

# City of Roanoke

## Annual Comprehensive Financial Report



Fiscal Year Ending September 30, 2023



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**City of Roanoke, Texas  
Annual Comprehensive Financial Report  
Fiscal Year Ended  
September 30, 2023**

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

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



**City of Roanoke, Texas**  
**Annual Comprehensive Financial Report**  
**Fiscal Year Ended September 30, 2023**

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**Introductory Section  
(Unaudited)**



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March 29, 2024

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

The Finance 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, 2023.

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, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified ("clean") opinions on the City's financial statements for the fiscal year ended September 30, 2023. 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 Crime Control & Prevention District (“RCCPD”) 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 the Notes to the 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 1<sup>st</sup> 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 second busiest airport in the world based on passengers and third busiest in terms of operations, handling over 73 million passengers a year and providing service to 260 destinations. DFW's central North American location makes it the preeminent U.S. hub and connecting point for the entire continent, with the ability to reach every major city in the continental United States within four hours or less. Powering a \$535 billion economy by Gross Domestic Product (GDP) and representing 30% of the state GDP, DFW is known as the economic engine for the North Texas region. DFW is home to 23 Fortune 500 companies, 33 major colleges and universities, and 15 professional sports and e-sports teams. The region powers 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 2022 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 2023, 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 \$3.2 billion for fiscal year 2023, an 18% 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 FY2022-23 as new businesses came on board and existing businesses showed complete recovery from the previous year's concerns surrounding the Covid-19 pandemic. Additionally, the City of Roanoke's unemployment rate continues to remain well below the state and national levels. As of January 2024, the State of Texas unemployment rate was at 3.9% and the national rate was 3.7%.

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

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

During the fiscal year 2023, the City issued 75 Certificates of Occupancy, including new restaurants, industrial and retail space throughout the City. The City's retail corridor along the Oak Street continues to be an attractive area for visitors, with new businesses such as Heimbaker's Market and Deli, Oak Street Beauty Bar, Board & Brie, and others bringing in substantial retail sales activity in the last several years. Downtown also saw the completion of the Magnolia Live/Work Project in FY22, 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 that year. At its completion, the Center 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 GNC, Massage Therapy, MOD Pizza, Movement Fitness Studio, Sunbelt Rentals, Wild Shelf Bistro, Bingham Family Cellars, Bahama Buck's, and additional retail and office space available for lease.

The City continued their commitment to providing quality infrastructure by completing the reconstruction of Denton and Houston Streets in FY2023.

## **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 property tax rate for a full 25 years, and was even able to reduce the rate for FY2023 and FY2024.

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 FY2023, the City completed its residential smart meter replacement program, which has since been well-received by Roanoke utility customers. 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 expenditure level (i.e., 30-day level). The current operating reserve is at 383 days of expenditures which equates to approximately 88% of next year's budgeted expenditures. It should be noted that the City recognized a contribution from the Roanoke Economic Development Corporation into the General Fund in FY23, which significantly increased ending General Fund balance. This contribution was a result of the Corporation ceasing to exist during FY23 and the remaining balance being moved. 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 320-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 FY2023, S&P reaffirmed its 'AA' long-term rating with a positive outlook on the City's debt. This outlook 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 2023-24, the top priority projects for the City are: completing the reconstruction of Denton Street and Houston Street from Oak Street to Walnut Street, water and wastewater line improvements, construction of the new public safety and municipal courts building, design of a 2.0-million-gallon ground storage facility, design of the second phase of the trail master plan, and continued focus on adequate staffing and operational funding for parks and recreation operations. Many of these initiatives are currently underway.

## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roanoke for its comprehensive annual financial report for the fiscal year ended September 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has been awarded a Certificate of Achievement for the last 17 consecutive years. We believe our current Comprehensive Annual Financial Report meets the Certificate of Achievement program requirements and are submitting it to GFOA for review.

The preparation of this report could not be accomplished on a timely basis without the efficient and dedicated assistance of the entire staff of the Finance 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



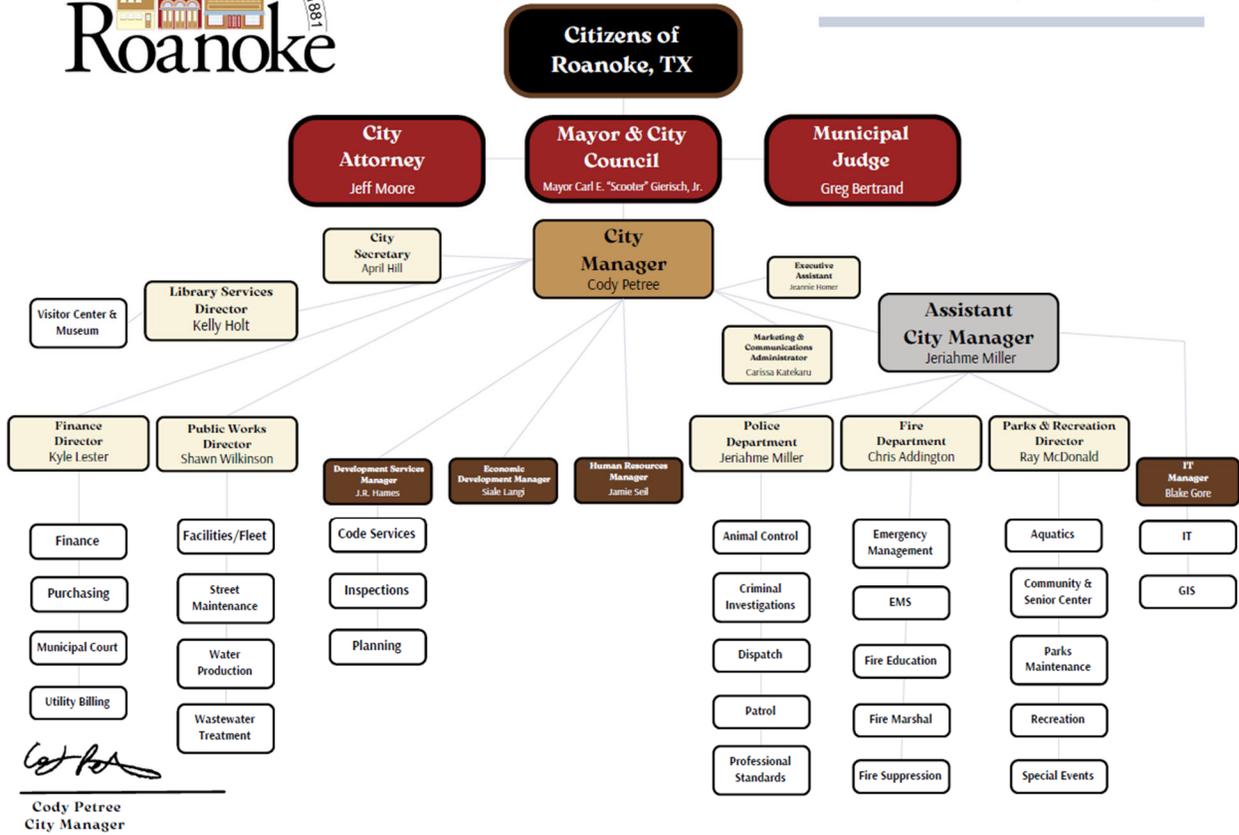
Kyle Lester  
Director of Finance



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# ORGANIZATIONAL STRUCTURE





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# CITY OF ROANOKE, TEXAS



## CITY OFFICIALS FISCAL YEAR 2022-2023

### 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  
Kyle Lester, Director of Finance



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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, 2022

*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, 2023, 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, 2023, 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. 94, *Public-Private and Public-Public Partnership Arrangements (PPP) and Availability Payment Arrangements (APA)*, in fiscal year 2023. 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 GAAS, 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 29, 2024, 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 29, 2024**



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## CITY OF ROANOKE, TEXAS

### Management's Discussion and Analysis For the Year Ended September 30, 2023 (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, 2023. 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 \$82,444,248, an increase of \$17,243,218 from prior year. This number must be viewed in the context that the vast majority of the City's net position of \$45,593,870 (55.3%) 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 \$4,691,763 (5.7%). The remaining \$32,158,615 (39%) 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 \$16,481,459 and business-type activities realized an increase in total net position of \$761,759 bringing the net increase in total net position for the City to \$17,243,218.
- Effective October 1, 2022, the City adopted Governmental Account Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Governmental Account Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Comparative information presented herein has not been restated for the adoption of GASB 94 & 96 because the basic financial statements present fiscal year 2023 only.

- At the close of the current fiscal year, the City of Roanoke’s governmental funds reported combined ending fund balances of \$38,738,808 which represents an increase of \$20,984,612 in comparison with the prior year. Within this total, \$214,389 represents non-spendable fund balance for prepaid items. In addition, \$831,608 is restricted for debt service; \$128,545 and \$167,541 are restricted for Municipal Court building security and technology, respectively; \$162,203 is restricted for tourism, convention centers, and arts; \$213,537 is restricted for parkland; \$3,677,030 for capital projects and \$3,188,329 for public safety. Fund Balances of \$5,075,173 has been committed to specific types of expenditures, primarily capital in nature. The remaining \$25,080,453 is unassigned fund balance, which can be used for any lawful purpose. The General Fund unassigned fund balance represents 67% of fiscal year 2023 total general fund revenues.
- The City’s long-term liabilities increased by \$2,606,126 due primarily to the issuance of certificates of obligations in conjunction with 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 thirteen 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, Crime Control & Prevention District, and Vehicle Replacement, all of which are considered to be major funds. Data from the other eight 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 29-69 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 and Crime Control & Prevention District Fund are also located in this section of the report. Required supplementary information can be found on page 70-74 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 75-89 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 \$82,444,248 as of September 30, 2023.

The largest portion of the City's net position \$45,593,870 (55.3%) 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 \$4,691,763 (5.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$32,158,615 (39%) may be used to meet the City’s ongoing obligations to citizens, creditors, and employees.

### Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 50,810,345	\$ 23,892,031	\$ 10,383,852	\$8,604,159	\$ 61,194,197	\$ 32,496,190
Capital assets	71,233,508	72,411,556	13,292,740	13,580,746	84,526,248	85,992,302
Total assets	<u>122,043,853</u>	<u>96,303,587</u>	<u>23,676,592</u>	<u>22,184,905</u>	<u>145,720,445</u>	<u>118,488,492</u>
Deferred outflows of resources	<u>5,676,168</u>	<u>2,066,233</u>	<u>587,803</u>	<u>193,154</u>	<u>6,263,971</u>	<u>2,259,387</u>
Long-term liabilities	46,787,489	37,827,437	3,136,458	2,193,526	49,923,947	40,020,963
Other liabilities	9,251,056	8,348,579	1,556,720	1,132,488	10,807,776	9,481,067
Total liabilities	<u>56,038,545</u>	<u>46,176,016</u>	<u>4,693,178</u>	<u>3,326,014</u>	<u>60,731,723</u>	<u>49,502,030</u>
Deferred inflows of resources	<u>8,135,240</u>	<u>5,129,027</u>	<u>673,205</u>	<u>915,792</u>	<u>8,808,445</u>	<u>6,044,819</u>
Net position:						
Net investment in capital assets	34,235,167	36,782,102	11,358,703	11,620,821	45,593,870	48,402,923
Restricted	4,691,763	1,669,465	-	-	4,691,763	1,669,465
Unrestricted	<u>24,619,306</u>	<u>8,613,210</u>	<u>7,539,309</u>	<u>6,515,432</u>	<u>32,158,615</u>	<u>15,128,642</u>
Total net position	<u>\$ 63,546,236</u>	<u>\$ 47,064,777</u>	<u>\$ 18,898,012</u>	<u>\$ 18,136,253</u>	<u>\$ 82,444,248</u>	<u>\$ 65,201,030</u>

As of September 30, 2023, 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 2022.

The City’s unrestricted net position increased by \$17,029,973 in fiscal year 2023. Restricted net position realized an increase of \$3,022,298. The amount invested in capital, lease and subscription assets, net of related debt, decreased by \$2,809,053. The decrease in net investment in capital assets portion of net position primarily results from the scheduled payments on debt used to acquire those capital assets, as well as the issuance of certificates of obligations. 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, 2023, with comparative totals for the fiscal year ended September 30, 2022.

## Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
<b>REVENUES:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,795,932	\$ 3,271,344	\$ 8,608,046	\$ 8,273,084	\$ 11,403,978	\$ 10,113,443
Operating grants and contributions	15,886,175	5,396,944	-	-	15,886,175	4,421,780
Capital grants and contributions	-	475,387	146,733	-	146,733	2,541,306
<b>General revenues:</b>						
Property taxes	11,174,255	10,366,652	-	-	11,174,255	9,757,831
Sales taxes	18,748,880	12,246,584	-	-	18,748,880	10,410,771
Gross receipt taxes	1,766,849	1,663,629	-	-	1,766,849	1,530,110
Other taxes	152,411	158,036	-	-	152,411	136,334
Gain on sale of assets	94,717	769,715	-	-	94,717	-
Other revenues	1,568,973	544,598	347,395	139,137	1,916,368	431,724
Total revenues	<u>52,188,192</u>	<u>34,892,889</u>	<u>9,102,174</u>	<u>8,412,221</u>	<u>61,290,366</u>	<u>39,343,299</u>
<b>EXPENSES:</b>						
General government	10,758,648	7,336,948	-	-	10,758,648	7,336,948
Public safety	14,381,852	13,038,866	-	-	14,381,852	13,038,866
Cultural and recreation	5,591,010	4,643,104	-	-	5,591,010	4,643,104
Public works	4,204,424	4,301,254	-	-	4,204,424	4,301,254
Interest on long-term debt	1,255,421	1,045,677	-	-	1,255,421	1,045,677
Water/wastewater	-	-	7,855,793	7,695,537	7,855,793	7,695,537
Total expenses	<u>36,191,355</u>	<u>30,365,849</u>	<u>7,855,793</u>	<u>7,695,537</u>	<u>44,047,148</u>	<u>38,061,386</u>
Increase in net position before transfers	15,996,837	4,527,040	1,246,381	716,684	17,243,218	5,243,724
Transfers	484,622	535,728	(484,622)	(535,728)	-	-
Increase in net position	<u>16,481,459</u>	<u>5,062,768</u>	<u>761,759</u>	<u>180,956</u>	<u>17,243,218</u>	<u>5,243,724</u>
Net position, beginning	<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>
<b>Net position, ending</b>	<u>\$ 63,546,236</u>	<u>\$ 47,064,777</u>	<u>\$ 18,898,012</u>	<u>\$ 18,136,253</u>	<u>\$ 82,444,248</u>	<u>\$ 65,201,030</u>

**Governmental Activities.** Governmental activities increased the City's net position by \$16,481,459 thereby accounting for 96% 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 \$17,295,303. General revenue, which is made up primarily of property taxes, sales taxes, licenses and permits, and gross receipt taxes, had a net increase of \$7,756,871. 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 FY2023 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 \$9,538,432. Contributions from the Roanoke Economic Development Corporations is responsible for the operating contributions. These contributions increased \$10,489,231 from prior year.

Total expenses for governmental activities increased by \$5,825,506, primarily due to the compensation package and associated benefits provided to city employees, additional personnel added to the City, a focus on maintenance and rehabilitation of the City's parks facilities, and increased debt service related to the 2022 and 2023 issues of Certificates of Obligation. The net position of general governmental operations accounts for 77% of total net position.

**Business-type Activities.** Business-type activities increased the City’s net position by \$761,759 (4% of the total net increase). The change in net position before transfers is income of \$1,246,381. Charges for services program revenues for business-type activities increased from the previous year by \$334,962. Capital grants and contributions increased from prior year by \$146,733. Overall business-type expenses increased \$160,256, which is primarily related to personnel expenses as mentioned above. The net position of business-type activities accounts for 23% of total net position.

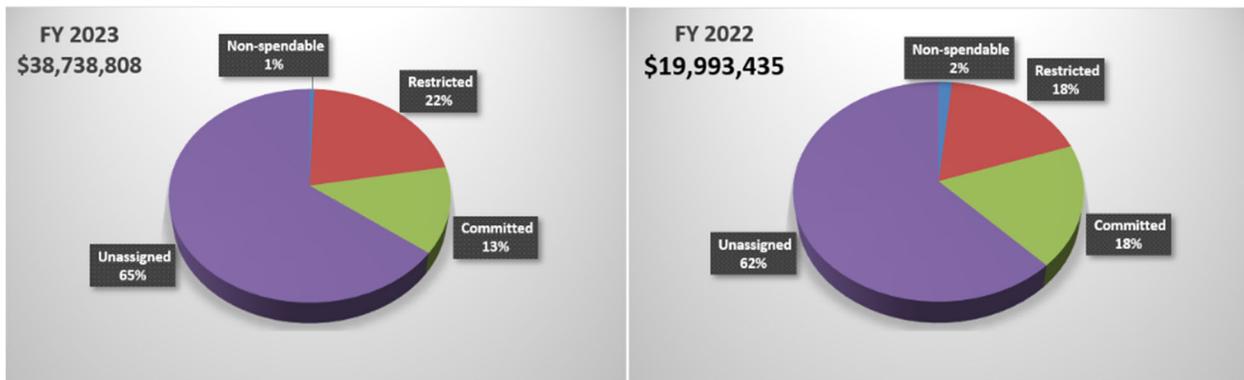
### Financial Analysis of the City’s Funds

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.

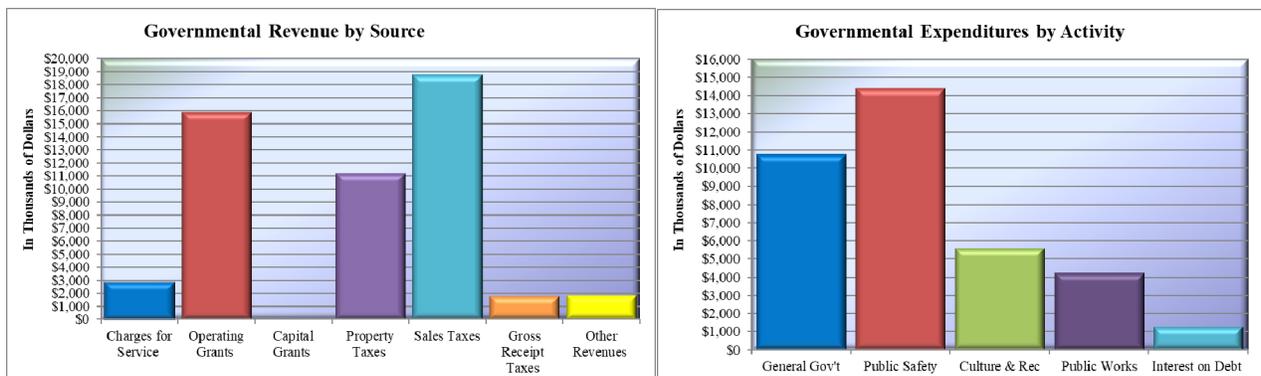
At the end of the current fiscal year, the City of Roanoke’s governmental funds reported combined ending fund balances of \$38,738,808, an increase of \$20,984,612 in comparison to prior year before restatement to opening General Fund balance to reflect the adoption of GASB 94. Approximately 65% or \$25,080,453 constitutes an unassigned fund balance in the governmental funds and is available for spending at the City’s discretion. Another \$214,389 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 (\$831,608), 2) restricted for municipal court technology and building security (\$296,086), 3) restricted for public safety (\$3,188,329), 4) restricted for tourism (\$162,203), 5) restricted for parkland (\$213,537), 6) restricted for capital projects (\$3,677,030), 7) committed to the capital projects (\$2,004,135), or 8) committed to vehicle replacement (\$3,071,038). 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 \$1,796,183. 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 \$13,747,083. In addition, actual expenditures were managed by the departments to allow for a savings in expenditures of \$949,324. This allowed for the total fund balance in the General Fund to increase by \$13,362,908, before change in accounting principle, leaving a total fund balance of \$25,595,732 or 107% 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 105% of total general fund expenditures, or 383 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 increased over the prior year by \$432,593. 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 \$539,606.



