

# City of Roanoke

## Annual Comprehensive Financial Report Fiscal Year Ending September 30, 2022



500 S. Oak Street, Roanoke, TX 76262  
[www.RoanokeTexas.com](http://www.RoanokeTexas.com)





**City of Roanoke, Texas  
Annual Comprehensive Financial Report  
Fiscal Year Ended  
September 30, 2022**

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

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



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**City of Roanoke, Texas**  
**Annual Comprehensive Financial Report**  
**Fiscal Year Ended September 30, 2022**

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**Introductory Section  
(unaudited)**



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March 27, 2023

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 Annual Comprehensive Financial Report for the City of Roanoke, Texas ("City"), for the fiscal year ended September 30, 2022.

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

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

The City's financial statements have been audited by Forvis, LLP, a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022, are presented fairly in all material respects, in accordance with GAAP. 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, 2022. The independent auditor's report is located at the front of the Financial Section of this report.

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

## **PROFILE OF THE CITY OF ROANOKE, TEXAS**

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

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

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

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

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Roanoke), as well as all of its component units. Three component units of the City, the Roanoke Economic Industrial Development Corporation (“REIDC”), the Roanoke 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 quite unique. Home to 7.7 million people, North Texas is one of the fastest growing regions in the US. DFW is currently the fourth largest metropolitan region in the US and on the way to becoming one of the top three, as the area has 15 cities with populations over 100,000. North Texas is reported to grow by 1 person every 3.3 minutes. With its highly diversified and strong, DFW has a Gross Domestic Product of \$682 billion, a labor force over 4 million strong with the fifth largest concentration of tech workers in the United States, a 6.1% job growth rate, 24 Fortune 500 Companies, and 35 colleges and/or universities, including numerous junior colleges, with enrollment over 480,000. Such an economic environment has helped the region weather economic downturns in key sectors better than other regions of the nation.

DFW Airport reports itself as the world's third largest airport in terms of operations and second largest in terms of passengers in the world, handling over 73 million passengers a year. DFW Airport reports service is provided to 260 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](http://www.dfwairport.com) DFW Airport 2021 Comprehensive Annual Financial Report).

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

The City of Roanoke continues to enjoy a favorable economic environment. During fiscal year 2022, 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 \$2.7 billion for fiscal year 2022, a 11.28% 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 FY2021-22 as new businesses came on board and existing businesses showed complete recovery from the previous year's concerns surrounding the Covid-19 pandemic. The City of Roanoke's unemployment rate remains well below the state and national levels, averaging just under 3.1%. As of January 2023, the State of Texas unemployment rate was at 3.9% and the national rate was 3.4%.

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 All American Fireworks Festival, Roanoke Farmer's Market, Fishing in the Park, and Evening on Oak Street Concert Series.

During the fiscal year 2022, the City issued 76 Certificates of Occupancy, 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 Heimbaker's Market and Deli, Oak Street Beauty Bar, Board & Brie, and several new additions to the Oak Street Food and Brew. Downtown also saw the completion of the Magnolia Live/Work Project, which is a three-story mixed-use project including 78 urban residential units, 16 live/work units and 5,070 square feet of retail. Portions of the Roanoke City Center were also completed during FY2022. 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), and 35 townhomes (90% complete). Outside of the Oak Street Corridor, new Roanoke businesses include Planet Fitness, Tropical Smoothie Café, Goat and Raven Restaurant, medical offices, and additional retail and office space available for lease.

The City continued their commitment to providing quality infrastructure by completing the reconstruction of Austin Street, Rusk Street and Travis Street. These roadways were upgraded from a two-lane asphalt roadway to a two-lane concrete roadway, with curbs, gutters, and a storm drainage system. In addition, the City completed new parking surface on Main Street and Bowie Street. This provided some much-needed additional parking in our downtown area.

## **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 25 years, and was able to reduce the tax rate for FY2023.

Major capital improvement plans for the next five years include: a new conference Center, a new police and court facility, currently under design; concrete street improvements on Denton/Houston, Howe Road, and Dorman Road. Street overlays on Mesa Butte Road, Ashley Road, Alyse Court, and Alyse Road. In addition, new trails are being considered according to the trail master plan. During FY2022, the City funded a new residential smart meter replacement program which will provide for more accurate information for the city and their citizens. The City expects to have the new meter installation complete in 2023. In addition, the City continues to work with the Texas Department of Transportation on the widening of US 377 project, which is currently underway. The City's portion has been completed and included relocation of water and wastewater lines along the roadway.

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

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

Fiscal policies provide for a General Fund reserve equal to between 30 and 60 days of the total expenditures of the General Fund. At no time will the reserve fall below 8.3% of the General Fund expenditures level (i.e., 30-day level). The current operating reserve is at 216 days of expenditures which equates to approximately 59% 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 313-day reserve, which is well above the minimum reserve requirements.

Standard & Poor's Global Ratings Services ("S&P"), a division of the McGraw-Hill Companies, Inc., rates the City's general obligation debt and certificates of obligation. In FY2022, S&P reaffirmed its 'AA' long-term rating and underlying rating (SPUR) on the City's debt. At the same time, S&P assigned its 'AA' long-term rating with a positive outlook to the certificates of obligations issued in 2022. This outlook revision reflects S&P's opinion of the city's continued tax base diversification due to ongoing tax base growth and very strong reserves that are expected to double as a percentage of expenditures in the next two years. Additional information about the rating agency or the significance of the credit rating may be obtained from its website.

## MAJOR INITIATIVES

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

For Fiscal Year 2022-23, the top priority projects for the City are: reconstruction of Denton Street and Houston Street from Oak Street to Walnut Street, water and wastewater line improvements, completion of the smart water meter replacement program, design of a 2.0-million-gallon ground storage facility, 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 annual comprehensive financial report for the fiscal year ended September 30, 2021. 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 annual comprehensive 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 16 consecutive years. We believe our current Annual Comprehensive 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,



Cody Petree  
City Manager

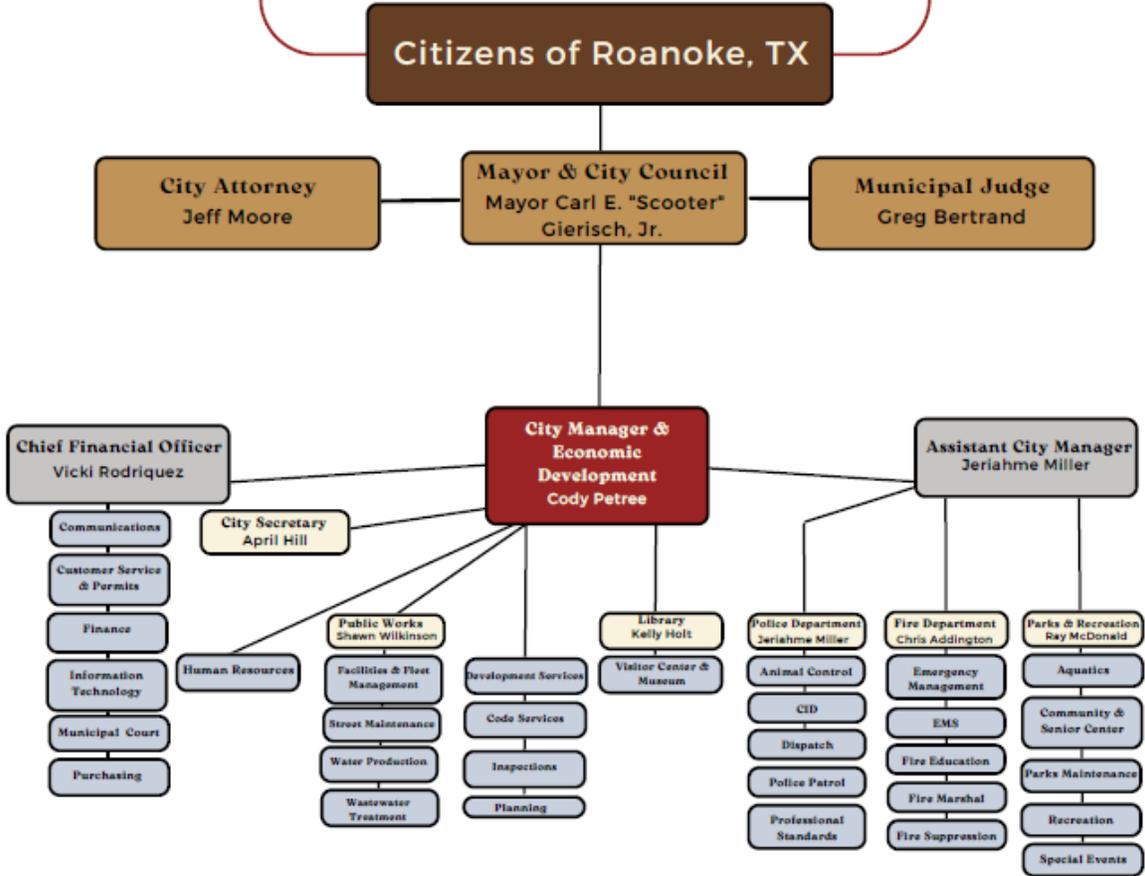


Vicki Rodriguez  
Chief Financial Officer



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# City of Roanoke, TX Organizational Chart



  
 Cody Petree  
 City Manager





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# CITY OF ROANOKE, TEXAS



## CITY OFFICIALS FISCAL YEAR 2021-2022

### CITY COUNCIL

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

### CITY STAFF

Cody Petree, City Manager

Vicki Rodriguez, Chief Financial Officer



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Roanoke  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

*Christopher P. Morrill*

Executive Director/CEO



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**Financial Section**



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## Independent Auditor's Report

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

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roanoke, Texas (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in *Note 1* to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases*, in fiscal year 2022. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

### **Supplementary Information**

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

### **Other Information**

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

**FORVIS,LLP**

**Dallas, Texas  
March 27, 2023**



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## CITY OF ROANOKE, TEXAS

Management's Discussion and Analysis  
For the Year Ended September 30, 2022  
(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, 2022. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Has the net position (containing both short-term and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal and the statistical section as well as information in the annual operating and capital budget, along with other community information found on the City's website at [www.roanoketexas.com](http://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 \$65,201,030, an increase of \$5,243,724 from prior year. This number must be viewed in the context that the vast majority of the City's net position of \$48,402,923 (74.2%) are net investments in capital assets and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled \$1,669,465 (2.6%). The remaining \$15,128,642 (23.2%) 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 \$5,062,768 and business-type activities realized an increase in total net position of \$180,956 bringing the net increase in total net position for the City to \$5,243,724.
- Effective October 1, 2021, the City adopted Governmental Account Standards Board Statement No. 87, *Leases*. Comparative information presented herein has not been restated for the adoption of GASB 87 because the basic financial statements present fiscal year 2022 only.

- At the close of the current fiscal year, the City of Roanoke’s governmental funds reported combined ending fund balances of \$19,993,435 which represents an increase of \$4,012,191 in comparison with the prior year. Within this total, \$332,012 represents non-spendable fund balance for prepaid items. In addition, \$770,001 is restricted for debt service; \$109,239 and \$132,324 are restricted for Municipal Court building security and technology, respectively; \$152,905 is restricted for tourism, convention centers, and arts; \$213,537 is restricted for parkland; \$1,923,817 for capital projects and \$291,459 for public safety. Fund Balances of \$3,627,874 has been committed to specific types of expenditures, primarily capital in nature. The remaining \$12,440,267 is unassigned fund balance, which can be used for any lawful purpose. The General Fund unassigned fund balance represents 51% of fiscal year 2022 total general fund revenues.
- The City’s long-term liabilities decreased by \$4,472,851 due primarily to the decrease in the City’s net pension and other postemployment 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, budgetary comparison schedule for the general fund, and multi-year funding progress on the City’s pension and OPEB plans. In addition to the basic financial statements, this report also contains other required supplementary information as listed in the Table of Contents.

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

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

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

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

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

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

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

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

The City maintains 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 18-21 of this report.

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

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

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

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-68 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 69-72 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 74-84 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 \$65,201,030 as of September 30, 2022.

The largest portion of the City's net position \$48,402,923 (74%) reflects its investment in capital and lease assets (*i.e.*, land, buildings, equipment, improvements, construction in progress, lease assets, and infrastructure) net of accumulated depreciation and amortization, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and, with the exception of business-type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future.

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

An additional portion of the City's net position \$1,669,465 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$15,128,642 (23%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

## Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 23,892,031	\$ 19,394,080	\$ 8,604,159	\$7,685,046	\$ 32,496,190	\$ 27,079,126
Capital assets	72,411,556	73,930,236	13,580,746	13,712,473	85,992,302	87,642,709
Total assets	<u>96,303,587</u>	<u>93,324,316</u>	<u>22,184,905</u>	<u>21,397,519</u>	<u>118,488,492</u>	<u>114,721,835</u>
Deferred outflows of resources	<u>2,066,233</u>	<u>2,178,658</u>	<u>193,154</u>	<u>211,534</u>	<u>2,259,387</u>	<u>2,390,192</u>
Long-term liabilities	37,827,437	42,217,381	2,193,526	2,276,433	40,020,963	44,493,814
Other liabilities	8,348,579	7,702,653	1,132,488	1,282,415	9,481,067	8,985,068
Total liabilities	<u>46,176,016</u>	<u>49,920,034</u>	<u>3,326,014</u>	<u>3,558,848</u>	<u>49,502,030</u>	<u>53,478,882</u>
Deferred inflows of resources	<u>5,129,027</u>	<u>3,580,931</u>	<u>915,792</u>	<u>94,908</u>	<u>6,044,819</u>	<u>3,675,839</u>
Net position:						
Net investment in capital assets	36,782,102	35,427,286	11,620,821	11,917,713	48,402,923	47,344,999
Restricted	1,669,465	1,540,777	-	-	1,669,465	1,540,777
Unrestricted	<u>8,613,210</u>	<u>5,033,946</u>	<u>6,515,432</u>	<u>6,037,584</u>	<u>15,128,642</u>	<u>11,071,530</u>
Total net position	<u>\$ 47,064,777</u>	<u>\$ 42,002,009</u>	<u>\$ 18,136,253</u>	<u>\$ 17,955,297</u>	<u>\$ 65,201,030</u>	<u>\$ 59,957,306</u>

As of September 30, 2022, 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 2021.

The City's unrestricted net position increased by \$4,057,112 in fiscal year 2022. Restricted net position realized an increase of \$128,688. The amount invested in capital and lease assets, net of related debt, also increased by \$1,057,924. The increase in net investment in capital assets portion of net position primarily results from 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, 2022, with comparative totals for the fiscal year ended September 30, 2021.

## Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>REVENUES:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 3,271,344	\$ 2,639,547	\$ 8,273,084	\$ 7,473,896	\$ 11,544,428	\$ 10,113,443
Operating grants and contributions	5,396,944	4,421,780	-	-	5,396,944	4,421,780
Capital grants and contributions	475,387	1,925,816	-	615,490	475,387	2,541,306
<b>General revenues:</b>						
Property taxes	10,366,652	9,757,831	-	-	10,366,652	9,757,831
Sales taxes	12,246,584	10,410,771	-	-	12,246,584	10,410,771
Gross receipt taxes	1,663,629	1,530,110	-	-	1,663,629	1,530,110
Other taxes	158,036	136,334	-	-	158,036	136,334
Gain on sale of assets	769,715	-	-	-	769,715	-
Other revenues	544,598	430,047	139,137	1,677	683,735	431,724
Total revenues	<u>34,892,889</u>	<u>31,252,236</u>	<u>8,412,221</u>	<u>8,091,063</u>	<u>43,305,110</u>	<u>39,343,299</u>
<b>EXPENSES:</b>						
General government	7,336,948	7,738,033	-	-	7,336,948	7,738,033
Public safety	13,038,866	11,705,272	-	-	13,038,866	11,705,272
Cultural and recreation	4,643,104	4,327,471	-	-	4,643,104	4,327,471
Public works	4,301,254	4,403,037	-	-	4,301,254	4,403,037
Interest on long-term debt	1,045,677	1,153,474	-	-	1,045,677	1,153,474
Water/wastewater	-	-	7,695,537	6,467,895	7,695,537	6,467,895
Sanitation	-	-	-	-	-	-
Total expenses	<u>30,365,849</u>	<u>29,327,287</u>	<u>7,695,537</u>	<u>6,467,895</u>	<u>38,061,386</u>	<u>35,795,182</u>
Increase in net position before transfers	4,527,040	1,924,949	716,684	1,623,168	5,243,724	3,548,117
Transfers	535,728	496,524	(535,728)	(496,524)	-	-
Increase in net position	5,062,768	2,421,473	180,956	1,126,644	5,243,724	3,548,117
Net position, beginning	42,002,009	39,580,536	17,955,297	16,828,653	59,957,306	56,409,189
<b>Net position, ending</b>	<u>\$ 47,064,777</u>	<u>\$ 42,002,009</u>	<u>\$ 18,136,253</u>	<u>\$ 17,955,297</u>	<u>\$ 65,201,030</u>	<u>\$ 59,957,306</u>

**Governmental Activities.** Governmental activities increased the City's net position by \$5,062,768 thereby accounting for 96.55% of the total net increase in net position.

