

City of Roanoke, Texas

Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2020



500 S. Oak Street
Roanoke, TX 76262
Phone (817) 491-2411
Fax (817) 491-2242
www.roanoketexas.com





This Page Has Been Intentionally Left Blank

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

Table of Contents

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	i-vii
Organizational Chart	viii
Elected Officials and Administrative Officers.....	ix
GFOA Certificate of Achievement	x
II. FINANCIAL SECTION	
Independent Auditor's Report	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-16
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Proprietary Funds Financial Statements	
Statement of Net Position	23
Statement of Revenues, Expenses and Changes in Fund Net Position	24
Statement of Cash Flows.....	25
Discretely Presented Component Units	
Statement of Net Position	26
Statement of Activities	27
Notes to Basic Financial Statements	28-66
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	67
Schedule of Contributions – Texas Municipal Retirement System.....	68
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	69
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – General Fund.....	70

City of Roanoke, Texas

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2020

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	73
Discretely Presented Component Units	
Roanoke Economic Industrial Development Corporation	
Balance Sheet	75
Reconciliation of the Balance Sheet to the Statement of Net Position.....	76
Statement of Revenues, Expenditures and Changes in Fund Balances.....	77
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	78
Roanoke Community Economic Development Corporation	
Balance Sheet/Statement of Net Position	79
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position	80
AI & Lula Mae Slaughter Park Foundation	
Balance Sheet/Statement of Net Position	81
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position	82

III. STATISTICAL SECTION

Table

Net Position by Component	1	84
Changes in Net Position by Component	2	85-86
Fund Balances, Governmental Funds.....	3	87
Changes in Fund Balances, Governmental Funds	4	88
Assessed Value and Estimated Actual Value of Taxable Property	5	89
Direct and Overlapping Property Tax Rates.....	6	90
Principal Property Taxpayers.....	7	91
Ad Valorem Tax Levies and Collections	8	92
Ratio of Outstanding Debt by Type	9	93
Ratio of General Bonded Debt Outstanding	10	94
Legal Debt Margin Information	11	95
Direct and Overlapping Governmental Activities Debt	12	96
Pledged Revenue Coverage	13	97
Demographic and Economic Statistics	14	98
Principal Employers	15	99
Full-Time Equivalent City Government Employees by Function/Program	16	100
Operating Indicators by Function/Program	17	101
Capital Asset Statistics by Function/Program	18	102

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor's Report.....	103-104
---	---------



Introductory Section



This Page Has Been Intentionally Left Blank



March 26, 2021

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

The Fiscal and Administrative Services Department and City Manager’s Office are pleased to submit the Comprehensive Annual Financial Report for the City of Roanoke, Texas (“City”), for the fiscal year ended September 30, 2020. This report complies with State law which requires that all local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

The City’s financial statements have been audited by **BKD, LLP**, a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified (“clean”) opinion that the City’s financial statements for the fiscal year ended September 30, 2020 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the Financial Section of this report.

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

PROFILE OF THE CITY OF ROANOKE, TEXAS

The City of Roanoke is located in North Central Texas with portions of the city in Denton County and Tarrant County. The City is situated 23 miles north of downtown Fort Worth and 30 miles west of downtown Dallas. Roanoke is readily accessible by State Highway 114, State Highway 170, and Farm-to-Market Road 377. Roanoke's centralized location provides quick access to both the Dallas and Fort Worth Metropolitan areas and is only 13 miles from the Dallas-Fort Worth International Airport ("DFW Airport"), one of the world's busiest airports. Originally incorporated in 1933, The City of Roanoke currently occupies 6.5 square miles and serves a population of approximately 9,400.

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

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

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

The financial reporting entity (the government) includes all funds of the primary government (*i.e.*, the City of Roanoke), as well as all of its component units. Three component units of the City, the Roanoke Economic Industrial Development Corporation (“REIDC”), the Roanoke Community Economic Development Corporation (“RCEDC”) and the Al & Lula Mae Slaughter Park (“Slaughter Park”) Foundation, are presented in the financial statements as discretely presented component units. These entities are legally separate entities for which the primary government is financially accountable but not part of the primary government’s operations. Additional information on these discretely presented component units can be found in Notes 1, 9, 10 and 11 of the Notes to the Basic Financial Statements.

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

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

ECONOMIC CONDITION

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

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

According to the North Texas Commission, DFW is the fourth largest metropolitan region in the US and has experienced tremendous growth over the last decade. The Metroplex contains 26% of the State’s population and 28% of the labor force. With its highly diversified economy, DFW has a population of over 7.5 million, a Gross Domestic Product of \$613.4 billion, a labor force of 3.9 million, a 2.8% job growth rate, 25 Fortune 500 Companies, and 17 major colleges and/or universities and numerous junior colleges, with enrollment over 367,000. Such an economic environment has helped the region weather economic downturns in key sectors better than other regions of the nation.

DFW Airport reports itself as the world's third largest airport in terms of operations and tenth largest in terms of passengers in the world, handling over 75 million passengers a year, prior to the Covid-19 pandemic. DFW Airport reports service is provided to 244 destinations. Every major city in the continental United States can be accessed within four hours or less. DFW's central North American location makes it the preeminent U.S. hub and connecting point for the entire continent. Home to the largest Information Technology industry in the state, DFW is known as the economic engine for the North Texas region, powering a \$37 billion annual economy, covering 17,200 acres of land, supporting 60,000 on-airport employees, 228,000 local jobs, and an annual payroll of \$12.5 billion. (SOURCE: DFW website www.dfwairport.com *DFW Airport 2020 Comprehensive Annual Financial Report*).

The AllianceTexas development, a portion of which lies within the City of Roanoke's boundaries, is a 26,000-acre master-planned, mixed-use community which is home to 525+ companies, 61,000 employees, 8,750+ single-family homes, and is anchored by the inland port known as the Alliance Global Logistics Hub. The development includes Fort Worth's Alliance Airport, the first purely industrial airport in the Western Hemisphere, which serves as the cornerstone for the nation's fastest-growing industrial complex. The area offers a variety of commercial real estate options as well as industrial, office, and retail space. Additionally, the AllianceTexas development contributes an estimated \$7.3 billion annually to North Texas. (SOURCE: Alliance website www.allianceairport.com, *AllianceTexas Fact Sheet 2020*).

The City of Roanoke continues to enjoy a favorable economic environment. During fiscal year 2020, property values reached an all-time high, and continue to rise as companies discover Roanoke as a prime location to establish operations. The City of Roanoke has been successful in recruiting several Fortune 50 and Fortune 500 companies, thus creating jobs and significantly expanding the local tax base. In addition, Roanoke's designation as the "Unique Dining Capital of Texas" has allowed the City to enhance the downtown area, offering several "unique" dining options, eclectic shopping, and making it a true destination for the citizens and local communities. Management continually monitors revenue collections with expenditure patterns to ensure the City maintains a healthy financial position.

Taxable value for all residential and commercial property in the City of Roanoke totaled approximately \$2.3 billion for fiscal year 2020, a 9.09% increase from the prior year, due to increases in both residential and commercial real estate values. Increased strength in employment and growth in new residential and commercial construction are leading indicators of continued growth in the City's property tax base. Sales tax collections increased during FY2019-20 despite the projected impact of Covid-19. The City of Roanoke's unemployment rate remains well below both state and national levels, averaging just under 7.7%. As of September 2020, the State of Texas unemployment rate was at 8.2% and the national rate was 7.9%.

Roanoke has several large tracts of undeveloped land within the City's boundaries and continues to focus on attracting quality, sustainable development to the area and to renew the emphasis on business retention. Over the last several years, Roanoke has experienced single-family residential, commercial and industrial growth. The historic downtown Oak Street continues to attract unique restaurants which allowed the Texas House of Representatives to appoint Roanoke as the Unique Dining Capital of Texas. In addition, this area has attracted eclectic boutiques and retail stores. Roanoke's focus on tourism often brings crowds of over 25,000 or more to local events, attracting visitors from across the Metroplex, around the state, and beyond. Major events include Celebrate Roanoke, Roanoke Hometown Holiday, Roanoke Roundup, July 3rd Celebration of Independence, Roanoke Farmer's Market, Roanoke Eggapalooza, Fishing in the Park, and Evening on Oak Street Concert Series.

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

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

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

LONG-TERM FINANCIAL PLANNING

The City of Roanoke has developed a comprehensive capital improvement plan, as well as a multi-year financial plan for the City's major funds. Such strategic planning has allowed the City to fund several major infrastructure improvements, new facilities, park additions and enhancements, and capital purchases in a systematic manner while considering the full impact to the operating budget and tax requirements. While many of these projects have been funded through the issuance of debt, the City has been able to maintain a flat tax rate for the past 23 years.

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

The City Council and citizens of Roanoke have determined that debt issuance is a viable method of financing major capital projects. Analysis of potential debt issuance includes the operating impact that the repayment thereof will have on citizens, property tax rates, and enterprise fund service fee revenues. Per the City's fiscal policies, long-term debt will not be used for operating purposes, and, the life of the debt instruments will not exceed the useful life of the projects financed. Policy also specifies that bonds with an average life of 20 years or less will be issued to reduce net interest cost and maintain future flexibility by paying off debt earlier. The majority of the City's existing long-term debt was used to finance infrastructure needs and traditional government facilities, streets, utility infrastructure, and development of parks and open spaces.

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

Fiscal policies provide for a General Fund reserve equal to between 30 and 60 days of the total operating revenues of the General Fund. At no time will the reserve fall below 8.3% of the General Fund revenue level (*i.e.* 30-day level). Due to the City's immediate reaction to the Covid-19 pandemic, which included drastic cuts, frozen positions, elimination of some positions, and the receipt of federal CARES Act funding, the current operating reserve is at 137 days of operating revenue which equates to approximately 38% of next year's budgeted expenditures. At the end of the current year, the City was in compliance with this fiscal policy reserve level.

The City's fiscal policies for the Water and Wastewater Fund requires the maintenance of a minimum reserve of sixty days of operating revenue. The City currently maintains 221-day reserve, which is well above the minimum reserve requirements.