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 \$1,025,177 over prior year but ended the fiscal year under budget projections by \$949,324.

The Debt Service fund balance increased \$24,786, increasing the total fund balance to \$598,726, all of which is restricted for the payment of debt. The negative variance resulted from issuance cost related to new and refunded debt.

The Facilities Improvement fund balance increased \$1,720,710, increasing the total fund balance to \$299,914, all of which is committed for capital projects.

The Crime Control & Prevention District fund balance increased \$2,916,380, increasing the total fund balance to \$2,916,380, all of which is restricted for public safety.

The Vehicle Replacement fund balance increased \$111,305, increasing the total fund balance to \$3,071,038, all of which is committed for capital projects.

**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 \$7,539,309 for the Water and Wastewater fund. The Water and Wastewater fund realized an increase in unrestricted net position of \$1,023,877.

### **General Fund Budgetary Highlights**

During FY2022-23, actual revenues exceeded the final budget by \$13,747,083, which was primarily related to increased sales tax, property tax revenues, charges for services, gross receipt taxes, and grant contributions. Actual expenditures were \$949,324 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, 2023 of \$11,682,768 which is 88.43% of the City's fiscal year 2023 covered payroll of \$13,210,783.

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, 2023 is \$602,925, which is 4.97% of the City's fiscal year 2023 covered employee payroll of \$12,120,911.

### **Capital, Lease and Subscription Assets**

The City's investment in capital, lease, and subscription assets for its governmental and business-type activities as of September 30, 2023, totaled \$84,526,248 (net of accumulated depreciation and amortization). The investment in capital assets includes land, improvements, buildings, vehicles, equipment, infrastructure, lease and subscription assets and construction in progress. The net decrease in the City's investment in capital assets for the current fiscal year was \$1,466,054, a decrease of 2%.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 5,989,193	\$ 5,768,785	\$ -	\$ -	\$ 5,989,193	\$ 5,768,785
Improvements other than buildings	5,301,497	6,169,323	13,404	18,766	5,314,901	6,188,089
Buildings/Structures	20,024,140	21,535,553	115,642	-	20,139,782	21,535,553
Vehicles	2,287,104	1,818,243	15,038	30,076	2,302,142	1,848,319
Machinery and equipment	1,691,677	1,189,454	804,580	709,260	2,496,257	1,898,714
Infrastructure	31,221,908	34,324,221	-	-	31,221,908	34,324,221
Lease asset	51,974	80,323	-	-	51,974	80,323
SBITAs	34,887	-	-	-	34,887	-
Water/Sewer system	-	-	12,201,269	12,722,332	12,201,269	12,722,332
Construction in progress	4,631,128	1,525,654	142,807	100,312	4,773,935	1,625,966
Total	<u>\$ 71,233,508</u>	<u>\$ 72,411,556</u>	<u>\$ 13,292,740</u>	<u>\$ 13,580,746</u>	<u>\$ 84,526,248</u>	<u>\$ 85,992,302</u>

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

- Construction-in-progress related to general government operations of \$4,631,128 primarily consisted of the construction of a new police and courts facility (\$1,983,858), rehabilitation of Denton and Houston Streets (\$902,949.71), downtown electrical (\$157,647), Morningside Drive (\$46,270), and A1 Trail (\$14,750).
- Other capital asset additions for governmental operations included new fire equipment, public safety equipment, parks and recreation equipment, technology upgrades, heavy equipment for public works, and new vehicles for various departments.
- The City purchased property in FY22 which will house a new state-of-the-art police and courts facility, and will break ground on construction in FY24.
- Capital asset additions for the business-type activities included lift station upgrades, SCADA upgrades, and emergency generators. Capital asset additions also included infrastructure contributions from developers in the amount of \$146,733 for utility improvements.

Additional information on the City's capital and lease assets can be found in *Note 2* on pages 49-50 of this report.

### Debt Administration

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$39,496,700. Of this amount, \$39,010,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's long-term obligations is comprised of leases and SBITA liabilities.

## Outstanding Bonded Debt

	Governmental Activities		Business-type Activities		Primary Government Total	
	2023	2022	2023	2022	2023	2022
GO Bonds	\$ 9,750,730	\$ 12,061,166	\$ 1,164,270	\$ 1,443,834	\$ 10,915,000	\$ 13,505,000
COs	26,860,000	21,860,000	715,000	-	27,575,000	21,860,000
Special Assessment COs	-	225,000	-	-	-	225,000
Tax Notes	520,000	765,000	-	-	520,000	765,000
Notes Payable	-	-	404,519	453,779	404,519	453,779
SBITAs	28,074	-	-	-	28,074	-
Leases	54,107	81,795	-	-	54,107	81,795
Totals	<u>\$ 37,212,911</u>	<u>\$ 34,992,961</u>	<u>\$ 2,283,789</u>	<u>\$ 1,897,613</u>	<u>\$ 39,496,700</u>	<u>\$ 36,890,574</u>

The City issued \$7,445,000 in Certificates of during fiscal year 2023. The City's total debt increased \$2,606,126 during fiscal year 2023 due to existing debt retirements and issuance of certificates of obligation.

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 51-54.

### 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 FY2023-24 budget, General Fund revenues and transfers are budgeted to increase by a full 10% from the 2022-23 budget with property taxes accounting for 27% of budgeted revenues and sales tax comprising approximately 49% of budgeted revenues. Certified assessed valuations as of July 25, 2023, increased 16% from the preceding year. In the FY2023-24 budget, sales tax receipts are projected to increase by approximately 14%, or \$1.5 million, from the FY2022-23 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 2022-23 with unassigned fund balance of \$25,080,453, of which the City allocated \$2.2 million for one-time capital purchases in fiscal year 2023-24.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 11% from the fiscal year 2022-23 original budget. This increase is attributed to non-recurring expenditures in the General Fund related to development and parks facilities, as well as payroll and health insurance increases. In the previous year, the Roanoke voters elected to dissolve the Community and Economic Development Corporation in favor of a new Crime Control & Prevention District. The additional sales tax enabled the city to shift a significant amount of police department expenditures to the newly created District for FY24. The property tax rate reduced to 0.308039¢ per \$100 of assessed valuation for fiscal year 2023-24.

For the Water and Wastewater Fund, the FY2023-24 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, although the City is currently undergoing a rate study that is expected to increase these rates significantly. The water and wastewater revenue projections were based on historical consumption averages, with proposed increased in collections based on growth. In addition, the city plans to adjust both water and wastewater rates due to projected pass-through increases from both the City of Fort Work 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 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: Kyle Lester, Finance Director, at City of Roanoke, 500 S. Oak Street, Roanoke TX 76262, call (817) 491-6075, or e-mail [klester@roanoketexas.com](mailto:klester@roanoketexas.com)



## **Basic Financial Statements**



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**City of Roanoke, Texas**  
**Statement of Net Position**  
**September 30, 2023**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32,929,631	\$ 7,152,854	\$ 40,082,485	\$ 12,598,447
Investments	229,010	20,000	249,010	-
Receivables (net of allowances for uncollectibles)	4,909,175	1,415,735	6,324,910	1,128,424
Lease receivable	-	678,450	678,450	-
PPP receivable	5,578,634	-	5,578,634	-
Notes receivable	1,996,064	-	1,996,064	693,514
Prepaid items	214,389	6,232	220,621	7,500
Restricted cash and cash equivalents	4,953,442	1,110,581	6,064,023	-
Capital assets not being depreciated	10,620,321	142,807	10,763,128	3,153,106
Capital and lease assets, net of accumulated depreciation/amortization	60,613,187	13,149,933	73,763,120	2,339,935
Total assets	<u>122,043,853</u>	<u>23,676,592</u>	<u>145,720,445</u>	<u>19,920,926</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	37,958	33,149	71,107	200,270
Deferred outflows of resources - pension	5,512,463	545,190	6,057,653	-
Deferred outflows of resources - OPEB	125,747	9,464	135,211	-
Total deferred outflows of resources	<u>5,676,168</u>	<u>587,803</u>	<u>6,263,971</u>	<u>200,270</u>
<b>LIABILITIES</b>				
Accounts payable	1,942,907	536,082	2,478,989	105,491
Other accrued liabilities	448,380	81,808	530,188	-
Deposits payable	-	478,522	478,522	-
Accrued interest payable	153,580	9,730	163,310	49,293
Unearned revenues	1,561,097	-	1,561,097	-
Noncurrent liabilities:				
Due within one year				
Accrued compensated absences	705,286	78,515	783,801	-
Notes payable	-	50,785	50,785	-
Lease liability	28,960	-	28,960	-
SBITA liability	17,124	-	17,124	-
Bonds payable, net	4,138,722	321,278	4,460,000	340,000
Tax notes	255,000	-	255,000	-
Due in more than one year				
Accrued compensated absences	700,201	47,179	747,380	-
Notes payable	-	353,734	353,734	-
Lease liability	25,147	-	25,147	-
SBITA liability	10,950	-	10,950	-
Bonds payable, net	34,601,368	1,634,676	36,236,044	4,755,000
Tax notes	265,000	-	265,000	-
Net pension liability	10,624,104	1,058,663	11,682,767	-
Total OPEB liability	560,719	42,206	602,925	-
Total liabilities	<u>56,038,545</u>	<u>4,693,178</u>	<u>60,731,723</u>	<u>5,249,784</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	133,502	13,203	146,705	-
Deferred inflows of resources - OPEB	365,169	27,487	392,656	-
Lease related	-	632,515	632,515	-
PPP related	7,636,569	-	7,636,569	-
Total deferred inflows of resources	<u>8,135,240</u>	<u>673,205</u>	<u>8,808,445</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	34,235,167	11,358,703	45,593,870	5,493,041
Restricted for:				
Debt service	831,608	-	831,608	-
Municipal court building security	128,545	-	128,545	-
Municipal court technology	167,541	-	167,541	-
Tourism, convention centers, arts	162,203	-	162,203	-
Public safety	3,188,329	-	3,188,329	-
Parkland dedication	213,537	-	213,537	-
Economic development	-	-	-	8,900,737
Unrestricted	24,619,306	7,539,309	32,158,615	477,634
Total net position	<u>\$ 63,546,236</u>	<u>\$ 18,898,012</u>	<u>\$ 82,444,248</u>	<u>\$ 14,871,412</u>

