

City of Roanoke, Texas

Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2019



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**City of Roanoke, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended
September 30, 2019**

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

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



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Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2019

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Introductory Section



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February 21, 2020

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, 2019. 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, 2019 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, 2019 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 9,400. 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 a home-rule city and operates under the Council-Manager form of government. The elected seven-member council is comprised of a Mayor and six Council members. The six council members represent 3 wards with 2 members from each ward. The Council has the authority to enact local legislation, levy taxes, incur debt, adopt budgets, and determine policies and regulations governing the City. The City Council appoints the City Manager, Municipal Court Judge and the City Attorney. The City Manager 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. In addition, several boards and commissions were created to assist the City Council in deciding matters of policy and procedure and meet on various issues throughout the year.

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

The City provides a full range of general governmental services to its citizens including: police and fire protection; emergency ambulance service; municipal court operations; 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. Adding 98,277 residents from 2018 to 2019, the DFW metropolitan area gained more residents than any other metropolitan area in the country and currently has a population over 7.4 million. 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 4.05 million, employment of over 3.9 million, and an unemployment rate of 2.9%. Also located in the area are 17 major colleges and/or universities and numerous junior colleges. This diverse economy has helped the region weather economic downturns in key sectors better than other regions of the nation.

Airports Council International ranks DFW Airport as the world's fourth largest airport in terms of operations and fifteenth largest in terms of passengers in the world, handling over 200,000 passengers daily and over 73 million passengers a year. DFW Airport reports service is provided to 244 destinations. Every major city in the continental United States can be accessed within four hours or less. DFW's central North American location makes it the preeminent U.S. hub and connecting point for the entire continent.

Home to the largest Information Technology industry in the state, DFW is known as the economic engine for the North Texas region, powering a \$37 billion annual economy, covering 17,200 acres of land, supporting 60,000 on-airport employees, 228,000 local jobs, and an annual payroll of \$12.5 billion. (SOURCE: DFW website www.dfwairport.com DFW Airport 2018 Comprehensive Annual Financial Report, 2018 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 fiscal year 2019, property values reached an all-time high, and continue to rise as companies discover Roanoke as a prime location to establish operations. The City of Roanoke has been successful in recruiting several Fortune 50 and Fortune 500 companies, thus creating jobs and significantly expanding the local tax base. In addition, Roanoke's designation as the "Unique Dining Capital of Texas" has allowed the city to enhance the downtown area, offering several "unique" dining options, eclectic shopping, and making it a true destination for the citizens and local communities. Management continually monitors revenue collections with expenditure patterns to ensure the City maintains a healthy financial position.

Taxable value for all residential and commercial property in the City of Roanoke totaled approximately \$2.10 billion for fiscal year 2019, a 7.4% increase from the prior year, due to increase in both residential and commercial real estate values. Increased strength in employment and growth in new residential and commercial construction are leading indicators of continued growth in the City's property tax base. The City of Roanoke's unemployment rate remains well below both state and national levels, averaging 3.1%. As of September 2019, the State of Texas unemployment rate was at 3.3% and the national rate was 3.5%.

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

In addition, this area has attracted eclectic boutiques and retail stores. Roanoke's focus on tourism often brings crowds of over 25,000 or more to local events, attracting visitors from across the Metroplex, around the state, and beyond. Major events include Celebrate Roanoke, The Old-Fashioned Downtown Christmas Event, Roanoke Round-up, July 3rd Rocks Celebration of Independence, The Roanoke Eggapalooza, Fishing in the Park and Evening on Oak Street Concert Series.

During fiscal year 2019, several new housing developments were completed. Including the final phases of Briarwyck. The Fairway Ranch housing development is still under construction with over 100 homes completed annually. These developments have added over 1,400 single-family custom homes within the city limits with an average home value of \$402,000. Copper Ridge Apartments began a third phase of construction which will add 168 new units upon completion.

In addition, Roanoke City Center added 311 urban lofts, and completed 6 Brownstone townhomes.

Additionally, during the fiscal year 2019 the City issued 54 Certificates of Occupancy which added square feet of commercial space, including new restaurants, industrial and retail space throughout the city's retail corridors. New retail construction along the Oak Street Corridor saw the opening of several new business including Strumolo's Family Style Italian Restaurant, Luxx Nail Salon, Kilwin's Chocolates, Soulbird Chkn Shack, and Soul Fire Brewing Company. Additionally, several more businesses are expected to open by the summer of 2020. The construction of a portion of Roanoke City Center was completed during FY2019. This project, at completion, will include approximately 115,000 square feet of retail space, 80,000 square feet of office space, 311 urban residential units (completed), 35 townhomes, and the recently completed new Roanoke City Hall and Plaza. A full-service luxury hotel and conference center will serve as the major anchor for the Roanoke City Center to include 266 rooms, 20,000 square feet of flexible meeting and event space, and many other amenities.

During fiscal year 2019, 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 was completed. The City took possession of the new city hall in January 2019. This facility houses many departments including: City Administration, Fiscal and Administrative Services, Human Resources, Utility Billing, Marketing, Special Events, Information Services, Development 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 fiscal year 2016 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 22 years.

Major capital improvement plans for the next five years include: a new conference Center, a new police and court facility; concrete street improvements on Lamar/Bowie, Main/Rusk, Austin/Travis, and Denton/Houston, Howe Road, and Dorman Road; street overlays; new trails according to the trail master plan; and water line improvement program. In addition, the City will 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.

The majority of the City's existing long-term debt was used to finance infrastructure needs and traditional government facilities such as City Hall, fire stations, libraries, streets, 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 \$6,107,579 (28.7%) of total General Fund operating revenues. Total General Fund balance is \$7,168,500 which includes \$584,059 of nonspendable, \$472,231 of restricted, and \$4,631 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 2019-20, the top priority projects for the City are: reconstruction of Lamar Street and Bowie Street from US377 to Walnut Street, water and wastewater line improvements, and completion 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 fiscal year 2019, the City issued tax notes to fund the construction of Lamar Street and Bowie Street. Other projects were funded through excess reserves in the general fund, 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, 2018. 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 13 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 2019, the Texas Economic Development Council awarded the City their Workforce Excellence Merit Award and their Community Economic Development Merit Award which honors excellence and exceptional contributions in economic development. The City was also awarded the Celebrating Leadership in Development Excellence (CLIDE) award for our downtown expansion efforts. This award was developed in 2003 to encourage innovative development projects and practices that will help accommodate expected growth in the area and ensure sustainability. The City received a *Gold Award* in 2019 from the International Economic Development Council in recognition of its Retail Development. In addition, Roanoke’s Historic Downtown was featured in the Texas Municipal League’s Town and City Magazine.

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

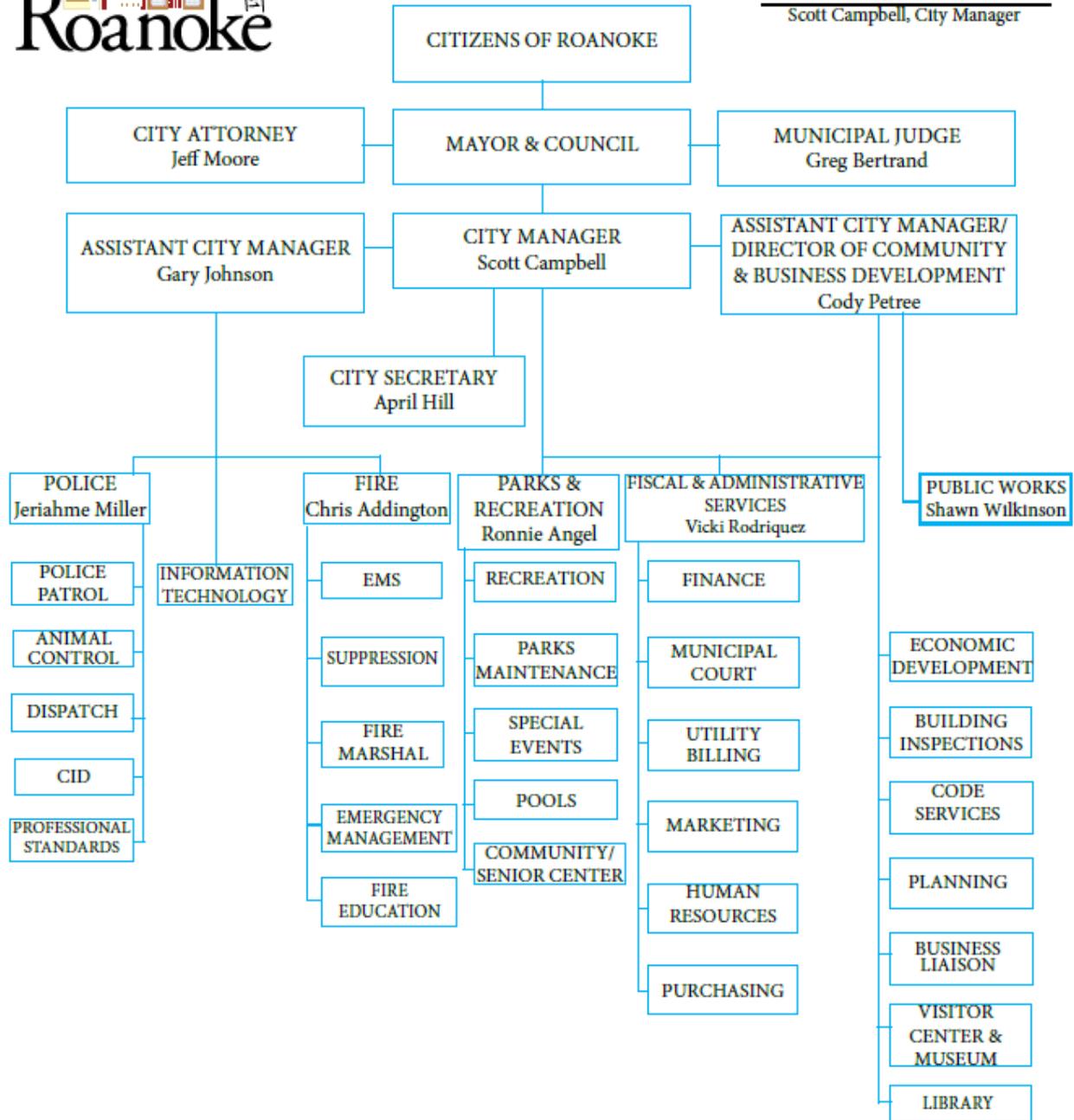


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Organizational Chart

Scott Campbell, City Manager





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CITY OF ROANOKE, TEXAS



CITY OFFICIALS FISCAL YEAR 2018-2019

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, 2018

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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund statements, financial statements of the discretely presented component units, and the introductory and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, 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 21, 2020



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CITY OF ROANOKE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2019
(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, 2019. 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 82-101 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 \$54,732,036. This number must be viewed in the context that the vast majority of the City's net position of \$47,112,582 (86%) are capital assets net of related debt and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The amount of net position restricted for specific purposes totaled \$2,099,359 (4%). The remaining \$5,520,095 (10%) 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 a decrease in total net position of \$2,100,017 and business-type activities realized an increase in total net position of \$613,306 bringing the net decrease in total net position for the City to \$1,486,711.

- At the close of the current fiscal year, the City of Roanoke’s governmental funds reported combined ending fund balances of \$13,020,248, which represents a decrease of \$1,725,440 in comparison with the prior year. Within this total, \$1,589,994 represents nonspendable fund balance for prepaid items, notes receivable and amounts due from other funds. In addition, \$614,892 is restricted for debt service; \$115,334 and \$98,242 are restricted for Municipal Court building security and technology, respectively; \$224,880 is restricted for traffic safety; \$151,615 is restricted for tourism, convention centers, and arts; \$213,537 is restricted for parkland; and \$64,240 for public safety. Fund Balances of \$4,541,836 has been committed to specific types of expenditures, primarily capital in nature. The remaining \$5,406,128 is unassigned fund balance of which \$6,107,579 in the General Fund, which can be used for any lawful purpose and \$701,451 in negative fund balance in the Facilities Improvement Fund due to a pre-development loan related to the design and construction of a new conference center which will be reimbursed from bond proceeds. The General Fund unassigned fund balance represents 28.7% of fiscal year 2019 revenue.
- The City’s long-term liabilities increased by \$233,550 due primarily to an increase in net pension and other post-employment benefits liabilities and the issuance of bonds for capital improvements, substantially offset by existing debt repayments.

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 16-17 of this report.

Fund Financial Statements. A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Roanoke, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into 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 18-21 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. There are two types of proprietary funds: enterprise funds and internal service funds. The City of Roanoke does not utilize internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses 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 22-24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-65 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 and other-post employment 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 66-69 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 other post-employment benefits and budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 71-81 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 \$54,732,036 as of September 30, 2019.

The largest portion of the City's net position \$47,112,582 (86%) reflects its investment in capital assets (i.e., land, buildings, equipment, improvements, construction in progress, and infrastructure) net of accumulated depreciation, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and, with the exception of business-type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future.

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

An additional portion of the City's net position \$2,099,359 (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$5,520,095 (10%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

As of September 30, 2019, the City reports positive balances in all three categories of net position, for the government as a whole, as well as, for its separate governmental and business-type activities. The same situation held true for fiscal year 2018.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 14,881,428	\$ 18,058,363	\$ 5,880,202	\$ 5,447,637	\$ 20,761,630	\$ 23,506,000
Capital assets	79,486,564	80,628,369	14,233,060	14,450,005	93,719,624	95,078,374
Total assets	94,367,992	98,686,732	20,113,262	19,897,642	114,481,254	118,584,374
Deferred outflows of resources	3,622,939	2,466,450	330,536	208,686	3,953,475	2,675,136
Long-term liabilities	49,962,556	49,455,794	3,251,383	3,524,595	53,213,939	52,980,389
Other liabilities	6,089,809	7,145,811	1,516,614	1,488,896	7,606,423	8,634,707
Total liabilities	56,052,365	56,601,605	4,767,997	5,013,491	60,820,362	61,615,096
Deferred inflows of resources	2,845,003	3,357,997	37,328	67,670	2,882,331	3,425,667
Net position:						
Net investment in capital assets	34,936,164	33,086,945	12,176,418	11,961,064	47,112,582	45,048,009
Restricted	1,482,740	1,886,000	616,619	615,313	2,099,359	2,501,313
Unrestricted	2,674,659	6,220,635	2,845,436	2,448,790	5,520,095	8,669,425
Total net position	\$ 39,093,563	\$ 41,193,580	\$ 15,638,473	\$ 15,025,167	\$ 54,732,036	\$ 56,218,747

The City's unrestricted net position decreased by \$3,149,330 in fiscal year 2019. Restricted net position realized a decrease of \$401,954. The net investment in capital assets increased by \$2,064,573. The increase in net investment in capital assets portion of net position primarily results from asset additions and unspent debt proceeds outpacing the current year depreciation expenses, asset disposals, and the scheduled payments on debt used to acquire those capital assets. The details of the results of current year operations are discussed in the following sections for governmental and business-type activities.