Standard & Poor's Ratings Services ("S&P"), a division of the McGraw-Hill Companies, Inc., rates the City's general obligation debt and sales tax revenue debt. In FY2020, S&P reaffirmed its AA long-term rating and underlying rating (SPUR) on the City's debt. Additional information about the rating agency or the significance of the credit rating may be obtained from its website.

MAJOR INITIATIVES

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

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

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roanoke for its comprehensive annual financial report for the fiscal year ended September 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has been awarded a Certificate of Achievement for the last 14 consecutive years. We believe our current Comprehensive Annual Financial Report meets the Certificate of Achievement program requirements and are submitting it to GFOA for review.

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

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

Respectfully Submitted,



Scott Campbell
City Manager



Vicki Rodriguez
Director of Fiscal and Administrative Services

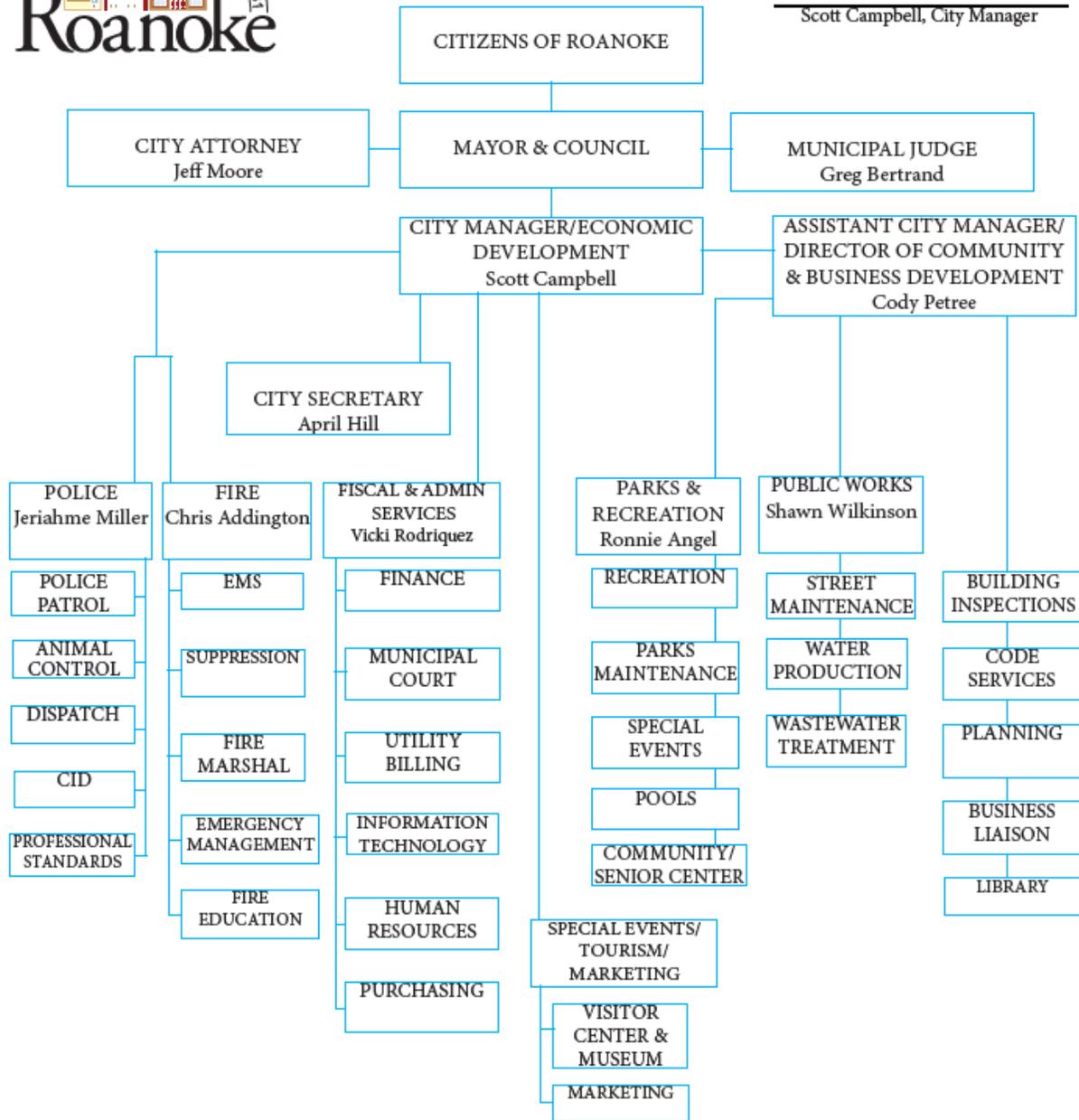


This Page Has Been Intentionally Left Blank



Organizational Chart

Scott Campbell
 Scott Campbell, City Manager





This Page Has Been Intentionally Left Blank

CITY OF ROANOKE, TEXAS



CITY OFFICIALS FISCAL YEAR 2019-2020

CITY COUNCIL

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

CITY STAFF

Scott Campbell, City Manager

Vicki Rodriguez, Director of Fiscal and Administrative Services



This Page Has Been Intentionally Left Blank



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Roanoke
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO



This Page Has Been Intentionally Left Blank



Financial Section



This Page Has Been Intentionally Left Blank

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The Honorable Mayor and Members of the City Council
City of Roanoke, Texas
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
March 26, 2021



This Page Has Been Intentionally Left Blank

CITY OF ROANOKE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2020
(Unaudited)

As management of the City of Roanoke, we offer this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2020. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Has the net position (containing both short-term and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal (pages i-vii of this report) and the statistical section (pages 84-102 of this report) as well as information in the annual operating and capital budget, along with other community information found on the City's website at www.roanoketexas.com. It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources is unaudited and has not been updated for events that may have occurred subsequent to the issuance of the respective report.

Financial Highlights

- The net position of the City of Roanoke at the close of the most recent fiscal year was \$56,409,189. This number must be viewed in the context that the vast majority of the City's net position of \$48,465,410 (86%) are capital assets net of related debt and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The amount of net position restricted for specific purposes totaled \$1,782,490 (3%). The remaining \$6,161,289 (11%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- Governmental activities had an increase in total net position of \$486,973 and business-type activities realized an increase in total net position of \$1,190,180 bringing the net increase in total net position for the City to \$1,677,153.
- At the close of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of \$12,583,903, which represents a decrease of \$436,345 in comparison with the prior year. Within this total, \$2,152,756 represents nonspendable fund balance for prepaid items and amounts due from other funds. In addition, \$716,883 is restricted for debt service; \$107,960 and \$100,509 are restricted for Municipal Court building security and technology, respectively; \$114,173 is restricted for tourism, convention centers, and arts; \$213,537 is restricted for parkland; and \$161,353 for traffic and public safety. Fund Balances of \$4,998,312 has been committed to specific types of expenditures, primarily capital in nature, and for notes receivable. The remaining \$4,018,420 is unassigned fund balance of which \$5,796,625 is in the General Fund, which can be used for any lawful

purpose and (\$1,778,205) in negative fund balance in the Facilities Improvement Fund due to a pre-development loan related to the design and construction of a new conference center which will be reimbursed from bond proceeds. The General Fund unassigned fund balance represents 29.3% of fiscal year 2020 operating expenditures.

- The City's long-term liabilities decreased by \$6,932,638 due primarily to the decrease in the City's net pension and other post-employment benefits liabilities and scheduled principal payments and annual amortizations of premiums and discounts on debt issuances.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements include not only the City of Roanoke (the primary government), but also the Roanoke Economic Development and Industrial Corporation, the Roanoke Community and Economic Development Corporation, and the Al and Lula Mae Slaughter Park Foundation, which are legally separate entities that are financially accountable to the City. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 17-18 of this report.

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

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

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

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

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted budget. The basic governmental fund financial statements can be found on pages 19-22 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Wastewater, and Sanitation, both of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 23-24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-66 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Additionally, schedules comparing budgetary figures and actual results of the General Fund are also located in this section of the report. Required supplementary information can be found on page 67-70 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions and budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 71-82 of this report.

Government-wide Financial Statement Analysis

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. The City's net position was \$56,409,189 as of September 30, 2020.

The largest portion of the City's net position \$48,465,410 (86%) reflects its investment in capital assets (*i.e.*, land, buildings, equipment, improvements, construction in progress, and infrastructure) net of accumulated depreciation, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending and, with the exception of business-type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future.

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

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

Net Position

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

As of September 30, 2020, the City reports positive balances in all three categories of net position, for the government as a whole, as well as, for its separate governmental and business-type activities. The same situation held true for fiscal year 2019.

The City's unrestricted net position increased by \$641,194 in fiscal year 2020. Restricted net position realized a decrease of \$316,869. The amount invested in capital assets, net of related debt, increased by \$1,352,828. The increase in net investment in capital assets portion of net position primarily results from asset additions and unspent debt proceeds outpacing the current year depreciation expenses, asset disposals, and the scheduled payments on debt used to acquire those capital assets. The details of the results of current year operations are discussed in the following sections for governmental and business-type activities.

The following table provides a summary of the City's operations for the fiscal year ended September 30, 2020, with comparative totals for the fiscal year ended September 30, 2019.