Total revenue for the governmental activities (excluding transfers from business-type activities) increased from the previous year by \$3,640,653. General revenue, which is made up primarily of property taxes, sales taxes, licenses and permits, and gross receipt taxes, had a net increase of \$3,484,121. Property tax revenue increased due to an overall increase in taxable values for both residential and commercial properties, as well as new construction added to the tax rolls. Sales tax collections remained strong throughout FY2022 and increased as a result of new businesses, operational changes in retail sales in the restaurant industry, and the continued success of some of our large taxpayers. Other general revenues also increased primarily due to an increase in gross receipt taxes, occupancy taxes, and the sale of assets. Total governmental program revenues, which consist primarily of charges for services, grants, and contributions, net to an increase of \$156,532. Charges for services accounts for an increase of \$631,797 of the overall increase. This revenue source improved significantly over the prior year. Developer contributions and transfers from the Roanoke Economic Development Corporations are responsible for the operating and capital grants and contributions. However, these contributions decreased \$475,265 from prior year.

Total expenses for governmental activities increased by \$1,038,562, primarily due to the compensation package and associated benefits provided to city employees. The net position of general governmental operations accounts for 72% of total net position.

**Business-type Activities.** Business-type activities increased the City's net position by \$180,956 (3.45% of the total net increase). The change in net position before transfers is income of \$716,684. Charges for services program revenues for business-type activities increased from the previous year by \$799,188. Capital grants and contributions decreased from prior year by \$615,490. Overall business-type expenses increased \$1,227,642, which is primarily related to personnel expenses as mentioned above. The net position of business-type activities accounts for 28% 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.

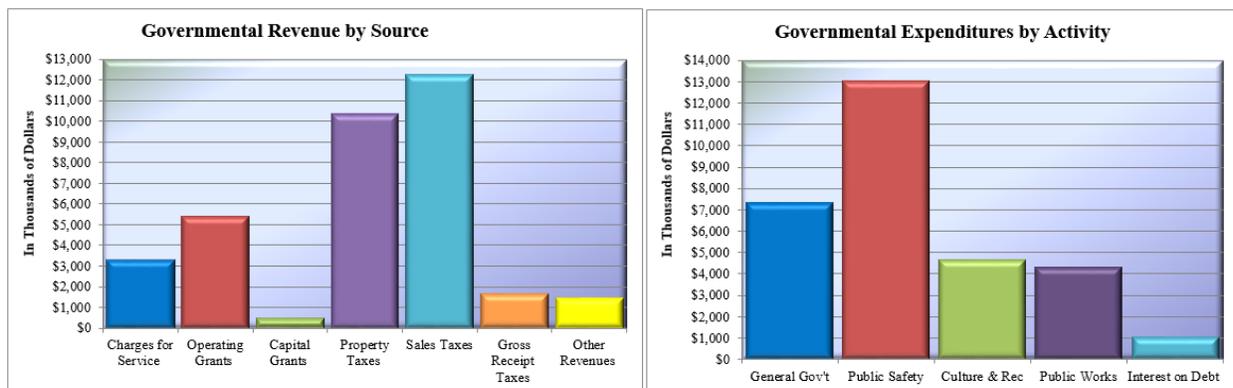
At the end of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of \$19,993,435, an increase of \$4,012,191 in comparison to prior year. Approximately 62% or \$12,440,267 constitutes an unassigned fund balance in the governmental funds and is available for spending at the City's discretion. Another \$332,012 is non-spendable fund balance for prepaid items. The remainder of the fund balance is either restricted or committed, to indicate that it is: 1) restricted to pay debt service (\$770,001), 2) restricted for municipal court technology and building security (\$241,563), 3) restricted for public safety (\$291,459), 4) restricted for tourism (\$152,905), 5) restricted for parkland (\$213,537), 6) restricted for capital projects (\$1,923,817), 7) committed to the capital projects (\$668,141), or 8) committed to vehicle replacement (\$2,959,733). 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 \$936,150. It is one of the City’s financial policies to maintain a fund balance in the general fund equal to 60 days (16%) of expenditures and when those balances significantly exceed the 60-day target, to utilize these funds for capital projects and pay-as-you-go capital expenditures. Actual revenues exceeded the original budgeted amount in several categories. Total revenues exceeded budget projections by \$4,187,167. In addition, actual expenditures were managed by the departments to allow for a savings in expenditures of \$179,482. This allowed for the total fund balance in the General Fund to increase by \$3,465,942, leaving a total fund balance of \$14,472,063 or 63% of total expenditures. As a measure of the General Fund’s liquidity, it may also be useful to compare unassigned fund balance to total operating expenditures. Unassigned fund balance represents 61% of total general fund total expenditures, or 221 days.

Several General Fund revenue categories realized increases over the prior year, including property tax collections, sales tax collections, gross receipt taxes, license and permits, charges for service, other income and grants. Sales tax revenues had the largest increase over the prior year by \$1,835,813. This increase is primarily due to new business openings, expansion of current businesses, updated operating models on retail sales and the restaurant industry, as well as the continued success of some of our largest taxpayers. Taxable property values increased 11% over the prior year values. The resulting increase in property tax collections was approximately \$608,821.



The City’s continued emphasis on expenditure control, including close monitoring of expenditures throughout the year resulted in an increase in the overall fund balance. Expenditures increased approximately \$2,926,976 over prior year but ended the fiscal year under budget projections by \$179,482. The fund balance in excess of the City’s financial policy of 60 days was addressed during the fiscal year 2023 budget, and a portion of the excess fund balance was allocated for one-time capital purchases.

The Debt Service fund balance decreased \$16,713, decreasing the total fund balance to \$573,940, all of which is restricted for the payment of debt. The negative variance resulted from issuance cost related to new and refunded debt.

The major capital project funds realized a combined increase in fund balance of \$395,317 primarily due to the issuance of bonds and transfers in from other funds for capital expenditures. The combined net effect of these changes in governmental fund balances totals was an increase of \$4,012,191.

**Proprietary funds.** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Unrestricted net position of the proprietary funds at the close of the fiscal year totaled \$6,515,432 for the Water and Wastewater fund. The Water and Wastewater fund realized an increase in unrestricted net position of \$477,848.

### **General Fund Budgetary Highlights**

During FY2021-22, actual revenues exceeded the final budget by \$4,187,167, which was primarily related to increased sales tax, property tax revenues, charges for services, gross receipt taxes, and grant contributions. Actual expenditures were \$179,482 less than the final budget due primarily to the close monitoring of expenditures.

### **Pensions and Retiree Health Care**

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

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insights regarding the City's commitment to the effectiveness of its funding strategy. Information contained in the financial statements themselves, including the first schedule of the Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2022 of \$4,208,499 which is 34.83% of the City's fiscal year 2022 covered payroll of \$12,082,973.

Retiree health care's actuarially accrued liability has been calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* which replaced the previous authoritative guidance regarding the City's retiree health care benefits. The defined benefit portion of the City's retiree health program is only offered to retirees until the age of 65 when they become Medicare eligible. The TOL recorded as of September 30, 2022 is \$864,265, which is 6.85% of the City's fiscal year 2022 covered employee payroll of \$12,620,598.

### **Capital and Lease Assets**

The City's investment in capital and lease assets for its governmental and business-type activities as of September 30, 2022, totaled \$85,992,302 (net of accumulated depreciation and amortization). The investment in capital assets includes land, improvements, buildings, vehicles, equipment, infrastructure, lease assets and construction in progress. The net decrease in the City's investment in capital assets for the current fiscal year was \$1,650,407, a decrease of 2%.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 5,768,785	\$ 3,368,436	\$ -	\$ -	\$ 5,768,785	\$ 3,368,436
Improvements other than buildings	6,169,323	7,050,782	18,766	24,128	6,188,089	7,074,910
Buildings/Structures	21,535,553	23,648,754	-	-	21,535,553	23,648,754
Vehicles	1,818,243	2,256,487	30,076	45,114	1,848,319	2,301,601
Machinery and equipment	1,189,454	1,300,743	709,260	237,092	1,898,714	1,537,835
Infrastructure	34,324,221	34,367,143	-	-	34,324,221	34,367,143
Lease asset	80,323	-	-	-	80,323	-
Water/Sewer system	-	-	12,722,332	13,406,139	12,722,332	13,406,139
Construction in progress	1,525,654	1,937,891	100,312	-	1,625,966	1,937,891
Total	<u>\$ 72,411,556</u>	<u>\$ 73,930,236</u>	<u>\$ 13,580,746</u>	<u>\$ 13,712,473</u>	<u>\$ 85,992,302</u>	<u>\$ 87,642,709</u>

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

- Construction-in-progress related to general government operations of \$1,525,654 primarily consisted of the design of a new police and courts facility (\$181,437), design of Denton and Houston Streets (\$126,413), street upgrades to US 377 (447,992) and radio upgrades for public safety (\$769,714).
- Capital asset additions also included infrastructure contributions from developers in the amount of \$164,909 for drainage improvements. In addition, the city completed the reconstruction of Austin, Rusk and Travis Streets at a total cost of \$2,851,332.
- Other capital asset additions for governmental operations included new fire equipment, public safety equipment, parks and recreation equipment, technology upgrades, new servers, heavy equipment for public works, and new vehicles for various departments.
- The City purchased property which will house a new state-of-the-art police and courts facility.
- Capital asset additions for the business-type activities included a new sewer vacuum truck and additional equipment upgrades for public works.

Additional information on the City's capital and lease assets can be found in *Note 2* on pages 47-48 of this report.

### Debt Administration

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$36,890,574. Of this amount, \$36,130,000 comprises debt backed by the full faith and credit of the government, and \$225,000 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 leases.

## Outstanding Bonded Debt

	Governmental Activities		Business-type Activities		Primary Government Total	
	2022	2021	2022	2021	2022	2021
GO Bonds	\$ 12,061,166	\$ 12,522,888	\$ 1,443,834	\$ 1,717,113	\$ 13,505,000	\$ 14,240,001
COs	21,860,000	22,425,000	-	-	21,860,000	22,425,000
Special Assessment COs	225,000	440,000	-	-	225,000	440,000
Tax Notes	765,000	1,005,000	-	-	765,000	1,005,000
Notes Payable	-	-	453,779	-	453,779	-
Capital Leases	-	126,460	-	-	-	126,460
Leases	81,795	-	-	-	81,795	-
Totals	<u>\$ 34,992,961</u>	<u>\$ 36,519,348</u>	<u>\$ 1,897,613</u>	<u>\$ 1,717,113</u>	<u>\$ 36,890,574</u>	<u>\$ 38,236,461</u>

The City issued \$2,705,000 in Certificates of Obligation and \$2,770,000 in Certificates of Obligations during fiscal year 2022. The City's total debt decreased \$1,345,887 during fiscal year 2022 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 50-53.

### 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 FY2022-23 budget, General Fund revenues and transfers are budgeted to increase by 2.8% from the 2021-22 budget with property taxes accounting for 25% of budgeted revenues and sales tax comprising approximately 46% of budgeted revenues. Certified assessed valuations as of July 25, 2022, increased 20.97% from the preceding year. In the FY2022-23 budget, sales tax receipts are projected to increase by approximately 16.35% from the FY2021-22 budget projections. Estimates for next year include a very modest increase in collections. Other revenue sources are projected to remain flat or increase slightly in some areas.

The General Fund ended fiscal year 2021-22 with unassigned fund balance of \$13,861,063, of which the City allocated \$1,821,2300 for one-time capital purchases in fiscal year 2022-23.

Baseline budgeted expenditures in the General Fund are projected to decrease approximately 0.6% from the fiscal year 2021-22 original budget. This decrease is attributed to the addition of the Crime Control and Prevention District Sales tax which was approved by voters in May 2022. This tax enabled the city to shift a significant amount of police department expenditures to this fund. Additional baseline expenses include an employees' compensation and benefits package, and several new positions throughout the city. The City elected to use excess reserves to fund capital needs. The property tax rate reduced to .339779¢ per \$100 of assessed valuation for fiscal year 2022-23.

For the Water and Wastewater Fund, the FY2022-23 budget includes the continuation of the tiered rate structure for water volume billing. Under the tiered structure, customers pay a graduated volume rate based on varying levels of monthly water consumption. Volume rates range from \$2.79 to \$8.37 per thousand gallons. The water and wastewater revenue projections were based on historical consumption averages, with proposed increased in collections based on growth. In addition, the city adjusted both water and wastewater rates due to projected pass-through increases from both the City of Fort Worth and Trinity River Authority. A wastewater volume charge of \$7.99 per thousand gallons applies to all customer classes. All base rates remained the same as prior year. Residential wastewater volume charges are based on an average of winter water consumption and are capped at a maximum of 10,000 gallons per month. The City budgeted to continue its capital projects in the Water and Wastewater Fund, which includes a meter change out program, waterline improvements, additional equipment for public works and a new two-million water ground storage tank.