- Governmental Activities.** Governmental activities decreased the City's net position by \$2,100,017, thereby accounting for 141% of the net decline in total net position. During fiscal year 2019, most revenue categories, including property tax collections, sales tax collections, license and permit collections and charges for service exceeded projections and all categories exceeded fiscal year 2018 revenues. An increase in compensation, pension and other post-employment benefit expense and depreciation and a decline in capital contributions resulted in a decrease in net position before transfers of \$2,258,510.

Total revenue for the governmental activities (excluding transfers from business-type activities) decreased from the previous year by \$1,908,352. General revenue, which is made up primarily of property taxes, sales taxes, license and permits, and gross receipt taxes, had a net increase of \$905,005. 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. Program revenues, which consist primarily of fines, fees, charges for services, operating and capital grants and contributions decreased \$2,813,357. Capital grants and contributions decreased significantly in FY2019 as a result of contributions from the Roanoke Economic Development Corporations for capital asset projects in the prior year that did not repeat in the current year.

Total expenses for governmental activities increased by \$1,436,508. The compensation package for employees which included a merit increase of 4% in October, along with the associated benefits, accounts for an increase in expenses across all functions. Pension-related entries increased expenses by approximately \$950,000 primarily due to the recording of changes in and amortization of deferred outflows and deferred inflows combined with the increase in the net pension liabilities. OPEB-related expenses which includes the total OPEB liability, related deferred inflows and deferred outflows, as well as the amortization of the deferrals increased expenses by approximately \$650,000. The increases for government activities were offset by a reduction in interest on long-term debt of approximately \$150,000. Furthermore, fluctuations in depreciation expense as a result of the acquisition and disposal of capital assets affect the various expense categories. General government and public works realized expense increases due to depreciation charges. The net position of general governmental operations accounts for 71% of total net position.

- Business-type Activities.** Business-type activities increased the City's net position by \$613,306. The change in net position before transfers is income of \$771,799. Charges for services program revenues for business-type activities decreased from the previous year by \$1,283,209 due to a decrease in water and wastewater revenue due to a significant amount of rainfall during the spring and fall months. Capital grants and contributions also decreased from prior year by \$823,800. Overall business-type expenses decreased \$372,766, which is primarily related to decreased water purchased from the City of Fort Worth Wholesale Water Utility. The net position of business-type activities accounts for 29% of total net position.

The following table provides a summary of the City's operations for the fiscal year ended September 30, 2019, with comparative totals for the fiscal year ended September 30, 2018.

Changes in Net Position

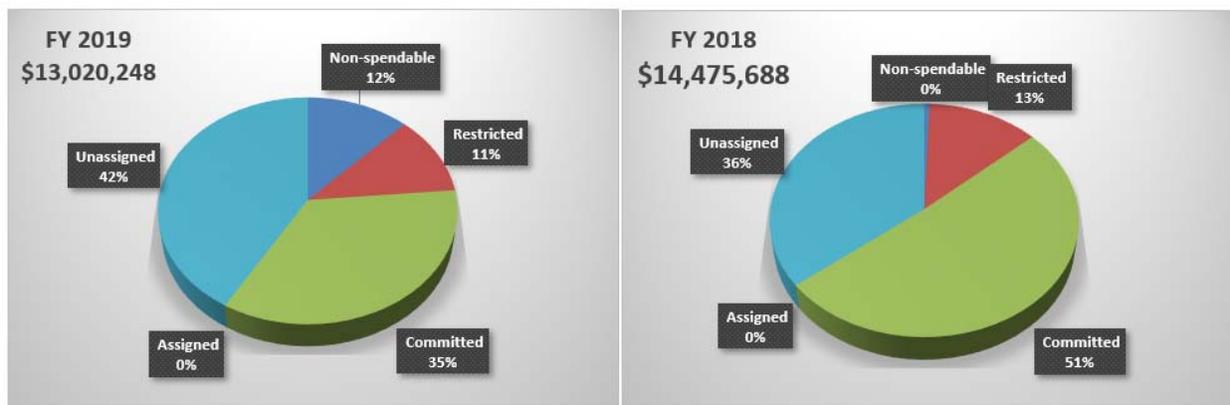
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES:						
Program revenues:						
Charges for services	\$ 3,635,569	\$ 3,458,598	\$ 6,969,475	\$ 8,252,684	\$ 10,605,044	\$ 9,687,863
Operating grants and contributions	4,014,171	3,603,245	-	-	4,014,171	3,048,086
Capital grants and contributions	596,040	3,997,294	536,086	1,359,886	1,132,126	5,357,180
General revenues:						
Property taxes	8,203,161	7,661,147	-	-	8,203,161	7,661,147
Sales taxes	8,475,563	7,947,723	-	-	8,475,563	7,947,723
Gross receipt taxes	1,684,619	1,692,818	-	-	1,684,619	1,692,818
Other taxes	129,474	110,225	-	-	129,474	110,225
Gain on sale of assets	70,999	205,466	-	-	70,999	205,466
Other revenues	694,565	735,997	24,715	9,428	719,280	745,425
Total revenues	27,504,161	29,412,513	7,530,276	9,621,998	35,034,437	36,455,933
EXPENSES:						
General government	9,047,141	7,066,144	-	-	9,047,141	7,066,144
Public safety	10,171,010	9,597,225	-	-	10,171,010	9,597,225
Cultural and recreation	4,374,352	4,278,952	-	-	4,374,352	4,278,952
Public works	4,800,393	3,480,824	-	-	4,800,393	3,480,824
Economic development	-	2,400,000	-	-	-	2,400,000
Interest on long-term debt	1,369,775	1,503,018	-	-	1,369,775	1,503,018
Water/wastewater	-	-	6,749,241	7,122,577	6,749,241	7,122,577
Sanitation	-	-	9,236	8,666	9,236	8,666
Total expenses	29,762,671	28,326,163	6,758,477	7,131,243	36,521,148	35,457,406
Increase (decrease) in net position before transfers	(2,258,510)	1,086,350	771,799	2,490,755	(1,486,711)	3,577,105
Transfers	158,493	73,651	(158,493)	(73,651)	-	-
Increase (decrease) in net position	(2,100,017)	1,160,001	613,306	2,417,104	(1,486,711)	3,577,105
Net position, beginning	41,193,580	40,033,579	15,025,167	12,608,063	56,218,747	52,641,642
Net position, ending	\$ 39,093,563	\$ 41,193,580	\$ 15,638,473	\$ 15,025,167	\$ 54,732,036	\$ 56,218,747

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.

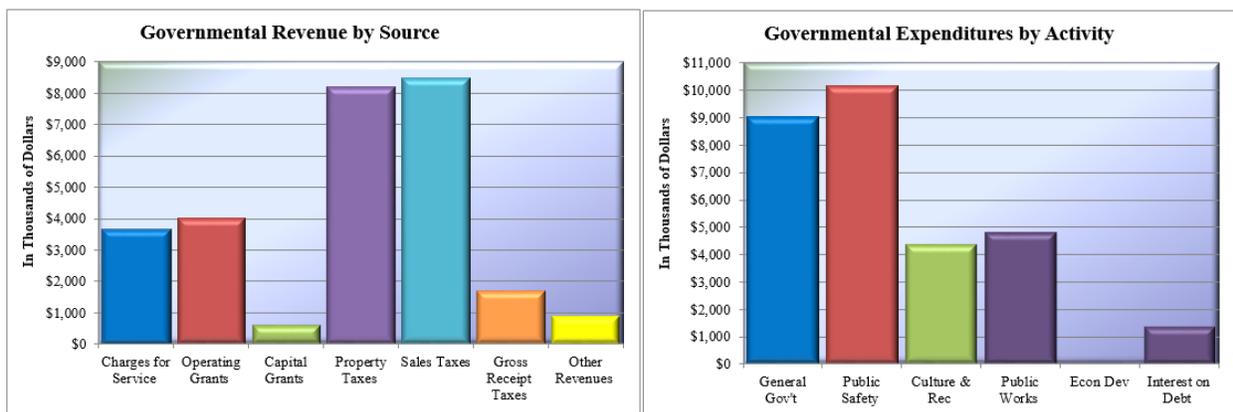
Fund Balances by Type Governmental Funds



At the end of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of \$13,030,248, a decrease of \$1,725,440 in comparison to prior year. Approximately 42% or \$5,406,128 constitutes unassigned fund balance of which \$6,107,579 is in the general fund that is available for spending at the City's discretion and \$707,451 in negative fund balance in the Facilities Improvement Fund due to a pre-development loan related to the design and construction of a new conference center; which will be reimbursed from bond proceeds. Another \$1,589,994 is non-spendable fund balance for prepaid items, due to other funds, and notes receivable. The remainder of the fund balance is either restricted or committed, to indicate that it is: 1) restricted to pay debt service (\$614,892), 2) restricted for municipal court technology and building security (\$213,576), 3) restricted for traffic safety and law enforcement (\$289,120), 4) restricted for tourism (\$151,615), 5) restricted for parkland (\$213,537), 6) committed to capital projects (\$3,020,622), 7) committed to vehicle and computer replacement (\$1,516,133), or 8) committed to the City Manager contract (\$4,631). 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 \$571,485. 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 \$946,331. In addition, actual expenditures were managed by the departments to allow for a savings in expenditures of \$809,503. This allowed for the total fund balance in the General Fund to increase by \$1,221,125, leaving a total fund balance of \$7,168,500 or 34% of total operating revenues. As a measure of the General Fund’s liquidity, it may also be useful to compare unassigned fund balance to total operating revenues. Unassigned fund balance represents 29% of total general fund operating revenues, or 105 days.

All General Fund revenue categories realized increases over the prior year and some surpassed budget estimates as well. Property taxes, sales taxes, gross receipts taxes, license and permits charges for service, grants, donations and interest income 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 decreased from prior year and 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 \$473,594, all of which is restricted for the payment of debt. The fund balance decreased \$232,689 due to a planned drawdown and issuance costs related to new debt issues. The capital project funds realized a combined decrease in fund balance of \$2,760,276 primarily resulting from expenditures on existing capital projects, including the new Roanoke City Hall, the completion of infrastructure improvements on Dallas Drive and Pecan Street, and construction of a new trail. The combined net effect of these changes in governmental fund balances totals was a decrease of \$1,725,440.

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 \$2,759,975 and Sanitation fund \$85,461. The Water and Wastewater fund realized an increase in unrestricted net position of \$396,647, mostly due to a refund from Trinity River Authority for wastewater treatment in prior years.

General Fund Budgetary Highlights

During FY2018-19, actual revenues exceeded the final budget by \$946,331, which was primarily related to increased sales tax and development revenues. Actual expenditures were \$809,503 less than the final budget due primarily to the close monitoring of expenditures throughout the year.

Pensions and retiree health care 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.

Pensions and Retiree Health Care

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, 2019 of \$9,297,378, which is 86.88% of the City’s, fiscal year 2019 covered payroll of \$10,701,760.

Retiree health care’s actuarially accrued liability has been calculated in accordance with GASB Statement No.75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).” The defined benefit portion of the City’s retiree health program is only offered to retirees until the age of 65 when they become Medicare eligible. The Total OPEB Liability is \$701,379 as of September 30, 2019, which is 6.55% of the City’s fiscal year 2019 covered payroll of \$10,701,760.

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2019, totaled \$93,719,624 (net of accumulated depreciation). The investment in capital assets includes land, improvements, buildings, vehicles, equipment, infrastructure, and construction in progress. The net decrease in the City’s investment in capital assets for the current fiscal year was \$1,358,750, a decrease of 1%. The decrease was due to first full year of depreciation on the New City Hall.

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

- Completion of infrastructure improvements along Dallas Drive and Pecan Street in the total amount of \$4,291,079, including construction-in-progress during the fiscal year of \$149,727.
- Completion of the new Roanoke City Hall in the amount of \$17,408,178, which included construction-in-progress during the fiscal year of \$2,168,875.
- Construction-in-progress related to general government operations of \$4,100,566 primarily consisted of the additional construction of Pecan/Dallas Street (\$149,727) and the new city hall (\$2,168,875) as listed above, as well as, US377 street improvements (\$447,992), trail design (\$1,166,884), and design of infrastructure improvements on Lamar and Bowie Streets (\$167,088).
- Other capital asset additions for governmental operations included a new fire apparatus, public safety equipment, irrigation equipment, parks and recreation equipment, technology upgrades, heavy equipment for public works, and vehicles.
- Capital asset additions for the business-type activities included infrastructure contributions from developers in the amount of \$536,086 for the Roanoke City Center, new equipment for public works, and construction-in-progress related to waterline improvements for Eleven Straight Road and US 377 in the amount of \$208,136.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,645,480	\$ 1,645,480	\$ -	\$ -	\$ 1,645,480	\$ 1,645,480
Land Improvements	8,813,698	9,695,158	-	-	8,813,698	9,695,158
Buildings/Structures	27,896,631	12,002,561	-	-	27,896,631	12,002,561
Vehicles/Machinery	2,625,370	2,542,904	74,682	92,051	2,700,052	2,634,955
Equipment	1,248,324	938,765	126,648	13,948	1,374,972	952,713
Infrastructure	35,176,351	34,124,100	-	-	35,176,351	34,124,100
Water/Sewer system	-	-	13,942,206	14,220,342	13,942,206	14,220,342
Construction in progress	2,080,710	19,679,401	89,524	123,664	2,170,234	19,803,065
Total	\$ 79,486,564	\$ 80,628,369	\$ 14,233,060	\$ 14,450,005	\$ 93,719,624	\$ 95,078,374

Additional information on the City's capital assets can be found in *Note 2* on page 43-44 of this report.

Debt Administration

At the end of the current fiscal year, the City had total bonded debt outstanding of \$45,187,086. Of this amount, \$44,270,000 comprises debt backed by the full faith and credit of the government, and \$840,000 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 2019, the City issued \$1,695,000 of Tax Notes which were used for: 1) constructing and improving streets and roads in the City, and 2) paying all costs associated with the issuance of the Notes. The City also issued \$8,075,000 in General Obligation Refunding Bonds which were used for the purpose of 1) refunding a portion of the City's outstanding debt to achieve debt service savings, and 2) paying costs associated with the issuance of the Bonds. The City's total debt decreased \$2,638,010 during fiscal year 2019 due to the issuance of new debt, 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		Primary Government Total	
	2019	2018	2019	2018	2019	2018
GO Bonds	\$ 11,205,187	\$ 8,331,031	\$ 2,739,813	\$ 2,743,969	\$ 13,945,000	\$ 11,075,000
COs	28,860,000	35,139,712	-	450,288	28,860,000	35,590,000
Special Assessment COs	840,000	1,025,000	-	-	840,000	1,025,000
Tax Notes	1,465,000	-	-	-	1,465,000	-
Capital Leases	77,086	114,007	-	21,088	77,086	135,095
Totals	\$ 42,447,273	\$ 44,609,750	\$ 2,739,813	\$ 3,215,345	\$ 45,187,086	\$ 47,825,095

Additional information on the City's long-term debt can be found in *Note 2* on pages 46-50.

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 FY2019-20 budget, General Fund revenues and transfers are budgeted to increase by 4.6% from the 2018-19 budget with property taxes accounting for 19% of budgeted revenues and sales tax comprising approximately 40% of budgeted revenues. Certified assessed valuations as of July 25, 2019, increased 9.09% from the preceding year. In the FY2019-20 budget, sales tax receipts are projected to increase 3.6% over prior year estimates.