Changes in Net Position

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

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

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

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

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

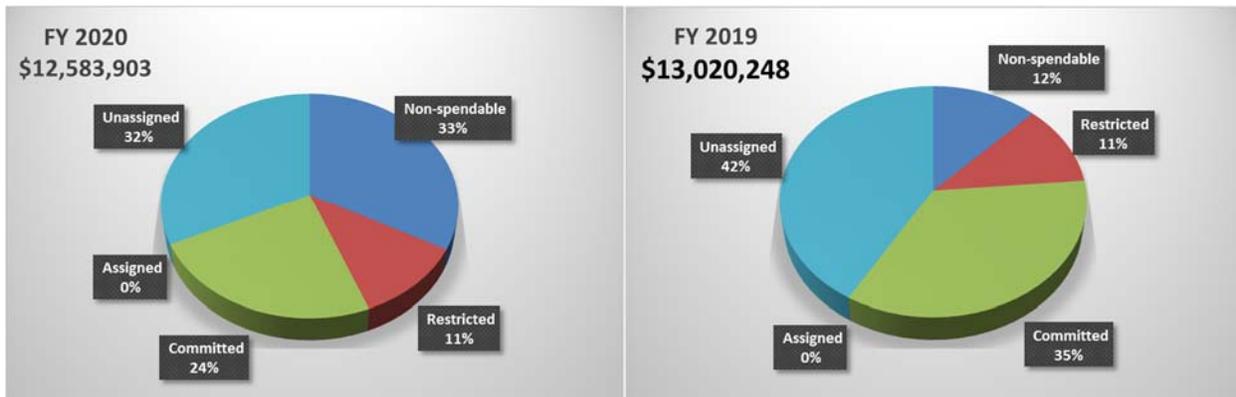
Financial Analysis of the City's Funds

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

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

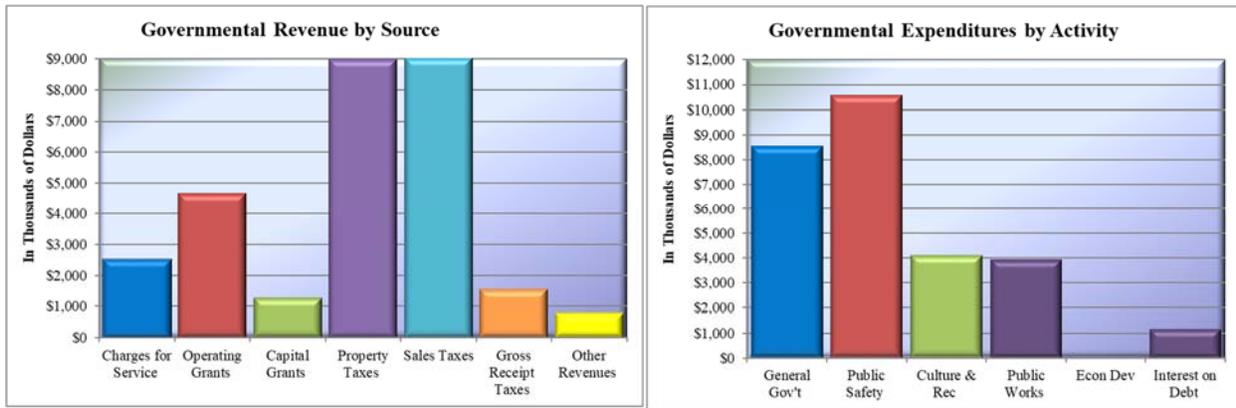
At the end of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of \$12,583,903, a decrease of \$436,345 in comparison to prior year. Approximately 32% or \$4,018,420 constitutes an unassigned fund balance of which \$5,796,625 is in the general fund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

Fund Balances by Type Governmental Funds



In the General Fund, the City budgeted for a decrease in fund balance (planned reduction) of \$981,475. It is one of the City’s financial policies to maintain a fund balance in the general fund equal to 60 days (16%) of operating expenditures and when those balances significantly exceed the 60 day target, to utilize these funds for capital projects and pay-as-you-go capital expenditures. Actual revenues exceeded the original budgeted amount in several categories. Total revenues exceeded budget projections by \$298,746. In addition, actual expenditures were managed by the departments to allow for a savings in expenditures of \$1,572,970. This allowed for the total fund balance in the General Fund to increase by \$1,052,594, leaving a total fund balance of \$8,221,094 or 41% of total operating expenditures. As a measure of the General Fund’s liquidity, it may also be useful to compare unassigned fund balance to total operating expenditures. Unassigned fund balance represents 29% of total general fund operating expenditures, or 104 days.

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



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

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

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

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Unrestricted net position of the proprietary funds at the close of the fiscal year are totaled \$4,194,717 for the Water and Wastewater fund. The Water and Wastewater fund realized an increase in unrestricted net position of \$1,349,281.

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

reconnection fees for several months giving customers more leeway in the payment of delinquent accounts.

General Fund Budgetary Highlights

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

Pensions and Retiree Health Care

Pensions and other post-employment benefits continue to receive negative media attention as governments around the nation struggle to properly fund these commitments. The City is committed to providing programs in these areas that are fair to both the employees and taxpayers and that can be sustained over the long term.

Governmental Accounting Standards Board (“GASB”) Statement No. 68, “Accounting and Financial Reporting for Pensions” created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City’s pension liabilities to other governments around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City’s history of making those contributions provides insights regarding the City’s commitment to the effectiveness of its funding strategy. Information contained in the financial statements themselves, including the first schedule of the Required Supplementary Information (“RSI”), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City’s financial statements reflect a Net Pension Liability as of September 30, 2020 of \$6,835,785 which is 60.79% of the City’s fiscal year 2020 covered payroll of \$11,244,145.

Retiree health care’s actuarially accrued liability has been calculated in accordance with GASB Statement No. 75, “Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions (OPEB)” which replaced the previous authoritative guidance regarding the City’s retiree health care benefits. The City implemented the new standard during FY2019, reporting the newly required Total OPEB Liability (TOL). The defined benefit portion of the City’s retiree health program is only offered to retirees until the age of 65 when they become Medicare eligible. The TOL recorded as of September 30, 2020 is \$798,401, which is 7.15% of the City’s fiscal year 2020 covered payroll of \$11,244,145.

Capital Assets

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

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

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

Capital Assets (Net of Accumulated Depreciation)

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

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

Debt Administration

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

Outstanding Bonded Debt

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

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

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

Additional information on the City's long-term debt can be found in *Note 2* on pages 49-51.

Economic Factors and Next Year's Budgets and Rates

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

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

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

For the Water and Wastewater Fund, the FY2020-21 budget includes the continuation of the tiered rate structure for water volume billing. Under the tiered structure, customers pay a graduated volume rate based on varying levels of monthly water consumption. Volume rates range from \$2.56 to \$8.37 per thousand gallons. Monthly water rates remained the same for both residential customers and commercial customers. A wastewater volume charge of \$6.93 per thousand gallons applies to all customer classes. All base rates remained the same as prior year. Residential wastewater volume charges are based on an average of winter water consumption and are capped at a maximum of 10,000 gallons per month. The City budgeted to continue its capital projects in the Water and Wastewater Fund, which includes a meter change out program, waterline improvements, and additional equipment for public works.

Request for Information

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



This Page Has Been Intentionally Left Blank



Basic Financial Statements



This Page Has Been Intentionally Left Blank

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

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

City of Roanoke, Texas
Statement of Activities
For the Year Ended September 30, 2020

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

City of Roanoke, Texas
Balance Sheet – Governmental Funds
September 30, 2020

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

City of Roanoke, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2020

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

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

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Year Ended September 30, 2020

	General	Debt Service	Facilities Improvement	Street Construction	Vehicle Replacement	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 4,041,124	\$ 4,694,340	\$ -	\$ -	\$ -	\$ 256,312	\$ 8,991,776
Sales taxes	9,039,798	-	-	-	-	-	9,039,798
Gross receipts tax	1,439,154	-	-	-	-	117,339	1,556,493
Licenses and permits	1,002,646	-	-	-	-	-	1,002,646
Intergovernmental	102,385	-	-	-	-	-	102,385
Charges for services	933,635	-	-	-	-	-	933,635
Grants and contributions	3,884,675	236,850	-	220,000	75,000	978,156	5,394,681
Fines and fees	569,695	-	-	-	-	3,478	573,173
Investment income	15,254	2,647	-	1,884	-	2,549	22,334
Donations	1,003	-	-	-	-	6,500	7,503
Other revenue	588,773	16,954	-	-	-	977	606,704
Total revenues	<u>21,618,142</u>	<u>4,950,791</u>	<u>-</u>	<u>221,884</u>	<u>75,000</u>	<u>1,365,311</u>	<u>28,231,128</u>
EXPENDITURES							
Current:							
General government	5,033,709	-	86,625	-	27,164	122,031	5,269,529
Public safety	9,229,186	-	-	-	-	393,044	9,622,230
Cultural and recreation	3,240,141	-	-	-	-	-	3,240,141
Public works	1,873,949	-	-	3,591	-	-	1,877,540
Debt service:							
Principal	56,178	3,544,293	-	-	-	195,000	3,795,471
Interest and fiscal charges	2,558	1,370,917	-	-	-	40,308	1,413,783
Capital outlay	380,677	-	-	1,632,533	770,435	1,049,940	3,833,585
Total expenditures	<u>19,816,398</u>	<u>4,915,210</u>	<u>86,625</u>	<u>1,636,124</u>	<u>797,599</u>	<u>1,800,323</u>	<u>29,052,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,801,744</u>	<u>35,581</u>	<u>(86,625)</u>	<u>(1,414,240)</u>	<u>(722,599)</u>	<u>(435,012)</u>	<u>(821,151)</u>
OTHER FINANCING SOURCES (USES)							
Capital lease	143,920	-	-	-	-	-	143,920
Sale of general capital assets	4,800	-	-	-	82,345	-	87,145
Transfers in	70,000	44,600	-	-	1,034,831	86,770	1,236,201
Transfers out	(967,860)	-	-	-	-	(114,600)	(1,082,460)
Total other financing sources (uses)	<u>(749,140)</u>	<u>44,600</u>	<u>-</u>	<u>-</u>	<u>1,117,176</u>	<u>(27,830)</u>	<u>384,806</u>
Net change in fund balance	1,052,604	80,181	(86,625)	(1,414,240)	394,577	(462,842)	(436,345)
Fund balance, beginning of year	<u>7,168,500</u>	<u>473,594</u>	<u>304,484</u>	<u>1,460,419</u>	<u>1,477,737</u>	<u>2,135,514</u>	<u>13,020,248</u>
Fund balance, end of year	<u>\$ 8,221,104</u>	<u>\$ 553,775</u>	<u>\$ 217,859</u>	<u>\$ 46,179</u>	<u>\$ 1,872,314</u>	<u>\$ 1,672,672</u>	<u>\$ 12,583,903</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, 2020