### **Request for Information**

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



## **Basic Financial Statements**



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**City of Roanoke, Texas**  
**Statement of Net Position**  
**September 30, 2022**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,575,548	\$ 6,352,683	\$ 20,928,231	\$ 21,184,490
Investments	229,010	20,000	249,010	-
Receivables (net of allowances for uncollectibles)	3,518,040	1,036,490	4,554,530	2,198,350
Lease receivable	-	724,135	724,135	-
Notes receivable	1,996,064	-	1,996,064	693,514
Prepaid items	332,012	13,174	345,186	7,500
Restricted cash and cash equivalents	3,241,357	457,677	3,699,034	-
Capital assets not being depreciated	7,294,439	100,312	7,394,751	3,153,106
Capital and lease assets, net of accumulated depreciation/amortization	65,117,117	13,480,434	78,597,551	2,364,828
Total assets	<u>96,303,587</u>	<u>22,184,905</u>	<u>118,488,492</u>	<u>29,601,788</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	47,569	41,214	88,783	216,959
Pension contributions after measurement date	1,531,823	115,298	1,647,121	-
Difference in assumption changes – pension	47,636	3,585	51,221	-
Difference in expected and actual experience – pension	306,786	23,091	329,877	-
OPEB contributions after measurement date	16,484	1,240	17,724	-
Difference in assumption changes – OPEB	79,566	5,990	85,556	-
Difference in expected and actual experience – OPEB	36,369	2,736	39,105	-
Total deferred outflows of resources	<u>2,066,233</u>	<u>193,154</u>	<u>2,259,387</u>	<u>216,959</u>
<b>LIABILITIES</b>				
Accounts payable	1,461,942	219,388	1,681,330	3,347
Other accrued liabilities	385,620	59,051	444,671	-
Deposits payable	-	457,677	457,677	-
Accrued interest payable	155,365	6,646	162,011	27,743
Unearned revenues	1,562,547	-	1,562,547	-
Noncurrent liabilities:				
Due within one year				
Accrued compensated absences	524,981	60,902	585,883	-
Notes payable	-	49,260	49,260	-
Lease liability	27,688	-	27,688	-
Bonds payable, net	3,760,436	279,564	4,040,000	330,000
Special assessment debt	225,000	-	225,000	-
Tax notes	245,000	-	245,000	-
Due in more than one year				
Accrued compensated absences	205,648	31,810	237,458	-
Notes payable	-	404,519	404,519	-
Lease liability	54,107	-	54,107	-
Bonds payable, net	32,464,319	1,267,796	33,732,115	5,095,000
Special assessment debt	-	-	-	-
Tax notes	520,000	-	520,000	-
Net pension liability	3,779,598	428,901	4,208,499	-
Total OPEB liability	803,765	60,500	864,265	-
Total liabilities	<u>46,176,016</u>	<u>3,326,014</u>	<u>49,502,030</u>	<u>5,456,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Difference in expected and actual experience – pension	223,879	16,851	240,730	-
Difference in projected and actual earnings on pension plan investments	2,562,299	192,861	2,755,160	-
Difference in assumption changes – OPEB	102,849	7,742	110,591	-
Lease related	-	698,338	698,338	-
Service concession arrangement contribution	2,240,000	-	2,240,000	-
Total deferred inflows of resources	<u>5,129,027</u>	<u>915,792</u>	<u>6,044,819</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	36,782,102	11,620,821	48,402,923	5,517,934
Restricted for:				
Debt service	770,001	-	770,001	-
Municipal court building security	109,239	-	109,239	-
Municipal court technology	132,324	-	132,324	-
Tourism, convention centers, arts	152,905	-	152,905	-
Public safety	291,459	-	291,459	-
Parkland dedication	213,537	-	213,537	-
Economic development	-	-	-	18,372,750
Unrestricted	8,613,210	6,515,432	15,128,642	471,973
Total net position	<u>\$ 47,064,777</u>	<u>\$ 18,136,253</u>	<u>\$ 65,201,030</u>	<u>\$ 24,362,657</u>



**City of Roanoke, Texas**  
**Balance Sheet – Governmental Funds**  
**September 30, 2022**

	General	Debt Service	Facilities Improvement	Street Construction	Vehicle Replacement	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 11,015,447	\$ 573,940	\$ -	\$ 2,035,301	\$ 2,961,902	\$ 1,230,315	\$ 17,816,905
Investments	229,010	-	-	-	-	-	229,010
Receivables (net of allowance for uncollectibles)							
Property taxes	23,040	26,708	-	-	-	8,934	58,682
Sales taxes	2,198,349	-	-	-	-	-	2,198,349
Gross receipts taxes	48,335	-	-	-	-	28,716	77,051
Other receivables	708,436	-	-	-	-	462,278	1,170,714
Intergovernmental receivable	13,244	-	-	-	-	-	13,244
Notes receivable	-	-	1,996,064	-	-	-	1,996,064
Prepaid items	332,012	-	-	-	-	-	332,012
Due from other funds	3,450,506	-	-	-	-	-	3,450,506
	<u>\$ 18,018,379</u>	<u>\$ 600,648</u>	<u>\$ 1,996,064</u>	<u>\$ 2,035,301</u>	<u>\$ 2,961,902</u>	<u>\$ 1,730,243</u>	<u>\$ 27,342,537</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 1,152,465	\$ -	\$ 190,637	\$ 111,484	\$ 2,169	\$ 5,187	\$ 1,461,942
Other accrued liabilities	378,459	-	-	-	-	7,161	385,620
Due to other funds	-	-	3,226,223	-	-	224,283	3,450,506
Unearned revenue - grants	1,562,547	-	-	-	-	-	1,562,547
Total liabilities	<u>3,093,471</u>	<u>-</u>	<u>3,416,860</u>	<u>111,484</u>	<u>2,169</u>	<u>236,631</u>	<u>6,860,615</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	452,845	26,708	-	-	-	8,934	488,487
Total deferred inflows of resources	<u>452,845</u>	<u>26,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,934</u>	<u>488,487</u>
<b>FUND BALANCE (DEFICIT)</b>							
Nonspendable	332,012	-	-	-	-	-	332,012
Restricted:							
Debt service	-	573,940	-	-	-	196,061	770,001
Capital projects	-	-	-	1,923,817	-	-	1,923,817
Municipal court building security	109,239	-	-	-	-	-	109,239
Municipal court technology	132,324	-	-	-	-	-	132,324
Tourism, convention centers, arts	-	-	-	-	-	152,905	152,905
Public safety	37,425	-	-	-	-	254,034	291,459
Parkland dedication	-	-	-	-	-	213,537	213,537
Committed	-	-	-	-	2,959,733	668,141	3,627,874
Unassigned	13,861,063	-	(1,420,796)	-	-	-	12,440,267
Total fund balance (deficit)	<u>14,472,063</u>	<u>573,940</u>	<u>(1,420,796)</u>	<u>1,923,817</u>	<u>2,959,733</u>	<u>1,484,678</u>	<u>19,993,435</u>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$ 18,018,379</u>	<u>\$ 600,648</u>	<u>\$ 1,996,064</u>	<u>\$ 2,035,301</u>	<u>\$ 2,961,902</u>	<u>\$ 1,730,243</u>	<u>\$ 27,342,537</u>

**City of Roanoke, Texas**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2022**

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

Total fund balance – governmental funds	\$ 19,993,435
Capital and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	72,411,556
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.	(155,365)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.	488,487
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 assumption changes – pension, OPEB contributions after measurement date, difference in assumption changes – OPEB, difference in expected and actual experience – OPEB, and service concession arrangement contribution), including leases payable, bonds payable, special assessment debt, tax notes, compensated absences, net pension liability and total OPEB liability are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.	<u>(45,673,336)</u>
Net position of governmental activities	<u>\$ 47,064,777</u>

**City of Roanoke, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances –**  
**Governmental Funds**  
**For the Year Ended September 30, 2022**

	General	Debt Service	Facilities Improvement	Street Construction	Vehicle Replacement	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 5,252,122	\$ 4,883,029	\$ -	\$ -	\$ -	\$ 247,179	\$ 10,382,330
Sales taxes	12,246,584	-	-	-	-	-	12,246,584
Gross receipts tax	1,519,458	-	-	-	-	144,171	1,663,629
Licenses and permits	922,855	-	-	-	-	-	922,855
Intergovernmental	158,036	-	-	-	-	-	158,036
Charges for services	1,604,218	-	-	-	-	-	1,604,218
Grants and contributions	4,316,642	241,750	704,386	-	-	898,326	6,161,104
Fines and fees	663,388	-	-	-	-	-	663,388
Investment income (loss)	56,906	1,711	(1,764)	1,631	-	1,052	59,536
Donations	5,555	-	-	-	-	-	5,555
Other revenue	261,077	11,151	-	-	2,850	1,254	276,332
Total revenues	<u>27,006,841</u>	<u>5,137,641</u>	<u>702,622</u>	<u>1,631</u>	<u>2,850</u>	<u>1,291,982</u>	<u>34,143,567</u>
<b>EXPENDITURES</b>							
Current:							
General government	5,143,324	-	21,639	-	5,210	88,189	5,258,362
Public safety	11,308,245	-	-	-	-	774,518	12,082,763
Cultural and recreation	3,629,170	-	-	-	-	-	3,629,170
Public works	1,875,156	-	-	224,195	-	-	2,099,351
Debt service:							
Principal	26,878	3,906,722	-	-	-	215,000	4,148,600
Interest and fiscal charges	4,231	1,300,506	-	-	-	20,925	1,325,662
Bond issuance costs	-	170,085	-	-	-	-	170,085
Capital outlay	906,562	-	2,581,785	1,487,843	141,663	-	5,117,853
Total expenditures	<u>22,893,566</u>	<u>5,377,313</u>	<u>2,603,424</u>	<u>1,712,038</u>	<u>146,873</u>	<u>1,098,632</u>	<u>33,831,846</u>
Excess (deficiency) of revenues over (under) expenditures	4,113,275	(239,672)	(1,900,802)	(1,710,407)	(144,023)	193,350	311,721
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of long-term debt	-	-	-	2,705,000	-	-	2,705,000
Refunding bonds issued	-	2,770,000	-	-	-	-	2,770,000
Premium on issuance of debt	-	280,078	-	195,000	-	-	475,078
Payment to refunded bond escrow agent	-	(2,870,719)	-	-	-	-	(2,870,719)
Sale of general capital assets	-	-	-	-	85,383	-	85,383
Transfers in	470,236	43,600	284,000	150,000	731,166	87,895	1,766,897
Transfers out	(1,117,569)	-	-	-	-	(113,600)	(1,231,169)
Total other financing sources (uses)	<u>(647,333)</u>	<u>222,959</u>	<u>284,000</u>	<u>3,050,000</u>	<u>816,549</u>	<u>(25,705)</u>	<u>3,700,470</u>
Net change in fund balance	3,465,942	(16,713)	(1,616,802)	1,339,593	672,526	167,645	4,012,191
Fund balance, beginning of year	11,006,121	590,653	196,006	584,224	2,287,207	1,317,033	15,981,244
Fund balance (deficit), end of year	<u>\$ 14,472,063</u>	<u>\$ 573,940</u>	<u>\$ (1,420,796)</u>	<u>\$ 1,923,817</u>	<u>\$ 2,959,733</u>	<u>\$ 1,484,678</u>	<u>\$ 19,993,435</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, 2022**

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

Net change in fund balance – total governmental funds	\$ 4,012,191
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization of \$7,025,285 exceeded capital outlays of \$5,117,853 in the current year.	(1,907,432)
The net effect of various transactions involving capital assets ( <i>i.e.</i> disposals/sales and developer contributions) is to increase net position.	518,037
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.	65,205
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.	80,001
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.	(5,950,078)
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.	7,019,319
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.	449,444
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.	(6,748)
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.	812,198
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.	(36,743)
Current year change in accrued interest payable does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.	<u>7,374</u>
Change in net position of governmental activities	<u>\$ 5,062,768</u>

**City of Roanoke, Texas**  
**Statement of Net Position – Proprietary Fund**  
**September 30, 2022**

	<b>Business-type Activities Water and Wastewater</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 6,352,683
Investments	20,000
Receivables (net of allowance for doubtful accounts)	
Accounts receivable	1,035,097
Lease receivable	48,519
Other miscellaneous receivables	1,393
Prepaid items	13,174
Restricted cash and cash equivalents:	
Customer deposits	457,677
Total current assets	7,928,543
Noncurrent assets:	
Lease receivable	675,616
Capital assets:	
Infrastructure	31,092,249
Machinery and equipment	1,002,756
Vehicles	243,805
Construction in progress	100,312
Land improvements	26,809
Accumulated depreciation	(18,885,185)
Total capital assets, net of accumulated depreciation	13,580,746
Total noncurrent assets	14,256,362
Total assets	22,184,905
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	41,214
Pension contributions after measurement date	115,298
Difference in expected and actual experience – pension	23,091
Difference in assumption changes – pension	3,585
OPEB contributions after measurement date	1,240
Difference in assumption changes – OPEB	5,990
Difference in expected and actual experience – OPEB	2,736
Total deferred outflows of resources	193,154
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	219,388
Accrued liabilities	33,876
Compensated absences	60,902
Customer deposits payable	457,677
Bonds payable, net	279,564
Note payable	49,260
Accrued interest payable	6,646
Other liabilities	25,175
Total current liabilities	1,132,488
Noncurrent liabilities:	
Compensated absences	31,810
Bonds payable, net	1,267,796
Note payable	404,519
Net pension liability	428,901
Total OPEB liability	60,500
Total noncurrent liabilities	2,193,526
Total liabilities	3,326,014
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Difference in expected and actual experience – pension	16,851
Difference in projected and actual earnings on pension plan investments	192,861
Lease related	698,338
Difference in assumption changes – OPEB	7,742
Total deferred inflows of resources	915,792
<b>NET POSITION</b>	
Net investment in capital assets	11,620,821
Unrestricted	6,515,432
Total net position	\$ 18,136,253

**City of Roanoke, Texas**  
**Statement of Revenues, Expenses and Changes in Fund Net Position –**  
**Proprietary Fund**  
**For the Year Ended September 30, 2022**

	<b>Business-type Activities</b>
	<b>Water and Wastewater</b>
<b>OPERATING REVENUES</b>	
Charges for services	
Water service	\$ 5,021,761
Wastewater service	2,815,293
Impact fees	249,730
Other charges for services and miscellaneous	186,300
Total operating revenues	8,273,084
<b>OPERATING EXPENSES</b>	
Personnel services	1,506,145
Maintenance and supplies	1,074,737
General and administrative	637,123
Water production and distribution	3,620,893
Depreciation	802,265
Total operating expenses	7,641,163
Operating income	631,921
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	36,655
Interest expense and fiscal charges	(54,374)
Leases	102,482
Total nonoperating revenues (expenses)	84,763
Income before transfers	716,684
Transfers out	(535,728)
Change in net position	180,956
<b>Net Position, Beginning of Year</b>	<b>17,955,297</b>
<b>Net Position, End of Year</b>	<b>\$ 18,136,253</b>

**City of Roanoke, Texas**  
**Statement of Cash Flows – Proprietary Fund**  
**For the Year Ended September 30, 2022**

	<b>Business-type Activities</b>
	<b>Water and Wastewater</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 8,251,161
Receipt of customer deposits	28,755
Payments to suppliers for goods and services	(5,430,623)
Payments to employees for salaries and benefits	(1,575,926)
Net cash provided by operating activities	1,273,367
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	(535,728)
Net cash used in noncapital financing activities	(535,728)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(189,525)
Principal paid on capital debt and notes payable	(300,513)
Interest and fiscal charges paid on capital debt and notes payable	(70,760)
Net cash used in capital and related financing activities	(560,798)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	36,655
Net cash provided by investing activities	36,655
Net increase in cash and cash equivalents	213,496
<b>Cash and Cash Equivalents, Beginning of Year (including \$428,922 reported as restricted assets)</b>	<b>6,596,864</b>
<b>Cash and Cash Equivalents, End of Year (including \$457,677 reported as restricted assets)</b>	<b>\$ 6,810,360</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ 631,921
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	802,265
Other income	102,482
(Increases) decreases in assets and deferred outflows of resources:	
Accounts receivable and unbilled revenue	(822,743)
Prepaid expenses	117,126
Deferred outflows of resources	(65,440)
Increases (decreases) in liabilities and deferred inflows of resources:	
Accounts payable	(102,254)
Accrued liabilities	(127,368)
Customer deposits	28,755
Compensated absences	5,976
Net pension liability	(189,642)
Total OPEB liability	(4,350)
Deferred inflows of resources	896,639
Total adjustments	641,446
Net cash provided by operating activities	\$ 1,273,367
<b>Schedule of noncash capital and related financing activities:</b>	
Note payable for equipment	\$ 481,013

**City of Roanoke, Texas**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds – Custodial Funds**  
**September 30, 2022**

	<b>Custodial Funds</b>		
	<b>Trophy Club Courts Collection</b>	<b>Seized Assets</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 65,879	\$ 100,347	\$ 166,226
Total assets	65,879	100,347	166,226
<b>LIABILITIES</b>			
Accrued expenses	65,879	-	65,879
Total liabilities	65,879	-	65,879
<b>NET POSITION</b>			
Restricted for individuals, organizations other governments	-	100,347	100,347
Total net position	\$ -	\$ 100,347	\$ 100,347

**City of Roanoke, Texas**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds – Custodial Funds**  
**For the Year Ended September 30, 2022**

	<b>Custodial Funds</b>		
	<b>Trophy Club Courts Collection</b>	<b>Seized Assets</b>	<b>Total</b>
<b>ADDITIONS</b>			
Fines and forfeiture collections for other government	\$ 236,926	\$ -	\$ 236,926
Seizures	-	72,715	72,715
Total additions	<u>236,926</u>	<u>72,715</u>	<u>309,641</u>
<b>DEDUCTIONS</b>			
Payments of fines and forfeitures to other governments	236,926	-	236,926
Seizures forfeited and returned to defendants	-	15,405	15,405
Total deductions	<u>236,926</u>	<u>15,405</u>	<u>252,331</u>
Net change in fiduciary net position	-	57,310	57,310
Net position, beginning of year	<u>-</u>	<u>43,037</u>	<u>43,037</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 100,347</u>	<u>\$ 100,347</u>