The General Fund ended FY2018-19 with unassigned fund balance of \$6,107,579, of which the City allocated \$988,922 for one-time capital purchases in FY2019-20.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 6.34% from the FY2018-19 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 FY2019-20.

For the Water and Wastewater Fund, the FY2019-20 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. A wastewater volume charge of \$6.93 per thousand gallons applies to all customer classes, which is an increase of 6.6% from the FY2018-2019 wastewater volume rate. All base rates remained the same as prior year. Residential wastewater volume charges are based on an average of winter water consumption and are capped at a maximum of 10,000 gallons per month.

The City budgeted to continue its capital projects in the Water and Wastewater Fund, which includes a meter change out program, waterline improvements, and additional equipment for public works. In addition, funding was provided for additional staffing in the public works department.

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, 500 S. Oak Street, Roanoke TX 76262, call (817) 491-6075, or e-mail vrodriquez@roanoketexas.com



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Basic Financial Statements



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City of Roanoke, Texas
Statement of Net Position
September 30, 2019

	Primary Government			Component Units
	Governmental	Business-type		
	Activities	Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 11,427,691	\$ 2,844,395	\$ 14,272,086	\$ 8,836,411
Investments	229,010	20,000	249,010	-
Receivables (net of allowances for uncollectibles)	2,172,018	1,038,665	3,210,683	1,468,595
Notes receivable	1,005,935	-	1,005,935	-
Prepays	46,774	156,024	202,798	2,454,708
Restricted cash and cash equivalents:				
Customer deposits	-	408,680	408,680	-
Capital projects	-	795,819	795,819	-
Impact fees	-	616,619	616,619	-
Capital assets not being depreciated	3,726,190	89,524	3,815,714	2,197,916
Capital assets, net of accumulated depreciation	75,760,374	14,143,536	89,903,910	-
Total Assets	<u>94,367,992</u>	<u>20,113,262</u>	<u>114,481,254</u>	<u>14,957,630</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	90,683	65,409	156,092	267,026
Pension contributions after measurement date	1,230,343	92,606	1,322,949	-
Difference in expected and actual experience – pension	872,406	65,665	938,071	-
Difference in projected and actual earnings on pension plan investments	1,395,711	105,054	1,500,765	-
Difference in proportional share – pension	9,855	-	9,855	-
OPEB contributions after measurement date	23,941	1,802	25,743	-
Total Deferred Outflows of Resources	<u>3,622,939</u>	<u>330,536</u>	<u>3,953,475</u>	<u>267,026</u>
LIABILITIES				
Accounts payable	996,089	462,294	1,458,383	515
Other accrued liabilities	561,242	59,348	620,590	-
Deposits payable	-	409,275	409,275	-
Accrued interest payable	175,603	11,532	187,135	31,560
Noncurrent liabilities:				
Due within one year				
Accrued compensated absences	567,639	73,457	641,096	-
Capital leases payable	49,943	-	49,943	-
Bonds payable, net	3,319,293	500,708	3,820,001	300,000
Special assessment debt	195,000	-	195,000	-
Tax Notes	225,000	-	225,000	-
Due in more than one year				
Capital leases payable	27,143	-	27,143	-
Bonds payable, net	38,885,877	2,417,162	41,303,039	6,050,000
Special assessment debt	645,000	-	645,000	-
Tax Notes	1,240,000	-	1,240,000	-
Net pension liability	8,512,254	785,124	9,297,378	-
Total OPEB liability	652,282	49,097	701,379	-
Total Liabilities	<u>56,052,365</u>	<u>4,767,997</u>	<u>60,820,362</u>	<u>6,382,075</u>
DEFERRED INFLOWS OF RESOURCES				
Difference in assumption changes – pension	34,278	2,580	36,858	-
Difference in expected and actual experience – pension	303,423	22,838	326,261	-
Difference in proportional share – pension	-	9,855	9,855	-
Difference in assumption changes – OPEB	27,302	2,055	29,357	-
Service concession arrangement contribution	2,480,000	-	2,480,000	-
Total Deferred Inflows of Resources	<u>2,845,003</u>	<u>37,328</u>	<u>2,882,331</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	34,936,164	12,176,418	47,112,582	2,197,916
Restricted for:				
Debt service	614,892	-	614,892	-
Municipal court building security	115,334	-	115,334	-
Municipal court technology	98,242	-	98,242	-
Traffic safety	224,880	-	224,880	-
Tourism, convention centers, arts	151,615	-	151,615	-
Public safety	64,240	-	64,240	-
Parkland dedication	213,537	-	213,537	-
Impact fees	-	616,619	616,619	-
Economic development	-	-	-	9,850,339
Unrestricted	2,674,659	2,845,436	5,520,095	(3,205,674)
Total Net Position	<u>\$ 39,093,563</u>	<u>\$ 15,638,473</u>	<u>\$ 54,732,036</u>	<u>\$ 8,842,581</u>

City of Roanoke, Texas
Statement of Activities
For the Year Ended September 30, 2019

Function/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Primary Government		Component Units Activities
			Grants and Contributions	Grants and Contributions		Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 9,047,141	\$ 18,233	\$ 13,235	\$ -	\$ (9,015,673)	\$ -	\$ (9,015,673)	\$ -
Public safety	10,171,010	1,169,587	359,384	-	(8,642,039)	-	(8,642,039)	-
Cultural and recreation	4,374,352	817,901	3,402,202	596,040	441,791	-	441,791	-
Public works	4,800,393	1,629,848	-	-	(3,170,545)	-	(3,170,545)	-
Economic development	-	-	239,350	-	239,350	-	239,350	-
Interest and fiscal charges	1,369,775	-	-	-	(1,369,775)	-	(1,369,775)	-
Total governmental activities	<u>29,762,671</u>	<u>3,635,569</u>	<u>4,014,171</u>	<u>596,040</u>	<u>(21,516,891)</u>	<u>-</u>	<u>(21,516,891)</u>	<u>-</u>
Business-type activities:								
Water and Wastewater	6,749,241	6,967,921	-	536,086	-	754,766	754,766	-
Sanitation	9,236	1,554	-	-	-	(7,682)	(7,682)	-
Total business-type activities	<u>6,758,477</u>	<u>6,969,475</u>	<u>-</u>	<u>536,086</u>	<u>-</u>	<u>747,084</u>	<u>747,084</u>	<u>-</u>
Total primary government	<u>\$ 36,521,148</u>	<u>\$ 10,605,044</u>	<u>\$ 4,014,171</u>	<u>\$ 1,132,126</u>	<u>(21,516,891)</u>	<u>747,084</u>	<u>(20,769,807)</u>	<u>-</u>
Component Units:								
Roanoke Economic Industrial Development Corporation	\$ 2,505,090	\$ -	\$ -	\$ -				(2,505,090)
Roanoke Community Economic Development Corporation	2,856,389	-	-	-				(2,856,389)
Al & Lula Mae Slaughter Park Foundation	324	-	-	-				(324)
Total component units	<u>\$ 5,361,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(5,361,803)</u>
			General revenues:					
			Property taxes		8,203,161	-	8,203,161	-
			Sales taxes		8,475,563	-	8,475,563	8,475,562
			Gross receipt taxes		1,684,619	-	1,684,619	-
			Other taxes		129,474	-	129,474	-
			Rents and royalties		-	-	-	380,583
			Investment income		88,172	24,715	112,887	41,896
			Gain on sale of capital assets		70,999	-	70,999	-
			Miscellaneous		606,393	-	606,393	28,300
			Transfers		158,493	(158,493)	-	-
			Total general revenues and transfers		<u>19,416,874</u>	<u>(133,778)</u>	<u>19,283,096</u>	<u>8,926,341</u>
			Change in net position (deficit)		(2,100,017)	613,306	(1,486,711)	3,564,538
			Net Position (Deficit), Beginning of Year		<u>41,193,580</u>	<u>15,025,167</u>	<u>56,218,747</u>	<u>5,278,043</u>
			Net Position, End of Year		<u>\$ 39,093,563</u>	<u>\$ 15,638,473</u>	<u>\$ 54,732,036</u>	<u>\$ 8,842,581</u>

City of Roanoke, Texas
Balance Sheet – Governmental Funds
September 30, 2019

	General	Debt Service	Facilities Improvement	Street Construction	Park Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 5,811,762	\$ 473,594	\$ -	\$ 1,464,747	\$ 1,827,567	\$ 1,850,021	\$ 11,427,691
Investments	229,010	-	-	-	-	-	229,010
Receivables (net of allowance for uncollectibles)							
Property taxes	21,140	28,365	-	-	-	-	49,505
Sales taxes	1,468,386	-	-	-	-	-	1,468,386
Gross receipts taxes	69,352	-	-	-	-	31,138	100,490
Other receivables	372,526	-	-	-	-	146,507	519,033
Intergovernmental receivable	34,604	-	-	-	-	-	34,604
Notes receivable	-	-	1,005,935	-	-	-	1,005,935
Prepaid items	46,774	-	-	-	-	-	46,774
Due from other funds	537,285	-	-	-	-	-	537,285
Total assets	<u>8,590,839</u>	<u>501,959</u>	<u>1,005,935</u>	<u>1,464,747</u>	<u>1,827,567</u>	<u>2,027,666</u>	<u>15,418,713</u>
LIABILITIES							
Accounts payable	590,650	-	164,166	4,328	53,827	183,118	996,089
Other accrued liabilities	556,205	-	-	-	-	5,037	561,242
Due to other funds	-	-	537,285	-	-	-	537,285
Total liabilities	<u>1,146,855</u>	<u>-</u>	<u>701,451</u>	<u>4,328</u>	<u>53,827</u>	<u>188,155</u>	<u>2,094,616</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	275,484	28,365	-	-	-	-	303,849
Total deferred inflows of resources	<u>275,484</u>	<u>28,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,849</u>
FUND BALANCE							
Nonspendable	584,059	-	1,005,935	-	-	-	1,589,994
Restricted:							
Debt service	-	473,594	-	-	-	141,298	614,892
Municipal court building security	115,334	-	-	-	-	-	115,334
Municipal court technology	98,242	-	-	-	-	-	98,242
Traffic safety	224,880	-	-	-	-	-	224,880
Tourism, convention centers, arts	-	-	-	-	-	151,615	151,615
Public safety	33,775	-	-	-	-	30,465	64,240
Parkland dedication	-	-	-	-	213,537	-	213,537
Committed	4,631	-	-	1,460,419	1,560,203	1,516,133	4,541,386
Unassigned	6,107,579	-	(701,451)	-	-	-	5,406,128
Total fund balance	<u>7,168,500</u>	<u>473,594</u>	<u>304,484</u>	<u>1,460,419</u>	<u>1,773,740</u>	<u>1,839,511</u>	<u>13,020,248</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 8,590,839</u>	<u>\$ 501,959</u>	<u>\$ 1,005,935</u>	<u>\$ 1,464,747</u>	<u>\$ 1,827,567</u>	<u>\$ 2,027,666</u>	<u>\$ 15,418,713</u>

City of Roanoke, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2019

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

Total fund balance – governmental funds	\$	13,020,248
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		79,486,564
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.		(175,603)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.		303,849
Long-term liabilities and deferred outflows and inflows of resources (deferred charge on refunding, pension contributions after measurement date, difference in expected and actual experience – pension, difference in projected and actual earnings on pension plan investments, difference in pension proportional share, difference in assumption changes – pension, OPEB contributions after measurement date, difference in assumption changes – OPEB and service concession arrangement contribution), including capital leases payable, bonds payable, special assessment debt, compensated absences, net pension liability and total OPEB liability are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		<u>(53,541,495)</u>
Net position of governmental activities	\$	<u><u>39,093,563</u></u>

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Year Ended September 30, 2019

	General	Debt Service	Facilities Improvement	Street Construction	Park Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 3,540,258	\$ 4,392,572	\$ -	\$ -	\$ -	\$ 256,180	\$ 8,189,010
Sales taxes	8,475,563	-	-	-	-	-	8,475,563
Gross receipts tax	1,500,730	-	-	-	-	183,889	1,684,619
Licenses and permits	1,629,848	-	-	-	-	-	1,629,848
Intergovernmental	129,474	-	-	-	-	-	129,474
Charges for services	1,317,029	-	-	-	-	-	1,317,029
Grants and contributions	3,402,202	239,350	-	-	516,040	359,384	4,516,976
Fines and fees	707,933	-	-	-	-	-	707,933
Investment income	44,301	13,990	5,284	9,682	12,319	2,596	88,172
Donations	13,235	-	-	-	-	-	13,235
Other revenue	554,526	10,048	-	21,560	-	35,825	621,959
Total revenues	<u>21,315,099</u>	<u>4,655,960</u>	<u>5,284</u>	<u>31,242</u>	<u>528,359</u>	<u>837,874</u>	<u>27,373,818</u>
EXPENDITURES							
Current:							
General government	4,789,286	-	333,113	-	-	193,902	5,316,301
Public safety	9,220,501	-	-	-	-	37,941	9,258,442
Cultural and recreation	3,533,171	-	-	-	540	-	3,533,711
Public works	1,914,189	-	-	386,300	-	-	2,300,489
Debt service:							
Principal	91,271	3,549,721	-	-	-	185,000	3,825,992
Interest and fiscal charges	3,369	1,396,805	-	-	-	48,353	1,448,527
Bond issuance costs	-	190,532	-	-	-	-	190,532
Capital outlay	167,048	-	2,182,475	764,808	1,387,925	910,158	5,412,414
Total expenditures	<u>19,718,835</u>	<u>5,137,058</u>	<u>2,515,588</u>	<u>1,151,108</u>	<u>1,388,465</u>	<u>1,375,354</u>	<u>31,286,408</u>
Excess (deficiency) of revenues over (under) expenditures	1,596,264	(481,098)	(2,510,304)	(1,119,866)	(860,106)	(537,480)	(3,912,590)
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt	-	-	-	1,695,000	-	-	1,695,000
Refunding bonds issued	-	6,875,000	-	-	-	-	6,875,000
Premium on issuance of debt	-	324,434	-	5,000	-	-	329,434
Payment to refunded bond escrow agent	-	(6,996,125)	-	-	-	-	(6,996,125)
Capital lease	54,349	-	-	-	-	-	54,349
Sale of general capital assets	1,650	-	-	-	-	69,349	70,999
Transfers in	70,000	45,100	-	30,000	-	629,631	774,731
Transfers out	(501,138)	-	-	-	-	(115,100)	(616,238)
Total other financing sources (uses)	<u>(375,139)</u>	<u>248,409</u>	<u>-</u>	<u>1,730,000</u>	<u>-</u>	<u>583,880</u>	<u>2,187,150</u>
Net change in fund balance	1,221,125	(232,689)	(2,510,304)	610,134	(860,106)	46,400	(1,725,440)
Fund balance, beginning 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>
Fund balance, end of year	<u>\$ 7,168,500</u>	<u>\$ 473,594</u>	<u>\$ 304,484</u>	<u>\$ 1,460,419</u>	<u>\$ 1,773,740</u>	<u>\$ 1,839,511</u>	<u>\$ 13,020,248</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, 2019