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

Net change in fund balance – total governmental funds	\$ (436,345)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$6,802,183 exceeded capital outlays of \$3,833,585 in the current year.	(2,968,597)
The net effect of various transactions involving capital assets (<i>i.e.</i> disposals/sales and developer contributions) is to increase net position.	350,008
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This amount is the net change in deferred inflows of resources.	(4,736)
Up-front payment related to service concession arrangement was recorded by the governmental funds when received. On the statement of activities, revenue is recognized and the deferred inflows of resources are reduced in a systematic and rational manner over the term of the arrangement.	80,000
The issuance of long-term debt (bonds and related premium and capital leases) provides current financial resources to governmental funds, but has no effect on net position.	(143,920)
The repayment of the principal of long-term debt, including amounts provided to bond escrow agent, consumes the current financial resources of governmental funds, but has no effect on net position.	3,795,471
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	254,757
Governmental funds report the effect of gains and losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	(9,843)
Current year pension and OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.	(343,219)
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.	(100,568)
Current year change in accrued interest payable does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.	13,965
Change in net position of governmental activities	<u>\$ 486,973</u>

City of Roanoke, Texas
Statement of Net Position – Proprietary Funds
September 30, 2020

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

City of Roanoke, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds
For the Year Ended September 30, 2020

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

City of Roanoke, Texas
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2020

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

City of Roanoke, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2020

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

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

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



This Page Has Been Intentionally Left Blank



Notes to Basic Financial Statements



This Page Has Been Intentionally Left Blank

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

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, 2020

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, 2020

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid in financial management and to demonstrate compliance with various legal provisions. Separate fund-based financial statements are provided for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements, all non-major funds are aggregated and presented in a single column on the fund financial statements. The non-major funds are detailed in the combining section of the statements.

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

General Fund –

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

Debt Service Fund –

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

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

Facilities Improvement Fund –

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

Street Construction Fund–

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

Vehicle Replacement Fund –

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

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

Water and Wastewater Fund –

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

Sanitation Fund –

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

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

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

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, 2020

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

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

Budgetary Information

Budgetary Basis of Accounting

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

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

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

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

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

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

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, 2020

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

<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 assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- OPEB contributions after measurement date – These contributions are deferred and will be recognized in the subsequent fiscal year end.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of OPEB expense beginning with the period in which they incurred.

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

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

- Difference in assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in projected and actual earnings on pension plan investments – This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Service concession arrangement contribution – As a part of the City’s service concession arrangement, the operator provided the City with an up-front payment for the purpose of operating the Hawaiian Falls water park. The City has recorded this payment as a deferred inflow of resources on the government-wide financial statements and will amortize the amount into revenue over the term of the agreement.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, ambulance revenues, and court revenues. In the General Fund, deferred inflows of resources consists of property taxes of \$21,761, ambulance revenues of \$132,132, court revenues of \$117,566. In the Debt Service Fund, unavailable revenues consist of property taxes in the amount of \$27,654. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund Receivables and Payables

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

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

Transactions Between Funds

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

The city allocates to the proprietary funds and the discretely presented component units an indirect cost percentage of administrative services for those funds but paid through the General fund along with other indirect costs deemed necessary for their operations. During the fiscal year ended September 30, 2020, the City's General Fund was reimbursed \$505,166 for these services.

Restricted Assets

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

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

Compensated Absences

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

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

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

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

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
Notes to Basic Financial Statements
September 30, 2020

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, 2020

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

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

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

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

Net Position

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

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

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

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

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

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

Use of Estimates

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

Note 2: Detailed Notes on All Funds

Deposits and Investments

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

Investments. The City’s investment policy allows for investments in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the state of Texas or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than “AA” or its equivalent; (5) certificates of deposits issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date.

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

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

Custodial credit risk. There is a risk that, in the event of a bank failure, the City’s deposits may not be returned. Both the City’s investment policy and the *Texas Public Funds Investment Act* requires that all deposits of the City that exceed the Federal Depository Insurance Corporation (FDIC) coverage levels are collateralized with securities held by a third-party custodian in the City’s name. As of September 30, 2020, the carrying amount of the City’s bank deposits and investments, including component units, was \$27,579,209, and the respective bank balances totaled \$27,824,909. The value of the City’s deposits and investments not insured through the FDIC has been fully collateralized and meets the requirements of the City’s policy and state statutes.

Property Taxes

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

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2020, were 99.77% of the adjusted tax levy. Allocations of property tax levy by purpose for 2020 and the preceding year are as follows (amounts per \$100 assessed value):

Property Tax Rates:

<u>Fund Type</u>	<u>2020</u>	<u>2019</u>
General Fund	\$ 0.17363	\$ 0.16741
Debt Service Fund	\$ 0.20149	\$ 0.20771
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, 2020

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. If a city with a population of less than 30,000 adopts a tax rate that exceeds the greater of the city's voter-approval tax rate or the de minimis tax rate, the city council must order an election to approve the adopted tax rate for the November uniform election date.

Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

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

Based on the terms of the notes receivable agreement, the outstanding balance of \$1,996,064 as of year-end is not anticipated to be collected within the next year.

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

Capital Assets

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

	Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,645,480	\$ -	\$ -	\$ -	\$ 1,645,480
Construction in progress	2,080,710	2,519,746	-	(90,090)	4,510,366
Total capital assets not being depreciated	<u>3,726,190</u>	<u>2,519,746</u>	<u>-</u>	<u>(90,090)</u>	<u>6,155,846</u>
Capital assets being depreciated					
Buildings/structures	41,733,938	44,915	-	-	41,778,853
Improvements other than buildings	16,745,020	-	-	-	16,745,020
Vehicles	5,422,881	478,376	(108,367)	(22,457)	5,770,433
Machinery and equipment	3,496,875	790,545	(247,556)	12,900	4,052,764
Infrastructure	55,347,236	462,907	-	-	55,810,143
Total capital assets being depreciated	<u>122,745,950</u>	<u>1,776,743</u>	<u>(355,923)</u>	<u>(9,557)</u>	<u>124,157,213</u>
Less accumulated depreciation					
Buildings/structures	(13,837,307)	(2,145,834)	-	-	(15,983,141)
Improvements other than buildings	(7,931,322)	(881,458)	-	-	(8,812,780)
Vehicles	(2,797,511)	(543,907)	92,212	11,410	(3,237,796)
Machinery and equipment	(2,248,551)	(397,480)	240,905	(1,853)	(2,406,979)
Infrastructure	(20,170,885)	(2,833,504)	-	-	(23,004,389)
Total accumulated depreciation	<u>(46,985,576)</u>	<u>(6,802,183)</u>	<u>333,117</u>	<u>9,557</u>	<u>(53,445,085)</u>
Total capital assets being depreciated, net	<u>75,760,374</u>	<u>(5,025,440)</u>	<u>(22,806)</u>	<u>-</u>	<u>70,712,128</u>
Governmental activities capital assets, net	<u>\$ 79,486,564</u>	<u>\$ (2,505,694)</u>	<u>\$ (22,806)</u>	<u>\$ (90,090)</u>	<u>\$ 76,867,974</u>
Business-type activities					
Capital assets not being depreciated					
Construction in progress	\$ 89,524	\$ -	\$ -	\$ -	\$ 89,524
Total capital assets not being depreciated	<u>89,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,524</u>
Capital assets being depreciated					
Infrastructure	30,243,245	141,292	-	-	30,384,537
Vehicles	243,805	-	-	-	243,805
Machinery and equipment	310,162	86,859	(85,192)	-	311,829
Total capital assets being depreciated	<u>30,797,212</u>	<u>228,151</u>	<u>(85,192)</u>	<u>-</u>	<u>30,940,171</u>
Less accumulated depreciation					
Infrastructure	(16,301,039)	(753,194)	-	-	(17,054,233)
Vehicles	(169,123)	(15,037)	-	507	(183,653)
Machinery and equipment	(183,514)	(40,487)	85,192	(507)	(139,316)
Total accumulated depreciation	<u>(16,653,676)</u>	<u>(808,718)</u>	<u>85,192</u>	<u>-</u>	<u>(17,377,202)</u>
Total capital assets being depreciated, net	<u>14,143,536</u>	<u>(580,567)</u>	<u>-</u>	<u>-</u>	<u>13,562,969</u>
Business-type activities capital assets, net	<u>\$ 14,233,060</u>	<u>\$ (580,567)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,652,493</u>

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

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

Governmental activities

General government	\$ 2,935,277
Public safety	955,088
Culture and recreation	860,140
Public works	<u>2,051,678</u>
Total depreciation expense – governmental activities	<u>\$ 6,802,183</u>

Business-type activities

Water and Wastewater	<u>\$ 808,718</u>
Total depreciation expense – business-type activities	<u>\$ 808,718</u>

Construction Commitments

Outstanding commitments at September 30, 2020, under authorized construction contracts were approximately \$825,000. The outstanding commitments for the projects were funded primarily from bond proceeds.

Due to/from Other Funds

The composition of interfund balances for the year ended September 30, 2020 were as follows:

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

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

Transfers

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

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

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

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

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

Service Concession Arrangement

In fiscal year 2011, the City entered into an agreement with Roanoke Family Entertainment, LLC, (RFE) commonly referred to as Hawaiian Falls, under which the RFE will operate, maintain and retain fees from a water park for 40 years with two 5-year renewal options succeeding the term of 40 years. In fiscal year 2016, the agreement was assigned to and assumed by Store Master Funding VIII, LLC. Management's objective for entering into the agreement was to provide its citizens a water park of first class quality in all respects, as compared to similar sized operations in Texas. Hawaiian Falls is required to be operated and maintained in accordance with the agreement; this agreement also regulates the range of rates that may be charged. The City received from RFE an upfront payment of \$3.2 million. The City used the proceeds from the up-front payment to finance the initial construction of the waterpark in 2011. Additional funding for construction was provided by REIDC sales tax revenue bonds. The City reports the water park as a capital asset with a carrying amount of \$5,304,278 and a deferred inflow of resources in the amount of \$2,400,000 at year-end related to this agreement. The deferred inflow will be recognized as revenue over the initial term of the agreement. When the agreement terminates, the City retains the water park property.