**City of Roanoke, Texas**  
**Statement of Net Position**  
**Discretely Presented Component Units**  
**September 30, 2022**

	<b>Governmental Activities</b>			<b>Total</b>
	<b>REIDC</b>	<b>RCEDC</b>	<b>Slaughter Park Foundation</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,769,786	\$ 8,942,662	\$ 472,042	\$ 21,184,490
Sales tax receivables	1,099,175	1,099,175	-	2,198,350
Notes receivable	693,514	-	-	693,514
Prepaid items	7,500	-	-	7,500
Capital assets not being depreciated	3,153,106	-	-	3,153,106
Capital and lease assets being depreciated/amortized	2,364,828	-	-	2,364,828
Total assets	<u>19,087,909</u>	<u>10,041,837</u>	<u>472,042</u>	<u>29,601,788</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	216,959	-	-	216,959
Total deferred outflows of resources	<u>216,959</u>	<u>-</u>	<u>-</u>	<u>216,959</u>
<b>LIABILITIES</b>				
Accounts payable	-	3,278	69	3,347
Accrued interest payable	27,743	-	-	27,743
Noncurrent liabilities:				
Due within one year	330,000	-	-	330,000
Due in more than one year	5,095,000	-	-	5,095,000
Total liabilities	<u>5,452,743</u>	<u>3,278</u>	<u>69</u>	<u>5,456,090</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,517,934	-	-	5,517,934
Restricted	8,334,191	10,038,559	-	18,372,750
Unrestricted	-	-	471,973	471,973
Total net position	<u>\$ 13,852,125</u>	<u>\$ 10,038,559</u>	<u>\$ 471,973</u>	<u>\$ 24,362,657</u>

**City of Roanoke, Texas**  
**Statement of Activities**  
**Discretely Presented Component Units**  
**For the Year Ended September 30, 2022**

Function/Programs: Governmental Activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units			Total
					REIDC	RCEDC	Slaughter Park Foundation	
Roanoke Economic Industrial Development Corporation	\$ 2,903,744	\$ -	\$ 3,134,860	\$ -	\$ 231,116	\$ -	\$ -	\$ 231,116
Roanoke Community Economic Development Corporation	6,813,557	149,638	-	-	-	(6,663,919)	-	(6,663,919)
Al & Lula Mae Slaughter Park Foundation	136	-	-	-	-	-	(136)	(136)
<b>Total component units</b>	<b>\$ 9,717,437</b>	<b>\$ 149,638</b>	<b>\$ 3,134,860</b>	<b>\$ -</b>	<b>231,116</b>	<b>(6,663,919)</b>	<b>(136)</b>	<b>(6,432,939)</b>
General revenues:								
Sales and use taxes					6,123,292	6,123,292	-	12,246,584
Rents and royalties					174,999	-	8,804	183,803
Investment income					35,772	44,462	385	80,619
Miscellaneous					-	137,562	-	137,562
Total general revenues					<u>6,334,063</u>	<u>6,305,316</u>	<u>9,189</u>	<u>12,648,568</u>
Change in net position					6,565,179	(358,603)	9,053	6,215,629
Net position, beginning of year					<u>7,286,946</u>	<u>10,397,162</u>	<u>462,920</u>	<u>18,147,028</u>
Net position, end of year					<u>\$ 13,852,125</u>	<u>\$ 10,038,559</u>	<u>\$ 471,973</u>	<u>\$ 24,362,657</u>



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## **Notes to Basic Financial Statements**



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**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

**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, 2022**

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

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

**Fund Financial Statements**

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

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

**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, 2022**

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 fund:

Water and Wastewater Fund –

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

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

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

***Measurement Focus and Basis of Accounting***

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

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

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

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

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, 2022**

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

***Cash, Cash Equivalents and Investments***

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

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

***Prepaid Items***

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

***Capital and Lease Assets***

Capital assets, which include property, plant, vehicle, equipment, right to use leased 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, 2022**

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

**Assets**

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

***Deferred Outflows/Inflows of Resources***

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

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

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

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

- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they incurred.
- Difference in 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.
- Leases – This is reported under both the full accrual and modified accrual basis of accounting. This is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The City will recognize an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the lease.
- 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 \$23,040, ambulance revenues of \$252,572, court revenues of \$177,233. In the Debt Service Fund, unavailable revenues consist of property taxes in the amount of \$26,708. In the nonmajor funds, unavailable revenues consist of property taxes in the amount of \$8,934. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

***Unearned Revenues***

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

***Interfund Receivables and Payables***

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

***Transactions Between Funds & Discretely Presented Component Units***

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

The City allocates to the proprietary funds and the discretely presented component units a predetermined allocated amount for administrative services for budget purposes. During the fiscal year ended September 30, 2022, the City’s General Fund was reimbursed \$550,236 for these services.

The REIDC and RCEDC provide amounts to the City for parks and recreation projects, debt service, rebates and incentives, and water and sewer improvements. During fiscal year 2022, \$2,198,068 was provided by the REIDC to the City and \$2,283,068 was provided by the RCEDC to the City. The RCEDC also contributed \$230,377 to the City in form of capital asset contributions. In addition, the RCEDC provided \$3,134,860 to the REIDC for economic development projects and upcoming RCEDC closeout.

***Restricted Assets***

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

<b>Governmental Activities</b>	
Debt service	\$ 573,940
Capital projects	2,035,301
Municipal court building security	109,239
Municipal court technology	132,324
Tourism, convention centers, arts	128,542
Public safety	48,474
Parkland dedication	<u>213,537</u>
<b>Total Governmental Activities Restricted Assets</b>	<b><u>\$ 3,241,357</u></b>
<b>Business-type Activities</b>	
Customer deposits	<u>\$ 457,677</u>
<b>Total Business-type Activities Restricted Assets</b>	<b><u>\$ 457,677</u></b>

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

***Compensated Absences***

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

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

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

***Pensions***

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' 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.

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***Long-term Obligations***

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

***Lease Receivable***

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

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

***Lease Liability***

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

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

***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.

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

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

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

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

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

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

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

	Reported in						Total Governmental Funds
	General	Debt Service	Facilities Improvement	Street Construction	Vehicle Replacement	Nonmajor Governmental Funds	
Nonspendable	\$ 332,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,012
Restricted for							
Debt service	-	573,940	-	-	-	196,061	770,001
Capital projects	-	-	-	1,923,817	-	-	1,923,817
Municipal court building security	109,239	-	-	-	-	-	109,239
Municipal court technology	132,324	-	-	-	-	-	132,324
Tourism, convention centers, arts	-	-	-	-	-	152,905	152,905
Public safety	37,425	-	-	-	-	254,034	291,459
Parkland dedication	-	-	-	-	-	213,537	213,537
Committed							
Unassigned	13,861,063	-	(1,420,796)	-	2,959,733	668,141	3,627,874
Total	<u>\$ 14,472,063</u>	<u>\$ 573,940</u>	<u>\$ (1,420,796)</u>	<u>\$ 1,923,817</u>	<u>\$ 2,959,733</u>	<u>\$ 1,484,678</u>	<u>\$ 19,993,435</u>

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.

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

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

***Use of Estimates***

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

***Revisions***

Certain immaterial revisions have been made to the beginning financial statement balances for the City’s fiduciary activities. These revisions resulted in the City’s Seized Assets Fund (previously reported as part of the nonmajor Police Seizure special revenue fund) being presented in the City’s fiduciary funds. Beginning fiduciary net position was revised by \$43,037. This revision did not have a significant impact on the financial statement line items impacted.

***Adoption of GASB Statements No. 87, Leases (GASB 87)***

In 2022, the City adopted GASB 87. The Statement establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. The adoption of GASB 87 resulted in changes in presentation of financial statements and related disclosures in the notes to the financial statements.

***Future Adoption of Accounting Pronouncements***

The GASB has issued the following statements which will be effective in future years as described below. The impact on the City’s financial statements of implementation has not yet been determined for the following:

GASB Statement No. 94, *Public-Private and Public-Private Partnerships (PPPs) and Availability Payment Arrangements*, is effective for the City’s fiscal year 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).

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GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, is effective for the City's fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

**Note 2: Detailed Notes on All Funds**

***Deposits and Investments***

**Deposits.** At September 30, 2022, the carrying amount of the City's cash and cash equivalents held with financial institutions, including, fiduciary activities and component units, was \$22,662,058 and the respective bank balances totaled \$22,524,784.

**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 2022, the City invested in non-negotiable certificates of deposits measured at amortized cost and TexasCLASS investment pool measured at net asset value. The City records all interest revenue related to investment activities in the respective funds. As of September 30, 2022, the carrying amount of the City's certificates of deposits reported as investments totaled \$249,010 and the amount invested in TexasCLASS at net asset value totaled \$23,315,923.

TexasCLASS is supervised by a Board of Trustees (the Board) who are elected by the Participants and shall be an odd number of three or more. Additionally, TexasCLASS has a five-member Advisory Board. Fair value of the City's position in the pools is, in all material respects, the same as the value of the pool shares. Investment income earned on pooled cash and investments is allocated to each fund based upon each fund's weighted-average daily cash and investment balances.

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**Custodial credit risk.** There is a risk that, in the event of a bank failure, the City’s deposits may not be returned. Both the City’s investment policy and the *Texas Public Funds Investment Act* requires that all deposits of the City that exceed the Federal Depository Insurance Corporation (FDIC) coverage levels are collateralized with securities held by a third-party custodian in the City’s name. As of September 30, 2022, the carrying amount of the City’s bank deposits and investments, including component units, was \$22,911,068, and the respective bank balances totaled \$22,773,794. The value of the City’s deposits and investments not insured through the FDIC has been fully collateralized and meets the requirements of the City’s policy and state statutes.

**Concentration of Credit Risk.** In compliance with the City’s investment policy, as of September 30, 2022, the City minimized credit risk by limiting investments to the safest types of securities and diversifying the portfolio so that potential losses on individual securities were minimized. The investment pools (which represent approximately 99% of the City’s portfolio) are rated Aam by Standard and Poor’s.

**Interest Rate Risk.** As a means of minimizing risk of loss due to interest rate fluctuations, the City’s investment policy requires that the portfolio remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. Liquidity and marketability will be ensured by investing in securities with active secondary markets.

**Property Taxes**

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

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31<sup>st</sup>. Current tax collections for the year ended September 30, 2022, were 99.87% of the adjusted tax levy. Allocations of property tax levy by purpose for 2022 and the preceding year are as follows (amounts per \$100 assessed value):

Property Tax Rates:

<u>Fund Type</u>	<u>2022</u>	<u>2021</u>
General Fund	\$ 0.19502	\$ 0.18404
Debt Service Fund	0.18010	0.19108
Total	<u>\$ 0.37512</u>	<u>\$ 0.37512</u>

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

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

**Receivables**

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

Receivables	General	Debt Service	Facilities Improvement	Nonmajor Governmental	Water and Wastewater	Total
Taxes	\$ 2,269,724	\$ 26,708	\$ -	37,650	\$ -	\$ 2,334,082
Intergovernmental	13,244	-	-	-	-	13,244
Accounts	2,252,847	-	-	462,278	1,264,117	3,979,242
Notes	-	-	1,996,064	-	-	1,996,064
Lease	-	-	-	-	724,135	724,135
Less allowance for uncollectibles	(1,544,411)	-	-	-	(227,627)	(1,772,038)
Net receivables	<u>\$ 2,991,404</u>	<u>\$ 26,708</u>	<u>\$ 1,996,064</u>	<u>\$ 499,928</u>	<u>\$ 1,760,625</u>	<u>\$ 7,274,729</u>

Notes Receivable

Based on the terms of the notes receivable agreement, the outstanding balance of \$1,996,063 as of year-end is not anticipated to be collected within the next year.

Lease Receivable

The City’s proprietary fund leases tower space and land to third parties, the terms of which expire between 2027 and 2032. The City recognized approximately \$102,482 in lease revenue and interest revenue during the current fiscal year related to the leases. As of September 30, 2022, the City’s proprietary fund receivable for lease and related interest payments was \$724,135 and the balance of the deferred inflow of resources was \$698,338.

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**Capital and Lease Assets**

Capital and lease asset activity for the year ended September 30, 2022, was as follows:

	<b>Restated Balance Beginning of Year</b>	<b>Additions</b>	<b>Sales/ Disposals</b>	<b>Transfers</b>	<b>Balance End of Year</b>
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 3,368,436	\$ 2,400,349	\$ -	\$ -	\$ 5,768,785
Construction in progress	1,937,891	2,439,095	-	(2,851,332)	1,525,654
Total capital assets not being depreciated	<u>5,306,327</u>	<u>4,839,444</u>	<u>-</u>	<u>(2,851,332)</u>	<u>7,294,439</u>
Capital and lease assets being depreciated/amortized					
Buildings/structures	41,778,853	59,070	-	-	41,837,923
Improvements other than buildings	16,745,020	-	-	-	16,745,020
Vehicles	5,871,658	95,709	(220,583)	-	5,746,784
Machinery and equipment	3,958,896	354,107	(97,031)	-	4,215,972
Lease asset	108,672	-	-	-	108,672
Infrastructure	60,378,689	164,909	-	2,851,332	63,394,930
Total capital and lease assets being depreciated/amortized	<u>128,841,788</u>	<u>673,795</u>	<u>(317,614)</u>	<u>2,851,332</u>	<u>132,049,301</u>
Less accumulated depreciation/amortization					
Buildings/structures	(18,130,099)	(2,172,271)	-	-	(20,302,370)
Improvements other than buildings	(9,694,238)	(881,459)	-	-	(10,575,697)
Vehicles	(3,615,171)	(533,953)	220,583	-	(3,928,541)
Machinery and equipment	(2,773,289)	(350,090)	96,861	-	(3,026,518)
Lease asset	-	(28,349)	-	-	(28,349)
Infrastructure	(26,011,546)	(3,059,163)	-	-	(29,070,709)
Total accumulated depreciation/amortization	<u>(60,224,343)</u>	<u>(7,025,285)</u>	<u>317,444</u>	<u>-</u>	<u>(66,932,184)</u>
Total capital and lease assets being depreciated/amortized, net	<u>68,617,445</u>	<u>(6,351,490)</u>	<u>(170)</u>	<u>2,851,332</u>	<u>65,117,117</u>
Governmental activities capital and lease assets, net	<u>\$ 73,923,772</u>	<u>\$ (1,512,046)</u>	<u>\$ (170)</u>	<u>\$ -</u>	<u>\$ 72,411,556</u>
	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Sales/ Disposals</b>	<b>Transfers</b>	<b>Balance End of Year</b>
<b>Business-type activities</b>					
Capital assets not being depreciated					
Construction in progress	\$ -	\$ 100,312	-	-	\$ 100,312
Total capital assets not being depreciated	<u>-</u>	<u>100,312</u>	<u>-</u>	<u>-</u>	<u>100,312</u>
Capital assets being depreciated					
Infrastructure	31,092,249	-	-	-	31,092,249
Improvements other than buildings	26,809	-	-	-	26,809
Vehicles	243,805	-	-	-	243,805
Machinery and equipment	432,530	570,226	-	-	1,002,756
Total capital assets being depreciated	<u>31,795,393</u>	<u>570,226</u>	<u>-</u>	<u>-</u>	<u>32,365,619</u>
Less accumulated depreciation/amortization					
Infrastructure	(17,686,110)	(683,807)	-	-	(18,369,917)
Improvements other than buildings	(2,681)	(5,362)	-	-	(8,043)
Vehicles	(198,691)	(15,038)	-	-	(213,729)
Machinery and equipment	(195,438)	(98,058)	-	-	(293,496)
Total accumulated depreciation/amortization	<u>(18,082,920)</u>	<u>(802,265)</u>	<u>-</u>	<u>-</u>	<u>(18,885,185)</u>
Total capital assets being depreciated, net	<u>13,712,473</u>	<u>(232,039)</u>	<u>-</u>	<u>-</u>	<u>13,480,434</u>
Business-type activities capital assets, net	<u>\$ 13,712,473</u>	<u>\$ (131,727)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,580,746</u>

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

Governmental activities		
General government		\$ 2,853,345
Public safety		956,103
Culture and recreation		1,013,934
Public works		<u>2,201,903</u>
Total depreciation and amortization expense – governmental activities		<u>\$ 7,025,285</u>
Business-type activities		
Water and Wastewater		<u>\$ 802,265</u>
Total depreciation expense – business-type activities		<u>\$ 802,265</u>

**Construction Commitments**

Outstanding commitments at September 30, 2022, under authorized construction contracts were approximately \$3,435,195. 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, 2022 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Facilities Improvement	\$ 3,226,223
General Fund	Fire Grants Fund	224,283

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.