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

Net change in fund balance – total governmental funds	\$	(1,725,440)
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 depreciation of \$6,554,219 exceeded capital outlays of \$5,412,414 in the current year.		(1,141,805)
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.		(20,656)
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.		(8,953,783)
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.		10,822,117
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.		267,639
Governmental funds report the effect of gains and losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		(9,843)
Current year pension and OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.		(1,342,165)
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.		(87,569)
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.		11,488
		<hr/>
Change in net position of governmental activities	\$	<u><u>(2,100,017)</u></u>

City of Roanoke, Texas
Statement of Net Position – Proprietary Funds
September 30, 2019

	Business-type Activities		
	Water and Wastewater	Non-Major Fund	
		Sanitation	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,758,380	\$ 86,015	\$ 2,844,395
Investments	20,000	-	20,000
Receivables (net where applicable of allowance for doubtful accounts)			
Accounts receivable	1,035,636	258	1,035,894
Other miscellaneous receivables	2,771	-	2,771
Prepaid items	156,024	-	156,024
Restricted cash and cash equivalents:			
Customer deposits	408,680	-	408,680
Capital projects	795,819	-	795,819
Impact fees	616,619	-	616,619
Total current assets	<u>5,793,929</u>	<u>86,273</u>	<u>5,880,202</u>
Noncurrent assets:			
Capital assets:			
Infrastructure	30,243,245	-	30,243,245
Machinery and equipment	310,162	-	310,162
Vehicles	243,805	-	243,805
Construction in progress	89,524	-	89,524
Accumulated depreciation	<u>(16,653,676)</u>	<u>-</u>	<u>(16,653,676)</u>
Total capital assets, net of accumulated depreciation	<u>14,233,060</u>	<u>-</u>	<u>14,233,060</u>
Total noncurrent assets	<u>14,233,060</u>	<u>-</u>	<u>14,233,060</u>
Total assets	<u>20,026,989</u>	<u>86,273</u>	<u>20,113,262</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	65,409	-	65,409
Pension contributions after measurement date	92,606	-	92,606
Difference in expected and actual experience – pension	65,665	-	65,665
Difference in projected and actual earnings on pension plan investments	105,054	-	105,054
OPEB contributions after measurement date	<u>1,802</u>	<u>-</u>	<u>1,802</u>
Total deferred outflows of resources	<u>330,536</u>	<u>-</u>	<u>330,536</u>
LIABILITIES			
Current liabilities:			
Accounts payable	461,482	812	462,294
Accrued liabilities	36,603	-	36,603
Compensated absences	73,457	-	73,457
Customer deposits payable	409,275	-	409,275
Bonds payable, net	500,708	-	500,708
Accrued interest payable	11,532	-	11,532
Other liabilities	<u>22,745</u>	<u>-</u>	<u>22,745</u>
Total current liabilities	<u>1,515,802</u>	<u>812</u>	<u>1,516,614</u>
Noncurrent liabilities:			
Bonds payable, net	2,417,162	-	2,417,162
Net pension liability	785,124	-	785,124
Total OPEB liability	<u>49,097</u>	<u>-</u>	<u>49,097</u>
Total noncurrent liabilities	<u>3,251,383</u>	<u>-</u>	<u>3,251,383</u>
Total liabilities	<u>4,767,185</u>	<u>812</u>	<u>4,767,997</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in assumption changes – pension	2,580	-	2,580
Difference in expected and actual experience – pension	22,838	-	22,838
Difference in proportional share – pension	9,855	-	9,855
Difference in assumption changes – OPEB	<u>2,055</u>	<u>-</u>	<u>2,055</u>
Total deferred inflows of resources	<u>37,328</u>	<u>-</u>	<u>37,328</u>
NET POSITION			
Net investment in capital assets	12,176,418	-	12,176,418
Restricted for:			
Impact fees	616,619	-	616,619
Unrestricted	<u>2,759,975</u>	<u>85,461</u>	<u>2,845,436</u>
Total net position	<u>\$ 15,553,012</u>	<u>\$ 85,461</u>	<u>\$ 15,638,473</u>

City of Roanoke, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities		
	Water and Wastewater	Non-Major Fund Sanitation	Total Enterprise Funds
OPERATING REVENUES			
Charges for services			
Water service	\$ 3,776,680	\$ -	\$ 3,776,680
Wastewater service	2,071,411	-	2,071,411
Impact fees	533,956	-	533,956
Other charges for services and miscellaneous	585,874	1,554	587,428
	<u>6,967,921</u>	<u>1,554</u>	<u>6,969,475</u>
OPERATING EXPENSES			
Personnel services	1,145,225	-	1,145,225
Maintenance and supplies	373,855	-	373,855
General and administrative	812,110	-	812,110
Water production and distribution	3,552,042	-	3,552,042
Sanitation	-	9,236	9,236
Depreciation	767,339	-	767,339
	<u>6,650,571</u>	<u>9,236</u>	<u>6,659,807</u>
Total operating expenses	<u>6,650,571</u>	<u>9,236</u>	<u>6,659,807</u>
Operating income (loss)	<u>317,350</u>	<u>(7,682)</u>	<u>309,668</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	24,257	458	24,715
Interest expense and fiscal charges	(98,670)	-	(98,670)
	<u>(74,413)</u>	<u>458</u>	<u>(73,955)</u>
Total nonoperating revenues (expenses)	<u>(74,413)</u>	<u>458</u>	<u>(73,955)</u>
Income (loss) before capital contributions and transfers	242,937	(7,224)	235,713
Capital contributions (cash and non-cash)	536,086	-	536,086
Transfers in	-	7,223	7,223
Transfers out	(165,716)	-	(165,716)
	<u>613,307</u>	<u>(1)</u>	<u>613,306</u>
Change in net position	<u>613,307</u>	<u>(1)</u>	<u>613,306</u>
Net Position, Beginning of Year	<u>14,939,705</u>	<u>85,462</u>	<u>15,025,167</u>
Net Position, End of Year	<u>\$ 15,553,012</u>	<u>\$ 85,461</u>	<u>\$ 15,638,473</u>

City of Roanoke, Texas
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities		
	Water and Wastewater	Non-Major Fund	
		Sanitation	Total Enterprise Funds
OPERATING ACTIVITIES			
Receipts from customers	\$ 6,926,571	\$ 1,605	\$ 6,928,176
Receipt of customer deposits	12,718	-	12,718
Payments to suppliers for goods and services	(4,752,087)	(9,307)	(4,761,394)
Payments to employees for salaries and benefits	(1,042,165)	-	(1,042,165)
Net cash provided by (used for) operating activities	<u>1,145,037</u>	<u>(7,702)</u>	<u>1,137,335</u>
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	7,223	7,223
Transfers to other funds	(165,716)	-	(165,716)
Net cash provided by (used for) noncapital financing activities	<u>(165,716)</u>	<u>7,223</u>	<u>(158,493)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributions for capital acquisitions	325,000	-	325,000
Acquisition and construction of capital assets	(339,308)	-	(339,308)
Principal paid on capital debt	(516,367)	-	(516,367)
Interest and fiscal charges paid on capital debt	(97,184)	-	(97,184)
Net cash used for capital and related financing activities	<u>(627,859)</u>	<u>-</u>	<u>(627,859)</u>
INVESTING ACTIVITIES			
Interest on investments	24,257	458	24,715
Net cash provided by investing activities	<u>24,257</u>	<u>458</u>	<u>24,715</u>
Net increase (decrease) in cash and cash equivalents	375,719	(21)	375,698
Cash and Cash Equivalents, Beginning of Year	<u>4,203,779</u>	<u>86,036</u>	<u>4,289,815</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,579,498</u>	<u>\$ 86,015</u>	<u>\$ 4,665,513</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating income (loss)	\$ 317,350	\$ (7,682)	\$ 309,668
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	767,339	-	767,339
(Increases) decreases in assets and deferred outflows of resources:			
Accounts receivable and unbilled revenue	(41,350)	51	(41,299)
Prepaid expenses	(15,568)	-	(15,568)
Deferred outflows of resources	(61,801)	-	(61,801)
Increases (decreases) in liabilities and deferred inflows of resources:			
Accounts payable	282,352	(71)	282,281
Accrued liabilities	(275,341)	-	(275,341)
Customer deposits	12,718	-	12,718
Compensated absences	(591)	-	(591)
Net pension liability	164,012	-	164,012
Total OPEB liability	49,097	-	49,097
Deferred inflows of resources	(53,180)	-	(53,180)
Total adjustments	<u>827,687</u>	<u>(20)</u>	<u>827,667</u>
Net cash provided by (used for) operating activities	<u>\$ 1,145,037</u>	<u>\$ (7,702)</u>	<u>\$ 1,137,335</u>
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets	\$ 211,086	\$ -	\$ 211,086
Proceeds from issuance of refunding debt paid directly to escrow agent	1,247,067	-	1,247,067
Principal and fiscal charges paid on refunded debt	(1,247,067)	-	(1,247,067)

City of Roanoke, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2019

	Governmental Activities			
	REIDC	RCEDC	Slaughter Park Foundation	Total
ASSETS				
Cash and cash equivalents	\$ 4,067,359	\$ 4,315,109	\$ 453,943	\$ 8,836,411
Sales tax receivables	734,193	734,193	-	1,468,386
Other miscellaneous receivables	-	-	209	209
Prepays	1,219,754	1,234,954	-	2,454,708
Capital assets not being depreciated				
Land	2,197,916	-	-	2,197,916
Total assets	<u>8,219,222</u>	<u>6,284,256</u>	<u>454,152</u>	<u>14,957,630</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	267,026	-	-	267,026
Total deferred outflows of resources	<u>267,026</u>	<u>-</u>	<u>-</u>	<u>267,026</u>
LIABILITIES				
Accounts payable	-	515	-	515
Accrued interest payable	31,560	-	-	31,560
Noncurrent liabilities:				
Due within one year	300,000	-	-	300,000
Due in more than one year	6,050,000	-	-	6,050,000
Total liabilities	<u>6,381,560</u>	<u>515</u>	<u>-</u>	<u>6,382,075</u>
NET POSITION				
Net investment in capital assets	2,197,916	-	-	2,197,916
Restricted	4,801,552	5,048,787	-	9,850,339
Unrestricted	(4,894,780)	1,234,954	454,152	(3,205,674)
Total Net Position	<u>\$ 2,104,688</u>	<u>\$ 6,283,741</u>	<u>\$ 454,152</u>	<u>\$ 8,842,581</u>

City of Roanoke, Texas
Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2019

Function/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units			
					REIDC	RCEDC	Slaughter Park Foundation	Total
Governmental Activities:								
Roanoke Economic Industrial Development Corporation	\$ 2,505,090	\$ -	\$ -	\$ -	\$ (2,505,090)	\$ -	\$ -	\$ (2,505,090)
Roanoke Community Economic Development Corporation	2,856,389	-	-	-	-	(2,856,389)	-	(2,856,389)
A1 & Lula Mae Slaughter Park Foundation	324	-	-	-	-	-	(324)	(324)
Total Component Units	\$ 5,361,803	\$ -	\$ -	\$ -	(2,505,090)	(2,856,389)	(324)	(5,361,803)
General revenues:								
					4,237,781	4,237,781	-	8,475,562
					377,000	-	3,583	380,583
					18,855	20,762	2,279	41,896
					-	28,300	-	28,300
					<u>4,633,636</u>	<u>4,286,843</u>	<u>5,862</u>	<u>8,926,341</u>
					2,128,546	1,430,454	5,538	3,564,538
					<u>(23,858)</u>	<u>4,853,287</u>	<u>448,614</u>	<u>5,278,043</u>
					<u>\$ 2,104,688</u>	<u>\$ 6,283,741</u>	<u>\$ 454,152</u>	<u>\$ 8,842,581</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, 2019

Note 1: Summary of Significant Accounting Policies

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

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

Financial Reporting Entity

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

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

Discretely Presented Component Units

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

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

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

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

Basis of Presentation

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

Government-wide Financial Statements

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. In addition to funds that meet the major funds criteria, the City may designate other funds as major. The City has presented the following major governmental funds:

General Fund –

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

Debt Service Fund –

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Facilities Improvement Fund –

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

Street Construction Fund–

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

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, 2019

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, 2019

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, 2019

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

Cash, Cash Equivalents and Investments

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

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

Prepaid Items

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

Capital Assets

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

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 or total OPEB liability) until then. The City has the following items that qualify for reporting in this category:

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

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

- Difference in assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in 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 assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Service concession arrangement contribution – As a part of the City’s service concession arrangement, the operator provided the City with an up-front payment for the purpose of operating the Hawaiian Falls water park. The City has recorded this payment as a deferred inflow of resources on the government-wide financial statements and will amortize the amount into revenue over the term of the agreement.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, ambulance revenues, court revenues and loan payments from the component unit. In the General Fund, deferred inflows of resources consists of property taxes of \$21,140, ambulance revenues of \$135,976, court revenues of \$118,368. In the Debt Service Fund, unavailable revenues consist of property taxes in the amount of \$28,365. 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.”

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

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, 2019, the City's General Fund was reimbursed \$446,346 for these services.

Restricted Assets

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

Business-type Activities	
Customer deposits	\$ 408,680
Capital projects	795,819
Water and wastewater impact fees	<u>616,619</u>
Total Restricted Assets	<u><u>\$ 1,821,118</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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Pensions

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

Defined Benefit Other Postemployment Benefit Plan

The City has a single-employer defined benefit other postemployment benefit (OPEB) plan (Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Long-term Obligations

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

Fund Balance Policies and Classifications

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

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

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

City of Roanoke, Texas
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The City has recorded the following restrictions at year-end:

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

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

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

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

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	Total Governmental Funds	
Nonspendable	\$ 584,059	\$ -	\$ 1,005,935	\$ -	\$ -	\$ -	\$ 1,589,994	
Restricted for								
Debt service	-	473,594	-	-	-	141,298	614,892	
Municipal court building security	115,334	-	-	-	-	-	115,334	
Municipal court technology	98,242	-	-	-	-	-	98,242	
Traffic safety	224,880	-	-	-	-	-	224,880	
Tourism, convention centers, arts	-	-	-	-	-	151,615	151,615	
Public safety	33,775	-	-	-	-	30,465	64,240	
Parkland dedication	-	-	-	-	213,537	-	213,537	
Committed								
City manager contract	4,631	-	-	-	-	-	4,631	
Capital projects	-	-	-	1,460,419	1,560,203	-	3,020,622	
Computer replacement	-	-	-	-	-	38,396	38,396	
Vehicle replacement	-	-	-	-	-	1,477,737	1,477,737	
Unassigned	6,107,579	-	(701,451)	-	-	-	5,406,128	
Total	\$ 7,168,500	\$ 473,594	\$ 304,484	\$ 1,460,419	\$ 1,773,740	\$ 1,839,511	\$ 13,020,248	

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

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

Net Position

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

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

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

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

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

Use of Estimates

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

Note 2: Detailed Notes on All Funds

Deposits and Investments

Deposits. At September 30, 2019, the carrying amount of the City’s cash and cash equivalents, including component units, was \$24,929,615 and the respective bank balances totaled \$25,089,342.

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 2019, 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, 2019, the carrying amount of the City’s certificates of deposits reported as investments totaled \$249,010.