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

Lease Obligations

Capital Leases

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

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

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

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

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

Operating Lease

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

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

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

Long-term Obligations

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

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

For the governmental activities, compensated absences are liquidated by the General Fund. Also, for governmental activities, the net pension liability and OPEB liability is generally liquidated from the General Fund. For the business-type activities, the Water and Wastewater fund liquidates the compensated absences.

General Obligation Bonds and Certificates of Obligation

The general obligation refunding bonds and certificates of obligation have interest rates ranging from 2.0% to 4.7% maturing annually in varying amounts through 2041. Interest for these bonds is payable semi-annually. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. They are payable from property taxes and water/wastewater revenues.

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

General Obligation Bonds:

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

Certificates of Obligation:

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

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

Special Assessment Bonds:

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

Special Assessment Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 205,000	\$ 30,057	\$ 235,057
2022	215,000	20,504	235,504
2023	<u>225,000</u>	<u>10,485</u>	<u>235,485</u>
	<u>\$ 645,000</u>	<u>\$ 61,046</u>	<u>\$ 706,046</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, 2020, are as follows:

Tax Notes:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>265,000</u>	<u>10,600</u>	<u>275,600</u>
	<u>\$ 1,240,000</u>	<u>\$ 137,300</u>	<u>\$ 1,377,300</u>

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

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
Notes to Basic Financial Statements
September 30, 2020

Benefits Provided

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

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

Employees covered by benefit terms:

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

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

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.45% and 17.34% in calendar years 2019 and 2020, respectively. The City’s contributions to TMRS for the year ended September 30, 2020, were \$1,953,216, and were equal to the required contributions.

Net Pension Liability

The City’s net pension liability (NPL) was measured as of December 31, 2019, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Actuarial Assumptions:

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actuarial assumptions used in the December 31, 2019 valuation were based on the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018.

The long-term expected rate of return for pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	<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, 2020

Changes in the Net Pension Liability:

	<i>Increase (Decrease)</i>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at October 1, 2019	\$ 39,361,166	\$ 30,063,788	\$ 9,297,378
Changes for the year:			
Service cost	2,129,894	-	2,129,894
Interest (on the total pension liability)	2,699,481	-	2,699,481
Difference between expected and actual experience	(132,232)	-	(132,232)
Changes of assumptions	102,962	-	102,962
Benefit payments, including refunds of employee contributions	(867,614)	(867,614)	-
Administrative expense	-	(26,262)	26,262
Contributions - member	-	752,233	(752,233)
Contributions - employer	-	1,875,207	(1,875,207)
Net investment income	-	4,661,309	(4,661,309)
Other	-	(789)	789
Net Changes	<u>3,932,491</u>	<u>6,394,084</u>	<u>(2,461,593)</u>
Balance at September 30, 2020	<u>\$ 43,293,657</u>	<u>\$ 36,457,872</u>	<u>\$ 6,835,785</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%)
\$ 14,470,944	\$ 6,835,785	\$ 686,561

Pension Plan Fiduciary Net Position:

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

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

Pension Expense and Deferred Outflows of Resources Related to Pensions

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

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

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

\$1,400,958 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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

Allocation of Pension Items

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

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

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
September 30, 2020

Employees covered by benefit terms:

At December 31, 2019, the following employees were covered by the benefit terms:

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

Total OPEB Liability

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

Actuarial Assumptions:

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

Actuarial Cost Method	Entry-Age Normal
Discount Rate	2.75% as of December 31, 2019 (3.71% as of December 31, 2018)
Inflation	2.50%
Salary Increase	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2019, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years; The City's explicit subsidies were assumed to increase in line with general inflation (2.50% per year).
Participation Rates	0% for employees who retire prior to the age of 50; 15% for employees who retire between ages 50 and 59; 40% for employees who retire between the ages of 60 and 64

Discount Rate:

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

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

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at October 1, 2019	\$ 701,379
Changes for the year:	
Service cost	35,248
Interest (on the total OPEB liability)	26,097
Difference between expected and actual experience	16,965
Effect of assumptions changes (discount rate change)	49,872
Benefit payments, age adjusted premiums, net of retiree contributions	(31,160)
Balance at September 30, 2020	\$ 798,401

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

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

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

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

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 695,368	\$ 798,401	\$ 920,641

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 15,248	\$ -
Changes of assumptions	44,825	26,051
Contributions subsequent to the measurement date	8,084	-
Total	\$ 68,157	\$ 26,051

Benefit Payments subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2021.

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

September 30	Amortization of Future Deferred (Inflows) Outflows of Resources
2021	\$ 3,458
2022	3,458
2023	3,458
2024	3,458
2025	3,458
Thereafter	16,732
	\$ 34,022

Allocation of OPEB Items

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

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

Note 7: Water Purchase and Wastewater Treatment Contracts

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

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

Note 8: Litigation

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

Note 9: Roanoke Economic Industrial Development Corporation

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

Cash and Investments

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

Statement of net position	
Cash and cash equivalents	<u>\$ 5,574,605</u>
Total cash and cash equivalents	<u><u>\$ 5,574,605</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, 2020

Capital Assets

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

	Balance Beginning of Year	Increase	Decrease	Balance End of Year
Component unit activities				
Capital assets not being depreciated				
Land	\$ 2,197,916	\$ -	\$ -	\$ 2,197,916
REIDC capital assets, net	<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, 2020, is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Component unit activities					
Sales tax revenue refunding bonds	\$ 6,350,000	\$ -	\$ (300,000)	\$ 6,050,000	\$ 310,000
Total REIDC	<u>\$ 6,350,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>\$ 6,050,000</u>	<u>\$ 310,000</u>

Sales Tax Revenue Bonds

The City issued Series 2018 Sales Tax Revenue Refunding Bonds in the amount of \$6,475,000, dated October 25, 2018, bearing interest rates of 3.00% to 4.35%. Proceeds from the sale of the Bonds will be used for the purpose of paying costs for (i) refund certain debt of the corporation (the "Refunded Bonds") for the debt service (ii) for paying costs of issuance of the Bonds. Debt service requirements of the sales tax revenue bonds for the years subsequent to September 30, 2020, are as follows:

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

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

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

Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will not be Available for Other Purposes
.5% sales and use tax	\$ 4,519,899	\$ 552,980	12.2%	\$ 8,257,885	Until 2035

Other Payments

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

Note 10: Roanoke Community Economic Development Corporation

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

Cash and Investments

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

Statement of net position:	
Cash and cash equivalents	<u>\$ 6,004,414</u>
Total cash and cash equivalents	<u><u>\$ 6,004,414</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.

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

Cash and Investments

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

Statement of net position	
Cash and cash equivalents	<u>\$ 458,189</u>
Total cash and cash equivalents	<u>\$ 458,189</u>

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

Note 12: Tax Abatements

The City enters into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. The City has the authority under both Article III, Section 52-a of the Texas Constitution and Chapter 380 to make public funds available for the purposes of promoting local economic development and stimulating business and commercial activity with the City. The City offers individual incentive packages to attract new business to the City. Abatements may be granted by City Council resolution to companies or developers agreeing to relocate to the City or to establish a new business in the City. As part of the agreements, the City agrees to refund a portion of Local Sales and Use Tax, Type A Sales and Use Tax, Type B Sales and Use Tax, and/or Property Taxes after confirmation of payment. The agreements entered into by the City include clawback provisions should the recipient of the tax abatement fail to fully meet its commitments, such as annual sales levels or appraised values of real and personal property located on the project site. As a part of these agreements, the City may also provide Developers financial assistance for Developer’s expenditures made towards the Project. For the fiscal year ended September 30, 2020, the City had the following open tax abatement agreements and abated the following amounts under these agreements:

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

<u>Open Agreements - Type of Tax Abatement</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
City of Roanoke:	
Property Taxes	\$ 652,079
Sales Taxes	-
Economic Industrial Development Corporation	
Sales Taxes	-
Community Economic Development Corporation	
Sales Taxes	-
Total	<u>\$ 652,079</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, 2020, under agreements above were approximately \$75,000 for REIDC and approximately \$75,000 for RCEDC. No taxes were abated for the year ended September 30, 2020 by these entities.

Note 13: Current Economic Events

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

Note 14: Subsequent Events

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

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



This Page Has Been Intentionally Left Blank



Required Supplementary Information



This Page Has Been Intentionally Left Blank

City of Roanoke, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
September 30, 2020

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total pension liability:						
Service cost	\$ 1,483,522	\$ 1,830,398	\$ 1,909,893	\$ 1,921,635	\$ 2,037,287	\$ 2,129,894
Interest (on the Total Pension Liability)	1,475,630	1,697,490	1,913,289	2,205,366	2,465,967	2,699,481
Difference between expected and actual experience	347,631	939,244	759,690	63,042	(389,860)	(132,232)
Change in assumptions	-	(90,278)	-	-	-	102,962
Benefit payments, including refunds of employee contributions	(260,668)	(360,918)	(281,957)	(241,398)	(532,846)	(867,614)
Net change in total pension liability	3,046,115	4,015,936	4,300,915	3,948,645	3,580,548	3,932,491
Total pension liability – beginning	20,469,007	23,515,122	27,531,058	31,831,973	35,780,618	39,361,166
Total pension liability – ending (a)	\$ 23,515,122	\$ 27,531,058	\$ 31,831,973	\$ 35,780,618	\$ 39,361,166	\$ 43,293,657
Plan fiduciary net position:						
Contributions – employer	\$ 1,135,950	\$ 1,508,981	\$ 1,610,585	\$ 1,645,859	\$ 1,796,148	\$ 1,875,207
Contributions – employee	591,201	654,047	682,453	682,122	721,346	752,233
Net investment income	919,497	27,222	1,370,636	3,278,442	(869,654)	4,661,309
Benefit payments, including refunds of employee contributions	(260,668)	(360,918)	(281,957)	(241,398)	(532,846)	(867,614)
Administrative expense	(9,596)	(16,575)	(15,459)	(16,965)	(16,769)	(26,262)
Other	(789)	(818)	(833)	(860)	(876)	(789)
City's net change in plan fiduciary net position	2,375,595	1,811,939	3,365,425	5,347,200	1,097,349	6,394,084
Plan fiduciary net position – beginning	16,066,280	18,441,875	20,253,814	23,619,239	28,966,439	30,063,788
Plan fiduciary net position – ending (b)	\$ 18,441,875	\$ 20,253,814	\$ 23,619,239	\$ 28,966,439	\$ 30,063,788	\$ 36,457,872
City's net pension liability – ending (a) – (b)	\$ 5,073,247	\$ 7,277,244	\$ 8,212,734	\$ 6,814,179	\$ 9,297,378	\$ 6,835,785
Plan fiduciary net position as a percentage of total pension liability	78.43%	73.57%	74.20%	80.96%	76.38%	84.21%
Covered payroll	\$ 8,445,726	\$ 9,343,534	\$ 9,749,326	\$ 9,744,598	\$ 10,304,943	\$ 10,746,187
City's net pension liability as a percentage of covered payroll	60.07%	77.89%	84.24%	69.93%	90.22%	63.61%

Other Information:

For the 2019 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, 2018.