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Transfers between funds for the year ended September 30, 2022, were as follows:

Transfers Out	<i>Major Governmental</i>					Nonmajor Governmental Funds	Total Transfers Out
	General	Facilities Improvement	Street Construction	Vehicle Replacement	Debt Service		
General	\$ -	\$ 284,000	\$ 150,000	\$ 601,258	\$ -	\$ 82,311	\$ 1,117,569
Nonmajor governmental funds	70,000	-	-	-	43,600	-	113,600
Water and wastewater	400,236	-	-	129,908	-	5,584	535,728
Total transfers in	<u>\$ 470,236</u>	<u>\$ 284,000</u>	<u>\$ 150,000</u>	<u>\$ 731,166</u>	<u>\$ 43,600</u>	<u>\$ 87,895</u>	<u>\$ 1,766,897</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 from the General Fund and Water and Wastewater fund for computer, vehicle, and equipment replacements, (2) transfer funds to the General Fund from the Hotel Occupancy fund to cover a portion of the costs associated with the Roanoke Visitor’s Center and Museum, (3) transfer funds to the Debt Service fund to cover debt related to a fire department museum, (4) transfer funds to the General Fund for a budgeted allocation amount.

**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 \$4,339,864 and a deferred inflow of resources in the amount of \$2,240,000 at year-end related to this agreement. The deferred inflow will be recognized as revenue over the initial term of the agreement. When the agreement terminates, the City retains the water park property.

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**Leases Liability**

The City's general fund has an agreement for equipment, the terms of which expire in 2025. During the fiscal year ended September 30, 2022, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

<b>Governmental Activities</b>	<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	2023	\$ 27,688	\$ 3,114	\$ 30,802
	2024	28,960	1,842	30,802
	2025	25,147	522	25,669
		<u>\$ 81,795</u>	<u>\$ 5,478</u>	<u>\$ 87,273</u>

**Long-term Obligations**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2022, is as follows:

	<b>Restated Balance Beginning of Year</b>	<b>Borrowings/ Additions</b>	<b>Repayments/ Reductions</b>	<b>Adjustments/ Refundings</b>	<b>Balance End of Year</b>	<b>Due within One Year</b>
<b>Governmental Activities</b>						
General obligation bonds	\$ 12,522,888	\$ 2,770,000	\$ (2,276,722)	\$ (955,000)	\$ 12,061,166	\$ 2,310,436
Certificates of obligation	22,425,000	2,705,000	(1,390,000)	(1,880,000)	21,860,000	1,450,000
Tax notes	1,005,000	-	(240,000)	-	765,000	245,000
Special assessment bonds	440,000	-	(215,000)	-	225,000	225,000
Lease liability	108,672	-	(26,877)	-	81,795	27,688
Premium on bonds	2,393,833	475,078	(449,445)	(115,877)	2,303,589	-
Compensated absences	693,886	592,366	(555,623)	-	730,629	524,981
Total governmental activities	<u>39,589,279</u>	<u>6,542,444</u>	<u>(5,153,667)</u>	<u>(2,950,877)</u>	<u>38,027,179</u>	<u>4,783,105</u>
<b>Business-type Activities</b>						
General obligation refunding bonds	1,717,113	-	(273,279)	-	1,443,834	279,564
Premium on bonds	126,926	-	(23,400)	-	103,526	-
Notes payable	-	481,013	(27,234)	-	453,779	49,260
Compensated absences	86,736	70,462	(64,486)	-	92,712	60,902
Total business-type activities	<u>1,930,775</u>	<u>551,475</u>	<u>(388,399)</u>	<u>-</u>	<u>2,093,851</u>	<u>389,726</u>
Total primary government	<u>\$ 41,520,054</u>	<u>\$ 7,093,919</u>	<u>\$ (5,542,066)</u>	<u>\$ (2,950,877)</u>	<u>\$ 40,121,030</u>	<u>\$ 5,172,831</u>

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

General Obligation Bonds and Certificates of Obligation

The general obligation refunding bonds and certificates of obligation have interest rates ranging from 2.0% to 4.0% maturing annually in varying amounts through 2041. Interest for these bonds is payable semi-annually. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. They are payable from property taxes and water/wastewater revenues.

Early in fiscal year 2022, the City executed a current refunding of Series 2013 Certificates of Obligation and Series 2013 General Obligation. The bonds were refunded with Series 2021 General Obligation Refunding Bonds in the amount of \$2,770,000, dated December 15, 2021, bearing an interest rate of 3.00%. As a result of the current refunding, the City decreased total debt service payments over the next 7 years by \$155,575, obtained an economic gain of \$153,197, and recorded a deferred amount on refunding of \$63,799.

In addition, the City issued \$2,705,000 of Combination Tax and Revenue Certificates of Obligation, Series 2021. The interest rate on the Certificates of Obligation is 3% and the maturity date is August 15, 2041.

General Obligation Bonds:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 2,310,436	\$ 441,835	\$ 279,564	\$ 53,165	\$ 3,085,000
2024	2,388,722	370,145	286,278	44,555	3,089,700
2025	2,472,008	281,320	297,992	35,120	3,086,440
2026	2,485,000	187,400	315,000	23,200	3,010,600
2027	2,125,000	90,650	265,000	10,600	2,491,250
2028	280,000	8,400	-	-	288,400
	<u>\$ 12,061,166</u>	<u>\$ 1,379,750</u>	<u>\$ 1,443,834</u>	<u>\$ 166,640</u>	<u>\$ 15,051,390</u>

Certificates of Obligation:

Fiscal Year	Governmental Activities		Total
	Principal	Interest	
2023	\$ 1,450,000	\$ 759,988	\$ 2,209,988
2024	1,485,000	713,063	2,198,063
2025	1,515,000	663,950	2,178,950
2026	1,580,000	607,750	2,187,750
2027	1,640,000	549,100	2,189,100
2028-2032	6,635,000	1,857,050	8,492,050
2033-2037	4,860,000	923,200	5,783,200
2038-2041	2,695,000	214,026	2,909,026
	<u>\$ 21,860,000</u>	<u>\$ 6,288,127</u>	<u>\$ 28,148,127</u>

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
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Special Assessment Bonds:

In September 2008, the City issued \$2,500,000 in private placement, 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, 2022, are as follows:

Special Assessment Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	225,000	10,485	235,485
	<u>\$ 225,000</u>	<u>\$ 10,485</u>	<u>\$ 235,485</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, 2022, are as follows:

Tax Notes:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	245,000	28,150	273,150
2024	255,000	20,800	275,800
2025	265,000	10,600	275,600
	<u>\$ 765,000</u>	<u>\$ 59,550</u>	<u>\$ 824,550</u>

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

Note Payable:

In March 2022, the City issued a note payable of \$481,013 to acquire a sewer vac truck in the Water and Wastewater Fund. The note payable has an interest rate of 3.071% and matures in 2027. Debt service requirements of the note payable for the years subsequent to September 30, 2022, are as follows:

Note Payable:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 49,260	\$ 13,164	\$ 62,424
2024	50,785	11,639	62,424
2025	52,357	10,067	62,424
2026	53,977	8,447	62,424
2027	<u>247,400</u>	<u>3,600</u>	<u>251,000</u>
	<u>\$ 453,779</u>	<u>\$ 46,917</u>	<u>\$ 500,696</u>

**Note 3: Risk Management**

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$1,000,000 per insured event. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in the past three years.

**Note 4: Deferred Compensation Plan**

The City offers its employees a defined contribution, deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is administered by Nationwide Retirement Solutions. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the City.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
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The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The City does not contribute to the plan.

**Note 5: Employee Retirement System**

***Plan Description***

The City participates as one of 900 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

***Benefits Provided***

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

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

*Employees covered by benefit terms:*

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	69
Active employees	132
	<hr/>
	242
	<hr/> <hr/>

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

**Contributions**

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.46% and 17.18% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$2,280,608, and were equal to the required contributions.

**Net Pension Liability**

The City's net pension liability (NPL) was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:*

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return (Arithmetic)</b>
Global Public Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
	<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, 2022**

*Changes in the Net Pension Liability:*

	<i>Increase (Decrease)</i>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at October 1, 2021</b>	\$ 48,026,467	\$ 41,108,814	\$ 6,917,653
Changes for the year:			
Service cost	2,358,596	-	2,358,596
Interest (on the total pension liability)	3,285,635	-	3,285,635
Difference between expected and actual experience	(47,758)	-	(47,758)
Benefit payments, including refunds of employee contributions	(1,059,387)	(1,059,387)	-
Administrative expense	-	(24,796)	24,796
Contributions - member	-	845,808	(845,808)
Contributions - employer	-	2,109,688	(2,109,688)
Net investment income	-	5,374,758	(5,374,758)
Other	-	169	(169)
Net Changes	<u>4,537,086</u>	<u>7,246,240</u>	<u>(2,709,154)</u>
<b>Balance at September 30, 2022</b>	<u>\$ 52,563,553</u>	<u>\$ 48,355,054</u>	<u>\$ 4,208,499</u>

*Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate:*

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

<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Current Single Rate Assumption (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
\$ 13,151,359	\$ 4,208,499	\$ (3,016,986)

*Pension Plan Fiduciary Net Position:*

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

***Pension Expense and Deferred Outflows of Resources Related to Pensions***

For the year ended September 30, 2022, the City recognized pension expense of \$1,369,987.

At September 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ 329,877	\$ 240,730
Difference between projected and actual investment earnings on pension plan investments	-	2,755,160
Changes of assumptions	51,221	-
Employer contributions subsequent to the measurement date	1,647,121	-
Total	\$ 2,028,219	\$ 2,995,890

\$1,647,121 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, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Amortization of Future Deferred (Inflows) Outflows of Resources</b>
<b>September 30</b>	
2023	\$ (475,628)
2024	(1,120,840)
2025	(543,723)
2026	(468,228)
2027	(6,373)
	\$ (2,614,792)

***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, 2022**

**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, 2022**

*Employees covered by benefit terms:*

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active employees	115
	118

**Total OPEB Liability**

The City’s total OPEB liability of \$864,265 (\$803,765 governmental activities and \$60,500 business-type activities) was measured as of December 31, 2021 and was determined by an actuarial valuation as December 31, 2020.

*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	1.84% as of December 31, 2021 (2.00% as of December 31, 2020)
Inflation	2.50%
Salary Increase	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 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, 2022**

*Changes in the Total OPEB Liability:*

	<b>Total OPEB Liability</b>
<b>Balance at October 1, 2021</b>	\$ 926,414
Changes for the year:	
Service cost	48,927
Interest (on the total OPEB liability)	18,646
Difference between expected and actual experience	8,407
Effect of assumptions changes (discount rate change)	(100,981)
Benefit payments, age adjusted premiums, net of retiree contributions	(37,148)
<b>Balance at September 30, 2022</b>	<b>\$ 864,265</b>

*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 1.84%. The following presents the OPEB liability using a discount rate of 1% higher and 1% lower than the current discount rate.

<b>1% Decrease (0.84%)</b>	<b>Current Discount Rate Assumption (1.84%)</b>	<b>1% Increase (2.84%)</b>
\$ 942,992	\$ 864,265	\$ 791,313

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.

<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
\$ 751,491	\$ 864,265	\$ 998,426

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$70,544.

At September 30, 2022, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference in expected and actual experience	\$ 39,105	\$ -
Changes of assumptions	85,556	110,591
Contributions subsequent to the measurement date	17,724	-
Total	\$ 142,385	\$ 110,591

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2023.

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

	<b>Amortization of Future Deferred (Inflows) Outflows of Resources</b>
<b>September 30</b>	
2023	\$ 2,971
2024	2,971
2025	2,971
2026	2,971
2027	2,971
Thereafter	(785)
	\$ 14,070

***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, 2022**

**Note 7: Water Purchase and Wastewater Treatment Contracts**

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

The City has an agreement with the Trinity River Authority (Authority) to provide wastewater treatment at the Authority's Denton Creek Regional Wastewater Treatment Facility. The Authority has issued bonds in connection with the financing and services of the Facility. The City's contractual minimum payment is required to cover a portion of the annual principal and interest payments incurred related to this debt. Rates are determined annually by the Trinity River Authority.

**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, 2022, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	<u>\$ 11,769,786</u>
Total cash and cash equivalents	<u><u>\$ 11,769,786</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**  
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**Capital and Lease Assets**

Capital and lease asset activity for the year ended September 30, 2022, is as follows:

	<b>Restated Balance Beginning of Year</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance End of Year</b>
Component unit activities				
Capital and lease assets not being depreciated				
Land	\$ 3,153,106	\$ -	\$ -	\$ 3,153,106
Total capital assets not being depreciated	<u>3,153,106</u>	<u>-</u>	<u>-</u>	<u>3,153,106</u>
Capital and lease assets being depreciated/amortized				
Lease asset	2,389,721	-	-	2,389,721
Total capital assets being depreciated/amortized	<u>2,389,721</u>	<u>-</u>	<u>-</u>	<u>2,389,721</u>
Less accumulated depreciation/amortization				
Lease asset	-	(24,893)	-	(24,893)
Total accumulated depreciation/amortization	<u>-</u>	<u>(24,893)</u>	<u>-</u>	<u>(24,893)</u>
Total capital and lease assets being depreciated/amortized	<u>2,389,721</u>	<u>(24,893)</u>	<u>-</u>	<u>2,364,828</u>
REIDC capital and lease assets, net	<u>\$ 5,542,827</u>	<u>\$ (24,893)</u>	<u>\$ -</u>	<u>\$ 5,517,934</u>

**Long-term Debt**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2022, is as follows:

	<b>Balance Beginning of Year</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance End of Year</b>	<b>Due within One Year</b>
Component unit activities					
Sales tax revenue refunding bonds	\$ 5,740,000	\$ -	\$ (315,000)	\$ 5,425,000	\$ 330,000
Total REIDC	<u>\$ 5,740,000</u>	<u>\$ -</u>	<u>\$ (315,000)</u>	<u>\$ 5,425,000</u>	<u>\$ 330,000</u>

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

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, 2022, are as follows:

Fiscal Year	Component Units		Total
	Principal	Interest	
2023	\$ 330,000	\$ 221,940	\$ 551,940
2024	340,000	210,390	550,390
2025	355,000	198,150	553,150
2026	365,000	185,015	550,015
2027	375,000	170,963	545,963
2028-2032	2,140,000	611,699	2,751,699
2033-2035	1,520,000	134,198	1,654,198
	<u>\$ 5,425,000</u>	<u>\$ 1,732,355</u>	<u>\$ 7,157,355</u>

The following is a summary of pledged revenues of REIDC for the year ended September 30, 2022:

Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will Not be Available for Other Purposes
.5% sales and use tax	\$ 6,123,292	\$ 548,150	9.0%	\$ 7,157,355	Until 2035

**Leases**

The REIDC has an agreement for a parking garage, the terms of which expire in 2117. During the fiscal year ended September 30, 2022, the REIDC did not recognize any rental expense for variable payments not previously included in the measurement of the leased asset.