**City of Roanoke, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2023**

Function/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 10,758,648	\$ 82,849	\$ 329,540	\$ -	\$ (10,346,259)	\$ -	\$ (10,346,259)	\$ -
Public safety	14,381,852	1,495,479	2,493,076	-	(10,393,297)	-	(10,393,297)	-
Cultural and recreation	5,591,010	740,044	13,063,559	-	8,212,593	-	8,212,593	-
Public works	4,204,424	477,560	-	-	(3,726,864)	-	(3,726,864)	-
Interest and fiscal charges	1,255,421	-	-	-	(1,255,421)	-	(1,255,421)	-
Total governmental activities	<u>36,191,355</u>	<u>2,795,932</u>	<u>15,886,175</u>	<u>-</u>	<u>(17,509,248)</u>	<u>-</u>	<u>(17,509,248)</u>	<u>-</u>
Business-type activities:								
Water and Wastewater	7,855,793	8,608,046	-	146,733	-	898,986	898,986	-
Total business-type activities	<u>7,855,793</u>	<u>8,608,046</u>	<u>-</u>	<u>146,733</u>	<u>-</u>	<u>898,986</u>	<u>898,986</u>	<u>-</u>
Total primary government	<u>\$ 44,047,148</u>	<u>\$ 11,403,978</u>	<u>\$ 15,886,175</u>	<u>\$ 146,733</u>	<u>(17,509,248)</u>	<u>898,986</u>	<u>(16,610,262)</u>	<u>-</u>
<b>Component Units:</b>								
Roanoke Economic Industrial Development Corporation	\$ 6,484,600	\$ -	\$ 125,000	\$ -				(6,359,600)
Roanoke Community Economic Development Corporation	10,038,559	-	-	-				(10,038,559)
AI & Lula Mae Slaughter Park Foundation	583	-	-	-				(583)
Total component units	<u>\$ 16,523,742</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ -</u>				<u>(16,398,742)</u>
General revenues:								
Property taxes					11,174,255	-	11,174,255	-
Sales taxes					18,748,880	-	18,748,880	6,339,588
Gross receipt taxes					1,766,849	-	1,766,849	-
Other taxes					152,411	-	152,411	-
Rents and royalties					-	-	-	60,150
Investment income					924,289	246,696	1,170,985	507,759
Gain on sale of capital assets					94,717	-	94,717	-
Miscellaneous					644,684	100,699	745,383	-
Transfers					484,622	(484,622)	-	-
Total general revenues and transfers					<u>33,990,707</u>	<u>(137,227)</u>	<u>33,853,480</u>	<u>6,907,497</u>
Change in net position					16,481,459	761,759	17,243,218	(9,491,245)
<b>Net Position, Beginning of Year</b>					<u>47,064,777</u>	<u>18,136,253</u>	<u>65,201,030</u>	<u>24,362,657</u>
<b>Net Position, End of Year</b>					<u>\$ 63,546,236</u>	<u>\$ 18,898,012</u>	<u>\$ 82,444,248</u>	<u>\$ 14,871,412</u>

**City of Roanoke, Texas**  
**Balance Sheet – Governmental Funds**  
**September 30, 2023**

	<b>General</b>	<b>Debt Service</b>	<b>Facilities Improvement</b>	<b>Crime Control &amp; Prevention District</b>	<b>Vehicle Replacement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 24,535,248	\$ 605,598	\$ 1,148,091	\$ 1,890,768	\$ 3,398,987	\$ 6,304,381	\$ 37,883,073
Investments	229,010	-	-	-	-	-	229,010
Receivables (net of allowance for uncollectibles)							
Property taxes	91,039	84,930	-	-	-	311	176,280
Sales taxes	2,256,849	-	-	1,096,332	-	-	3,353,181
Gross receipts taxes	38,947	-	-	-	-	22,772	61,719
Other receivables	583,716	-	-	-	-	723,046	1,306,762
Intergovernmental receivable	11,233	-	-	-	-	-	11,233
PPP receivable	5,578,634	-	-	-	-	-	5,578,634
Notes receivable	-	-	1,996,064	-	-	-	1,996,064
Prepaid items	214,389	-	-	-	-	-	214,389
Due from other funds	2,819,954	-	-	-	-	-	2,819,954
	<u>\$ 36,359,019</u>	<u>\$ 690,528</u>	<u>\$ 3,144,155</u>	<u>2,987,100</u>	<u>\$ 3,398,987</u>	<u>\$ 7,050,510</u>	<u>\$ 53,630,299</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 783,699	\$ 6,872	\$ 443,893	35,272	\$ 327,949	\$ 345,222	\$ 1,942,907
Other accrued liabilities	384,579	-	-	35,448	-	28,353	448,380
Due to other funds	-	-	2,400,348	-	-	419,606	2,819,954
Unearned revenue - grants	1,561,097	-	-	-	-	-	1,561,097
Total liabilities	<u>2,729,375</u>	<u>6,872</u>	<u>2,844,241</u>	<u>70,720</u>	<u>327,949</u>	<u>793,181</u>	<u>6,772,338</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	397,343	84,930	-	-	-	311	482,584
PPP related	7,636,569	-	-	-	-	-	7,636,569
Total deferred inflows of resources	<u>8,033,912</u>	<u>84,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311</u>	<u>8,119,153</u>
<b>FUND BALANCE</b>							
Nonspendable	214,389	-	-	-	-	-	214,389
Restricted:							
Debt service	-	598,726	-	-	-	232,882	831,608
Capital projects	-	-	-	-	-	3,677,030	3,677,030
Municipal court building security	128,545	-	-	-	-	-	128,545
Municipal court technology	167,541	-	-	-	-	-	167,541
Tourism, convention centers, arts	-	-	-	-	-	162,203	162,203
Public safety	-	-	-	2,916,380	-	271,949	3,188,329
Parkland dedication	-	-	-	-	-	213,537	213,537
Committed	4,804	-	299,914	-	3,071,038	1,699,417	5,075,173
Unassigned	25,080,453	-	-	-	-	-	25,080,453
Total fund balance	<u>25,595,732</u>	<u>598,726</u>	<u>299,914</u>	<u>2,916,380</u>	<u>3,071,038</u>	<u>6,257,018</u>	<u>38,738,808</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 36,359,019</u>	<u>\$ 690,528</u>	<u>\$ 3,144,155</u>	<u>\$ 2,987,100</u>	<u>\$ 3,398,987</u>	<u>\$ 7,050,510</u>	<u>\$ 53,630,299</u>

**City of Roanoke, Texas**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2023**

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

Total fund balance – governmental funds	\$ 38,738,808
Capital and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	71,233,508
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.	(153,580)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.	482,584
Long-term liabilities and deferred outflows and inflows of resources (deferred charge on refunding, pension related, and OPEB related), including leases payable, SBITA payable, bonds payable, 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>(46,755,084)</u>
Net position of governmental activities	<u>\$ 63,546,236</u>

**City of Roanoke, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances –**  
**Governmental Funds**  
**For the Year Ended September 30, 2023**

	General	Debt Service	Facilities Improvement	Crime Control & Prevention District	Vehicle Replacement	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 5,791,728	\$ 5,001,434	\$ -	\$ -	\$ -	\$ 263,495	\$ 11,056,657
Sales taxes	12,679,177	-	-	6,069,703	-	-	18,748,880
Gross receipts tax	1,622,133	-	-	-	-	144,716	1,766,849
Licenses and permits	477,560	-	-	-	-	-	477,560
Intergovernmental	152,411	-	-	-	-	-	152,411
Charges for services	1,841,836	-	-	-	-	-	1,841,836
Grants and contributions	13,063,559	239,050	-	-	-	2,493,076	15,795,685
Fines and fees	600,037	-	-	-	-	-	600,037
Investment income (loss)	666,296	42,809	30,661	11,770	76,694	96,059	924,289
Donations	69,490	-	-	-	-	21,000	90,490
Other revenue	618,852	11,198	-	403	-	14,231	644,684
Total revenues	<u>37,583,079</u>	<u>5,294,491</u>	<u>30,661</u>	<u>6,081,876</u>	<u>76,694</u>	<u>3,032,577</u>	<u>52,099,378</u>
<b>EXPENDITURES</b>							
Current:							
General government	6,828,251	-	199,244	-	2,300	67,734	7,097,529
Public safety	9,882,450	-	-	2,439,995	-	772,474	13,094,919
Cultural and recreation	4,423,710	-	-	-	-	14,000	4,437,710
Public works	1,799,161	-	-	-	-	102,434	1,901,595
Debt service:							
Principal	33,183	4,250,436	-	13,712	-	225,000	4,522,331
Interest and fiscal charges	3,011	1,454,657	-	789	-	20,314	1,478,771
Bond issuance costs	-	209,616	-	-	-	-	209,616
Capital outlay	948,977	-	2,210,707	7,107	920,328	1,852,680	5,939,799
Total expenditures	<u>23,918,743</u>	<u>5,914,709</u>	<u>2,409,951</u>	<u>2,461,603</u>	<u>922,628</u>	<u>3,054,636</u>	<u>38,682,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,664,336</u>	<u>(620,218)</u>	<u>(2,379,290)</u>	<u>3,620,273</u>	<u>(845,934)</u>	<u>(22,059)</u>	<u>13,417,108</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of long-term debt	-	-	3,965,000	-	-	2,730,000	6,695,000
Premium on issuance of debt	-	211,563	35,000	-	-	20,000	266,563
SBITAs issued	15,859	-	-	7,107	-	-	22,966
Sale of general capital assets	-	-	-	-	98,353	-	98,353
Transfers in	516,825	493,100	100,000	-	858,886	258,682	2,227,493
Transfers out	(834,112)	(59,659)	-	(711,000)	-	(138,100)	(1,742,871)
Total other financing sources (uses)	<u>(301,428)</u>	<u>645,004</u>	<u>4,100,000</u>	<u>(703,893)</u>	<u>957,239</u>	<u>2,870,582</u>	<u>7,567,504</u>
Net change in fund balance	13,362,908	24,786	1,720,710	2,916,380	111,305	2,848,523	20,984,612
Fund balance, beginning of year, as previously reported	14,472,063	573,940	(1,420,796)	-	2,959,733	3,408,495	19,993,435
Change in accounting principle (Note 1)	(2,239,239)	-	-	-	-	-	(2,239,239)
Fund balance, beginning of year, as restated	<u>12,232,824</u>	<u>573,940</u>	<u>(1,420,796)</u>	<u>-</u>	<u>2,959,733</u>	<u>3,408,495</u>	<u>17,754,196</u>
Fund balance, end of year	<u>\$ 25,595,732</u>	<u>\$ 598,726</u>	<u>\$ 299,914</u>	<u>\$ 2,916,380</u>	<u>\$ 3,071,038</u>	<u>\$ 6,257,018</u>	<u>\$ 38,738,808</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, 2023**

