<u>\$ (10,564,410)</u>
Debt service as a percentage of noncapital expenditures	18%	45%	18%	17%	19%	19%	18%	18%	19%	19%

Source: Comprehensive Annual Financial Reports

City of Roanoke, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Table 5

Fiscal Year	Real Property		Land and Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2009	\$ 100,696,430	\$ 314,695,952	\$ 1,224,687,859	\$ (410,215,074)	\$ 1,229,865,167	0.37512	\$ 1,229,865,167	100%
2010	121,914,441	310,763,191	1,281,484,190	(606,445,156)	1,107,716,666	0.37512	1,107,716,666	100%
2011	132,825,158	278,591,403	1,082,850,845	(526,770,172)	967,497,234	0.37512	967,497,234	100%
2012	145,779,023	309,972,066	1,102,134,690	(450,713,717)	1,107,172,062	0.37512	1,107,172,062	100%
2013	155,728,169	316,936,378	1,297,816,119	(589,117,345)	1,181,363,321	0.37512	1,181,363,321	100%
2014	170,872,779	342,424,026	1,355,629,283	(605,015,164)	1,263,910,924	0.37512	1,263,910,924	100%
2015	217,246,863	369,321,105	1,535,687,929	(654,170,039)	1,468,085,858	0.37512	1,468,085,858	100%
2016	282,457,706	402,648,093	1,485,163,405	(494,719,254)	1,675,549,950	0.37512	1,675,549,950	100%
2017	361,127,949	436,524,561	1,505,631,192	(539,827,858)	1,763,455,844	0.37512	1,763,455,844	100%
2018	411,335,693	477,079,218	1,594,830,987	(523,851,717)	1,959,394,181	0.37512	1,959,394,181	100%

Source: Denton County Appraisal District and Tarrant Appraisal District (includes taxable values of frozen properties)

Note: Beginning in FY 2009, a portion of Denton County fell under Tarrant County. Property is reassessed annually. The counties assesses property at 100% of it's market value. Tax rates are per \$100 of assessed value.

City of Roanoke, Texas
Direct and Overlapping Property Tax Rates (Per \$100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

Table 6

Fiscal Year	City Direct Rates			Overlapping Rates		
	Operating/ General	Debt Service	Total Direct	Northwest Independent School District	Denton County	Tarrant County
2009	0.20913	0.16599	0.37512	1.33500	0.23577	0.26400
2010	0.17902	0.19610	0.37512	1.35500	0.24980	0.26400
2011	0.15517	0.21995	0.37512	1.37500	0.27390	0.26400
2012	0.14887	0.22625	0.37512	1.37500	0.27736	0.26400
2013	0.14913	0.22599	0.37512	1.37500	0.28287	0.26400
2014	0.15931	0.21581	0.37512	1.45250	0.27220	0.26400
2015	0.15102	0.22410	0.37512	1.45250	0.26200	0.26400
2016	0.15201	0.22311	0.37512	1.45250	0.26200	0.25400
2017	0.15842	0.21671	0.37512	1.45250	0.24841	0.24400
2018	0.15842	0.21671	0.37512	1.49000	0.23781	0.23400

Source: Denton County Appraisal District and Tarrant Appraisal District
City of Roanoke Ordinances

Note: Beginning in FY 2009, a portion of Denton County was redistributed to Tarrant County.

City of Roanoke, Texas
Principal Property Taxpayers
Current Year and Ten Years Ago (Unaudited)