**Other Payments**

In conjunction with the City’s service concession arrangement, REIDC receives annual payments from the operator through the term of the agreement. In 2022, the payment amount was \$125,000 and is shown as rental revenue.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

**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, 2022, consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	<u>\$ 8,942,662</u>
Total cash and cash equivalents	<u><u>\$ 8,942,662</u></u>

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

**Note 11: Al & Lula Mae Slaughter Park Foundation**

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

***Cash and Investments***

Cash and investments for the Slaughter Park Foundation as of September 30, 2022, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	<u>\$ 472,042</u>
Total cash and cash equivalents	<u><u>\$ 472,042</u></u>

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

**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 within the City. The City offers individual incentive packages to attract new business to the City. Abatements may be granted by City Council resolution to companies or developers agreeing to relocate to the City or to establish a new business in the City. As part of the agreements, the City agrees to refund a portion of Local Sales and Use Tax, Type A Sales and Use Tax, Type B Sales and Use Tax, and/or Property Taxes after confirmation of payment. The agreements entered into by the City include clawback provisions should the recipient of the tax abatement fail to fully meet its commitments, such as annual sales levels or appraised values of real and personal property located on the project site. As a part of these agreements, the City may also provide Developers financial assistance for Developer’s expenditures made towards the Project.

In addition to tax abatements, the City occasionally makes additional commitments in its economic development incentive agreements. The following additional commitments have been made:

The City has agreed, subject to the discretion of the City Council, the issuance of Certificates of Obligations or other public security of the City in the maximum amount of \$30,000,000 for the construction of a convention center facility. In addition, the City, along with the REIDC and RCEDC, have agreed to provide a loan of up to \$4,500,000 to cover predevelopment expenses paid or incurred related to the qualified project. The current loan amount is the notes receivable balances in the General Fund and REIDC at September 30, 2022.

For the fiscal year ended September 30, 2022, the City has ten open tax abatement agreements and abated the following amounts under these agreements:

<b>Open Agreements - Type of Tax Abatement</b>	<b>Amount of Taxes Abated During the Fiscal Year</b>
City of Roanoke:	
Property taxes	\$ 900,644
Total	\$ 900,644

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2022**

***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, 2022, under agreements above were approximately \$275,000 for REIDC and approximately \$275,000 for RCEDC. No taxes were abated for the year ended September 30, 2022 by these entities.

**Note 13: Contingencies**

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

**Note 14: Subsequent Events**

On December 1, 2022, the City issued \$3,965,000 of Combination Tax & Revenue Certificates of Obligation Series 2022A and \$3,480,000 of Combination Tax and Revenue Certificates of Obligation Series 2022B. The interest rate on the Combination Tax & Revenue Certificates of Obligation Series 2022A is 5% and the maturity date is August 15, 2042. The interest rate on the Combination Tax and Revenue Certificates of Obligation Series 2020 is 5% and the maturity date is August 15, 2037.



**Required Supplementary Information**



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# City of Roanoke, Texas

## Schedule of Changes in Net Pension Liability and Related Ratios Texas Municipal Retirement System

	Measurement Year							
	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total pension liability:</b>								
Service cost	\$ 1,483,522	\$ 1,830,398	\$ 1,909,893	\$ 1,921,635	\$ 2,037,287	\$ 2,129,894	\$ 2,248,215	\$ 2,358,596
Interest (on the Total Pension Liability)	1,475,630	1,697,490	1,913,289	2,205,366	2,465,967	2,699,481	2,969,672	3,285,635
Difference between expected and actual experience	347,631	939,244	759,690	63,042	(389,860)	(132,232)	360,185	(47,758)
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)	(845,262)	(1,059,387)
<b>Net change in total pension liability</b>	<b>3,046,115</b>	<b>4,015,936</b>	<b>4,300,915</b>	<b>3,948,645</b>	<b>3,580,548</b>	<b>3,932,491</b>	<b>4,732,810</b>	<b>4,537,086</b>
<b>Total pension liability – beginning</b>	<b>20,469,007</b>	<b>23,515,122</b>	<b>27,531,058</b>	<b>31,831,973</b>	<b>35,780,618</b>	<b>39,361,166</b>	<b>43,293,657</b>	<b>48,026,467</b>
<b>Total pension liability – ending (a)</b>	<b>\$ 23,515,122</b>	<b>\$ 27,531,058</b>	<b>\$ 31,831,973</b>	<b>\$ 35,780,618</b>	<b>\$ 39,361,166</b>	<b>\$ 43,293,657</b>	<b>\$ 48,026,467</b>	<b>\$ 52,563,553</b>
<b>Plan fiduciary net position:</b>								
Contributions – employer	\$ 1,135,950	\$ 1,508,981	\$ 1,610,585	\$ 1,645,859	\$ 1,796,148	\$ 1,875,207	\$ 1,953,108	\$ 2,109,688
Contributions – employee	591,201	654,047	682,453	682,122	721,346	752,233	788,452	845,808
Net investment income	919,497	27,222	1,370,636	3,278,442	(869,654)	4,661,309	2,773,250	5,374,758
Benefit payments, including refunds of employee contributions	(260,668)	(360,918)	(281,957)	(241,398)	(532,846)	(867,614)	(845,262)	(1,059,387)
Administrative expense	(9,596)	(16,575)	(15,459)	(16,965)	(16,769)	(26,262)	(17,907)	(24,796)
Other	(789)	(818)	(833)	(860)	(876)	(789)	(699)	169
<b>City's net change in plan fiduciary net position</b>	<b>2,375,595</b>	<b>1,811,939</b>	<b>3,365,425</b>	<b>5,347,200</b>	<b>1,097,349</b>	<b>6,394,084</b>	<b>4,650,942</b>	<b>7,246,240</b>
<b>Plan fiduciary net position – beginning</b>	<b>16,066,280</b>	<b>18,441,875</b>	<b>20,253,814</b>	<b>23,619,239</b>	<b>28,966,439</b>	<b>30,063,788</b>	<b>36,457,872</b>	<b>41,108,814</b>
<b>Plan fiduciary net position – ending (b)</b>	<b>\$ 18,441,875</b>	<b>\$ 20,253,814</b>	<b>\$ 23,619,239</b>	<b>\$ 28,966,439</b>	<b>\$ 30,063,788</b>	<b>\$ 36,457,872</b>	<b>\$ 41,108,814</b>	<b>\$ 48,355,054</b>
<b>City's net pension liability – ending (a) – (b)</b>	<b>\$ 5,073,247</b>	<b>\$ 7,277,244</b>	<b>\$ 8,212,734</b>	<b>\$ 6,814,179</b>	<b>\$ 9,297,378</b>	<b>\$ 6,835,785</b>	<b>\$ 6,917,653</b>	<b>\$ 4,208,499</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>78.43%</b>	<b>73.57%</b>	<b>74.20%</b>	<b>80.96%</b>	<b>76.38%</b>	<b>84.21%</b>	<b>85.60%</b>	<b>91.99%</b>
<b>Covered payroll</b>	<b>\$ 8,445,726</b>	<b>\$ 9,343,534</b>	<b>\$ 9,749,326</b>	<b>\$ 9,744,598</b>	<b>\$ 10,304,943</b>	<b>\$ 10,746,187</b>	<b>\$ 11,263,600</b>	<b>\$ 12,082,973</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>60.07%</b>	<b>77.89%</b>	<b>84.24%</b>	<b>69.93%</b>	<b>90.22%</b>	<b>63.61%</b>	<b>61.42%</b>	<b>34.83%</b>

**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**

	Fiscal Year							
	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 1,377,502	\$ 1,517,046	\$ 1,676,035	\$ 1,734,233	\$ 1,866,833	\$ 1,953,216	\$ 2,028,351	\$ 2,280,608
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>	<u>2,028,351</u>	<u>2,280,608</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	\$ 11,639,016	\$ 13,215,652
Contributions as a percentage of covered payroll	15.50%	16.42%	16.78%	17.14%	17.44%	17.37%	17.43%	17.26%

**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 24 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

Mortality 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  
 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**

	Measurement Year			
	2018	2019	2020	2021
<b>Total OPEB liability:</b>				
Service cost	\$ 37,032	\$ 35,248	\$ 42,305	\$ 48,927
Interest (on the Total OPEB Liability)	23,099	26,097	22,207	18,646
Difference between expected and actual experience	-	16,965	24,464	8,407
Change in assumptions	(32,663)	49,872	63,111	(100,981)
Benefit payments, including refunds of employee contributions	(10,839)	(31,160)	(24,074)	(37,148)
<b>Net change in total OPEB liability</b>	16,629	97,022	128,013	(62,149)
<b>Total OPEB liability – beginning</b>	684,750	701,379	798,401	926,414
<b>Total OPEB liability – ending</b>	<u>\$ 701,379</u>	<u>\$ 798,401</u>	<u>\$ 926,414</u>	<u>\$ 864,265</u>
<b>Covered-employee payroll</b>	\$ 10,304,943	\$ 10,148,984	\$ 11,774,825	\$ 12,620,598
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	6.81%	7.87%	7.87%	6.85%

**Notes to Schedule:**

Changes of Benefit Terms:

None

Changes of Assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	3.31%
2018	3.71%
2019	2.75%
2020	2.00%
2021	1.84%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

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

**City of Roanoke, Texas**  
**Schedule of Revenues, Expenditures and Changes In Fund Balances**  
**Budget to Actual – General Fund**  
**For the Year Ended September 30, 2022**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General property tax	\$ 5,350,540	\$ 5,350,540	\$ 5,252,122	\$ (98,418)
General sales tax	9,454,511	9,454,511	12,246,584	2,792,073
Gross receipts tax	1,412,871	1,412,871	1,519,458	106,587
Licenses and permits	611,000	611,000	922,855	311,855
Intergovernmental	120,360	120,360	158,036	37,676
Charges for services	1,340,250	1,340,250	1,604,218	263,968
Grants and contributions	3,578,142	3,578,142	4,316,642	738,500
Fines and fees	701,000	701,000	663,388	(37,612)
Investment income	10,000	10,000	56,906	46,906
Donations	-	-	5,555	5,555
Other revenue	241,000	241,000	261,077	20,077
Total revenues	<u>22,819,674</u>	<u>22,819,674</u>	<u>27,006,841</u>	<u>4,187,167</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,617,869	5,525,284	5,143,324	381,960
Public safety	11,030,971	11,277,009	11,308,245	(31,236)
Cultural and recreation	3,994,403	3,994,403	3,629,170	365,233
Public works	1,846,091	1,846,091	1,875,156	(29,065)
Debt service:				
Principal	43,248	43,248	26,878	16,370
Interest and fiscal charges	1,327	1,327	4,231	(2,904)
Capital outlay	282,320	385,686	906,562	(520,876)
Total expenditures	<u>22,816,229</u>	<u>23,073,048</u>	<u>22,893,566</u>	<u>179,482</u>
Excess of revenues over expenditures	<u>3,445</u>	<u>(253,374)</u>	<u>4,113,275</u>	<u>4,366,649</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	434,793	434,793	470,236	35,443
Transfers out	(933,569)	(1,117,569)	(1,117,569)	-
Total other financing sources (uses), net	<u>(498,776)</u>	<u>(682,776)</u>	<u>(647,333)</u>	<u>35,443</u>
Net changes in fund balances	(495,331)	(936,150)	3,465,942	4,402,092
<b>Fund Balances, Beginning of Year</b>	<u>11,006,121</u>	<u>11,006,121</u>	<u>11,006,121</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 10,510,790</u>	<u>\$ 10,069,971</u>	<u>\$ 14,472,063</u>	<u>\$ 4,402,092</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.



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**City of Roanoke, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2022**

	<u>Special Revenue Funds</u>					<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel Motel</u>	<u>Briarwyck PID</u>	<u>Fire Grants</u>	<u>Police Grants</u>	<u>Police Seizure</u>	<u>Parks Construction</u>	<u>Computer Replacement</u>	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 128,542	\$ 196,061	\$ -	\$ 11,049	\$ 12,985	\$ 795,649	\$ 86,029	\$ 1,230,315
Accounts receivable	28,716	8,934	462,278	-	-	-	-	499,928
Total assets	<u>157,258</u>	<u>204,995</u>	<u>462,278</u>	<u>11,049</u>	<u>12,985</u>	<u>795,649</u>	<u>86,029</u>	<u>1,730,243</u>
<b>LIABILITIES</b>								
Accounts payable	4,353	-	834	-	-	-	-	5,187
Due to other funds	-	-	224,283	-	-	-	-	224,283
Other accrued liabilities	-	-	7,161	-	-	-	-	7,161
Total liabilities	<u>4,353</u>	<u>-</u>	<u>232,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,631</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	8,934	-	-	-	-	-	8,934
Total deferred inflows of resources	<u>-</u>	<u>8,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,934</u>
<b>FUND BALANCES</b>								
Restricted								
Debt service	-	196,061	-	-	-	-	-	196,061
Tourism, convention centers, arts	152,905	-	-	-	-	-	-	152,905
Public safety	-	-	230,000	11,049	12,985	-	-	254,034
Parkland dedication	-	-	-	-	-	213,537	-	213,537
Committed	-	-	-	-	-	582,112	86,029	668,141
Total fund balances	<u>152,905</u>	<u>196,061</u>	<u>230,000</u>	<u>11,049</u>	<u>12,985</u>	<u>795,649</u>	<u>86,029</u>	<u>1,484,678</u>
Total liabilities and fund balances	<u>\$ 157,258</u>	<u>\$ 204,995</u>	<u>\$ 462,278</u>	<u>\$ 11,049</u>	<u>\$ 12,985</u>	<u>\$ 795,649</u>	<u>\$ 86,029</u>	<u>\$ 1,730,243</u>

**City of Roanoke, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2022**

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Hotel Motel	Briarwyck PID	Fire Grants	Police Grants	Police Seizure	Park Construction	Computer Replacement	
<b>REVENUES</b>								
Property taxes	\$ -	\$ 247,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 247,179
Gross receipts tax	144,171	-	-	-	-	-	-	144,171
Grants and contributions	-	-	896,099	2,227	-	-	-	898,326
Other revenue	-	193	-	-	8	1,053	-	1,254
Investment income	111	214	-	-	78	649	-	1,052
Total revenues	144,282	247,586	896,099	2,227	86	1,702	-	1,291,982
<b>EXPENDITURES</b>								
General government	15,311	-	-	-	-	-	72,878	88,189
Public safety	-	-	760,624	-	13,894	-	-	774,518
Debt service:								
Principal	-	215,000	-	-	-	-	-	215,000
Interest and fiscal charges	-	20,925	-	-	-	-	-	20,925
Total expenditures	15,311	235,925	760,624	-	13,894	-	72,878	1,098,632
Excess (deficiency) of revenues over (under) expenditures	128,971	11,661	135,475	2,227	(13,808)	1,702	(72,878)	193,350
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	87,895	87,895
Transfers out	(113,600)	-	-	-	-	-	-	(113,600)
Total other financing sources (uses)	(113,600)	-	-	-	-	-	87,895	(25,705)
Net change in fund balances	15,371	11,661	135,475	2,227	(13,808)	1,702	15,017	167,645
Fund balances, beginning of year	137,534	184,400	94,525	8,822	26,793	793,947	71,012	1,317,033
Fund balances, end of year	\$ 152,905	\$ 196,061	\$ 230,000	\$ 11,049	\$ 12,985	\$ 795,649	\$ 86,029	\$ 1,484,678

## **DISCRETELY PRESENTED COMPONENT UNITS**

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

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

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



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**City of Roanoke, Texas**  
**Balance Sheet**  
**Roanoke Economic Industrial Development Corporation**  
**September 30, 2022**

	<b>REIDC</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,769,786
Receivables:	
Sales taxes	1,099,175
Notes receivable	693,514
Prepaid lease	2,364,828
Prepaid expenses	7,500
Total assets	15,934,803
 <b>FUND BALANCES</b>	
Nonspendable	2,372,328
Restricted	13,562,475
Total fund balances	\$ 15,934,803