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, 2020

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Actuarially determined contribution	\$ 1,377,502	\$ 1,517,046	\$ 1,676,035	\$ 1,734,233	\$ 1,866,833	\$ 1,953,216
Contribution in relation of the actuarially determined contribution	<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>	<u>1,953,216</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 8,886,331	\$ 9,241,138	\$ 9,991,152	\$ 10,118,002	\$ 10,701,760	\$ 11,244,145
Contributions as a percentage of covered payroll	15.50%	16.42%	16.78%	17.14%	17.44%	17.37%

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	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5%, 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 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

There were no benefit changes during the 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, 2020

	Measurement Year 2018	Measurement Year 2019
Total OPEB liability:		
Service cost	\$ 37,032	\$ 35,248
Interest (on the Total OPEB Liability)	23,099	26,097
Difference between expected and actual experience	-	16,965
Change in assumptions	(32,663)	49,872
Benefit payments, including refunds of employee contributions	<u>(10,839)</u>	<u>(31,160)</u>
Net change in total OPEB liability	16,629	97,022
Total OPEB liability – beginning	<u>684,750</u>	<u>701,379</u>
Total OPEB liability – ending	<u>\$ 701,379</u>	<u>\$ 798,401</u>
Covered employee payroll	\$ 10,304,943	\$ 10,148,984
City’s total OPEB liability as a percentage of covered employee payroll	6.81%	7.87%

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:

2018	3.71%
2019	2.75%

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).



This Page Has Been Intentionally Left Blank

City of Roanoke, Texas
Schedule of Revenues, Expenditures and Changes In Fund Balances
Budget to Actual – General Fund
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive(Negative)
REVENUES				
General property tax	\$ 4,007,844	\$ 4,007,844	\$ 4,041,124	\$ 33,280
General sales tax	8,501,087	8,501,087	9,039,798	538,711
Gross receipts tax	1,490,158	1,490,158	1,439,154	(51,004)
Licenses and permits	871,500	871,500	1,002,646	131,146
Intergovernmental	132,467	132,467	102,385	(30,082)
Charges for services	1,509,338	1,509,338	933,635	(575,703)
Grants and contributions	3,385,000	3,385,000	3,884,675	499,675
Fines and fees	845,000	845,000	569,695	(275,305)
Investment income	12,500	12,500	15,254	2,754
Donations	6,000	6,000	1,003	(4,997)
Other revenue	558,493	558,493	588,773	30,280
Total revenues	<u>21,319,387</u>	<u>21,319,387</u>	<u>21,618,142</u>	<u>298,755</u>
EXPENDITURES				
Current:				
General government	5,050,978	5,050,978	5,033,709	17,269
Public safety	10,185,902	10,185,902	9,229,186	956,716
Cultural and recreation	3,906,118	3,906,118	3,240,141	665,977
Public works	1,883,847	1,883,847	1,873,949	9,898
Debt service:				
Principal	66,031	66,031	56,178	9,853
Interest and fiscal charges	2,747	2,747	2,558	189
Capital outlay	293,745	293,745	380,677	(86,932)
Total expenditures	<u>21,389,368</u>	<u>21,389,368</u>	<u>19,816,398</u>	<u>1,572,970</u>
Excess of revenues over expenditures	<u>(69,981)</u>	<u>(69,981)</u>	<u>1,801,744</u>	<u>1,871,725</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	-	-	143,920	(143,920)
Sale of general capital assets	-	-	4,800	(4,800)
Transfers in	70,000	70,000	70,000	-
Transfers out	(981,493)	(981,493)	(967,860)	(13,633)
Total other financing sources (uses), net	<u>(911,493)</u>	<u>(911,493)</u>	<u>(749,140)</u>	<u>(162,353)</u>
Net changes in fund balances	(981,474)	(981,474)	1,052,604	1,709,372
Fund Balances, Beginning of Year	<u>7,168,500</u>	<u>7,168,500</u>	<u>7,168,500</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 6,187,026</u>	<u>\$ 6,187,026</u>	<u>\$ 8,221,104</u>	<u>\$ 1,709,372</u>

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

PARK CONSTRUCTION FUND – to account for various park land acquisition, park improvements and recreation projects throughout the city.

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

City of Roanoke, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2020

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Hotel Motel	Briarwyck PID	Fire Grants	Police Grants	Police Seizure	Parks Construction	Computer Replacement	
ASSETS								
Cash and cash equivalents	\$ 98,402	\$ 163,108	\$ -	\$ 8,454	\$ 29,718	\$ 1,238,507	\$ 53,992	\$ 1,592,181
Accounts receivable	15,771	-	420,132	-	-	-	-	435,903
Total assets	<u>114,173</u>	<u>163,108</u>	<u>420,132</u>	<u>8,454</u>	<u>29,718</u>	<u>1,238,507</u>	<u>53,992</u>	<u>2,028,084</u>
LIABILITIES								
Accounts payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	350,318	-	-	-	-	350,318
Other accrued liabilities	-	-	-	-	5,094	-	-	5,094
Total liabilities	<u>-</u>	<u>-</u>	<u>350,318</u>	<u>-</u>	<u>5,094</u>	<u>-</u>	<u>-</u>	<u>355,412</u>
FUND BALANCES								
Restricted								
Debt service	-	163,108	-	-	-	-	-	163,108
Tourism, convention centers, arts	114,173	-	-	-	-	-	-	114,173
Public safety	-	-	69,814	8,454	24,624	-	-	102,892
Parkland dedication	-	-	-	-	-	213,537	-	213,537
Committed	-	-	-	-	-	1,024,970	53,992	1,078,962
Total fund balances	<u>114,173</u>	<u>163,108</u>	<u>69,814</u>	<u>8,454</u>	<u>24,624</u>	<u>1,238,507</u>	<u>53,992</u>	<u>1,672,672</u>
Total liabilities and fund balances	<u>\$ 114,173</u>	<u>\$ 163,108</u>	<u>\$ 420,132</u>	<u>\$ 8,454</u>	<u>\$ 29,718</u>	<u>\$ 1,238,507</u>	<u>\$ 53,992</u>	<u>\$ 2,028,084</u>

City of Roanoke, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Hotel Motel	Briarwyck PID	Fire Grants	Police Grants	Police Seizure	Park Construction	Computer Replacement	
REVENUES								
Property taxes	\$ -	\$ 256,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,312
Gross receipts tax	117,339	-	-	-	-	-	-	117,339
Grants and contributions	-	-	462,858	2,574	-	512,724	-	978,156
Fines and fees	3,478	-	-	-	-	-	-	3,478
Donations	6,500	-	-	-	-	-	-	6,500
Other revenue	500	477	-	-	-	-	-	977
Investment income	198	329	-	-	39	1,983	-	2,549
Total revenues	<u>128,015</u>	<u>257,118</u>	<u>462,858</u>	<u>2,574</u>	<u>39</u>	<u>514,707</u>	<u>-</u>	<u>1,365,311</u>
EXPENDITURES								
General government	50,857	-	-	-	-	-	71,174	122,031
Public safety	-	-	393,044	-	-	-	-	393,044
Debt service:								
Principal	-	195,000	-	-	-	-	-	195,000
Interest and fiscal charges	-	40,308	-	-	-	-	-	40,308
Capital outlay	-	-	-	-	-	1,049,940	-	1,049,940
Total expenditures	<u>50,857</u>	<u>235,308</u>	<u>393,044</u>	<u>-</u>	<u>-</u>	<u>1,049,940</u>	<u>71,174</u>	<u>1,800,323</u>
Excess (deficiency) of revenues over (under) expenditures	<u>77,158</u>	<u>21,810</u>	<u>69,814</u>	<u>2,574</u>	<u>39</u>	<u>(535,233)</u>	<u>(71,174)</u>	<u>(435,012)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	86,770	86,770
Transfers out	(114,600)	-	-	-	-	-	-	(114,600)
Sale of general capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(114,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,770</u>	<u>(27,830)</u>
Net change in fund balances	<u>(37,442)</u>	<u>21,810</u>	<u>69,814</u>	<u>2,574</u>	<u>39</u>	<u>(535,233)</u>	<u>15,596</u>	<u>(462,842)</u>
Fund balances, beginning of year	<u>151,615</u>	<u>141,298</u>	<u>-</u>	<u>5,880</u>	<u>24,585</u>	<u>1,773,740</u>	<u>38,396</u>	<u>2,135,514</u>
Fund balances, end of year	<u>\$ 114,173</u>	<u>\$ 163,108</u>	<u>\$ 69,814</u>	<u>\$ 8,454</u>	<u>\$ 24,624</u>	<u>\$ 1,238,507</u>	<u>\$ 53,992</u>	<u>\$ 1,672,672</u>

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.