Table 7

Fiscal Year 2018			Fiscal Year 2009		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Amerisource Bergen	\$ 225,230,357	11.49%	Citicorp Technology Inc.	\$ 154,440,794	12.56%
Citicorp Technology Inc.	159,310,192	8.13%	Cardinal Health	103,175,495	8.39%
WW Grainger Inc.	77,144,088	3.94%	Amerisource Bergen	81,844,814	6.65%
Mid America Apartments LP	68,223,888	2.91%	Bell Helicopter Textron	66,638,672	5.42%
Cardinal Health	56,933,641	3.48%	Alliance No. 3 Building Partners LP	46,467,675	3.78%
AT Industrial Owner 4, LLC	49,666,560	2.53%	WW Grainger Inc.	39,686,804	3.23%
AT Industrial Owner 7, LLC	42,377,410	2.16%	Mid America Apt LP	28,182,080	2.29%
Roanoke 08 A, LP	22,155,420	1.13%	Bridgestone/Firestone	26,062,759	2.12%
AT Industrial Owner 2, LLC	20,078,124	1.02%	Behr Process Corp	24,903,359	2.02%
IBM Credit, LLC	19,538,522	1.00%	Alliance No. Building Partners 2 LP	21,972,734	1.79%
Total Assessed Value of Top Ten Taxpayers	740,658,202	37.80%	Total Assessed Value of Top Ten Taxpayers	\$ 593,375,186	48.25%
Total Assessed Value of Other Taxpayers	1,218,735,979	62.20%	Total Assessed Value of Other Taxpayers	636,489,981	51.75%
Total Assessed Value	\$ 1,959,394,181	100.00%	Total Assessed Value	\$ 1,229,865,167	100.00%

Source: Denton County Appraisal District

City of Roanoke, Texas
Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Table 8

Fiscal Year	Taxes Levied within the Fiscal Year			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections		Delinquent Taxes	
	Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2009	\$ 5,023,105	\$ 11,943	\$ 5,035,048	\$ 5,007,204	99.45%	\$ 26,108	\$ 5,033,312	99.97%	\$ 1,736	0.03%
2010	4,639,556	18,852	4,658,408	4,618,124	99.14%	38,953	4,657,077	99.97%	1,331	0.03%
2011	4,176,330	21,192	4,197,522	4,137,018	98.56%	58,997	4,196,015	99.96%	1,507	0.04%
2012	4,370,727	29,147	4,399,874	4,363,079	99.16%	35,666	4,398,745	99.97%	1,129	0.03%
2013	4,591,041	23,773	4,614,814	4,583,877	99.33%	29,792	4,613,669	99.98%	1,146	0.02%
2014	5,070,797	13,607	5,084,404	5,062,406	99.57%	20,852	5,083,258	99.98%	1,146	0.02%
2015	5,652,731	(32,844)	5,619,887	5,607,620	99.78%	10,858	5,618,478	99.97%	1,409	0.03%
2016	6,424,722	4,135	6,428,857	6,411,355	99.73%	15,392	6,426,747	99.97%	2,110	0.03%
2017	7,001,592	11,186	7,012,778	6,984,270	99.59%	19,720	7,003,990	99.87%	8,788	0.13%
2018	7,388,775	-	7,388,775	7,376,011	99.83%	-	7,376,011	99.83%	12,764	0.17%

Source: Denton County Tax Assessor and Collector

City of Roanoke, Texas
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years (Unaudited)

Table 9

Fiscal Year	Governmental Activities					Business-type Activities				Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Obligation	Special Assessment Certificates of Obligation	Net Premium / (Discount) on Bonds (c)	Other Obligations	Water and Sewer Revenue Bonds (b)	Net Premium / (Discount) on Bonds (c)	Other Obligations				
2009	\$ 2,065,000	\$ 21,192,630	\$ 2,380,000	\$ -	\$ 1,718,956	\$ 6,782,370	\$ -	\$ 225,568	\$ 34,364,524	22.42%	\$ 4,945	
2010	8,517,455	14,981,010	2,255,000	-	1,438,987	6,501,535	-	206,727	33,900,714	19.46%	4,291	
2011	7,758,091	19,480,750	2,125,000	-	1,182,787	6,166,159	-	187,017	36,899,804	16.98%	4,641	
2012	6,947,542	22,765,674	1,985,000	-	910,285	5,806,784	-	166,397	38,581,682	17.22%	4,705	
2013	4,873,018	23,230,816	1,845,000	-	372,918	5,466,165	-	144,826	35,932,743	15.65%	4,278	
2014	6,592,827	23,248,320	1,695,000	-	375,024	5,083,852	-	122,259	37,117,282	15.98%	4,367	
2015	9,244,958	23,660,051	1,540,000	1,258,120	395,612	4,654,992	174,950	98,651	41,027,334	17.66%	4,827	
2016	10,508,497	23,535,212	1,375,000	1,651,617	291,804	4,121,291	216,744	73,954	41,774,119	17.66%	4,825	
2017	9,436,648	31,239,008	1,205,000	1,819,753	201,495	3,664,344	196,093	48,117	47,810,458	19.87%	5,431	
2018	8,331,031	35,139,712	1,025,000	2,143,456	114,007	3,194,257	175,442	21,088	50,143,993	20.49%	5,600	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(a) See Table 14 for personal income and population data
(b) Revenue supported portion of certificates of obligation and general obligation bonds
(c) Net premium/discount on bonds payable is presented starting with fiscal year 2015