**City of Roanoke, Texas**  
**Reconciliation of the Balance Sheet**  
**to the Statement of Net Position**  
**Roanoke Economic Industrial Development Corporation**  
**September 30, 2022**

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

Total fund balance – governmental fund	\$ 15,934,803
Capital and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	5,517,934
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.	(27,743)
Prepaid lease is reported as a lease asset in the governmental activities.	(2,364,828)
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>(5,208,041)</u>
Net position of governmental activities	<u>\$ 13,852,125</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, 2022**

	<b>REIDC</b>
<b>REVENUES</b>	
Sales and use taxes	\$ 6,123,292
Investment income	35,772
Other payments	174,999
Grants and contributions	3,134,860
Total revenues	9,468,923
<b>EXPENDITURES</b>	
Economic development	2,655,243
Debt service:	
Principal	315,000
Interest and fiscal charges	233,150
Total expenditures	3,203,393
Net change in fund balances	6,265,530
<b>Fund Balances, Beginning of Year</b>	<b>9,669,273</b>
<b>Fund Balances, End of Year</b>	<b>\$ 15,934,803</b>

**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, 2022**

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

Net change in fund balances – total governmental funds	\$ 6,265,530
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.	315,000
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.	<u>1,338</u>
Change in net position of governmental activities	<u>\$ 6,565,179</u>

**City of Roanoke, Texas**  
**Balance Sheet/Statement of Net Position**  
**Roanoke Community Economic Development Corporation**  
**September 30, 2022**

	<b>RCEDC</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,942,662
Receivables:	
Sales taxes	1,099,175
Total assets	\$ 10,041,837
<b>LIABILITIES</b>	
Accounts payable	\$ 3,278
Total liabilities	3,278
<b>FUND BALANCES/NET POSITION</b>	
Restricted	10,038,559
Total fund balances/net position	10,038,559
Total liabilities and fund balances/net position	\$ 10,041,837

**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, 2022**

	<b>RCEDC</b>
<b>REVENUES</b>	
Sales and use taxes	\$ 6,123,292
Investment income	44,462
Donations	87,564
Charges for services	149,638
Miscellaneous revenue	49,998
Total revenues	6,454,954
 <b>EXPENDITURES</b>	
Economic development	6,813,557
Total expenditures	6,813,557
Net change in fund balances	(358,603)
 <b>Fund Balances/Net Position, Beginning of Year</b>	 10,397,162
<b>Fund Balances/Net Position, End of Year</b>	<b>\$ 10,038,559</b>

**City of Roanoke, Texas**  
**Balance Sheet/Statement of Net Position**  
**Al and Lula Mae Slaughter Park Foundation**  
**September 30, 2022**

	<b>Slaughter Park</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 472,042
Total assets	472,042
<b>LIABILITIES</b>	
Accounts payable	69
Total liabilities	69
<b>FUND BALANCES/NET POSITION</b>	
Assigned/Unrestricted	471,973
Total fund balances/net position	471,973
Total liabilities and fund balances/net position	\$ 472,042

**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, 2022**

	<b>Slaughter Park Foundation</b>
<b>REVENUES</b>	
Rents and royalties	\$ 8,804
Investment income	385
Total revenues	9,189
<b>EXPENDITURES</b>	
General government	136
Total expenditures	136
Net change in fund balances/net position	9,053
<b>Fund Balances/Net Position, Beginning of Year</b>	<b>462,920</b>
<b>Fund Balances/Net Position, End of Year</b>	<b>\$ 471,973</b>



**Statistical Section  
(unaudited)**



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## STATISTICAL SECTION

This part of the City of Roanoke’s annual comprehensive 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.

<b>Contents</b>	<b>Page</b>
Financial Trends .....	86-90
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 .....	91-94
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity .....	95-99
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 .....	100-101
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 .....	102-104
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 annual comprehensive financial reports for the relevant year.	



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

**Table 1**

	<b>2013</b>	<b>2014</b>	<b>2015 (a)</b>	<b>2016</b>	<b>2017 (b)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>GOVERNMENTAL ACTIVITIES</b>										
Net investment in capital assets	\$ 29,503,588	\$ 31,686,704	\$ 31,687,171	\$ 31,174,600	\$ 31,097,018	\$ 33,086,945	\$ 34,936,164	\$ 36,199,549	\$ 35,427,286	\$ 36,782,102
Restricted	3,398,251	1,129,768	1,540,759	1,727,260	2,023,448	1,886,000	1,482,740	1,414,415	1,540,777	1,669,465
Unrestricted	8,461,426	10,531,484	7,914,595	10,504,148	6,913,113	6,220,635	2,674,659	1,966,572	5,033,946	8,613,210
Total governmental activities net position	<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>	<u>\$ 42,002,009</u>	<u>\$ 47,064,777</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net investment in capital assets	\$ 11,213,677	\$ 11,104,686	\$ 11,100,468	\$ 11,394,270	\$ 11,369,432	\$ 11,961,064	\$ 12,176,418	\$ 12,265,861	\$ 11,917,713	\$ 11,620,821
Restricted	285,117	422,658	627,433	332,828	383,356	615,313	616,619	368,075	-	-
Unrestricted	621,404	480,702	504,474	809,935	855,275	2,448,790	2,845,436	4,194,717	6,037,584	6,515,432
Total business-type activities net position	<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>	<u>\$ 17,955,297</u>	<u>\$ 18,136,253</u>
<b>PRIMARY GOVERNMENT ACTIVITIES</b>										
Net investment in capital assets	\$ 40,717,265	\$ 42,791,390	\$ 42,787,639	\$ 42,568,870	\$ 42,466,450	\$ 45,048,009	\$ 47,112,582	\$ 48,465,410	\$ 47,344,999	\$ 48,402,923
Restricted	3,683,368	1,552,426	2,168,192	2,060,088	2,406,804	2,501,313	2,099,359	1,782,490	1,540,777	1,669,465
Unrestricted	9,082,830	11,012,186	8,419,069	11,314,083	7,768,388	8,669,425	5,520,095	6,161,289	11,071,530	15,128,642
Total primary governmental activities net position	<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>	<u>\$ 59,957,306</u>	<u>\$ 65,201,030</u>

(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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>EXPENSES</b>										
Governmental activities										
General government	\$ 4,583,873	\$ 4,901,738	\$ 6,306,915	\$ 7,508,329	\$ 6,887,737	\$ 7,066,144	\$ 9,047,141	\$ 8,738,683	\$ 7,738,033	\$ 7,336,948
Public Safety	6,983,951	7,728,245	8,248,352	8,624,292	9,286,271	9,597,225	10,171,010	10,577,318	11,705,272	13,038,866
Cultural and recreation	3,708,246	3,618,977	3,906,258	4,146,327	4,641,205	4,278,952	4,374,352	4,100,280	4,327,471	4,643,104
Public works	1,525,117	1,720,389	2,265,043	2,822,182	3,152,161	3,480,824	4,800,393	3,929,218	4,403,037	4,301,254
Economic development	-	-	-	-	-	2,400,000	-	-	-	-
Interest and fiscal charges	1,621,281	1,244,945	1,313,299	1,256,070	1,527,896	1,503,018	1,369,775	1,154,904	1,153,474	1,045,677
Total governmental activities expenses	<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>	<u>29,327,287</u>	<u>30,365,849</u>
Business-type activities										
Water and Wastewater	5,725,076	6,264,083	6,614,508	6,863,245	6,942,167	7,122,577	6,749,241	6,713,079	6,467,895	7,695,537
Sanitation	24,541	23,747	20,294	10,012	11,357	8,666	9,236	5,489	-	-
Total business-type activities expenses	<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>	<u>6,467,895</u>	<u>7,695,537</u>
Total primary government expenses	<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>	<u>\$ 35,795,182</u>	<u>\$ 38,061,386</u>
<b>PROGRAM REVENUES</b>										
Governmental activities										
Charges for Services:										
General government	\$ 87,097	\$ 18,100	\$ 6,330	\$ 9,154	\$ 10,830	\$ 11,438	\$ 18,233	\$ 6,778	\$ 7,119	\$ 9,543
Public Safety	1,363,906	1,014,255	1,720,909	1,477,366	1,097,913	1,342,094	1,169,587	1,096,753	1,610,899	1,636,413
Cultural and recreation	847,805	693,895	744,977	763,934	770,864	824,589	817,901	394,683	436,929	702,533
Public works	1,096,788	1,088,105	1,307,092	957,280	776,467	1,280,477	1,629,848	1,002,646	584,600	922,855
Operating grants and contributions	3,591,655	3,044,370	3,048,086	3,208,558	3,305,142	3,603,245	4,014,171	5,107,184	4,421,780	5,396,944
Capital grants and contributions	7,697,743	849,421	1,924,943	3,752,297	1,870,535	3,997,294	596,040	837,904	1,925,816	475,387
Total governmental activities program revenues	<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>	<u>8,987,143</u>	<u>9,143,675</u>
Business-type activities										
Charges for Services:										
Water and Wastewater	4,304,793	5,295,707	5,907,615	6,599,639	6,537,123	8,250,944	6,969,475	7,584,385	7,473,896	8,273,084
Sanitation	1,010	890	940	1,189	1,515	1,740	-	4,000	-	-
Capital grants and contributions	4,300,023	828,910	1,240,987	1,022,686	550,717	1,359,886	536,086	466,292	615,490	-
Total business-type activities program revenues	<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>	<u>8,089,386</u>	<u>8,273,084</u>
Total primary government program revenues	<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>	<u>\$ 17,076,529</u>	<u>\$ 17,416,759</u>
<b>Net (Expenses) Revenue</b>										
Governmental activities	\$ (3,737,474)	\$ (12,506,148)	\$ (13,287,530)	\$ (14,188,611)	\$ (17,663,519)	\$ (17,267,026)	\$ (21,516,891)	\$ (20,054,455)	\$ (20,340,144)	\$ (21,222,174)
Business-type activities	2,856,209	(162,323)	514,740	750,257	135,831	2,481,327	747,084	1,336,109	1,621,491	577,547
Total primary government net expense	<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>	<u>\$ (18,718,653)</u>	<u>\$ (20,644,627)</u>

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

**Table 2**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>GENERAL REVENUES</b>										
<b>AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities										
Taxes										
Property taxes	\$ 4,986,506	\$ 5,397,439	\$ 5,944,469	\$ 6,581,529	\$ 7,287,083	\$ 7,661,147	\$ 8,203,161	\$ 8,991,686	\$ 9,757,831	\$ 10,366,652
Sales taxes	6,868,566	7,067,815	6,290,680	7,202,926	7,265,264	7,947,723	8,475,563	9,039,798	10,410,771	12,246,584
Gross receipt taxes	1,531,850	1,505,456	1,522,187	1,627,619	1,626,812	1,692,818	1,684,619	1,556,493	1,530,110	1,663,629
Other taxes	40,785	44,238	56,412	69,428	75,488	110,225	129,474	102,385	136,334	158,036
Investment income	11,862	8,942	6,892	15,332	38,446	62,693	88,172	22,334	3,203	59,536
Gain on sale of assets	5,725	-	39,199	16,829	111,574	205,466	70,999	64,339	-	-
Grants not restricted to specific project	-	-	-	-	-	-	-	-	-	769,715
Miscellaneous	179,406	515,239	485,259	491,417	532,932	673,304	606,393	610,652	426,844	485,062
Transfers	106,881	(48,290)	(92,073)	447,014	73,491	73,651	158,493	153,741	496,524	535,728
Total governmental activities	<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>	<u>22,761,617</u>	<u>26,284,942</u>
Business-type activities										
Impact Fees	327,937	-	-	-	-	-	-	-	-	-
Investment income	802	881	493	1,415	2,836	9,428	24,715	7,812	1,677	36,655
Gain on sale of assets	-	1,000	-	-	5,854	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	102,482
Transfers	312,413	48,290	92,073	(447,014)	(73,491)	(73,651)	(158,493)	(153,741)	(496,524)	(535,728)
Total business-type activities	<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>	<u>(494,847)</u>	<u>(396,591)</u>
Total primary government	<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>	<u>\$ 22,266,770</u>	<u>\$ 25,888,351</u>
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ 9,994,107	\$ 1,984,691	\$ 965,495	\$ 2,263,483	\$ (652,429)	\$ 1,160,001	\$ (2,100,017)	\$ 486,973	\$ 2,421,473	\$ 5,062,768
Business-type activities	3,497,361	(112,152)	607,306	304,658	71,030	2,417,104	613,306	1,190,180	1,126,644	180,956
Total primary government	<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>	<u>\$ 3,548,117</u>	<u>\$ 5,243,724</u>

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

**Table 3**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>GENERAL FUND</b>										
Nonspendable	\$ 81,054	\$ 90,327	\$ 38,254	\$ 115,973	\$ 25,592	\$ 89,315	\$ 584,059	\$ 2,152,756	\$ 2,392,470	\$ 332,012
Restricted	-	241,990	379,182	335,365	592,812	591,409	472,231	266,930	284,513	278,988
Committed	-	10,868	11,810	8,820	8,820	9,261	4,631	4,793	4,889	-
Assigned	65,939	2,598,030	630,375	642,581	750,000	-	-	-	-	-
Unassigned	5,697,784	5,242,046	5,595,223	5,335,619	3,921,417	5,257,390	6,107,579	5,796,625	8,324,249	13,861,063
Total general fund	<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>	<u>\$ 11,006,121</u>	<u>\$ 14,472,063</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Nonspendable	\$ -	\$ -	\$ 1,200	\$ -	\$ -	\$ 500	\$ 1,005,935	\$ -	\$ -	\$ -
Restricted	3,317,197	4,397,476	3,239,780	5,431,638	10,759,595	1,294,591	1,010,509	1,147,485	1,699,219	3,314,294
Committed	165,486	2,550,263	4,387,106	8,030,928	9,251,862	7,503,222	4,536,755	4,993,519	3,275,904	3,627,874
Assigned	2,789,772	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(701,451)	(1,778,205)	-	(1,420,796)
Total all other governmental funds	<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>	<u>\$ 4,975,123</u>	<u>\$ 5,521,372</u>