This Page Has Been Intentionally Left Blank

City of Roanoke, Texas
Balance Sheet
Roanoke Economic Industrial Development Corporation
September 30, 2020

	REIDC
ASSETS	
Cash and cash equivalents	\$ 5,574,605
Receivables:	
Sales taxes	883,630
Other	31,250
Prepaid lease	1,207,307
Total assets	7,696,792
LIABILITIES	
Accounts payable	1,072
Total liabilities	1,072
FUND BALANCES	
Nonspendable	1,207,307
Restricted	6,488,413
Total fund balances	\$ 7,695,720

City of Roanoke, Texas
Reconciliation of the Balance Sheet
to the Statement of Net Position
Roanoke Economic Industrial Development Corporation
September 30, 2020

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

Total fund balance – governmental fund	\$	7,695,720
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.		(30,360)
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>(5,799,663)</u>
Net position of governmental activities	\$	<u>4,063,613</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, 2020

	REIDC
REVENUES	
Sales and use taxes	\$ 4,519,899
Investment income	6,812
Other payments	250,000
Total revenues	4,776,711
EXPENDITURES	
Economic development	2,549,317
Debt service:	
Principal	300,000
Interest and fiscal charges	252,980
Total expenditures	3,102,297
Excess of revenues over expenditures	1,674,414
Net change in fund balances	1,674,414
Fund Balances, Beginning of Year	6,021,306
Fund Balances, End of Year	\$ 7,695,720

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, 2020

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

Net change in fund balances – total governmental funds	\$	1,674,414
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		300,000
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.		1,200
Change in net position of governmental activities	\$	1,958,925

City of Roanoke, Texas
Balance Sheet/Statement of Net Position
Roanoke Community Economic Development Corporation
September 30, 2020

	RCEDC
ASSETS	
Cash and cash equivalents	\$ 6,004,414
Sales tax receivable	883,630
Prepaid lease	1,207,307
Prepaid items	11,250
Total assets	8,106,601
 LIABILITIES	
Other liabilities	9,620
Total liabilities	9,620
 FUND BALANCES/NET POSITION	
Nonspendable/Unrestricted	1,218,557
Restricted	6,878,424
Total fund balances/net position	8,096,981
Total liabilities and fund balances/net position	\$ 8,106,601

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, 2020

	RCEDC
REVENUES	
Sales and use taxes	\$ 4,519,899
Investment income	7,189
Miscellaneous income	11,560
Total revenues	4,538,648
EXPENDITURES	
Economic development	2,725,408
Total expenditures	2,725,408
Net change in fund balances	1,813,240
Fund Balances/Net Position, Beginning of Year	6,283,741
Fund Balances/Net Position, End of Year	\$ 8,096,981

City of Roanoke, Texas
Balance Sheet/Statement of Net Position
AI and Lula Mae Slaughter Park Foundation
September 30, 2020

	Slaughter Park Foundation
ASSETS	
Cash and cash equivalents	\$ 458,189
Other miscellaneous receivables	119
Total assets	458,308
 LIABILITIES	
Liabilities	
Accounts Payable	185
Total liabilities	185
 FUND BALANCES/NET POSITION	
Assigned/Unrestricted	458,123
Total fund balances/net position	\$ 458,123

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, 2020

	Slaughter Park Foundation
REVENUES	
Rents and royalties	\$ 3,648
Investment income	614
Total revenues	4,262
EXPENDITURES	
General government	291
Total expenditures	291
Net change in fund balances/net position	3,971
Fund Balances/Net Position, Beginning of Year	454,152
Fund Balances/Net Position, End of Year	\$ 458,123



Statistical Section



This Page Has Been Intentionally Left Blank

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	84-88
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	89-92
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity	93-97
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	98-99
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	100-102
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.	



This Page Has Been Intentionally Left Blank

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

Table 1

	2011	2012	2013	2014	2015 (a)	2016	2017 (b)	2018	2019	2020
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 36,199,549
Restricted	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	1,414,415
Unrestricted	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	1,966,572
Total governmental activities net position	<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>	<u>\$ 39,580,536</u>
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 12,265,861
Restricted	7,549	32,615	285,117	422,658	627,433	332,828	383,356	615,313	616,619	368,075
Unrestricted	(370,229)	167,322	621,404	480,702	504,474	809,935	855,275	2,448,790	2,845,436	4,194,717
Total business-type activities net position	<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>	<u>\$ 16,828,653</u>
PRIMARY GOVERNMENT ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 48,465,410
Restricted	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	1,782,490
Unrestricted	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	6,161,289
Total primary governmental activities net position	<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>	<u>\$ 56,409,189</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EXPENSES										
Governmental activities										
General government	\$ 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	\$ 8,738,683
Public Safety	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	10,577,318
Cultural and recreation	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	4,100,280
Public works	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	3,929,218
Economic development	-	-	-	-	-	-	-	2,400,000	-	-
Interest and fiscal charges	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	1,154,904
Total governmental activities expenses	<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>	<u>28,500,403</u>
Business-type activities										
Water and Wastewater	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	6,713,079
Sanitation	34,168	26,440	24,541	23,747	20,294	10,012	11,357	8,666	9,236	5,489
Total business-type activities expenses	<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>	<u>6,718,568</u>
Total primary government expenses	<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>	<u>\$ 35,218,971</u>
PROGRAM REVENUES										
Governmental activities										
Charges for Services:										
General government	\$ 1,313,572	\$ 1,526,045	\$ 87,097	\$ 18,100	\$ 6,330	\$ 9,154	\$ 10,830	\$ 11,438	\$ 18,233	\$ 6,778
Public Safety	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	1,096,753
Cultural and recreation	609,625	656,096	847,805	693,895	744,977	763,934	770,864	824,589	817,901	394,683
Public works	-	9,596	1,096,788	1,088,105	1,307,092	957,280	776,467	1,280,477	1,629,848	1,002,646
Operating grants and contributions	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	5,107,184
Capital grants and contributions	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	837,904
Total governmental activities program revenues	<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>	<u>8,445,948</u>
Business-type activities										
Charges for Services										
Water and Wastewater	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	7,584,385
Sanitation	1,690	1,705	1,010	890	940	1,189	1,515	1,740	-	4,000
Capital grants and contributions	798,087	828,087	4,300,023	828,910	1,240,987	1,022,686	550,717	1,359,886	536,086	466,292
Total business-type activities program revenues	<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>	<u>8,054,677</u>
Total primary government program revenues	<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>	<u>\$ 16,500,625</u>
Net (Expenses) Revenue										
Governmental activities	\$ 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)	\$ (20,054,455)
Business-type activities	(233,351)	(29,669)	2,856,209	(162,323)	514,740	750,257	135,831	2,481,327	747,084	1,336,109
Total primary government net expense	<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>	<u>\$ (18,718,346)</u>

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

Table 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL REVENUES										
AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property taxes	\$ 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	\$ 8,991,686
Sales taxes	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	9,039,798
Gross receipt taxes	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	1,556,493
Other taxes	30,911	30,867	40,785	44,238	56,412	69,428	75,488	110,225	129,474	102,385
Investment income	21,904	15,963	11,862	8,942	6,892	15,332	38,446	62,693	88,172	22,334
Gain on sale of assets	-	-	5,725	-	39,199	16,829	111,574	205,466	70,999	64,339
Miscellaneous	-	-	179,406	515,239	485,259	491,417	532,932	673,304	606,393	610,652
Transfers	(302,636)	(291,419)	106,881	(48,290)	(92,073)	447,014	73,491	73,651	158,493	153,741
Total governmental activities	<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>	<u>20,541,428</u>
Business-type activities										
Impact Fees	-	-	327,937	-	-	-	-	-	-	-
Investment income	386	556	802	881	493	1,415	2,836	9,428	24,715	7,812
Gain on sale of assets	-	-	-	1,000	-	-	5,854	-	-	-
Transfers	302,636	291,419	312,413	48,290	92,073	(447,014)	(73,491)	(73,651)	(158,493)	(153,741)
Total business-type activities	<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>	<u>(145,929)</u>
Total primary government	<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>	<u>\$ 20,395,499</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 11,554,992	\$ 572,611	\$ 9,994,107	\$ 1,984,691	\$ 965,495	\$ 2,263,483	\$ (652,429)	\$ 1,160,001	\$ (2,100,017)	\$ 486,973
Business-type activities	69,671	262,306	3,497,361	(112,152)	607,306	304,658	71,030	2,417,104	613,306	1,190,180
Total primary government	<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>	<u>\$ 1,677,153</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL FUND										
Nonspendable	\$ 155,730	\$ 37,056	\$ 81,054	\$ 90,327	\$ 38,254	\$ 115,973	\$ 25,592	\$ 89,315	\$ 584,059	\$ 2,152,756
Restricted	-	-	-	241,990	379,182	335,365	592,812	591,409	472,231	266,930
Committed	-	-	-	10,868	11,810	8,820	8,820	9,261	4,631	4,793
Assigned	-	-	65,939	2,598,030	630,375	642,581	750,000	-	-	-
Unassigned	<u>2,777,860</u>	<u>3,816,764</u>	<u>5,697,784</u>	<u>5,242,046</u>	<u>5,595,223</u>	<u>5,335,619</u>	<u>3,921,417</u>	<u>5,257,390</u>	<u>6,107,579</u>	<u>5,796,625</u>
Total general fund	<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>	<u>\$ 8,221,104</u>
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ 500	\$ 1,005,935	\$ -
Restricted	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	1,147,485
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	4,993,519
Assigned	267,953	378,314	2,789,772	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(701,451)	(1,778,205)
Total all other governmental funds	<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>	<u>\$ 4,362,799</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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Property taxes	\$ 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	\$8,991,776
Sales taxes	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	9,039,798
Gross receipts tax	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	1,556,493
Licenses and permits	493,096	738,546	1,096,788	1,088,105	1,307,092	957,280	776,467	1,280,477	1,629,848	1,002,646
Intergovernmental	-	-	40,785	44,238	56,412	69,428	75,488	110,225	129,474	102,385
Charges for services	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	933,635
Grants and contributions	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	5,394,681
Fines and fees	413,983	435,748	934,286	791,614	1,265,612	1,052,309	804,726	883,479	707,933	573,173
Investment income	21,904	15,963	11,861	8,942	6,892	15,332	38,446	62,693	88,172	22,334
Donations	136,434	40,953	55,889	49,671	48,308	32,021	23,695	12,125	13,235	7,503
Other revenue	102,281	54,368	566,240	499,417	535,259	541,417	582,932	723,304	621,959	606,704
Total revenues	22,565,393	17,503,885	23,278,808	20,830,714	21,419,086	25,392,051	24,607,587	25,257,434	27,373,818	28,231,128
EXPENDITURES										
General government	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	5,269,529
Public safety	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	9,622,230
Cultural and recreation	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	3,240,141
Public works	788,898	859,262	1,022,449	933,965	1,241,798	1,658,383	1,573,622	1,829,092	2,300,489	1,877,540
Economic Development	-	-	-	-	-	-	-	2,400,000	-	-
Debt service:										
Principal	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	3,795,471
Interest and fiscal charges	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	1,413,783
Bond issuance costs	-	-	110,850	173,253	223,469	157,732	253,096	144,728	190,532	-
Capital outlay	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	3,833,585
Total expenditures	27,115,651	21,847,703	22,807,790	21,737,284	28,363,453	24,466,667	29,301,406	42,606,999	31,286,408	29,052,279
Excess (deficiency) of revenues over (under) expenditures	(4,550,258)	(4,343,818)	471,018	(906,570)	(6,944,367)	925,384	(4,693,819)	(17,349,565)	(3,912,590)	(821,151)
OTHER FINANCING SOURCES (USES)										
Issuance of long-term debt	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	-	-	-	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	143,920
Sale of general capital assets	-	-	-	16,200	39,199	80,913	273,830	209,734	70,999	87,145
Capital contributions	3,542,317	-	-	-	-	-	-	-	-	-
Transfers in	1,214,812	856,740	5,732,872	914,299	2,931,628	2,317,514	1,888,894	1,482,080	774,731	1,236,201
Transfers out	(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)	(1,082,460)
Total other financing sources	8,184,681	3,603,581	(198,347)	3,920,338	6,096,297	4,692,610	10,102,993	6,785,155	2,187,150	384,806
Net change in fund balances	\$ 3,634,423	\$ (740,237)	\$ 272,671	\$ 3,013,768	\$ (848,070)	\$ 5,617,994	\$ 5,409,174	\$ (10,564,410)	\$ (1,725,440)	\$ (436,345)
Debt service as a percentage of noncapital expenditures	18%	17%	19%	19%	18%	18%	19%	19%	20%	6%