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

Net change in fund balance – total governmental funds	\$ 20,984,612
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 \$7,138,032 exceeded capital outlays of \$5,939,799 in the current year.	(1,198,233)
The net effect of various transactions involving capital assets ( <i>i.e.</i> disposals/sales and developer contributions) is to decrease net position.	(3,636)
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.	(5,903)
The issuance of long-term debt (bonds and related premium and SBITAs) provides current financial resources to governmental funds, but has no effect on net position.	(6,984,529)
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.	4,522,331
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.	440,792
Governmental funds report the effect of gains and losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	9,611
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.	(610,513)
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.	(674,858)
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>1,785</u>
Change in net position of governmental activities	<u><u>\$ 16,481,459</u></u>

**City of Roanoke, Texas**  
**Statement of Net Position – Proprietary Fund**  
**September 30, 2023**

	<b>Business-type Activities</b>
	<b>Water and Wastewater</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 7,152,854
Investments	20,000
Receivables (net of allowance for doubtful accounts)	
Accounts receivable	1,396,908
Lease receivable	52,854
Other miscellaneous receivables	18,827
Prepaid items	6,232
Restricted cash and cash equivalents:	
Customer deposits	478,522
Capital projects	632,059
Total current assets	9,758,256
Noncurrent assets:	
Lease receivable	625,596
Capital assets:	
Infrastructure	30,963,981
Buildings	121,728
Machinery and equipment	1,263,471
Vehicles	243,805
Construction in progress	142,807
Land improvements	26,809
Accumulated depreciation	(19,469,861)
Total capital assets, net of accumulated depreciation	13,292,740
Total noncurrent assets	13,918,336
Total assets	23,676,592
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	33,149
Deferred outflows of resources - pension	545,190
Deferred outflows of resources - OPEB	9,464
Total deferred outflows of resources	587,803
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	536,082
Accrued liabilities	50,440
Compensated absences	78,515
Customer deposits payable	478,522
Bonds payable, net	321,278
Note payable	50,785
Accrued interest payable	9,730
Other liabilities	31,368
Total current liabilities	1,556,720
Noncurrent liabilities:	
Compensated absences	47,179
Bonds payable, net	1,634,676
Note payable	353,734
Net pension liability	1,058,663
Total OPEB liability	42,206
Total noncurrent liabilities	3,136,458
Total liabilities	4,693,178
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Lease related	632,515
Deferred inflows of resources - pension	13,203
Deferred inflows of resources - OPEB	27,487
Total deferred inflows of resources	673,205
<b>NET POSITION</b>	
Net investment in capital assets	11,358,703
Unrestricted	7,539,309
Total net position	\$ 18,898,012

**City of Roanoke, Texas**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position –**  
**Proprietary Fund**  
**For the Year Ended September 30, 2023**

	<b>Business-type Activities</b>
	<b>Water and Wastewater</b>
<b>OPERATING REVENUES</b>	
Charges for services	
Water service	\$ 5,325,127
Wastewater service	3,025,011
Impact fees	90,246
Other charges for services and miscellaneous	167,662
Total operating revenues	8,608,046
<b>OPERATING EXPENSES</b>	
Personnel services	1,860,697
Maintenance and supplies	578,804
General and administrative	982,914
Water production and distribution	3,498,408
Depreciation	845,342
Total operating expenses	7,766,165
Operating income	841,881
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	246,696
Interest expense and fiscal charges	(75,295)
Leases	100,699
Loss on sale of assets	(14,333)
Total nonoperating revenues (expenses)	257,767
Income before transfers & capital contributions	1,099,648
Capital contributions	146,733
Transfers in	59,659
Transfers out	(544,281)
Change in net position	761,759
<b>Net Position, Beginning of Year</b>	18,136,253
<b>Net Position, End of Year</b>	\$ 18,898,012

**City of Roanoke, Texas**  
**Statement of Cash Flows – Proprietary Fund**  
**For the Year Ended September 30, 2023**

	<b>Business-type Activities</b>
	<b>Water and Wastewater</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 8,309,362
Receipt of customer deposits	20,845
Payments to suppliers for goods and services	(4,474,798)
Payments to employees for salaries and benefits	(1,795,888)
Net cash provided by operating activities	2,059,521
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	59,659
Transfers to other funds	(544,281)
Net cash used in noncapital financing activities	(484,622)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(649,375)
Proceeds from issuance of debt	750,000
Principal paid on capital debt and notes payable	(363,824)
Interest and fiscal charges paid on capital debt and notes payable	(90,988)
Proceeds from sale of assets	(14,333)
Net cash used in capital and related financing activities	(368,520)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	246,696
Net cash provided by investing activities	246,696
Net increase in cash and cash equivalents	1,453,075
<b>Cash and Cash Equivalents, Beginning of Year (including \$457,677 reported as restricted assets)</b>	6,810,360
<b>Cash and Cash Equivalents, End of Year (including \$1,110,581 reported as restricted assets)</b>	\$ 8,263,435
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating income	\$ 841,881
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	845,342
Other income	100,699
(Increases) decreases in assets and deferred outflows of resources:	
Accounts receivable and unbilled revenue	(333,560)
Prepaid expenses	6,942
Deferred outflows of resources	(308,232)
Increases (decreases) in liabilities and deferred inflows of resources:	
Accounts payable	555,466
Accrued liabilities	22,757
Customer deposits	20,845
Compensated absences	32,982
Net pension liability	629,762
Total OPEB liability	(18,294)
Deferred inflows of resources	(337,069)
Total adjustments	1,217,640
Net cash provided by operating activities	\$ 2,059,521
<b>Schedule of noncash capital and related financing activities:</b>	
Purchase of capital assets with accounts payable	\$ 238,772
Capital contributions	146,733

**City of Roanoke, Texas**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds – Custodial Funds**  
**September 30, 2023**

	<b>Custodial Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 138,337
Total assets	138,337
 <b>LIABILITIES</b>	
Accrued expenses	96,924
Total liabilities	96,924
 <b>NET POSITION</b>	
Restricted for individuals, organizations other governments	41,413
Total net position	\$ 41,413

**City of Roanoke, Texas**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds – Custodial Funds**  
**For the Year Ended September 30, 2023**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Fines and forfeiture collections for other governments	\$ 321,432
Total additions	321,432
<b>DEDUCTIONS</b>	
Payments of fines and forfeitures to other governments	321,432
Seizures forfeited and returned to defendants	58,934
Total deductions	380,366
Net change in fiduciary net position	(58,934)
Net position, beginning of year	100,347
Net position, end of year	\$ 41,413

**City of Roanoke, Texas**  
**Statement of Net Position**  
**Discretely Presented Component Units**  
**September 30, 2023**

	Governmental Activities			Total
	REIDC	RCEDC	Slaughter Park Foundation	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,120,813	\$ -	\$ 477,634	\$ 12,598,447
Sales tax receivables	1,128,424	-	-	1,128,424
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	2,339,935	-	-	2,339,935
Total assets	<u>19,443,292</u>	<u>-</u>	<u>477,634</u>	<u>19,920,926</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	200,270	-	-	200,270
Total deferred outflows of resources	<u>200,270</u>	<u>-</u>	<u>-</u>	<u>200,270</u>
<b>LIABILITIES</b>				
Accounts payable	105,491	-	-	105,491
Accrued interest payable	49,293	-	-	49,293
Noncurrent liabilities:				
Due within one year	340,000	-	-	340,000
Due in more than one year	4,755,000	-	-	4,755,000
Total liabilities	<u>5,249,784</u>	<u>-</u>	<u>-</u>	<u>5,249,784</u>
<b>NET POSITION</b>				
Net investment in capital assets	5,493,041	-	-	5,493,041
Restricted	8,900,737	-	-	8,900,737
Unrestricted	-	-	477,634	477,634
Total net position	<u>\$ 14,393,778</u>	<u>\$ -</u>	<u>\$ 477,634</u>	<u>\$ 14,871,412</u>

**City of Roanoke, Texas**  
**Statement of Activities**  
**Discretely Presented Component Units**  
**For the Year Ended September 30, 2023**

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	\$ 6,484,600	\$ -	\$ 125,000	\$ -	\$ (6,359,600)	\$ -	\$ -	\$ (6,359,600)
Roanoke Community Economic Development Corporation	10,038,559	-	-	-	-	(10,038,559)	-	(10,038,559)
A1 & Lula Mae Slaughter Park Foundation	583	-	-	-	-	-	(583)	(583)
Total component units	<u>\$ 16,523,742</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ -</u>	<u>(6,359,600)</u>	<u>(10,038,559)</u>	<u>(583)</u>	<u>(16,398,742)</u>
General revenues:								
					6,339,588	-	-	6,339,588
					60,150	-	-	60,150
					501,515	-	6,244	507,759
					<u>6,901,253</u>	<u>-</u>	<u>6,244</u>	<u>6,907,497</u>
					541,653	(10,038,559)	5,661	(9,491,245)
					<u>13,852,125</u>	<u>10,038,559</u>	<u>471,973</u>	<u>24,362,657</u>
					<u>\$ 14,393,778</u>	<u>\$ -</u>	<u>\$ 477,634</u>	<u>\$ 14,871,412</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, 2023**

**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, 2023**

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 RCEDC was dissolved in fiscal year 2023 and all assets transferred to the primary government.