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

**Table 4**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>REVENUES</b>										
Property taxes	\$ 4,891,984	\$ 5,363,030	\$ 5,921,763	\$ 6,690,929	\$ 7,285,311	\$ 7,669,802	\$ 8,189,010	\$ 8,991,776	\$ 9,732,886	\$ 10,382,330
Sales taxes	6,868,566	7,067,815	6,290,680	7,202,926	7,265,264	7,947,723	8,475,563	9,039,798	10,410,771	12,246,584
Gross receipts tax	1,531,850	1,505,456	1,522,187	1,627,619	1,626,812	1,692,818	1,684,619	1,556,493	1,530,110	1,663,629
Licenses and permits	1,096,788	1,088,105	1,307,092	957,280	776,467	1,280,477	1,629,848	1,002,646	584,600	922,855
Intergovernmental	40,785	44,238	56,412	69,428	75,488	110,225	129,474	102,385	136,334	158,036
Charges for services	1,120,448	1,067,727	1,123,389	1,162,330	1,144,550	1,231,894	1,317,029	933,635	1,206,893	1,604,218
Grants and contributions	6,160,111	3,344,699	3,341,492	6,040,460	4,983,896	3,642,894	4,516,976	5,394,681	4,410,849	6,161,104
Fines and fees	934,286	791,614	1,265,612	1,052,309	804,726	883,479	707,933	573,173	748,830	663,388
Investment income	11,861	8,942	6,892	15,332	38,446	62,693	88,172	22,334	3,203	59,536
Donations	55,889	49,671	48,308	32,021	23,695	12,125	13,235	7,503	10,931	5,555
Other revenue	566,240	499,417	535,259	541,417	582,932	723,304	621,959	606,704	426,844	276,332
Total revenues	<u>23,278,808</u>	<u>20,830,714</u>	<u>21,419,086</u>	<u>25,392,051</u>	<u>24,607,587</u>	<u>25,257,434</u>	<u>27,373,818</u>	<u>28,231,128</u>	<u>29,202,251</u>	<u>34,143,567</u>
<b>EXPENDITURES</b>										
General government	2,666,932	2,929,626	4,316,851	4,953,413	4,334,368	4,717,935	5,316,301	5,269,529	4,910,745	5,258,362
Public safety	6,426,758	7,135,108	7,582,687	7,871,321	8,537,241	8,759,567	9,258,442	9,622,230	10,747,619	12,082,763
Cultural and recreation	3,246,525	2,945,625	3,112,546	3,329,768	3,799,014	3,442,388	3,533,711	3,240,141	3,348,025	3,629,170
Public works	1,022,449	933,965	1,241,798	1,658,383	1,573,622	1,829,092	2,300,489	1,877,540	2,209,114	2,099,351
Economic Development	-	-	-	-	-	2,400,000	-	-	-	-
Debt service:										
Principal	1,721,780	2,112,691	2,565,752	2,833,861	3,053,362	3,442,401	3,825,992	3,795,471	4,001,375	4,148,600
Interest and fiscal charges	1,346,668	1,125,893	1,172,979	1,221,312	1,399,177	1,539,312	1,448,527	1,413,783	1,368,725	1,325,662
Bond issuance costs	110,850	173,253	223,469	157,732	253,096	144,728	190,532	-	204,749	170,085
Capital outlay	6,265,828	4,381,123	8,147,371	2,440,877	6,351,526	16,331,576	5,412,414	3,833,585	2,279,725	5,117,853
Total expenditures	<u>22,807,790</u>	<u>21,737,284</u>	<u>28,363,453</u>	<u>24,466,667</u>	<u>29,301,406</u>	<u>42,606,999</u>	<u>31,286,408</u>	<u>29,052,279</u>	<u>29,070,077</u>	<u>33,831,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>471,018</u>	<u>(906,570)</u>	<u>(6,944,367)</u>	<u>925,384</u>	<u>(4,693,819)</u>	<u>(17,349,565)</u>	<u>(3,912,590)</u>	<u>(821,151)</u>	<u>132,174</u>	<u>311,721</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Issuance of long-term debt	-	3,650,000	5,470,000	3,750,000	9,425,000	5,970,000	1,695,000	-	2,205,000	2,705,000
Refunding bonds issued	-	2,600,000	3,286,909	2,290,000	-	-	6,875,000	-	4,790,000	2,770,000
Premium on issuance of debt	114,066	287,301	792,026	538,994	330,672	531,770	329,434	-	1,027,876	475,078
Payment to bond escrow agent	-	(2,656,983)	(3,516,396)	(2,414,311)	-	-	(6,996,125)	-	(5,310,308)	(2,870,719)
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	56,075	85,383
Transfers in	5,732,872	914,299	2,931,628	2,317,514	1,888,894	1,482,080	774,731	1,236,201	1,274,105	1,766,897
Transfers out	(6,045,285)	(962,589)	(3,023,701)	(1,870,500)	(1,815,403)	(1,408,429)	(616,238)	(1,082,460)	(777,581)	(1,231,169)
Total other financing sources	<u>(198,347)</u>	<u>3,920,338</u>	<u>6,096,297</u>	<u>4,692,610</u>	<u>10,102,993</u>	<u>6,785,155</u>	<u>2,187,150</u>	<u>384,806</u>	<u>3,265,167</u>	<u>3,700,470</u>
Net change in fund balances	<u>\$ 272,671</u>	<u>\$ 3,013,768</u>	<u>\$ (848,070)</u>	<u>\$ 5,617,994</u>	<u>\$ 5,409,174</u>	<u>\$(10,564,410)</u>	<u>\$(1,725,440)</u>	<u>\$(436,345)</u>	<u>\$ 3,397,341</u>	<u>\$ 4,012,191</u>
Debt service as a percentage of noncapital expenditures	19%	19%	18%	18%	19%	19%	20%	21%	20%	19%

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

**Table 5**

Fiscal Year	Real Property		Land and Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
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%
2021	589,686,229	842,845,318	1,848,815,285	(769,185,093)	2,512,161,739	0.37512	2,512,161,739	100%
2022	673,336,762	765,168,373	2,041,902,903	(739,327,784)	2,741,080,254	0.37512	2,741,080,254	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
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	0.24400
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
2021	0.18404	0.19108	0.37512	1.46630	0.22499	0.24400
2022	0.19502	0.18010	0.37512	1.29200	0.23309	0.22900

**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 2022			Fiscal Year 2013		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Citicorp Technology Inc.	\$ 224,033,634	8.17%	Amerisource Bergin	\$ 105,676,012	8.95%
Amerisource Bergin	192,782,651	7.03%	Bell Helicopter Textron	92,765,987	7.85%
Mid Ameica Apartments LP	131,800,562	4.81%	Cardinal Health	81,263,541	6.88%
Cardinal Health 110 LLC	83,318,421	3.04%	WW Grainger Inc	56,354,577	4.77%
AT Industrial 4 Holdco,LP	74,584,350	2.72%	AT Industrial Owner 4, LLC	44,827,927	3.79%
Albertsons Companies, Inc.	69,814,228	2.55%	IBM Credit, LLC	30,747,352	2.60%
WW Grainger Inc.	67,895,036	2.48%	Mid America Apartments, LP	24,002,749	2.03%
AT Industrial 7 HoldCo, LP	62,233,241	2.27%	Behr Process Corp	20,986,709	1.78%
Enclave Roanoke City Center LP	48,813,575	1.78%	300 Gateway Parkway Ltd P/S	17,746,028	1.50%
Hancock Reit Gateway, LLC	31,979,933	1.17%	Citicop Technology	17,677,049	1.50%
<b>Total Assessed Value of Top Ten Taxpayers</b>	<b>987,255,631</b>	<b>36.02%</b>	<b>Total Assessed Value of Top Ten Taxpayers</b>	<b>\$ 492,047,931</b>	<b>41.65%</b>
<b>Total Assessed Value of Other Taxpayers</b>	<b>1,753,824,623</b>	<b>63.98%</b>	<b>Total Assessed Value of Other Taxpayers</b>	<b>689,315,390</b>	<b>58.35%</b>
<b>Total Assessed Value</b>	<b>\$ 2,741,080,254</b>	<b>100.00%</b>	<b>Total Assessed Value</b>	<b>\$ 1,181,363,321</b>	<b>100.00%</b>

**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			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections		Delinquent Taxes	
	Taxes Levied within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
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%	27,223	5,089,629	99.98%	974	0.02%
2015	5,652,731	(21,962)	5,630,769	5,607,620	99.59%	21,935	5,629,555	99.98%	1,214	0.02%
2016	6,424,722	16,060	6,440,782	6,411,355	99.54%	27,687	6,439,042	99.97%	1,740	0.03%
2017	7,001,592	19,763	7,021,355	6,984,270	99.47%	29,367	7,013,637	99.89%	7,718	0.11%
2018	7,388,775	3,767	7,392,542	7,376,011	99.78%	13,808	7,389,819	99.96%	2,723	0.04%
2019	7,940,832	(47,514)	7,893,318	7,928,393	100.44%	(39,785)	7,888,608	99.94%	4,710	0.06%
2020	8,711,001	10,384	8,721,385	8,691,055	99.65%	20,771	8,711,826	99.89%	9,559	0.11%
2021	9,532,802	(20,482)	9,512,320	9,509,795	99.97%	(3,314)	9,509,795	99.97%	2,525	0.03%
2022	10,130,941	-	10,130,941	10,118,738	99.88%	-	10,118,738	99.88%	12,203	0.12%

Source: Denton County Tax Assessor and Collector

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

**Table 9**

Fiscal Year	Governmental Activities						Business-type Activities					Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Obligation	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)	Notes Payable	Other Obligations				
2013	\$ 4,873,018	\$ 23,230,816	\$ -	\$ 1,845,000	\$ -	\$ 372,918	\$ 5,466,165	\$ -	\$ -	\$ 144,826	\$ 35,932,743	15.65%	\$ 4,278	
2014	6,592,827	23,248,320	-	1,695,000	-	375,024	5,083,852	-	-	122,259	37,117,282	15.98%	4,367	
2015	9,244,958	23,660,051	-	1,540,000	1,258,120	395,612	4,654,992	174,950	-	98,651	41,027,334	17.66%	4,827	
2016	10,508,497	23,535,212	-	1,375,000	1,651,617	291,804	4,121,291	216,744	-	73,954	41,774,119	17.66%	4,825	
2017	9,436,648	31,239,008	-	1,205,000	1,819,753	201,495	3,664,344	196,093	-	48,117	47,810,458	19.87%	5,431	
2018	8,331,031	35,139,712	-	1,025,000	2,143,456	114,007	3,194,257	175,442	-	21,088	50,143,993	20.49%	5,600	
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%	5,059	
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%	4,582	
2021	12,522,888	22,425,000	1,005,000	440,000	2,393,833	126,460	1,717,113	126,926	-	-	40,757,220	10.54%	4,217	
2022	12,061,166	21,860,000	765,000	225,000	2,303,589	81,795	1,443,834	103,526	453,779	-	39,297,689	7.38%	3,647	

**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
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
2021	12,522,888	22,425,000	2,393,833	37,341,721	775,053	36,566,668	9,665	2,512,161,739	1.46%	3,783
2022	12,061,166	21,860,000	2,303,589	36,224,755	770,001	35,454,754	10,775	2,741,080,254	1.29%	3,290

**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**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Tax Rate Limit	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
Current Tax Rate	<u>0.37512</u>									
Available Tax Rate	<u>\$ 2.12488</u>									

**City of Roanoke, Texas**  
**Direct And Overlapping Governmental Activities Debt**  
**As of September 30, 2022 (Unaudited)**

Table 12

<b>Governmental Unit</b>	<b>Gross Bonded Debt</b>	<b>Estimated Percentage Applicable (a)</b>	<b>Roanoke Share of Overlapping Debt</b>
<b>Debt Repaid with Property Taxes</b>			
Denton County	\$559,930,000	2.34%	\$ 13,102,362
Tarrant County	404,360,000	0.06%	242,616
Tarrant County Hospital District	12,825,000	0.06%	7,695
Tarrant County College District	610,315,000	0.06%	366,189
Northwest Independent School District	<u>1,353,929,040</u>	11.27%	<u>152,587,803</u>
Subtotal, overlapping debt	<u>2,941,359,040</u>		166,306,665
<b>City of Roanoke (Direct Debt)</b>	<u>\$ 37,296,550</u>	100.00%	<u>37,296,550</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 203,603,215</u></u>

**Source:** Assessed value data used to estimate applicable percentages provided by Denton County Appraisal District and Tarrant Appraisal District. Debt outstanding data provided by the Municipal Advisory Council as of September 30, 2022.

(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**

Fiscal Year	<u>Water and Sewer Revenue Bonds</u>				Annual Requirement (c)	Times Coverage
	Total Revenues (a)	Less: Operating Expenses (b)	Net Available Revenue			
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	599,172 (d)	2.94	
2021	7,475,573	5,703,698	1,771,875	334,859 (d)	5.29	
2022	8,309,739	6,838,898	1,470,841	332,729 (d)	4.42	

**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**

<b>Fiscal Year</b>	<b>Estimated Population (a)</b>	<b>Per Capita Personal Income (b)</b>	<b>Personal Income</b>	<b>Median Age (b)</b>	<b>Median Household Income (b)</b>	<b>School Enrollment (c)</b>	<b>Unemployment Rate (d)</b>
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%
2021	9,665	40,003	386,628,995	35.0	97,833	27,000	7.7%
2022	10,775	49,390	532,177,250	37.2	111,694	28,600	3.0%

**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**

<b>2022</b>		<b>2013</b>	
<b>Employer</b>	<b>Employees</b>	<b>Employer</b>	<b>Employees</b>
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	210	Bell Helicopter	225

**Source:** Hillwood Development Company, LLC

**Note:** 2022 total employees listed by employer are estimates. Total employment information is unavailable for both 2022 and 2013.

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

**Table 16**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Function/Program</b>										
Administration	12.50	12.50	10.50	10.50	11.50	11.50	12.00	13.00	12.00	14.50
Visitor Center and Museum	3.75	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.50	2.00
Building Inspection	4.00	4.00	4.00	5.50	5.50	5.50	5.50	5.50	5.50	4.00
Fire & EMS	19.00	19.00	20.00	20.00	21.00	21.00	23.00	26.00	26.00	29.00
Municipal Court	3.00	3.00	3.00	3.00	3.00	3.50	4.50	4.50	4.50	4.50
Streets	5.00	5.00	5.00	7.50	8.50	8.50	8.50	8.50	8.50	8.50
Police	42.00	42.00	43.00	43.00	44.50	44.50	46.50	47.50	46.50	47.50
Library	7.50	7.50	7.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Parks and Recreation	25.25	25.25	25.25	25.75	26.25	26.25	26.50	26.50	26.50	26.50
Water/wastewater	10.00	10.00	12.00	9.00	9.00	9.00	13.50	14.50	14.50	16.00
Total	<u>132.00</u>	<u>132.00</u>	<u>134.00</u>	<u>136.50</u>	<u>141.50</u>	<u>142.00</u>	<u>152.00</u>	<u>158.00</u>	<u>156.00</u>	<u>161.00</u>

**Source:** City payroll records and budget book

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

**Table 17**

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Police</b>										
Number of police personnel	42	42	43	43	45	45	47	48	47	48
Number of citations	5,924	7,134	10,060	7,394	5,381	8,222	7,014	5,721	5,745	5,293
<b>Fire</b>										
Number of fire personnel	19	19	20	20	21	21	23	26	26	29
Number of fire suppression runs	705	665	696	822	935	846	841	881	1,175	1,108
Number of EMS runs	626	687	730	707	807	780	862	834	1,266	1,182
<b>Development</b>										
Construction permits issued (a)	193	327	368	292	304	368	165	134	65	296
<b>Public Works</b>										
Streets paved (miles)	18.68	19.60	24.08	25.27	25.27	50.25	50.25	50.25	50.25	50.25
<b>Parks Maintenance</b>										
Number of parks maintenance personnel	25	25	25	26	26	26	27	27	27	27
Number of acres maintained	56	56	56	56	80	80	80	112	112	112
Public parks	10	10	10	10	11	11	11	11	11	11
<b>Library</b>										
Number of volumes (b)	38,011	37,348	39,332	41,367	40,721	39,815	39,921	40,010	35,500	36,412
Annual circulation	100,899	110,382	107,215	113,048	108,560	111,984	126,493	73,796	71,334	82,148
<b>Water and wastewater</b>										
Number of water customers	2,127	2,297	2,377	2,559	2,670	2,810	2,945	2,995	3,136	3,154
Daily average consumption (million gallons)	1.79	1.69	1.62	1.63	1.55	1.72	1.62	1.70	1.73	1.65
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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Function/Program</b>										
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	19.60	24.08	25.27	25.27	50.25	50.25	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	0.5	0.5
Streetlights	211	230	286	297	297	317	317	317	317	317
Parks and Recreation										
Park Acreage	210	210	210	210	210	210	210	240	240	240
Public parks	10	10	10	10	11	11	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	3	3	3	3	3	3	3	3	3	3
Tennis courts	2	2	2	2	2	2	2	2	2	2
Sand volleyball courts	0	2	2	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	22.51	25.69	27.72	27.88	30.43	30.82	31.54	32.79	32.79
Fire Hydrants	282	293	531	577	583	611	611	615	615.00	615.00
Storm sewer (miles)	0.75	1.87	3.68	4.67	4.75	7.39	7.34	7.73	7.88	7.88
Sanitary sewer (miles)	17.25	18.49	20.82	21.84	21.84	23.66	23.83	24.02	24.05	24.05

**Source:** City Departments



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

### **Independent Auditor's Report**

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

We have audited, in accordance with the 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 (*Government Auditing Standards*), 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, 2022, 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 27, 2023, which contained an emphasis of matter paragraph regarding a change in accounting principle.

### ***Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

***Report on 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 financial statements. 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.

**FORVIS,LLP**

**Dallas, Texas  
March 27, 2023**



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