City of Roanoke, Texas
Notes to Basic Financial Statements
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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, 2019, the carrying amount of the City’s bank deposits and investments, including component units, was \$25,178,625, and the respective bank balances totaled \$25,338,352. The value of the City’s deposits and investments not insured through the FDIC has been fully collateralized and meets the requirements of the City’s policy and state statutes.

Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Denton and Tarrant County Appraisal Districts at 100% of its estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2019, were 99.84% of the adjusted tax levy. Allocations of property tax levy by purpose for 2019 and the preceding year are as follows (amounts per \$100 assessed value):

Property Tax Rates:

<u>Fund Type</u>	<u>2019</u>	<u>2018</u>
General Fund	\$ 0.16741	\$ 0.16095
Debt Service Fund	\$ 0.20771	\$ 0.21417
Total	<u>\$ 0.37512</u>	<u>\$ 0.37512</u>

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

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:

Receivables	General	Debt Service	Facilities Improvement	Nonmajor Governmental	Water and Wastewater	Sanitation	Total
Taxes	\$ 1,558,878	\$ 28,365	\$ -	31,138	\$ -	\$ -	\$ 1,618,381
Intergovernmental	34,604	-	-	-	-	-	34,604
Accounts	2,076,688	-	-	146,507	1,235,743	258	3,459,196
Notes	-	-	1,005,935	-	-	-	1,005,935
Less allowance for uncollectibles	(1,704,162)	-	-	-	(197,336)	-	(1,901,498)
Net receivables	<u>\$ 1,966,008</u>	<u>\$ 28,365</u>	<u>\$ 1,005,935</u>	<u>\$ 177,645</u>	<u>\$ 1,038,407</u>	<u>\$ 258</u>	<u>\$ 4,216,618</u>

Based on the terms of the notes receivable agreement, the outstanding balance of \$1,005,935 as of year-end is not anticipated to be collected within the next year.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,645,480	\$ -	\$ -	\$ -	\$ 1,645,480
Construction in progress	19,679,401	4,100,566	-	(21,699,257)	2,080,710
Total capital assets not being depreciated	<u>21,324,881</u>	<u>4,100,566</u>	<u>-</u>	<u>(21,699,257)</u>	<u>3,726,190</u>
Capital assets being depreciated					
Buildings/structures	24,325,760	-	-	17,408,178	41,733,938
Improvements other than buildings	16,745,020	-	-	-	16,745,020
Vehicles	4,990,518	588,556	(156,193)	-	5,422,881
Machinery and equipment	2,797,868	723,292	(24,285)	-	3,496,875
Infrastructure	51,056,157	-	-	4,291,079	55,347,236
Total capital assets being depreciated	<u>99,915,323</u>	<u>1,311,848</u>	<u>(180,478)</u>	<u>21,699,257</u>	<u>122,745,950</u>
Less accumulated depreciation					
Buildings/structures	(12,323,199)	(1,514,108)	-	-	(13,837,307)
Improvements other than buildings	(7,049,862)	(881,460)	-	-	(7,931,322)
Vehicles	(2,447,614)	(506,090)	156,193	-	(2,797,511)
Machinery and equipment	(1,859,103)	(413,733)	24,285	-	(2,248,551)
Infrastructure	(16,932,057)	(3,238,828)	-	-	(20,170,885)
Total accumulated depreciation	<u>(40,611,835)</u>	<u>(6,554,219)</u>	<u>180,478</u>	<u>-</u>	<u>(46,985,576)</u>
Total capital assets being depreciated, net	<u>59,303,488</u>	<u>(5,242,371)</u>	<u>-</u>	<u>21,699,257</u>	<u>75,760,374</u>
Governmental activities capital assets, net	<u>\$ 80,628,369</u>	<u>\$ (1,141,805)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,486,564</u>
Business-type activities					
Capital assets not being depreciated					
Construction in progress	\$ 123,664	\$ 208,136	\$ -	\$ (242,276)	\$ 89,524
Total capital assets not being depreciated	<u>123,664</u>	<u>208,136</u>	<u>-</u>	<u>(242,276)</u>	<u>89,524</u>
Capital assets being depreciated					
Utility System	29,789,883	211,086	-	242,276	30,243,245
Vehicles	291,152	-	(47,347)	-	243,805
Machinery and equipment	178,990	131,172	-	-	310,162
Total capital assets being depreciated	<u>30,260,025</u>	<u>342,258</u>	<u>(47,347)</u>	<u>242,276</u>	<u>30,797,212</u>
Less accumulated depreciation					
Utility system	(15,569,541)	(731,498)	-	-	(16,301,039)
Vehicles	(199,101)	(17,369)	47,347	-	(169,123)
Machinery and equipment	(165,042)	(18,472)	-	-	(183,514)
Total accumulated depreciation	<u>(15,933,684)</u>	<u>(767,339)</u>	<u>47,347</u>	<u>-</u>	<u>(16,653,676)</u>
Total capital assets being depreciated, net	<u>14,326,341</u>	<u>(425,081)</u>	<u>-</u>	<u>242,276</u>	<u>14,143,536</u>
Business-type activities capital assets, net	<u>\$ 14,450,005</u>	<u>\$ (216,945)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,233,060</u>

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

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

Governmental activities	
General government	\$ 2,301,106
Public safety	912,568
Culture and recreation	840,641
Public works	<u>2,499,904</u>
Total depreciation expense – governmental activities	<u><u>\$ 6,554,219</u></u>
Business-type activities	
Water and Wastewater	<u>\$ 767,339</u>
Total depreciation expense – business-type activities	<u><u>\$ 767,339</u></u>

Construction Commitments

Outstanding commitments at September 30, 2019, under authorized construction contracts were approximately \$1,600,000. The outstanding commitments for the projects were funded primarily from bond proceeds.

Due to/from Other Funds

The composition of interfund balances for the year ended September 30, 2019 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Facilities Improvement	\$ 537,285

The

outstanding balance between the funds is related to a working capital loan in which the general fund expects to collect in the subsequent year.

Transfers

All interfund transfers between the various funds are approved supplements to the operations of those funds.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Transfers between funds for the year ended September 30, 2019, were as follows:

	Transfers in					Total Transfers Out
	<i>Major Governmental</i>			Nonmajor Governmental Funds	Nonmajor Enterprise Fund	
<u>Transfers out</u>	<u>General</u>	<u>Street Construction</u>	<u>Debt Service</u>			
General	\$ -	\$ -	\$ -	\$ 493,915	\$ 7,223	\$ 501,138
Nonmajor governmental funds	70,000	-	45,100	-	-	115,100
Water and Wastewater	-	30,000	-	135,716	-	165,716
Total transfers in	\$ 70,000	\$ 30,000	\$ 45,100	\$ 629,631	\$ 7,223	\$ 781,954

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 Street Construction Fund for an update to the Storm Water Management Plan, (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 \$5,786,485 and a deferred inflow of resources in the amount of \$2,480,000 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.

City of Roanoke, Texas
Notes to Basic Financial Statements
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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, 2019, property and equipment under capital leases is carried at \$242,781, with \$829,700 in accumulated depreciation.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019, were as follows:

	Governmental Activities	Business-type Activities	Total
2020	\$ 52,501	\$ -	\$ 52,501
2021	14,575	-	14,575
2022	14,575	-	14,575
	<hr/>	<hr/>	<hr/>
Total	81,651	-	81,651
Less interest	(4,565)	-	(4,565)
	<hr/>	<hr/>	<hr/>
Present value of remaining payments	<u>\$ 77,086</u>	<u>\$ -</u>	<u>\$ 77,086</u>

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Operating Lease

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

	September 30,	REIDC	RCEDC	Total
1	2020	\$ 12,447	\$ 12,446	\$ 24,893
2	2021	12,447	12,446	24,893
3	2022	12,447	12,446	24,893
4	2023	12,447	12,446	24,893
5	2024	12,447	12,446	24,893
6	2025-2029	62,233	62,232	124,465
7	2030-2034	62,233	62,232	124,465
8	2035-2039	62,233	62,232	124,465
9	2040-2044	62,233	62,232	124,465
10	2045-2049	62,233	62,232	124,465
11	2050-2054	62,233	62,232	124,465
12	2055-2059	62,233	62,232	124,465
13	2060-2064	62,233	62,232	124,465
14	2065-2069	62,233	62,232	124,465
15	2070-2074	62,233	62,232	124,465
16	2075-2079	62,233	62,232	124,465
17	2080-2084	62,233	62,232	124,465
18	2085-2089	62,233	62,232	124,465
19	2090-2094	62,233	62,232	124,465
20	2095-2099	62,233	62,232	124,465
21	2100-2104	62,233	62,232	124,465
22	2105-2109	62,233	62,232	124,465
23	2110-2114	62,233	62,232	124,465
24	2115-2117	37,336	37,336	74,672
		<u>\$ 1,219,765</u>	<u>\$ 1,219,742</u>	<u>\$ 2,439,507</u>

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Long-term Obligations

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2019, is as follows:

	Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Adjustments/ Refundings	Balance End of Year	Due within One Year
Governmental activities						
General obligation bonds	\$ 8,331,031	\$ 6,875,000	\$ (1,519,721)	\$ (2,481,123)	\$ 11,205,187	\$ 1,474,293
Certificates of obligation	35,139,712	-	(1,800,000)	(4,479,712)	28,860,000	1,845,000
Tax notes	-	1,695,000	(230,000)	-	1,465,000	225,000
Special assessment bonds	1,025,000	-	(185,000)	-	840,000	195,000
Capital leases	114,008	54,349	(91,271)	-	77,086	49,943
Premium on bonds	2,143,847	329,434	(267,639)	(65,659)	2,139,983	-
Discount on bonds	(391)	-	-	391	-	-
Compensated absences	480,070	548,652	(461,083)	-	567,639	567,639
Total governmental activities	47,233,277	9,502,435	(4,554,714)	(7,026,103)	45,154,895	4,356,875
Business-type activities						
General obligation refunding bonds	2,743,969	1,200,000	(495,279)	(708,878)	2,739,812	500,708
Certificates of obligation	450,288	-	-	(450,288)	-	-
Capital leases	21,088	-	(21,088)	-	-	-
Premium on bonds	176,853	47,067	(27,751)	(18,111)	178,058	-
Discount on bonds	(1,411)	-	-	1,411	-	-
Compensated absences	74,048	72,562	(73,153)	-	73,457	73,457
Total business-type activities	3,464,835	1,319,629	(617,271)	(1,175,866)	2,991,327	574,165
Total primary government	\$ 50,698,112	\$ 10,822,064	\$ (5,171,985)	\$ (8,201,969)	\$ 48,146,222	\$ 4,931,040

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
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Early in fiscal year 2019, the City executed a current refunding in the amount of \$8,120,000 of Series 2008A Certificates of Obligation, 2010 General Obligation, and 2010A Certificates of Obligation. The bonds were refunded with 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%. The Bonds were issued at a premium of \$316,720 and \$59,781 respectively and incurred issuance costs of \$125,000 and \$41,000 respectively. As a result of the current refunding, the City decreased total debt service payments over the next 9 years by \$396,083, obtained an economic gain of \$363,549 and recorded a deferred loss on refunding of \$15,300.

General Obligation Bonds:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,474,293	\$ 387,614	\$ 500,708	\$ 92,261	\$ 2,454,876
2021	1,528,007	343,386	521,993	77,239	2,470,625
2022	1,561,722	297,545	273,279	61,580	2,194,126
2023	1,605,436	248,385	279,564	53,165	2,186,550
2024	1,628,722	197,845	286,278	44,555	2,157,400
2025-2027	3,407,007	213,656	877,990	68,920	4,567,573
	<u>\$ 11,205,187</u>	<u>\$ 1,688,431</u>	<u>\$ 2,739,812</u>	<u>\$ 397,720</u>	<u>\$ 16,031,150</u>

Certificates of Obligation:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,845,000	\$ 928,903	\$ -	\$ -	\$ 2,773,903
2021	1,895,000	877,252	-	-	2,772,252
2022	1,945,000	826,552	-	-	2,771,552
2023	2,005,000	772,502	-	-	2,777,502
2024	2,085,000	713,623	-	-	2,798,623
2025-2029	10,480,000	2,487,106	-	-	12,967,106
2030-2034	4,035,000	1,164,600	-	-	5,199,600
2035-2039	3,530,000	480,250	-	-	4,010,250
2040-2041	1,040,000	51,026	-	-	1,091,026
	<u>\$ 28,860,000</u>	<u>\$ 8,301,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,161,814</u>

City of Roanoke, Texas
Notes to Basic Financial Statements
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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, 2019, are as follows:

Special Assessment Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 195,000	\$ 39,144	\$ 234,144
2021	205,000	30,057	235,057
2022	215,000	20,504	235,504
2023	225,000	10,485	235,485
	<u>\$ 840,000</u>	<u>\$ 100,190</u>	<u>\$ 940,190</u>

Tax Notes:

In October 2018, the City issued \$1,695,000 in tax notes to pay all or a portion of the City's contractual obligations to be incurred in connection with (1) constructing and improving streets and roads in the City and (2) paying costs associated with the issuance of the Notes. The tax notes have interest rates ranging from 3.00% to 4.00% maturing annually in varying amounts through 2025. Debt service requirements of the tax notes for the years subsequent to September 30, 2019, are as follows:

Tax Notes:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 225,000	\$ 49,150	\$ 274,150
2021	235,000	42,400	277,400
2022	240,000	35,350	275,350
2023	245,000	28,150	273,150
2024	255,000	20,800	275,800
2025	265,000	10,600	275,600
	<u>\$ 1,465,000</u>	<u>\$ 186,450</u>	<u>\$ 1,651,450</u>

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Note 3: Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in the past three years.

Note 4: Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by Nationwide Retirement Solutions. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, therefore it is not reported in the financial statements of the City.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Note 5: Employee Retirement System

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid agent multiple-employer defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

City of Roanoke, Texas
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September 30, 2019

Benefits Provided

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

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

Employees covered by benefit terms:

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	70
Active employees	124
	219
	219

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.43% and 17.45% in calendar years 2018 and 2019, respectively. The City’s contributions to TMRS for the year ended September 30, 2019, were \$1,866,833, and were equal to the required contributions.

Net Pension Liability

The City’s net pension liability (NPL) was measured as of December 31, 2018, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Roanoke, Texas
Notes to Basic Financial Statements
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Actuarial Assumptions:

The total pension liability in the December 31, 2018 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
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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 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
	<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, 2019

Changes in the Net Pension Liability:

	<i>Increase (Decrease)</i>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at October 1, 2018	\$ 35,780,618	\$ 28,966,439	\$ 6,814,179
Changes for the year:			
Service cost	2,037,287	-	2,037,287
Interest (on the total pension liability)	2,465,967	-	2,465,967
Difference between expected and actual experience	(389,860)	-	(389,860)
Benefit payments, including refunds of employee contributions	(532,846)	(532,846)	-
Administrative expense	-	(16,769)	16,769
Contributions - member	-	721,346	(721,346)
Contributions - employer	-	1,796,148	(1,796,148)
Net investment income	-	(869,654)	869,654
Other	-	(876)	876
Net Changes	<u>3,580,548</u>	<u>1,097,349</u>	<u>2,483,199</u>
Balance at September 30, 2019	<u>\$ 39,361,166</u>	<u>\$ 30,063,788</u>	<u>\$ 9,297,378</u>

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

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

1% Decrease in Discount Rate (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase in Discount Rate (7.75%)
\$ 16,344,978	\$ 9,297,378	\$ 3,641,029

Pension Plan Fiduciary Net Position:

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$2,602,133.