City of Roanoke, Texas
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Table 10

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Net Premium / (Discount) on Bonds (a)	Gross Bonded Debt	Debt Service Monies Available (b)	Net Bonded Debt (b)	Estimated Population (1)	Taxable Assessed Value (2)	Debt to Taxable Assessed Value	Net Debt Per Capita (b)
2009	\$ 2,065,000	\$ 21,192,630	\$ -	\$ 23,257,630	\$ -	\$ 23,257,630	6,950	\$ 1,229,865,167	1.89%	3,346
2010	8,517,455	14,981,010	-	23,498,465	-	23,498,465	7,900	1,107,716,666	2.12%	2,974
2011	7,758,091	19,480,750	-	27,238,841	-	27,238,841	7,950	967,497,234	2.82%	3,426
2012	6,947,542	22,765,674	-	29,713,216	-	29,713,216	8,200	1,107,172,062	2.68%	3,624
2013	4,873,018	23,230,816	-	28,103,834	-	28,103,834	8,400	1,181,363,321	2.38%	3,346
2014	6,592,827	23,248,320	-	29,841,147	-	29,841,147	8,500	1,263,910,924	2.36%	3,511
2015	9,244,958	23,660,051	1,258,120	34,163,129	-	34,163,129	8,500	1,468,085,858	2.33%	4,019
2016	10,508,497	23,535,212	1,651,617	35,695,326	-	35,695,326	8,657	1,675,549,950	2.13%	4,123
2017	9,436,648	31,239,008	1,819,753	42,495,409	-	42,495,409	8,803	1,763,455,844	2.41%	4,827
2018	8,331,031	35,139,712	2,143,456	45,614,199	822,985	44,791,214	8,954	1,959,394,181	2.29%	5,002

Source: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Total does not include debt paid by the proprietary funds.

Note: (1) City of Roanoke
(2) Denton County Appraisal District and Tarrant Appraisal District
(a) Net premium/discount on bonds payable is presented starting with fiscal year 2015
(b) Net bonded debt is presented starting with fiscal year 2018

City of Roanoke, Texas
Legal Debt Margin Information
Last Ten Fiscal Years (Unaudited)

Table 11

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Tax Rate Limit	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
Current Tax Rate	<u>0.37512</u>									
Available Tax Rate	<u>\$ 2.12488</u>									

City of Roanoke, Texas
Direct And Overlapping Governmental Activities Debt
As of September 30, 2018 (Unaudited)

Table 12

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable (a)	Roanoke Share of Overlapping Debt
Debt Repaid with Property Taxes			
Denton County	\$ 612,630,000	2.28%	\$ 13,967,964
Tarrant County	294,500,000	7.00%	20,615,000
Tarrant County Hospital District	19,300,000	7.00%	1,351,000
Northwest Independent School District	<u>870,670,379</u>	12.44%	<u>108,311,395</u>
Subtotal, overlapping debt	<u>1,797,100,379</u>		144,245,359
City of Roanoke (Direct Debt)	\$ 43,901,904	100.00%	<u>43,901,904</u>
Total Direct and Overlapping Debt			<u><u>\$ 188,147,263</u></u>

Source: Assessed value data used to estimate applicable percentages provided by Denton County Appraisal District and Tarrant Appraisal District. Debt outstanding data provided by the Municipal Advisory Council as of September 30, 2017.