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*.

**Blended Component Unit**

The Crime Control and Prevention District (CCPD) was formed under Chapter 363 of the Texas Local Government Code, the *Crime Control and Prevention Act*. The CCPD is organized exclusively to act on behalf of the City to finance crime control within the City. The CCPD is governed by a seven member board appointed by the City Council. The annual budget and issuance of debt must be approved by the City Council. The CCPD provides services entirely, or almost entirely to the primary government. The CCPD is reported a major special revenue fund and does not issue separate financial statement.

***Basis of Presentation***

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

# City of Roanoke, Texas

## Notes to Basic Financial Statements

### September 30, 2023

#### **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.

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:

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

General Fund –

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

Debt Service Fund –

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

Facilities Improvement Fund –

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

Crime Control and Prevention District Fund –

The Crime Control and Prevention District Fund is used to account for the funds received from a one-half percent sales tax, which can be utilized for public safety.

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.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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.

***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.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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.

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.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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

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

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

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three 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, Lease, and Subscription Assets***

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

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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/subscription 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 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 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.

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- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB 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 expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they incurred.
- Difference in 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.
- Public-Private Partnership – This is reported under both the full accrual and modified accrual basis of accounting. This is measured at the value of the partnership receivable plus any payments received at or before the commencement of the partnership 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 partnership.
- 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.

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- 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 \$91,039, ambulance revenues of \$279,052, court revenues of \$27,252. In the Debt Service Fund, unavailable revenues consist of property taxes in the amount of \$84,930. In the nonmajor funds, unavailable revenues consist of property taxes in the amount of \$311. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***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, 2023, the City’s General Fund was reimbursed \$571,825 for these services.

The REIDC provides amounts to the City for parks and recreation projects, debt service, rebates and incentives, and water and sewer improvements. During fiscal year 2023, \$5,104,754 was provided by the REIDC to the City. \$10,027,559 was provided by the RCEDC to the City for the dissolution of RCEDC.

**City of Roanoke, Texas**  
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**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	\$ 605,598
Capital projects	3,677,030
Municipal court building security	128,545
Municipal court technology	167,541
Tourism, convention centers, arts	139,431
Public safety	21,760
Parkland dedication	<u>213,537</u>
<b>Total Governmental Activities Restricted Assets</b>	<b><u>\$ 4,953,442</u></b>
<b>Business-type Activities</b>	
Customer deposits	\$ 478,522
Capital projects	<u>632,059</u>
<b>Total Business-type Activities Restricted Assets</b>	<b><u>\$ 1,110,581</u></b>

**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.

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***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.

***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.

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***Public-Private Partnership Receivable***

The City is the transferor for a partnership agreement relating to the use of land and related water park assets. The City recognizes a PPP receivable and a deferred inflow of resources. At the commencement of a partnership, the City initially measures the PPP receivable at the present value of future PPP payments to be received for the PPP term. Subsequently, the PPP receivable is reduced by the principal portion of PPP payments received. The deferred inflow of resources is initially measured as the initial amount of the PPP, adjusted for PPP payments received at or before the partnership commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the partnership term.

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

***Subscription Liability***

The City contracts for noncancellable subscriptions of information technology software. The City recognizes a subscription liability and an intangible subscription asset (subscription asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more. At the commencement of a subscription, the City measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

***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.

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

**Restricted.** This classification includes amounts for which constraints have been placed on 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.

**City of Roanoke, Texas**  
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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	Control & Prevention District	Vehicle Replacement	Nonmajor Governmental Funds	-	
Nonspendable	\$ 214,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,389
Restricted for								
Debt service	-	598,726	-	-	-	-	232,882	831,608
Capital projects	-	-	-	-	-	-	3,677,030	3,677,030
Municipal court building security	128,545	-	-	-	-	-	-	128,545
Municipal court technology	167,541	-	-	-	-	-	-	167,541
Tourism, convention centers, arts	-	-	-	-	-	-	162,203	162,203
Public safety	-	-	-	2,916,380	-	-	271,949	3,188,329
Parkland dedication	-	-	-	-	-	-	213,537	213,537
Committed	4,804	-	299,914	-	3,071,038	-	1,699,417	5,075,173
Unassigned	25,080,453	-	-	-	-	-	-	25,080,453
<b>Total</b>	<b>\$ 25,595,732</b>	<b>\$ 598,726</b>	<b>\$ 299,914</b>	<b>\$ 2,916,380</b>	<b>\$ 3,071,038</b>	<b>\$ 6,257,018</b>	<b>\$ 38,738,808</b>	

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, lease, and subscription, into one component of net position. Accumulated depreciation and amortization 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.

***Adoption of New Accounting Standards***

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement. The implementation of this statement resulted in a \$2.2 million decrease in beginning fund balance for the general fund. The additional disclosures required by this standard are included in *Note 2*.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes a single model for subscription-based information technology arrangements (SBITAs) accounting based on the principle that contracts are financings of the right to use an underlying information technology software asset. The standard requires recognition of certain right-to-use subscription assets and subscription liabilities. As a result of implementing this standard the City recognized right-to-use subscription assets and liabilities. The adoption of this standard had no impact on beginning net position. The additional disclosures required by this standard are included in *Note 2*.

***Future Adoption of Accounting Principles***

*GASB Statement No. 100, Accounting Changes and Error Corrections (GASB 100)*

GASB 100 improves the clarify and requirements for accounting changes and error corrections. The City expects to first apply GASB 100 during the year ending September 30, 2024. The impact of applying the Statement has not been determined.

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*GASB Statement No. 101, Compensated Absences (GASB 101)*

GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized for leave for which employees may receive one or more: cash payments when the leave is used for time off; other cash payments, such as payment for unused leave upon termination of employment which includes voluntary resignation or retirement; or noncash settlements, such as conversion to defined benefit postemployment benefits. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The City expects to first apply GASB 101 during the year ending September 30, 2025. The impact of applying the Statement has not been determined.

*GASB Statement No. 102, Certain Risk Disclosures (GASB 102)*

GASB 102 requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The City expects to first apply GASB 102 during the year ending September 30, 2025. The impact of applying the Statement has not been determined.

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

***Deposits and Investments***

**Deposits.** At September 30, 2023, the carrying amount of the City's cash and cash equivalents held with financial institutions, including, fiduciary activities and component units, was \$28,016,421 and the respective bank balances totaled \$29,370,304.

**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 2023, 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, 2023, 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 \$29,534,552.

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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.

**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, 2023, the carrying amount of the City's bank deposits and investments, including component units, was \$29,099,730, and the respective bank balances totaled \$29,370,304. 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, 2023, 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.

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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, 2023, were 98.82% of the adjusted tax levy. Allocations of property tax levy by purpose for 2023 and the preceding year are as follows (amounts per \$100 assessed value):

Property Tax Rates:

<b>Fund Type</b>	<b>2023</b>	<b>2022</b>
General Fund	\$ 0.15968	\$ 0.19502
Debt Service Fund	<u>0.18010</u>	<u>0.18010</u>
Total	<u>\$ 0.33978</u>	<u>\$ 0.37512</u>

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

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:

<b>Receivables</b>	<b>General</b>	<b>Debt Service</b>	<b>Facilities Improvement</b>	<b>Crime Control &amp; Prevention District</b>	<b>Nonmajor Governmental</b>	<b>Water and Wastewater</b>
Taxes	\$ 2,386,835	\$ 84,930	\$ -	\$ 1,096,332	\$ 23,083	\$ -
Intergovernmental	11,233	-	-	-	-	-
Accounts	2,447,542	-	-	-	723,046	1,643,362
Notes	-	-	1,996,064	-	-	-
PPP receivable	5,578,634	-	-	-	-	-
Lease	-	-	-	-	-	678,450
Less allowance for uncollectibles	<u>(1,863,826)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,627)</u>
Net receivables	<u>\$ 8,560,418</u>	<u>\$ 84,930</u>	<u>\$ 1,996,064</u>	<u>\$ 1,096,332</u>	<u>\$ 746,129</u>	<u>\$ 2,094,185</u>

**City of Roanoke, Texas**  
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Notes Receivable

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

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 \$100,699 in lease revenue and interest revenue during the current fiscal year related to the leases. As of September 30, 2023, the City's proprietary fund receivable for lease and related interest payments was \$678,450 and the balance of the deferred inflow of resources was \$632,515.

PPP Receivable

The City has entered into one public-private partnership arrangement. A third party will operate, maintain, and retain related fees for the Hawaiian Falls waterpark for 28 years. The City will receive installment payments under the agreement until 2048.

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 provide its citizens a water of first class quality in all respects, as compared to similar sized operations in Texas. The City received from RFE an upfront payment of \$3.2 million. The City used the proceeds from the upfront payment to finance the initial construction of the waterpark in 2011. The City continues to report the water park as a capital asset with a carrying amount of \$3,857,657.