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:	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property		Tax Exempt Real Property				
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%
2020	531,476,648	604,747,806	1,869,703,763	(707,435,194)	2,298,493,023	0.37512	2,298,493,023	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
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
2020	0.17363	0.20149	0.37512	1.42000	0.22528	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 2020			Fiscal Year 2011		
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	\$241,748,320	10.52%	Amerisource Bergen	\$ 71,948,845	7.44%
Citicorp Technology Inc.	228,865,932	9.96%	Cardinal Health Inc	42,393,364	4.38%
Mid America Apartments LP	139,507,618	6.07%	Alliance No. 3 LP	38,414,640	3.97%
AT Industrial Owner 7, LLC	91,950,810	4.00%	WW Grainger Inc	35,174,110	3.64%
WW Grainger Inc.	90,413,565	3.93%	Citicorp Tech Inc	35,003,286	3.62%
Cardinal Health	81,700,851	3.55%	Mid America Apt LP	30,175,256	3.12%
AT Industrial Owner 4, LLC	63,453,000	2.76%	Bridgestone/Firestone	23,491,904	2.43%
Randall's Food and Drug LP	56,758,494	2.47%	Behr Process	22,566,078	2.33%
Enclave Roanoke City Center LP	36,936,417	1.61%	IBM Credit LLC	20,754,526	2.15%
Hancock Reit Gateway, LLC	30,000,000	1.31%	Alliance No. 4 LP	19,157,071	1.98%
Total Assessed Value of Top Ten Taxpayers	1,061,335,007	46.18%	Total Assessed Value of Top Ten Taxpayers	\$ 339,079,080	35.05%
Total Assessed Value of Other Taxpayers	1,237,158,016	53.82%	Total Assessed Value of Other Taxpayers	628,418,154	64.95%
Total Assessed Value	\$ 2,298,493,023	100.00%	Total Assessed Value	\$ 967,497,234	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 of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections		Delinquent Taxes	
				Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
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%	29,832	4,613,709	99.98%	1,008	0.02%
2014	5,070,797	19,806	5,090,603	5,062,406	99.45%	27,218	5,089,624	99.98%	979	0.02%
2015	5,652,731	(21,962)	5,630,769	5,607,620	99.59%	21,301	5,628,921	99.97%	1,848	0.03%
2016	6,424,722	16,060	6,440,782	6,411,355	99.54%	26,961	6,438,316	99.96%	2,466	0.04%
2017	7,001,592	19,763	7,021,355	6,984,270	99.47%	28,580	7,012,850	99.88%	8,505	0.12%
2018	7,388,775	4,314	7,393,089	7,376,011	99.77%	13,404	7,389,415	99.95%	3,674	0.05%
2019	7,940,832	(8,731)	7,932,101	7,928,393	99.95%	(1,836)	7,926,557	99.93%	5,544	0.07%
2020	8,711,001	-	8,711,001	8,691,055	99.77%	-	8,691,055	99.77%	19,946	0.23%

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		
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%
2020	9,730,895	27,015,000	1,240,000	645,000	1,885,226	164,828	2,239,106	151,792	-	43,071,847	16.77%

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
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
2020	9,730,895	27,015,000	1,885,226	38,631,121	716,883	37,914,238	9,400	2,298,493,023	1.65%	4,033

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512
Available Tax Rate	\$ 2.12488	\$ 2.12488	\$ 2.12488	\$ 2.12488	\$ 2.12488	\$ 2.12488	\$ 2.12488	\$ 2.12488	\$ 2.12488	\$ 2.12488

City of Roanoke, Texas
Direct And Overlapping Governmental Activities Debt
As of September 30, 2020 (Unaudited)

Table 12

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable (a)	Roanoke Share of Overlapping Debt
Debt Repaid with Property Taxes			
Denton County	\$ 611,835,000	2.33%	\$ 14,255,756
Tarrant County	240,445,000	0.07%	168,312
Tarrant County Hospital District	16,135,000	0.07%	11,295
Tarrant County College District	264,175,000	0.07%	184,923
Northwest Independent School District	<u>1,065,295,272</u>	11.30%	<u>120,378,366</u>
Subtotal, overlapping debt	<u>2,197,885,272</u>		134,998,650
City of Roanoke (Direct Debt)	\$ 40,680,949	100.00%	<u>40,680,949</u>
Total Direct and Overlapping Debt			<u>\$ 175,679,599</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
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
2020	7,592,075	5,832,177	1,759,898	521,933 (d)	3.37

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)
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%
2020	9,400	27,327	256,873,800	32.0	65,942	25,263	7.7%

- 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

2020		2011	
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	Randall's/Tom Thumb	360
Home Depot	325	Oscar Renda Contracting	315
Cardinal Health	270	Amerisource Bergen	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: 2020 total employees listed by employer are estimates. Total employment information is unavailable for both 2020 and 2011.

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

Table 16

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	10.50	11.00	12.50	12.50	10.50	10.50	11.50	11.50	12.00	13.00
Visitor Center and Museum	3.25	3.25	3.75	3.75	3.75	3.75	3.75	3.75	3.50	3.50
Building Inspection	4.00	4.00	4.00	4.00	4.00	5.50	5.50	5.50	5.50	5.50
Fire & EMS	19.00	19.00	19.00	19.00	20.00	20.00	21.00	21.00	23.00	26.00
Municipal Court	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	4.50	4.50
Streets	5.00	5.00	5.00	5.00	5.00	7.50	8.50	8.50	8.50	8.50
Police	42.00	42.00	42.00	42.00	43.00	43.00	44.50	44.50	46.50	47.50
Library	7.50	7.50	7.50	7.50	7.50	8.50	8.50	8.50	8.50	8.50
Parks and Recreation	25.25	25.25	25.25	25.25	25.25	25.75	26.25	26.25	26.50	26.50
Water/wastewater	10.00	10.00	10.00	10.00	12.00	9.00	9.00	9.00	13.50	14.50
Total	129.50	130.00	132.00	132.00	134.00	136.50	141.50	142.00	152.00	158.00

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Number of police personnel	42	42	42	42	43	43	45	45	47	48
Number of citations	5,124	6,731	5,924	7,134	10,060	7,394	5,381	8,222	7,014	5,721
Fire										
Number of fire personnel	19	19	19	19	20	20	21	21	23	26
Number of fire suppression runs	705	631	705	665	696	822	935	846	841	881
Number of EMS runs	652	671	626	687	730	707	807	780	862	834
Development										
Construction permits issued (a)	201	193	193	327	368	292	304	368	165	134
Public Works										
Streets paved (miles)	18.68	18.68	18.68	19.60	24.08	25.27	25.27	50.25	50.25	50.25
Parks Maintenance										
Number of parks maintenance personnel	8	8	8	8	8	8	8	26	27	27
Number of acres maintained	51	51	56	56	56	56	80	80	80	112
Public parks	7	7	10	10	10	10	11	11	11	11
Library										
Number of volumes (b)	47,675	51,503	38,011	37,348	39,332	41,367	40,721	39,815	39,921	40,010
Annual circulation	63,133	86,729	100,899	110,382	107,215	113,048	108,560	111,984	126,493	73,796
Water and wastewater										
Number of water customers	1,900	1,961	2,127	2,297	2,377	2,559	2,670	2,810	2,945	2,995
Daily average consumption (million gallons)	1.35	1.79	1.79	1.69	1.62	1.63	1.55	1.72	1.62	1.70
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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	19.60	24.08	25.27	25.27	50.25	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	230	286	297	297	317	317	317
Parks and Recreation										
Park Acreage	191	191	210	210	210	210	210	210	210	240
Public parks	7	7	10	10	10	10	11	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	3	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	2	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	22.51	25.69	27.72	27.88	30.43	30.82	31.54
Fire Hydrants	282	282	282	293	531	577	583	611	611	615
Stormsewer (miles)	0.75	0.75	0.75	1.87	3.68	4.67	4.75	7.39	7.34	7.73
Sanitary sewer (miles)	17.25	17.25	17.25	18.49	20.82	21.84	21.84	23.66	23.83	24.02

Source: City Departments



This Page Has Been Intentionally Left Blank

**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 26, 2021.

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
March 26, 2021



End of Document