(a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

City of Roanoke, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years (Unaudited)

Table 13

Water and Sewer Revenue Bonds						
Fiscal Year	Less:					
	Total Revenues (a)	Operating Expenses (b)	Net Available Revenue	Annual Requirement (c)	Times Coverage	
2009	\$ 4,061,963	\$ 3,130,651	\$ 931,312	\$ 590,970	(d)	1.58
2010	3,795,174	3,350,132	445,042	613,363	(d)	0.73
2011	4,634,116	3,814,212	819,904	571,516	(d)	1.43
2012	4,770,697	3,762,448	1,008,249	582,873	(d)	1.73
2013	8,991,045	4,719,483	4,271,562	587,712	(d)	7.27
2014	6,245,241	5,461,087	784,154	631,385	(d)	1.24
2015	7,061,180	5,529,570	1,531,610	619,063	(d)	2.47
2016	7,623,675	5,796,585	1,827,090	615,962	(d)	2.97
2017	7,090,567	5,754,550	1,336,017	614,933	(d)	2.17
2018	8,260,144	5,977,010	2,283,134	596,491	(d)	3.83

Note: (a) Includes operating and nonoperating revenues
(b) Includes operating expenses minus depreciation
(c) Includes Principal and Interest
(d) Includes certificates of obligation and general obligation - revenue supported portion

City of Roanoke, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited)

Table 14

Fiscal Year	Estimated Population (a)	Per Capita Personal Income (b)	Personal Income	Median Age (b)	Median Household Income (b)	School Enrollment (c)	Unemployment Rate (d)
2009	6,950	\$ 22,051	\$ 153,254,450	30.6	\$ 48,107	12,935	7.7%
2010	7,900	22,051	174,202,900	30.6	48,107	14,088	7.1%
2011	7,950	27,327	217,249,650	32.0	65,942	15,293	7.5%
2012	8,200	27,327	224,081,400	32.0	65,942	16,556	6.3%
2013	8,400	27,327	229,546,800	32.0	65,942	17,752	6.1%
2014	8,500	27,327	232,279,500	32.0	65,942	18,893	4.9%
2015	8,500	27,327	232,279,500	32.0	65,942	19,760	3.6%
2016	8,657	27,327	236,569,839	32.0	65,942	20,900	3.8%
2017	8,803	27,327	240,559,581	32.0	65,942	22,044	3.4%
2018	8,954	27,327	244,685,958	32.0	65,942	23,163	3.2%

- Sources:**
- (a) City of Roanoke.
 - (b) U.S. Census Bureau (Compiled every ten years)
 - (c) Northwest Independent School District
 - (d) Texas Workforce Commission, Denton County

Note: Personal income is calculated by multiplying estimated population by per capita personal income

City of Roanoke, Texas
Principal Employers
Current Year and Ten Years Ago (Unaudited)

Table 15

2018		2009	
Employer	Employees	Employer	Employees
General Motors Corporation	460	General Motors Corp	460
WW Grainger	450	WW Grainger	450
Martin Brower	450	Walmart	405
Walmart	400	Home Depot	400
Randall's/Tom Thumb	360	Randalls/Tom Thumb	360
Home Depot	325	Amerisource Bergens	250
Cardinal Health	270	Behr Processing	250
Amerisource Bergen	260	Applied Industrial Tech Inc	230
Behr Process Corp	240	Bell Helicopter	225
Heritage Bag	185	Ryder Logistics	210

Source: Hillwood Development Company, LLC

Note: 2018 total employees listed by employer are estimates. Total employment information is unavailable for both 2018 and 2009.

City of Roanoke, Texas
Full-time Equivalent City Government Employees
By Function/Program
Last Ten Fiscal Years (Unaudited)

Table 16

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	9.50	10.50	10.50	11.00	12.50	12.50	10.50	10.50	11.50	11.50
Visitor Center and Museum	2.50	3.25	3.25	3.25	3.75	3.75	3.75	3.75	3.75	3.75
Building Inspection	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.50	5.50	5.50
Fire & EMS	19.00	19.00	19.00	19.00	19.00	19.00	20.00	20.00	21.00	21.00
Municipal Court	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50
Streets	5.00	5.00	5.00	5.00	5.00	5.00	5.00	7.50	8.50	8.50
Police	41.00	42.00	42.00	42.00	42.00	42.00	43.00	43.00	44.50	44.50
Library	7.50	7.50	7.50	7.50	7.50	7.50	7.50	8.50	8.50	8.50
Parks and Recreation	24.50	25.25	25.25	25.25	25.25	25.25	25.25	25.75	26.25	26.25
Water/wastewater	10.00	10.00	10.00	10.00	10.00	10.00	12.00	9.00	9.00	9.00
Total	126.00	129.50	129.50	130.00	132.00	132.00	134.00	136.50	141.50	142.00