As of September 30, 2023, the value of the PPP receivable is \$5,578,634. The operator is required to make annual fixed payments of \$225,000. The value of the deferred inflow of resources as of September 30, 2023, was \$7,636,569, which includes \$2,240,000 received previously from RFE, and the City recognized PPP revenue of \$286,421 during the fiscal year.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**Capital, Lease, and Subscription Assets**

Capital, lease, and subscription asset activity for the year ended September 30, 2023, was as follows:

	<i>Restated</i> <b>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	\$ 5,768,785	\$ 220,408	\$ -	\$ -	\$ 5,989,193
Construction in progress	1,525,654	3,105,474	-	-	4,631,128
Total capital assets not being depreciated	<u>7,294,439</u>	<u>3,325,882</u>	<u>-</u>	<u>-</u>	<u>10,620,321</u>
Capital and lease assets being depreciated/amortized					
Buildings/structures	41,837,923	669,662	-	-	42,507,585
Improvements other than buildings	16,745,020	13,690	-	-	16,758,710
Vehicles	5,746,784	1,010,600	(233,727)	-	6,523,657
Machinery and equipment	4,215,972	896,999	(222,208)	-	4,890,763
Lease asset	108,672	-	-	-	108,672
Subscription asset	31,528	22,966	-	-	54,494
Infrastructure	63,394,930	-	-	-	63,394,930
Total capital and lease assets being depreciated/amortized	<u>132,080,829</u>	<u>2,613,917</u>	<u>(455,935)</u>	<u>-</u>	<u>134,238,811</u>
Less accumulated depreciation/amortization					
Buildings/structures	(20,302,370)	(2,181,075)	-	-	(22,483,445)
Improvements other than buildings	(10,575,697)	(881,516)	-	-	(11,457,213)
Vehicles	(3,928,541)	(541,739)	233,727	-	(4,236,553)
Machinery and equipment	(3,026,518)	(391,140)	218,572	-	(3,199,086)
Lease asset	(28,349)	(28,349)	-	-	(56,698)
Subscription asset	(7,707)	(11,900)	-	-	(19,607)
Infrastructure	(29,070,709)	(3,102,313)	-	-	(32,173,022)
Total accumulated depreciation/amortization	<u>(66,939,891)</u>	<u>(7,138,032)</u>	<u>452,299</u>	<u>-</u>	<u>(73,625,624)</u>
Total capital and lease assets being depreciated/amortized, net	<u>65,140,938</u>	<u>(4,524,115)</u>	<u>(3,636)</u>	<u>-</u>	<u>60,613,187</u>
Governmental activities capital and lease assets, net	<u>\$ 72,435,377</u>	<u>\$ (1,198,233)</u>	<u>\$ (3,636)</u>	<u>\$ -</u>	<u>\$ 71,233,508</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	\$ 42,495	-	-	\$ 142,807
Total capital assets not being depreciated	<u>100,312</u>	<u>42,495</u>	<u>-</u>	<u>-</u>	<u>142,807</u>
Capital assets being depreciated					
Infrastructure	31,092,249	146,732	(275,000)	-	30,963,981
Buildings	-	121,728	-	-	121,728
Improvements other than buildings	26,809	-	-	-	26,809
Vehicles	243,805	-	-	-	243,805
Machinery and equipment	1,002,756	260,715	-	-	1,263,471
Total capital assets being depreciated	<u>32,365,619</u>	<u>529,175</u>	<u>(275,000)</u>	<u>-</u>	<u>32,619,794</u>
Less accumulated depreciation/amortization					
Infrastructure	(18,369,917)	(653,462)	260,667	-	(18,762,712)
Buildings	-	(6,086)	-	-	(6,086)
Improvements other than buildings	(8,043)	(5,362)	-	-	(13,405)
Vehicles	(213,730)	(15,038)	-	-	(228,768)
Machinery and equipment	(293,496)	(165,394)	-	-	(458,890)
Total accumulated depreciation/amortization	<u>(18,885,186)</u>	<u>(845,342)</u>	<u>260,667</u>	<u>-</u>	<u>(19,469,861)</u>
Total capital assets being depreciated, net	<u>13,480,433</u>	<u>(316,167)</u>	<u>(14,333)</u>	<u>-</u>	<u>13,149,933</u>
Business-type activities capital assets, net	<u>\$ 13,580,745</u>	<u>\$ (273,672)</u>	<u>\$ (14,333)</u>	<u>\$ -</u>	<u>\$ 13,292,740</u>

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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

Governmental activities		
General government	\$	2,887,111
Public safety		924,896
Culture and recreation		1,068,448
Public works		<u>2,257,577</u>
Total depreciation and amortization expense – governmental activities	\$	<u>7,138,032</u>
Business-type activities		
Water and Wastewater	\$	<u>845,342</u>
Total depreciation expense – business-type activities	\$	<u>845,342</u>

**Construction Commitments**

Outstanding commitments at September 30, 2023, under authorized construction contracts were approximately \$2,960,704. 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, 2023 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Facilities Improvement	\$ 2,400,348
General Fund	Fire Grants Fund	419,606

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

***Transfers***

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

Transfers between funds for the year ended September 30, 2023, were as follows:

Transfers Out	Transfers in						Total Transfers Out
	Major Governmental			Nonmajor Governmental Funds		Major Enterprise	
	General	Facilities Improvement	Vehicle Replacement	Debt Service		Water and Wastewater	
General	\$ -	\$ 100,000	\$ 502,014	\$ -	\$ 232,098	\$ -	\$ 834,112
Crime Control & Prevention District			240,000	471,000			711,000
Debt service	-	-	-	-	-	59,659	59,659
Nonmajor governmental funds	95,000	-	-	22,100	21,000	-	138,100
Water and wastewater	421,825	-	116,872	-	5,584	-	544,281
Total transfers in	\$ 516,825	\$ 100,000	\$ 858,886	\$ 493,100	\$ 258,682	\$ 59,659	\$ 2,287,152

All transfers were routine budgeted transfers done in the course of normal City operations. Transfers are used to (1) transfer funds to the Vehicle and Computer 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 Water and Wastewater fund and Hotel Occupancy fund to cover advertising and marketing costs and other administrative services, (3) transfer funds to the Debt Service fund to cover debt related to a fire department museum, (4) transfer funds to the Street Construction fund from the General fund for future street improvements, (5) transfer funds to the Facilities Improvement fund for future building maintenance.

**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, 2023, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

Governmental Activities	Principal	Interest	Total
Year Ending September 30,			
2024	\$ 28,960	\$ 1,842	\$ 30,802
2025	25,147	522	25,669
	<u>\$ 54,107</u>	<u>\$ 2,364</u>	<u>\$ 56,471</u>

**Subscription Liability**

The City has subscription IT arrangements to conduct its operations, the terms of which expire 2024 through 2027. The measurement of the subscription liabilities is based on the present value of subscription payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any subscription incentives payable.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

As of September 30, 2023, the value of the subscription liabilities was \$28,074. An incremental borrowing rate of 4.00% was used to measure subscription liabilities.

The future principal and interest payments for subscription liabilities as of September 30, 2023, are as follows:

<b>Governmental Activities</b>				
<b>Year Ending September 30,</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>	
2024	\$ 17,124	\$ 922	\$ 18,046	
2025	9,073	341	9,414	
2026	920	75	995	
2027	957	38	995	
	<u>\$ 28,074</u>	<u>\$ 1,376</u>	<u>\$ 29,450</u>	

**Long-term Obligations**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2023, 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	\$ 12,061,166	\$ -	\$ (2,310,436)	\$ -	\$ 9,750,730	\$ 2,388,722
Certificates of obligation	21,860,000	6,695,000	(1,695,000)	-	26,860,000	1,750,000
Tax notes	765,000	-	(245,000)	-	520,000	255,000
Special assessment bonds	225,000	-	(225,000)	-	-	-
Lease	81,795	-	(27,688)	-	54,107	28,960
SBITAs	24,315	22,966	(19,207)	-	28,074	17,124
Premium on bonds	2,303,589	266,563	(440,792)	-	2,129,360	-
Compensated absences	730,629	1,697,974	(1,023,116)	-	1,405,487	705,286
Total governmental activities	<u>38,051,494</u>	<u>8,682,503</u>	<u>(5,986,239)</u>	<u>-</u>	<u>40,747,758</u>	<u>5,145,092</u>
<b>Business-type Activities</b>						
General obligation refunding bonds	1,443,834	-	(279,564)	-	1,164,270	286,278
Certificates of obligation	-	750,000	(35,000)	-	715,000	35,000
Premium on bonds	103,526	-	(26,842)	-	76,684	-
Notes payable	453,779	-	(49,260)	-	404,519	50,785
Compensated absences	92,712	140,213	(107,231)	-	125,694	78,515
Total business-type activities	<u>2,093,851</u>	<u>890,213</u>	<u>(497,897)</u>	<u>-</u>	<u>2,486,167</u>	<u>450,578</u>
Total primary government	<u>\$ 40,145,345</u>	<u>\$ 9,572,716</u>	<u>\$ (6,484,136)</u>	<u>\$ -</u>	<u>\$ 43,233,925</u>	<u>\$ 5,595,670</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, 2023**

General Obligation Bonds and Certificates of Obligation

The general obligation refunding bonds and certificates of obligation have interest rates ranging from 3.0% to 5.0% maturing annually in varying amounts through 2042. 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.

In 2023, the City issued \$3,965,000 of Combination Tax and Revenue Certificates of Obligation, Series 2022A, with a premium of \$148,177, and \$3,480,000 of Combination Tax and Revenue Certificates of Obligation, Series 2022B, with a premium of \$118,386. The interest rate on the Certificates of Obligations is 5% and the maturity dates are August 15, 2042 and 2037, respectively. The proceeds from the 2022A Certificates will be used for the purpose 1) designing a new police and courts facility and related parking for such facility; and 2) paying for professional services rendered in connection therewith, including costs of issuance of the 2022A Certificates. Proceeds from the 2022B Certificates will be used for the purpose of 1) constructing and improving streets and roads including related drainage, landscaping, signalization, lighting, pedestrian improvements, and signage related thereto; 2) acquiring and constructing a new water ground storage tank; and 3) paying for professional services rendered in connection therewith, including costs of issuance of the 2022B Certificates.

General Obligation Bonds:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
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>\$ 9,750,730</u>	<u>\$ 937,915</u>	<u>\$ 1,164,270</u>	<u>\$ 113,475</u>	<u>\$ 11,966,390</u>

Certificates of Obligation:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,750,000	\$ 1,019,263	\$ 35,000	\$ 33,200	\$ 2,837,463
2025	1,790,000	956,900	40,000	31,450	2,818,350
2026	1,870,000	886,950	40,000	29,450	2,826,400
2027	1,950,000	813,800	40,000	27,450	2,831,250
2028	2,025,000	737,350	45,000	25,450	2,832,800
2029-2033	7,685,000	2,611,050	260,000	91,300	10,647,350
2034-2038	6,635,000	1,306,650	255,000	29,950	8,226,600
2039-2042	3,155,000	273,076	-	-	3,428,076
	<u>\$ 26,860,000</u>	<u>\$ 8,605,039</u>	<u>\$ 715,000</u>	<u>\$ 268,250</u>	<u>\$ 36,448,289</u>

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
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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, 2023, are as follows:

Tax Notes:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	255,000	20,800	275,800
2025	265,000	10,600	275,600
	<u>\$ 520,000</u>	<u>\$ 31,400</u>	<u>\$ 551,400</u>

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, 2023, are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	50,785	11,639	62,424
2025	52,357	10,067	62,424
2026	53,977	8,447	62,424
2027	247,400	3,600	251,000
	<u>\$ 404,519</u>	<u>\$ 33,753</u>	<u>\$ 438,272</u>

**City of Roanoke, Texas**  
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**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.