At September 30, 2019, 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	\$ 938,071	\$ 326,261
Difference between projected and actual investment earnings on pension plan investments	1,500,765	-
Changes of assumptions	-	36,858
Difference in proportional share	9,855	9,855
Employer contributions subsequent to the measurement date	1,322,949	-
Total	<u>\$ 3,771,640</u>	<u>\$ 372,974</u>

\$1,322,949 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, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ 716,786
2020	455,881
2021	383,784
2022	586,373
2023	(58,841)
Thereafter	(8,266)
	<u>\$ 2,075,717</u>

Allocation of Pension Items

The City allocates pension items between governmental activities and business-type activities on the basis of employee payroll funding.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Note 6: Postemployment Benefits Other Than Pensions

Plan Description

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City's insurance carrier until the age 65 through a single employer defined benefit plan. The City contributes an amount, which is established each fiscal year depending on plan costs and budget availability, towards the total monthly cost of retiree medical/prescription plans. City contribution amounts are tiered to increase with the level of coverage (Employee Only, Employee and Spouse, Employee and Children, or Employee and Family) and subject to change. This effect on cost is considered to be an implicit rate subsidy. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

To qualify for retiree health plan benefits, the employee must meet all four qualifications:

1. Must have coverage for medical benefits under the city health plan as an employee immediately prior to termination of employment.
2. Must Apply for TMRS benefits in accordance with their requirements and deadlines, but in no event later than thirty days from termination of employment
3. Must enroll for retiree health coverage within thirty-one (31) days of the date of termination.
4. Must not be eligible for Medicare or another insurance through another employer. If the employee is eligible for Medicare at age 65 or another insurance through a new employer, they are required to take it.

If dependents are not covered under the City's health benefit plan or an employee opts out of the health benefit plan offered by the City, they are not eligible for coverage under this subsection.

Benefits Provided

Retiree medical coverage levels for retirees are the same plans and benefits for all active employees in accordance with the terms and conditions of the City's current health plan. Premiums for the retiree health plans are the same as active employee's health plans. The plans themselves are the same as well with regard to benefits and structure with no differentiation.

City of Roanoke, Texas
Notes to Basic Financial Statements
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Employees covered by benefit terms:

At December 31, 2018, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The City’s total OPEB liability of \$701,379 (\$652,282 governmental activities and \$49,097 business-type activities) was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

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

Actuarial Cost Method	Entry-Age Normal
Discount Rate	3.71% as of December 31, 2018 (3.31% as of December 31, 2017)
Inflation	2.50%
Salary Increase	0.50% to 5.00%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years; The City’s explicit subsidies were assumed to increase in line with general inflation (2.50% per year).
Participation Rates	0% for employees who retire prior to the age of 50; 15% for employees who retire between ages 50 and 59; 40% for employees who retire between the ages of 60 and 64

Discount Rate:

For plans that do not have a formal trust that meets GASB’s requirements, the discount rate equals the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The discount rate was based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at October 1, 2018	\$ 684,750
Changes for the year:	
Service cost	37,032
Interest (on the total OPEB liability)	23,099
Effect of assumptions changes (discount rate change)	(32,663)
Benefit payments, age adjusted premiums, net of retiree contributions	(10,839)
Balance at September 30, 2019	\$ 701,379

Sensitivity of the total OPEB liability to changes in the discount rate and health care cost trend rates:

The total OPEB liability of the City has been calculated using a discount rate of 3.71%. The following presents the OPEB liability using a discount rate of 1% higher and 1% lower than the current discount rate.

1% Decrease 2.71%	Current Discount Rate Assumption (3.71%)	1% Increase 4.71%
\$ 785,899	\$ 701,379	\$ 625,358

The total OPEB liability of the City has been calculated using the assumed health care cost trend rates of 7.0% decreasing to 4.25%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 614,406	\$ 701,379	\$ 803,647

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$56,825.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

At September 30, 2019, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 29,357
Contributions subsequent to the measurement date	25,743	-
Total	\$ 25,743	\$ 29,357

Benefit Payments subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2020.

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

September 30	Amortization of Future Deferred (Inflows) Outflows of Resources
2020	\$ (3,306)
2021	(3,306)
2022	(3,306)
2023	(3,306)
2024	(3,306)
Thereafter	(12,827)
	\$ (29,357)

Allocation of OPEB Items

The City allocates OPEB items between governmental activities and business-type activities on the basis of employee payroll funding.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Note 7: Water Purchase and Wastewater Treatment Contracts

The City has an agreement with the City of Fort Worth under which the City purchases water. The terms of the agreement provide that the City will purchase an amount of treated potable water each year, at rates determined on a periodic basis. The rate is adjusted based on a water rate study, which is conducted about every three years, on behalf of the wholesale water customers with the City of Fort Worth.

The City has an agreement with the Trinity River Authority to provide wastewater treatment at the Denton Creek Regional Wastewater Treatment Facility. Rates are determined annually by the Trinity River Authority.

Note 8: Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City’s legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City’s operations or financial position. The amount of ultimate loss, if any, could differ materially.

Note 9: Roanoke Economic Industrial Development Corporation

The REIDC is financed with a voter approved half-cent city sales tax, to aid, promote and further the economic development within the City.

Cash and Investments

Cash and investments for the REIDC as of September 30, 2019, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	\$ <u>4,067,359</u>
Total cash and cash equivalents	\$ <u><u>4,067,359</u></u>

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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Capital Assets

Capital asset activity for the year ended September 30, 2019, 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	<u>\$ 2,197,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,197,916</u>

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2019, is as follows:

	Balance Beginning of Year	Increases	Decreases	Refunded	Balance End of Year	Due within One Year
Component unit activities						
Sales tax revenue bonds	\$ 6,245,000	\$ -	\$ (220,000)	\$ (6,025,000)	\$ -	\$ -
Sales tax revenue refunding bonds	-	6,475,000	(125,000)	-	6,350,000	300,000
Total REIDC	<u>\$ 6,245,000</u>	<u>\$ 6,475,000</u>	<u>\$ (345,000)</u>	<u>\$ (6,025,000)</u>	<u>\$ 6,350,000</u>	<u>\$ 300,000</u>

Sales Tax Revenue Bonds

Early in fiscal year 2019, the City issued Series 2018 Sales Tax Revenue Refunding Bonds in the amount of \$6,475,000, dated October 25, 2018, bearing interest rates of 3.00% to 4.35%. Proceeds from the sale of the Bonds will be used for the purpose of paying costs for (i) refund certain debt of the corporation (the "Refunded Bonds") for the debt service (ii) for paying costs of issuance of the Bonds. The Bonds incurred issuance costs of \$116,500. As a result of the current refunding, the City decreased total debt service payments over the next 17 years by \$1,441,079, obtained an economic gain of \$1,047,719 and recorded a deferred loss on refunding of \$283,715.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Debt service requirements of the sales tax revenue bonds for the years subsequent to September 30, 2019, are as follows:

Fiscal Year	Component Units		Total
	Principal	Interest	
2020	\$ 300,000	\$ 252,480	\$ 552,480
2021	310,000	242,880	552,880
2022	315,000	232,650	547,650
2023	330,000	221,940	551,940
2024	340,000	210,390	550,390
2025-2029	1,900,000	850,431	2,750,431
2030-2034	2,325,000	426,539	2,751,539
2035	530,000	23,055	553,055
	<u>\$ 6,350,000</u>	<u>\$ 2,460,365</u>	<u>\$ 8,810,365</u>

The following is a summary of pledged revenues of REIDC for the year ended September 30, 2019:

Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will not be Available for Other Purposes
.5% sales and use tax	\$ 4,237,781	\$ 549,389	13.0%	\$ 8,810,365	Until 2035

Other Payments

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

Note 10: Roanoke Community Economic Development Corporation

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

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Cash and Investments

Cash and investments for the RCEDC as of September 30, 2019, consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	<u>\$ 4,315,109</u>
 Total cash and cash equivalents	 <u><u>\$ 4,315,109</u></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.

Note 11: Al & Lula Mae Slaughter Park Foundation

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

Cash and Investments

Cash and investments for the Slaughter Park Foundation as of September 30, 2019, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	<u>\$ 453,943</u>
 Total cash and cash equivalents	 <u><u>\$ 453,943</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.

City of Roanoke, Texas
Notes to Basic Financial Statements
September 30, 2019

Note 12: Tax Abatements

The City enters into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. The City has the authority under both Article III, Section 52-a of the Texas Constitution and Chapter 380 to make public funds available for the purposes of promoting local economic development and stimulating business and commercial activity with the City. The City offers individual incentive packages to attract new business to the City. Abatements may be granted by City Council resolution to companies or developers agreeing to relocate to the City or to establish a new business in the City. As part of the agreements, the City agrees to refund a portion of Local Sales and Use Tax, Type A Sales and Use Tax, Type B Sales and Use Tax, and/or Property Taxes after confirmation of payment. The agreements entered into by the City include clawback provisions should the recipient of the tax abatement fail to fully meet its commitments, such as annual sales levels or appraised values of real and personal property located on the project site. As a part of these agreements, the City may also provide Developers financial assistance for Developer’s expenditures made towards the Project. For the fiscal year ended September 30, 2019, the City had the following open tax abatement agreements and abated the following amounts under these agreements:

<u>Open Agreements - Type of Tax Abatement</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
City of Roanoke:	
Property Taxes	\$ 675,316
Sales Taxes	-
Economic Industrial Development Corporation	
Sales Taxes	-
Community Economic Development Corporation	
Sales Taxes	-
Total	<u>\$ 675,316</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 commitments outstanding to provide developer assistance for the related projects. Outstanding commitments at September 30, 2019, under agreements above were approximately \$244,000 for REIDC and approximately \$244,000 for RCEDC. No taxes were abated for the year ended September 30, 2019 by these entities.



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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, 2019

	<u>Measurement Year 2014</u>	<u>Measurement Year 2015</u>	<u>Measurement Year 2016</u>	<u>Measurement Year 2017</u>	<u>Measurement Year 2018</u>
Total pension liability:					
Service cost	\$ 1,483,522	\$ 1,830,398	\$ 1,909,893	\$ 1,921,635	\$ 2,037,287
Interest (on the Total Pension Liability)	1,475,630	1,697,490	1,913,289	2,205,366	2,465,967
Difference between expected and actual experience	347,631	939,244	759,690	63,042	(389,860)
Change in assumptions	-	(90,278)	-	-	-
Benefit payments, including refunds of employee contributions	(260,668)	(360,918)	(281,957)	(241,398)	(532,846)
Net change in total pension liability	3,046,115	4,015,936	4,300,915	3,948,645	3,580,548
Total pension liability – beginning	20,469,007	23,515,122	27,531,058	31,831,973	35,780,618
Total pension liability – ending (a)	\$ 23,515,122	\$ 27,531,058	\$ 31,831,973	\$ 35,780,618	\$ 39,361,166
Plan fiduciary net position:					
Contributions – employer	\$ 1,135,950	\$ 1,508,981	\$ 1,610,585	\$ 1,645,859	\$ 1,796,148
Contributions – employee	591,201	654,047	682,453	682,122	721,346
Net investment income	919,497	27,222	1,370,636	3,278,442	(869,654)
Benefit payments, including refunds of employee contributions	(260,668)	(360,918)	(281,957)	(241,398)	(532,846)
Administrative expense	(9,596)	(16,575)	(15,459)	(16,965)	(16,769)
Other	(789)	(818)	(833)	(860)	(876)
City's net change in plan fiduciary net position	2,375,595	1,811,939	3,365,425	5,347,200	1,097,349
Plan fiduciary net position – beginning	16,066,280	18,441,875	20,253,814	23,619,239	28,966,439
Plan fiduciary net position – ending (b)	\$ 18,441,875	\$ 20,253,814	\$ 23,619,239	\$ 28,966,439	\$ 30,063,788
City's net pension liability – ending (a) – (b)	\$ 5,073,247	\$ 7,277,244	\$ 8,212,734	\$ 6,814,179	\$ 9,297,378
Plan fiduciary net position as a percentage of total pension liability	78.43%	73.57%	74.20%	80.96%	76.38%
Covered payroll	\$ 8,445,726	\$ 9,343,534	\$ 9,749,326	\$ 9,744,598	\$ 10,304,943
City's net pension liability as a percentage of covered payroll	60.07%	77.89%	84.24%	69.93%	90.22%

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, 2019

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Actuarially determined contribution	\$ 1,100,637	\$ 1,377,502	\$ 1,517,046	\$ 1,676,035	\$ 1,734,233	\$ 1,866,833
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>	<u>1,866,833</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 8,315,841	\$ 8,886,331	\$ 9,241,138	\$ 9,991,152	\$ 10,118,002	\$ 10,701,760
Contributions as a percentage of covered payroll	13.24%	15.50%	16.42%	16.78%	17.14%	17.44%

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	27 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 Changes in the Total OPEB Liability and Related Ratios
Retiree Healthcare Plan
September 30, 2019

	Measurement Year 2018
Total OPEB liability:	
Service cost	\$ 37,032
Interest (on the Total OPEB Liability)	23,099
Change in assumptions	(32,663)
Benefit payments, including refunds of employee contributions	(10,839)
Net change in total OPEB liability	16,629
Total OPEB liability – beginning	684,750
Total OPEB liability – ending	\$ 701,379
Covered employee payroll	\$ 10,304,943
City’s total OPEB liability as a percentage of covered employee payroll	6.81%
Notes to Schedule:	
Changes of Benefit Terms:	None
Changes of Assumptions:	
Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:	
	2017 3.71%
	2018 3.31%

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 Revenues, Expenditures and Changes In Fund Balances
Budget to Actual – General Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive(Negative)
REVENUES				
General property tax	\$ 3,539,037	\$ 3,539,037	\$ 3,540,258	\$ 1,221
General sales tax	8,209,340	8,209,340	8,475,563	266,223
Gross receipts tax	1,463,905	1,463,905	1,500,730	36,825
Licenses and permits	939,500	939,500	1,629,848	690,348
Intergovernmental	95,383	95,383	129,474	34,091
Charges for services	1,225,450	1,225,450	1,317,029	91,579
Grants and contributions	3,335,000	3,335,000	3,402,202	67,202
Fines and fees	1,007,000	1,007,000	707,933	(299,067)
Investment income	12,500	12,500	44,301	31,801
Donations	6,000	6,000	13,235	7,235
Other revenue	535,653	535,653	554,526	18,873
Total revenues	<u>20,368,768</u>	<u>20,368,768</u>	<u>21,315,099</u>	<u>946,331</u>
EXPENDITURES				
Current:				
General government	4,594,145	4,873,726	4,789,286	84,440
Public safety	9,591,519	9,315,938	9,220,501	95,437
Cultural and recreation	3,911,505	3,911,505	3,533,171	378,334
Public works	1,872,527	1,872,527	1,914,189	(41,662)
Debt service:				
Principal	95,746	95,746	91,271	4,475
Interest and fiscal charges	5,267	5,267	3,369	1,898
Capital outlay	430,629	453,629	167,048	286,581
Total expenditures	<u>20,501,338</u>	<u>20,528,338</u>	<u>19,718,835</u>	<u>809,503</u>
Excess of revenues over expenditures	<u>(132,570)</u>	<u>(159,570)</u>	<u>1,596,264</u>	<u>1,755,834</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	-	-	54,349	(54,349)
Sale of general capital assets	-	-	1,650	(1,650)
Transfers in	70,000	70,000	70,000	-
Transfers out	(508,915)	(508,915)	(501,138)	(7,777)
Total other financing sources (uses), net	<u>(438,915)</u>	<u>(438,915)</u>	<u>(375,139)</u>	<u>(63,776)</u>
Net changes in fund balances	(571,485)	(598,485)	1,221,125	1,692,058
Fund Balances, Beginning of Year	<u>5,947,375</u>	<u>5,947,375</u>	<u>5,947,375</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,375,890</u>	<u>\$ 5,348,890</u>	<u>\$ 7,168,500</u>	<u>\$ 1,692,058</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, 2019