Source: City payroll records and budget book

City of Roanoke, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited)

Table 17

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Number of police personnel	41	42	42	42	42	42	43	43	45	45
Number of citations	3,933	4,834	5,124	6,731	5,924	7,134	10,060	7,394	5,381	8,222
Fire										
Number of fire personnel	19	19	19	19	19	19	20	20	21	21
Number of fire suppression runs	572	737	705	631	705	665	696	822	935	846
Number of EMS runs	674	595	652	671	626	687	730	707	807	780
Development										
Construction permits issued (a)	189	186	201	193	193	327	368	292	304	368
Estimated valuation	\$ 30,036,191	\$ 55,321,621	\$ 22,928,476	\$ 45,216,571	\$ 45,216,571	\$ 92,898,206	\$ 75,386,892	\$ 62,627,012	\$ 69,165,480	\$ 75,705,433
Public Works										
Streets paved (miles)	18.68	18.68	18.68	18.68	18.68	19.60	24.08	25.27	25.27	50.25
Parks Maintenance										
Number of parks maintenance personnel	7	8	8	8	8	8	8	8	8	26
Number of acres maintained	58	58	51	51	56	56	56	56	80	80
Public parks	6	6	7	7	10	10	10	10	11	11
Library										
Number of volumes (b)	42,047	44,539	47,675	51,503	38,011	37,348	39,332	41,367	40,721	39,815
Annual circulation	54,830	60,586	63,133	86,729	100,899	110,382	107,215	113,048	108,560	111,984
Water and wastewater										
Number of water customers	1,749	1,805	1,900	1,961	2,127	2,297	2,377	2,559	2,670	2,810
Daily average consumption (million gallons)	1.15	1.23	1.35	1.79	1.79	1.69	1.62	1.63	1.55	1.72
Storage capacity (gallons)	2,400,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000

Source: City Departments

(a) includes residential, commercial and miscellaneous permits

(b) includes books and media

City of Roanoke, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

Table 18

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets paved (miles)	18.68	18.68	18.68	18.68	18.68	19.60	24.08	25.27	25.27	50.25
Streets graded (miles)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Streetlights	211	211	211	211	211	230	286	297	297	317
Parks and Recreation										
Park Acreage	42	177	191	191	210	210	210	210	210	210
Public parks	6	6	7	7	10	10	10	10	11	11
Community center	1	1	1	1	1	1	1	1	1	1
Recreation center	1	1	1	1	1	1	1	1	1	1
Public swimming pools	1	1	1	1	1	1	1	1	1	1
Baseball fields	4	4	4	4	4	4	4	4	4	4
Soccer fields	1	1	1	1	3	3	3	3	3	3
Tennis courts	2	2	2	2	2	2	2	2	2	2
Sand volleyball courts	0	0	0	0	0	2	2	2	2	2
Skatepark	1	1	1	1	1	1	1	1	1	1
Splashparks	2	2	2	2	2	2	2	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Water and Wastewater										
Water lines (miles)	22.10	22.10	22.10	22.10	22.10	22.51	25.69	27.72	27.88	30.43
Fire Hydrants	282	282	282	282	282	293	531	5.77	583.00	611.00
Stormsewer (miles)	0.75	0.75	0.75	0.75	0.75	1.87	3.68	4.67	4.75	7.39
Sanitary sewer (miles)	17.25	17.25	17.25	17.25	17.25	18.49	20.82	21.84	21.84	23.66

Source: City Departments



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

Independent Auditor's Report

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Roanoke, Texas (City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

BKD, LLP

Dallas, Texas
February 19, 2019



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