	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	\$ 120,477	\$ 141,298	\$ -	\$ 42,468	\$ 29,622	\$ 1,476,812	\$ 39,344	\$ 1,850,021
Accounts receivable	31,138	-	-	143,289	-	3,218	-	177,645
Total assets	<u>\$ 151,615</u>	<u>\$ 141,298</u>	<u>\$ -</u>	<u>\$ 185,757</u>	<u>\$ 29,622</u>	<u>\$ 1,480,030</u>	<u>\$ 39,344</u>	<u>\$ 2,027,666</u>
LIABILITIES								
Accounts payable	-	-	-	179,877	-	2,293	948	183,118
Other accrued liabilities	-	-	-	-	5,037	-	-	5,037
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,877</u>	<u>5,037</u>	<u>2,293</u>	<u>948</u>	<u>188,155</u>
FUND BALANCES								
Restricted								
Debt service	-	141,298	-	-	-	-	-	141,298
Tourism, convention centers, arts	151,615	-	-	-	-	-	-	151,615
Public safety	-	-	-	5,880	24,585	-	-	30,465
Committed	-	-	-	-	-	1,477,737	38,396	1,516,133
Total fund balances	<u>151,615</u>	<u>141,298</u>	<u>-</u>	<u>5,880</u>	<u>24,585</u>	<u>1,477,737</u>	<u>38,396</u>	<u>1,839,511</u>
Total liabilities and fund balances	<u>\$ 151,615</u>	<u>\$ 141,298</u>	<u>\$ -</u>	<u>\$ 185,757</u>	<u>\$ 29,622</u>	<u>\$ 1,480,030</u>	<u>\$ 39,344</u>	<u>\$ 2,027,666</u>

City of Roanoke, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019

	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	\$ -	\$ 256,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,180
Gross receipts tax	183,889	-	-	-	-	-	-	183,889
Grants and contributions	-	-	33,767	325,617	-	-	-	359,384
Other revenue	32,734	341	-	-	1,829	921	-	35,825
Investment income	1,025	1,428	-	-	143	-	-	2,596
Total revenues	217,648	257,949	33,767	325,617	1,972	921	-	837,874
EXPENDITURES								
General government	179,410	-	-	-	-	7,522	6,970	193,902
Public safety	-	-	33,767	4,174	-	-	-	37,941
Debt service:								
Principal	-	185,000	-	-	-	-	-	185,000
Interest and fiscal charges	-	48,353	-	-	-	-	-	48,353
Capital outlay	-	-	-	323,042	-	545,296	41,820	910,158
Total expenditures	179,410	233,353	33,767	327,216	-	552,818	48,790	1,375,354
Excess (deficiency) of revenues over (under) expenditures	38,238	24,596	-	(1,599)	1,972	(551,897)	(48,790)	(537,480)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	548,820	80,811	629,631
Transfers out	(115,100)	-	-	-	-	-	-	(115,100)
Sale of general capital assets	-	-	-	-	-	69,349	-	69,349
Total other financing sources (uses)	(115,100)	-	-	-	-	618,169	80,811	583,880
Net change in fund balances	(76,862)	24,596	-	(1,599)	1,972	66,272	32,021	46,400
Fund balances, beginning of year	228,477	116,702	-	7,479	22,613	1,411,465	6,375	1,793,111
Fund balances, end of year	\$ 151,615	\$ 141,298	\$ -	\$ 5,880	\$ 24,585	\$ 1,477,737	\$ 38,396	\$ 1,839,511

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, 2019

	REIDC
ASSETS	
Cash and cash equivalents	\$ 4,067,359
Receivables:	
Sales taxes	734,193
Prepaid lease	1,219,754
Total assets	6,021,306
 FUND BALANCES	
Nonspendable	1,219,754
Restricted	4,801,552
Total fund balances	6,021,306

City of Roanoke, Texas
Reconciliation of the Balance Sheet
to the Statement of Net Position
Roanoke Economic Industrial Development Corporation
September 30, 2019

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

Total fund balance – governmental fund	\$	6,021,306
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.		(31,560)
Long-term liabilities and related deferred outflows of resources, including bonds payable and deferred charges on refunding, are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		<u>(6,082,974)</u>
Net position of governmental activities	\$	<u><u>2,104,688</u></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, 2019

	REIDC
REVENUES	
Sales and use taxes	\$ 4,237,781
Investment income	18,855
Other payments	377,000
Total revenues	4,633,636
EXPENDITURES	
Economic development	2,143,323
Debt service:	
Repayment of due to primary government	15,566
Principal	345,000
Interest and fiscal charges	204,389
Bond issuance costs	160,814
Total expenditures	2,869,092
Excess of revenues over expenditures	1,764,544
OTHER FINANCING SOURCES (USES)	
Refunding bonds issued	6,475,000
Payment to refunded bond escrow agent	(6,308,715)
Total other financing sources (uses), net	166,285
Net change in fund balances	1,930,829
Fund Balances, Beginning of Year	4,090,477
Fund Balances, End of Year	\$ 6,021,306

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, 2019

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

Net change in fund balances – total governmental funds	\$	1,930,829
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		345,000
The repayment of due to primary government consumes the current financial resources of governmental funds, but has no effect on net position.		15,566
The issuance of long-term debt (bonds) provides current financial resources to governmental funds, but has no effect on net position.		(6,475,000)
The principal amount of debt paid to bondholders/refunding bond agents consumes current financial resources of governmental funds, but has no effect on net position.		6,308,715
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.		(16,689)
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.		20,125
		20,125
Change in net position of governmental activities	\$	2,128,546

City of Roanoke, Texas
Balance Sheet/Statement of Net Position
Roanoke Community Economic Development Corporation
September 30, 2019

	RCEDC
ASSETS	
Cash and cash equivalents	\$ 4,315,109
Sales tax receivable	734,193
Prepaid lease	1,219,754
Prepaid items	15,200
Total assets	6,284,256
 LIABILITIES	
Accounts payable	515
Total liabilities	515
 FUND BALANCES/NET POSITION	
Nonspendable/Unrestricted	1,234,954
Restricted	5,048,787
Total fund balances/net position	6,283,741
Total liabilities and fund balances/net position	\$ 6,284,256

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, 2019

	RCEDC
REVENUES	
Sales and use taxes	\$ 4,237,781
Investment income	20,762
Miscellaneous income	28,300
Total revenues	4,286,843
EXPENDITURES	
Economic development	2,856,389
Total expenditures	2,856,389
Net change in fund balances	1,430,454
Fund Balances/Net Position, Beginning of Year	4,853,287
Fund Balances/Net Position, End of Year	\$ 6,283,741

City of Roanoke, Texas
Balance Sheet/Statement of Net Position
Al and Lula Mae Slaughter Park Foundation
September 30, 2019

	Slaughter Park Foundation
ASSETS	
Cash and cash equivalents	\$ 453,943
Other miscellaneous receivables	209
Total assets	454,152
 FUND BALANCES/NET POSITION	
Assigned/Unrestricted	454,152
Total fund balances/net position	\$ 454,152

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position
AI and Lula Mae Slaughter Park Foundation
For the Year Ended September 30, 2019

	Slaughter Park Foundation
REVENUES	
Rents and royalties	\$ 3,583
Investment income	2,279
	5,862
Total revenues	5,862
EXPENDITURES	
General government	324
	324
Total expenditures	324
Net change in fund balances/net position	5,538
Fund Balances/Net Position, Beginning of Year	448,614
Fund Balances/Net Position, End of Year	\$ 454,152



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	<u>Page</u>
Financial Trends	83-87
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	88-91
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity	92-96
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	97-98
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	99-101
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

	2010	2011	2012	2013	2014	2015 (a)	2016	2017 (b)	2018	2019
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 34,936,164
Restricted	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	1,482,740
Unrestricted	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	2,674,659
Total governmental activities net position	<u>\$ 19,241,555</u>	<u>\$ 30,796,547</u>	<u>\$ 31,369,158</u>	<u>\$ 41,363,265</u>	<u>\$ 43,347,956</u>	<u>\$ 41,142,525</u>	<u>\$ 43,406,008</u>	<u>\$ 40,033,579</u>	<u>\$ 41,193,580</u>	<u>\$ 39,093,563</u>
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 12,176,418
Restricted	74,448	7,549	32,615	285,117	422,658	627,433	332,828	383,356	615,313	616,619
Unrestricted	(762,150)	(370,229)	167,322	621,404	480,702	504,474	809,935	855,275	2,448,790	2,845,436
Total business-type activities net position	<u>\$ 7,561,894</u>	<u>\$ 7,631,565</u>	<u>\$ 7,893,871</u>	<u>\$ 12,120,198</u>	<u>\$ 12,008,046</u>	<u>\$ 12,232,375</u>	<u>\$ 12,537,033</u>	<u>\$ 12,608,063</u>	<u>\$ 15,025,167</u>	<u>\$ 15,638,473</u>
PRIMARY GOVERNMENT ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 47,112,582
Restricted	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	2,099,359
Unrestricted	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	5,520,095
Total primary governmental activities net position	<u>\$ 26,803,449</u>	<u>\$ 38,428,112</u>	<u>\$ 39,263,029</u>	<u>\$ 53,483,463</u>	<u>\$ 55,356,002</u>	<u>\$ 53,374,900</u>	<u>\$ 55,943,041</u>	<u>\$ 52,641,642</u>	<u>\$ 56,218,747</u>	<u>\$ 54,732,036</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES										
Governmental activities										
General government	\$ 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	\$ 9,047,141
Public Safety	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	10,171,010
Cultural and recreation	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	4,374,352
Public works	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	4,800,393
Economic development	-	-	-	-	-	-	-	-	2,400,000	-
Interest and fiscal charges	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	1,369,775
Total governmental activities expenses	<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>	<u>29,762,671</u>
Business-type activities										
Water and Wastewater	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	6,749,241
Sanitation	59,364	34,168	26,440	24,541	23,747	20,294	10,012	11,357	8,666	9,236
Total business-type activities expenses	<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>	<u>6,758,477</u>
Total primary government expenses	<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>	<u>\$ 36,521,148</u>
PROGRAM REVENUES										
Governmental activities										
Charges for Services:										
General government	\$ 1,298,060	\$ 1,313,572	\$ 1,526,045	\$ 87,097	\$ 18,100	\$ 6,330	\$ 9,154	\$ 10,830	\$ 11,438	\$ 18,233
Public Safety	389,440	444,612	413,941	1,363,906	1,014,255	1,720,909	1,477,366	1,097,913	1,342,094	1,169,587
Cultural and recreation	627,221	609,625	656,096	847,805	693,895	744,977	763,934	770,864	824,589	817,901
Public works	6,285	-	9,596	1,096,788	1,088,105	1,307,092	957,280	776,467	1,280,477	1,629,848
Operating grants and contributions	437,531	478,518	379,991	3,591,655	3,044,370	3,048,086	3,208,558	3,305,142	3,603,245	4,014,171
Capital grants and contributions	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	596,040
Total governmental activities program revenues	<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>	<u>8,245,780</u>
Business-type activities										
Charges for Services										
Water and Wastewater	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	6,969,475
Sanitation	2,230	1,690	1,705	1,010	890	940	1,189	1,515	1,740	-
Capital grants and contributions	800,000	798,087	828,087	4,300,023	828,910	1,240,987	1,022,686	550,717	1,359,886	536,086
Total business-type activities program revenues	<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>	<u>7,505,561</u>
Total primary government program revenues	<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>	<u>\$ 15,751,341</u>
Net (Expenses) Revenue										
Governmental activities	\$ (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)	\$ (21,516,891)
Business-type activities	(938,278)	(233,351)	(29,669)	2,856,209	(162,323)	514,740	750,257	135,831	2,481,327	747,084
Total primary government net expense	<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>	<u>\$ (20,769,807)</u>

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

Table 2

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL REVENUES										
AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property taxes	\$ 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	\$ 8,203,161
Sales taxes	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	8,475,563
Gross receipt taxes	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	1,684,619
Other taxes	21,787	30,911	30,867	40,785	44,238	56,412	69,428	75,488	110,225	129,474
Investment income	30,054	21,904	15,963	11,862	8,942	6,892	15,332	38,446	62,693	88,172
Gain on sale of assets	-	-	-	5,725	-	39,199	16,829	111,574	205,466	70,999
Miscellaneous	-	-	-	179,406	515,239	485,259	491,417	532,932	673,304	606,393
Transfers	(388,585)	(302,636)	(291,419)	106,881	(48,290)	(92,073)	447,014	73,491	73,651	158,493
Total governmental activities	<u>9,664,513</u>	<u>9,732,650</u>	<u>11,311,469</u>	<u>13,731,581</u>	<u>14,490,839</u>	<u>14,253,025</u>	<u>16,452,094</u>	<u>17,011,090</u>	<u>18,427,027</u>	<u>19,416,874</u>
Business-type activities										
Impact Fees	-	-	-	327,937	-	-	-	-	-	-
Investment income	972	386	556	802	881	493	1,415	2,836	9,428	24,715
Gain on sale of assets	-	-	-	-	1,000	-	-	5,854	-	-
Transfers	388,585	302,636	291,419	312,413	48,290	92,073	(447,014)	(73,491)	(73,651)	(158,493)
Total business-type activities	<u>389,557</u>	<u>303,022</u>	<u>291,975</u>	<u>641,152</u>	<u>50,171</u>	<u>92,566</u>	<u>(445,599)</u>	<u>(64,801)</u>	<u>(64,223)</u>	<u>(133,778)</u>
Total primary government	<u>\$ 10,054,070</u>	<u>\$ 10,035,672</u>	<u>\$ 11,603,444</u>	<u>\$ 14,372,733</u>	<u>\$ 14,541,010</u>	<u>\$ 14,345,591</u>	<u>\$ 16,006,495</u>	<u>\$ 16,946,289</u>	<u>\$ 18,362,804</u>	<u>\$ 19,283,096</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 1,087,277	\$ 11,554,992	\$ 572,611	\$ 9,994,107	\$ 1,984,691	\$ 965,495	\$ 2,263,483	\$ (652,429)	\$ 1,160,001	\$ (2,100,017)
Business-type activities	(548,721)	69,671	262,306	3,497,361	(112,152)	607,306	304,658	71,030	2,417,104	613,306
Total primary government	<u>\$ 538,556</u>	<u>\$ 11,624,663</u>	<u>\$ 834,917</u>	<u>\$ 13,491,468</u>	<u>\$ 1,872,539</u>	<u>\$ 1,572,801</u>	<u>\$ 2,568,141</u>	<u>\$ (581,399)</u>	<u>\$ 3,577,105</u>	<u>\$ (1,486,711)</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL FUND										
Nonspendable	\$ 61,128	\$ 155,730	\$ 37,056	\$ 81,054	\$ 90,327	\$ 38,254	\$ 115,973	\$ 25,592	\$ 89,315	\$ 584,059
Restricted	-	-	-	-	241,990	379,182	335,365	592,812	591,409	472,231
Committed	-	-	-	-	10,868	11,810	8,820	8,820	9,261	4,631
Assigned	-	-	-	65,939	2,598,030	630,375	642,581	750,000	-	-
Unassigned	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	6,107,579
Total general fund	<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>	<u>\$ 7,168,500</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ 500	\$ 1,005,935
Restricted	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	1,010,509
Committed	-	3,293,740	1,673,586	165,486	2,550,263	4,387,106	8,030,928	9,251,862	7,503,222	4,536,755
Assigned	233,805	267,953	378,314	2,789,772	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	(701,451)
Total all other governmental funds	<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>	<u>\$ 5,851,748</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Property taxes	\$ 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	\$ 8,189,010
Sales taxes	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	8,475,563
Gross receipts tax	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	1,684,619
Licenses and permits	679,342	493,096	738,546	1,096,788	1,088,105	1,307,092	957,280	776,467	1,280,477	1,629,848
Intergovernmental	-	-	-	40,785	44,238	56,412	69,428	75,488	110,225	129,474
Charges for services	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	1,317,029
Grants and contributions	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	4,516,976
Fines and fees	338,211	413,983	435,748	934,286	791,614	1,265,612	1,052,309	804,726	883,479	707,933
Investment income	30,054	21,904	15,963	11,861	8,942	6,892	15,332	38,446	62,693	88,172
Donations	55,624	136,434	40,953	55,889	49,671	48,308	32,021	23,695	12,125	13,235
Other revenue	46,741	102,281	54,368	566,240	499,417	535,259	541,417	582,932	723,304	621,959
Total revenues	<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>	<u>27,373,818</u>
EXPENDITURES										
General government	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	5,316,301
Public safety	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	9,258,442
Cultural and recreation	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	3,533,711
Public works	764,109	788,898	859,262	1,022,449	933,965	1,241,798	1,658,383	1,573,622	1,829,092	2,300,489
Economic Development	-	-	-	-	-	-	-	-	2,400,000	-
Debt service:										
Principal	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	3,825,992
Interest and fiscal charges	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	1,448,527
Bond issuance costs	-	-	-	110,850	173,253	223,469	157,732	253,096	144,728	190,532
Capital outlay	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	5,412,414
Total expenditures	<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>	<u>31,286,408</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>(3,912,590)</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	1,695,000
Refunding bonds issued	7,092,929	-	-	-	2,600,000	3,286,909	2,290,000	-	-	6,875,000
Premium on issuance of debt	-	-	-	114,066	287,301	792,026	538,994	330,672	531,770	329,434
Payment to bond escrow agent	-	-	-	-	(2,656,983)	(3,516,396)	(2,414,311)	-	-	(6,996,125)
Capital leases	-	-	-	-	72,110	116,632	-	-	-	54,349
Sale of general capital assets	-	-	-	-	16,200	39,199	80,913	273,830	209,734	70,999
Capital contributions	-	3,542,317	-	-	-	-	-	-	-	-
Transfers in	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	774,731
Transfers out	(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)	(616,238)
Total other financing sources	<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>	<u>2,187,150</u>
Net change in fund balances	<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>	<u>\$ (1,725,440)</u>
Debt service as a percentage of noncapital expenditures	45%	18%	17%	19%	19%	18%	18%	19%	19%	20%

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						
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%
2019	478,319,137	550,320,276	1,620,880,876	(546,128,694)	2,103,391,595	0.37512	2,103,391,595	100%

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

Note: 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
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	0.16095	0.21417	0.37512	1.49000	0.23781	0.23400
2019	0.16741	0.20771	0.37512	1.49000	0.22560	0.23400

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

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

Table 7

Fiscal Year 2019			Fiscal Year 2010		
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	\$ 246,197,401	11.70%	Cardinal Health	\$ 122,866,831	11.09%
Citicorp Technology Inc.	166,191,344	7.90%	Bell Helicopter Textron	75,682,486	6.83%
WW Grainger Inc.	57,354,140	2.73%	Alliance No. 3 Building Partners LP	42,991,658	3.88%
Mid America Apartments LP	94,824,895	4.51%	Citicorp Technology Inc.	39,396,500	3.56%
Cardinal Health	31,475,463	1.50%	WW Grainger Inc.	35,995,551	3.25%
AT Industrial Owner 4, LLC	55,206,000	2.62%	Mid America Apt LP	31,801,540	2.87%
AT Industrial Owner 7, LLC	47,559,573	2.26%	Bridgestone/Firestone	29,075,487	2.62%
Roanoke 08 A, LP	23,180,396	1.10%	Behr Process Corp	23,957,770	2.16%
Bridgestone Americas Tires	25,545,840	1.21%	Alliance No. 4 Building Partners LP	20,665,387	1.87%
Hancock Reit Gateway, LLC	22,641,484	1.08%	Amerisource Bergen	17,937,210	1.62%
Total Assessed Value of Top Ten Taxpayers	770,176,536	36.62%	Total Assessed Value of Top Ten Taxpayers	\$ 440,370,420	39.75%
Total Assessed Value of Other Taxpayers	1,333,215,059	63.38%	Total Assessed Value of Other Taxpayers	667,346,246	60.25%
Total Assessed Value	\$ 2,103,391,595	100.00%	Total Assessed Value	\$ 1,107,716,666	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
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	29,130	4,399,857	4,363,079	99.16%	35,666	4,398,745	99.97%	1,112	0.03%
2013	4,591,041	23,676	4,614,717	4,583,877	99.33%	29,831	4,613,708	99.98%	1,010	0.02%
2014	5,070,797	17,058	5,087,855	5,062,406	99.50%	20,881	5,083,287	99.91%	4,568	0.09%
2015	5,652,731	(29,304)	5,623,427	5,607,620	99.72%	10,985	5,618,605	99.91%	4,822	0.09%
2016	6,424,722	7,808	6,432,530	6,411,355	99.67%	15,692	6,427,047	99.91%	5,483	0.09%
2017	7,001,592	10,703	7,012,295	6,984,270	99.60%	18,205	7,002,475	99.86%	9,820	0.14%
2018	7,388,775	(1,938)	7,386,837	7,376,011	99.85%	5,458	7,381,469	99.93%	5,368	0.07%
2019	7,940,832	-	7,940,832	7,928,393	99.84%	-	7,928,393	99.84%	12,439	0.16%

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)
	General Obligation Bonds	Certificates of Obligation	Tax Notes	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		
2010	\$ 8,517,455	\$ 14,981,010	\$ -	\$ 2,255,000	\$ -	\$ 1,438,987	\$ 6,501,535	\$ -	\$ 206,727	\$ 33,900,714	19.46%
2011	7,758,091	19,480,750	-	2,125,000	-	1,182,787	6,166,159	-	187,017	36,899,804	16.98%
2012	6,947,542	22,765,674	-	1,985,000	-	910,285	5,806,784	-	166,397	38,581,682	17.22%
2013	4,873,018	23,230,816	-	1,845,000	-	372,918	5,466,165	-	144,826	35,932,743	15.65%
2014	6,592,827	23,248,320	-	1,695,000	-	375,024	5,083,852	-	122,259	37,117,282	15.98%
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%
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%
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%
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%
2019	11,205,187	28,860,000	1,465,000	840,000	2,139,983	77,086	2,739,812	178,058	-	47,505,126	18.51%

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	Net Bonded Debt	Estimated Population (1)	Taxable Assessed Value (2)	Debt to Taxable Assessed Value	Net Debt Per Capita
2010	\$ 8,517,455	\$ 14,981,010	\$ -	\$ 23,498,465	\$ 768,389	\$ 22,730,076	7,900	\$ 1,107,716,666	2.05%	\$ 2,877
2011	7,758,091	19,480,750	-	27,238,841	1,069,504	26,169,337	7,950	967,497,234	2.70%	3,292
2012	6,947,542	22,765,674	-	29,713,216	783,460	28,929,756	8,200	1,107,172,062	2.61%	3,528
2013	4,873,018	23,230,816	-	28,103,834	641,110	27,462,724	8,400	1,181,363,321	2.32%	3,269
2014	6,592,827	23,248,320	-	29,841,147	816,137	29,025,010	8,500	1,263,910,924	2.30%	3,415
2015	9,244,958	23,660,051	1,258,120	34,163,129	748,173	33,414,956	8,500	1,468,085,858	2.28%	3,931
2016	10,508,497	23,535,212	1,651,617	35,695,326	917,675	34,777,651	8,657	1,675,549,950	2.08%	4,017
2017	9,436,648	31,239,008	1,819,753	42,495,409	906,588	41,588,821	8,803	1,763,455,844	2.36%	4,724
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
2019	11,205,187	28,860,000	2,139,983	42,205,170	614,892	41,590,278	9,390	2,103,391,595	1.98%	4,429

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

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

Table 11

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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, 2019 (Unaudited)

Table 12

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable (a)	Roanoke Share of Overlapping Debt
Debt Repaid with Property Taxes			
Denton County	\$ 590,380,000	2.28%	\$ 13,460,664
Tarrant County	266,375,000	0.07%	186,463
Tarrant County Hospital District	17,735,000	0.07%	12,415
Northwest Independent School District	<u>934,245,475</u>	12.44%	<u>116,220,137</u>
Subtotal, overlapping debt	<u>1,808,735,475</u>		129,879,678
City of Roanoke (Direct Debt)	\$ 44,587,256	100.00%	<u>44,587,256</u>
Total Direct and Overlapping Debt			<u><u>\$ 174,466,934</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, 2019.

(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	
2010	\$ 2,995,174	\$ 3,350,132	\$ (354,958)	\$ 613,363	(d)	(0.58)
2011	4,089,051	3,814,212	274,839	571,516	(d)	0.48
2012	4,189,585	3,762,448	427,137	582,873	(d)	0.73
2013	4,900,945	4,719,483	181,462	587,712	(d)	0.31
2014	5,610,958	5,461,087	149,871	631,385	(d)	0.24
2015	6,021,511	5,529,570	491,941	619,063	(d)	0.79
2016	6,600,989	5,796,585	804,404	615,962	(d)	1.31
2017	6,539,850	5,754,550	785,300	614,933	(d)	1.28
2018	8,260,144	5,977,010	2,283,134	596,491	(d)	3.83
2019	6,992,178	5,883,232	1,108,946	592,969	(d)	1.87

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)
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%
2019	9,390	27,327	256,600,530	32.0	65,942	24,271	3.1%

- 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

2019		2010	
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	Oscar Renda Contracting	315
Cardinal Health	270	Amerisource Bergens	250
Amerisource Bergen	260	Behr Processing	250
Behr Process Corp	240	Applied Industrial Tech Inc	230
Heritage Bag	185	Bell Helicopter	225

Source: Hillwood Development Company, LLC

Note: 2019 total employees listed by employer are estimates. Total employment information is unavailable for both 2019 and 2010.

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

Table 16

<u>Function/Program</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>	<u>2019</u>
Administration	10.50	10.50	11.00	12.50	12.50	10.50	10.50	11.50	11.50	12.00
Visitor Center and Museum	3.25	3.25	3.25	3.75	3.75	3.75	3.75	3.75	3.75	3.50
Building Inspection	4.00	4.00	4.00	4.00	4.00	4.00	5.50	5.50	5.50	5.50
Fire & EMS	19.00	19.00	19.00	19.00	19.00	20.00	20.00	21.00	21.00	23.00
Municipal Court	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	4.50
Streets	5.00	5.00	5.00	5.00	5.00	5.00	7.50	8.50	8.50	8.50
Police	42.00	42.00	42.00	42.00	42.00	43.00	43.00	44.50	44.50	46.50
Library	7.50	7.50	7.50	7.50	7.50	7.50	8.50	8.50	8.50	8.50
Parks and Recreation	25.25	25.25	25.25	25.25	25.25	25.25	25.75	26.25	26.25	26.50
Water/wastewater	10.00	10.00	10.00	10.00	10.00	12.00	9.00	9.00	9.00	13.50
Total	<u>129.50</u>	<u>129.50</u>	<u>130.00</u>	<u>132.00</u>	<u>132.00</u>	<u>134.00</u>	<u>136.50</u>	<u>141.50</u>	<u>142.00</u>	<u>152.00</u>

Source: City payroll records and budget book

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

Table 17

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Number of police personnel	42	42	42	42	42	43	43	45	45	47
Number of citations	4,834	5,124	6,731	5,924	7,134	10,060	7,394	5,381	8,222	7,014
Fire										
Number of fire personnel	19	19	19	19	19	20	20	21	21	23
Number of fire suppression runs	737	705	631	705	665	696	822	935	846	841
Number of EMS runs	595	652	671	626	687	730	707	807	780	862
Development										
Construction permits issued (a)	186	201	193	193	327	368	292	304	368	165
Public Works										
Streets paved (miles)	18.68	18.68	18.68	18.68	19.60	24.08	25.27	25.27	50.25	50.25
Parks Maintenance										
Number of parks maintenance personnel	8	8	8	8	8	8	8	8	26	27
Number of acres maintained	58	51	51	56	56	56	56	80	80	80
Public parks	6	7	7	10	10	10	10	11	11	11
Library										
Number of volumes (b)	44,539	47,675	51,503	38,011	37,348	39,332	41,367	40,721	39,815	39,921
Annual circulation	60,586	63,133	86,729	100,899	110,382	107,215	113,048	108,560	111,984	126,493
Water and wastewater										
Number of water customers	1,805	1,900	1,961	2,127	2,297	2,377	2,559	2,670	2,810	2,945
Daily average consumption (million gallons)	1.23	1.35	1.79	1.79	1.69	1.62	1.63	1.55	1.72	1.62
Storage capacity (gallons)	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	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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	19.60	24.08	25.27	25.27	50.25	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	230	286	297	297	317	317
Parks and Recreation										
Park Acreage	177	191	191	210	210	210	210	210	210	210
Public parks	6	7	7	10	10	10	10	11	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	3	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	2	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	22.51	25.69	27.72	27.88	30.43	30.82
Fire Hydrants	282	282	282	282	293	531	577	583	611	611
Stormsewer (miles)	0.75	0.75	0.75	0.75	1.87	3.68	4.67	4.75	7.39	7.34
Sanitary sewer (miles)	17.25	17.25	17.25	17.25	18.49	20.82	21.84	21.84	23.66	23.83

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, 2019, 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 21, 2020.

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 21, 2020



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