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 930 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.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS. The City does not participate in the supplemental death benefit plan.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
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**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, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	73
Active employees	137
	263

**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 17.18% and 17.17% in calendar years 2022 and 2023, respectively. The City’s contributions to TMRS for the year ended September 30, 2023, were \$2,443,889 and were equal to the required contributions.

**Net Pension Liability**

The City’s net pension liability (NPL) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**City of Roanoke, Texas**  
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*Actuarial Assumptions:*

The total pension liability in the December 31, 2022, 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.

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

**City of Roanoke, Texas**  
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The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2023 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%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge Funds	5.00%	6.90%
Private Equity	10.00%	11.80%
	<b>100.00%</b>	

*Discount Rate:*

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

*Changes in the Net Pension Liability:*

	<i>Increase (Decrease)</i>		
	<b>Total Pension (a)</b>	<b>Plan Fiduciary Net (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at October 1, 2022</b>	\$ 52,563,553	\$ 48,355,054	\$ 4,208,499
Changes for the year:			
Service cost	2,605,166	-	2,605,166
Interest (on the total pension liability)	3,575,214	-	3,575,214
Difference between expected and actual experience	952,488	-	952,488
Benefit payments, including refunds of employee contributions	(1,800,009)	(1,800,009)	-
Administrative expense	-	(30,544)	30,544
Contributions - member	-	924,755	(924,755)
Contributions - employer	-	2,269,614	(2,269,614)
Net investment income	-	(3,541,674)	3,541,674
Other	-	36,449	(36,449)
Net Changes	5,332,859	(2,141,409)	7,474,268
<b>Balance at September 30, 2023</b>	<b>\$ 57,896,412</b>	<b>\$ 46,213,645</b>	<b>\$ 11,682,767</b>

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
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*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>
\$ 21,423,543	\$ 11,682,767	\$ 3,829,014

*Pension Plan Fiduciary Net Position:*

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

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

For the year ended September 30, 2023, the City recognized pension expense of \$3,039,540.

At September 30, 2023, 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	\$ 969,054	\$ 146,705
Difference between projected and actual investment earnings on pension plan investments	3,233,229	-
Changes of assumptions	33,974	-
Employer contributions subsequent to the measurement date	1,821,396	-
Total	\$ 6,057,653	\$ 146,705

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

\$1,821,396 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, 2024. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

September 30	<b>Amortization of Future Deferred (Inflows) Outflows of Resources</b>
2024	\$ 408,573
2025	985,690
2026	1,061,185
2027	1,523,040
2028	111,064
	\$ 4,089,552

***Allocation of Pension Items***

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

**Note 6: Postemployment Benefits Other Than Pensions**

***Plan Description***

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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

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

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

***Benefits Provided***

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

*Employees covered by benefit terms:*

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	0
Active employees	134
	138

***Total OPEB Liability***

The City’s total OPEB liability of \$602,925 (\$560,719 governmental activities and \$42,206 business-type activities) was measured as of December 31, 2022, and was determined by an actuarial valuation as December 31, 2022.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

*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	4.05% as of December 31, 2022 (1.84% as of December 31, 2021)
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 15 years; The City's explicit subsidies were assumed to increase in line with general inflation (2.50% per year).
Participation Rates	0% for employees who retire prior to the age of 50; 15% for employees who retire between ages 50 and 59; 40% for employees who retire between the ages of 60 and 64

*Discount Rate:*

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

*Changes in the Total OPEB Liability:*

	<b>Total OPEB Liability</b>
<b>Balance at October 1, 2022</b>	\$ 864,265
Changes for the year:	
Service cost	79,510
Interest (on the total OPEB liability)	16,363
Difference between expected and actual experience	(243,870)
Effect of assumptions changes (discount rate change)	(83,879)
Benefit payments, age adjusted premiums, net of retiree contributions	(29,464)
<b>Balance at September 30, 2023</b>	<b>\$ 602,925</b>

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

*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 4.05%. The following presents the OPEB liability using a discount rate of 1% higher and 1% lower than the current discount rate.

1% Decrease (3.05%)	Current Discount Rate Assumption (4.05%)	1% Increase (5.05%)
\$ 652,258	\$ 602,925	\$ 557,745

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

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$ 542,194	\$ 602,925	\$ 673,987

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$66,295.

At September 30, 2023, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 34,189	\$ 219,651
Changes of assumptions	74,366	173,005
Contributions subsequent to the measurement date	26,656	-
Total	\$ 135,211	\$ 392,656

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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, 2024.

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

September 30	<b>Amortization of Future Deferred (Inflows) Outflows of Resources</b>
2024	\$ (29,578)
2025	(29,578)
2026	(29,578)
2027	(29,578)
2028	(29,181)
Thereafter	(136,608)
	\$ (284,101)

***Allocation of OPEB Items***

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

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

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

The City has an agreement with the Trinity River Authority (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.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**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, 2023, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	\$ 12,120,813
Total cash and cash equivalents	\$ 12,120,813

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

**Capital and Lease Assets**

Capital and lease asset activity for the year ended September 30, 2023, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year
Component unit activities				
Capital and lease assets not being depreciated				
Land	\$ 3,153,106	\$ -	\$ -	\$ 3,153,106
Total capital assets not being depreciated	3,153,106	-	-	3,153,106
Capital and lease assets being depreciated/amortized				
Lease asset	2,389,721	-	-	2,389,721
Total capital assets being depreciated/amortized	2,389,721	-	-	2,389,721
Less accumulated depreciation/amortization				
Lease asset	(24,893)	(24,893)	-	(49,786)
Total accumulated depreciation/amortization	(24,893)	(24,893)	-	(49,786)
Total capital and lease assets being depreciated/amortized	2,364,828	(24,893)	-	2,339,935
REIDC capital and lease assets, net	\$ 5,517,934	\$ (24,893)	\$ -	\$ 5,493,041

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**Long-term Debt**

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2023, is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Component unit activities					
Sales tax revenue refunding bonds	\$ 5,425,000	\$ -	\$ (330,000)	\$ 5,095,000	\$ 340,000
Total REIDC	<u>\$ 5,425,000</u>	<u>\$ -</u>	<u>\$ (330,000)</u>	<u>\$ 5,095,000</u>	<u>\$ 340,000</u>

Sales Tax Revenue Bonds

The City issued Series 2018 Sales Tax Revenue Refunding Bonds in the amount of \$6,475,000, dated October 25, 2018, bearing interest rates of 3.00% to 4.35%. Proceeds from the sale of the Bonds will be used for the purpose of paying costs for (i) refund certain debt of the corporation (the "Refunded Bonds") for the debt service (ii) for paying costs of issuance of the Bonds. Debt service requirements of the sales tax revenue bonds for the years subsequent to September 30, 2023, are as follows:

Fiscal Year	Component Units		Total
	Principal	Interest	
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	395,000	156,150	551,150
2029-2033	2,230,000	521,669	2,751,669
2034-2035	1,035,000	68,078	1,103,078
	<u>\$ 5,095,000</u>	<u>\$ 1,510,415</u>	<u>\$ 6,605,415</u>

The following is a summary of pledged revenues of REIDC for the year ended September 30, 2023:

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	\$ 6,339,588	\$ 552,440	8.7%	\$ 6,605,415	Until 2035

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**Leases**

The REIDC has an agreement for a parking garage, the terms of which expire in 2117. During the fiscal year ended September 30, 2023, the REIDC did not recognize any rental expense for variable payments not previously included in the measurement of the leased asset.

**Note 10: AI & Lula Mae Slaughter Park Foundation**

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

**Cash and Investments**

Cash and investments for the Slaughter Park Foundation as of September 30, 2023, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	<u>\$ 477,634</u>
Total cash and cash equivalents	<u><u>\$ 477,634</u></u>

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

**Note 11: Tax Abatements**

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

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

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 Facilities Improvement Fund and REIDC at September 30, 2023.

For the fiscal year ended September 30, 2023, 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	\$ 951,087
Total	\$ 951,087

***Roanoke Economic Industrial Development Corporation (REIDC) Tax Abatements***

Agreements entered into by REIDC 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, REIDC has commitments outstanding to provide developer assistance for the related projects. Outstanding commitments at September 30, 2023, under agreements above were approximately \$286,580. No taxes were abated for the year ended September 30, 2023 by REIDC.

**Note 12: 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, the 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.

**City of Roanoke, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2023**

**Note 13: Subsequent Events**

On October 4, 2023, the City issued \$29,435,000 of Combination Tax & Revenue Certificates of Obligation Series 2023A and \$2,635,000 of Combination Tax and Revenue Certificates of Obligation Series 2023B. The interest rate on the Combination Tax & Revenue Certificates of Obligation Series 2023A is 5% and the maturity date is August 15, 2048. The interest rate on the Combination Tax and Revenue Certificates of Obligation Series 2023B is 5% and the maturity date is August 15, 2033.



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**Required Supplementary Information**



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# City of Roanoke, Texas

## Schedule of Changes in Net Pension Liability and Related Ratios

### Texas Municipal Retirement System

	Measurement Year								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
<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	\$ 2,605,166
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	3,575,214
Difference between expected and actual experience	347,631	939,244	759,690	63,042	(389,860)	(132,232)	360,185	(47,758)	952,488
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)	(1,800,009)
<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>5,332,859</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>52,563,553</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>\$ 57,896,412</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	\$ 2,269,614
Contributions – employee	591,201	654,047	682,453	682,122	721,346	752,233	788,452	845,808	924,755
Net investment income	919,497	27,222	1,370,636	3,278,442	(869,654)	4,661,309	2,773,250	5,374,758	(3,541,674)
Benefit payments, including refunds of employee contributions	(260,668)	(360,918)	(281,957)	(241,398)	(532,846)	(867,614)	(845,262)	(1,059,387)	(1,800,009)
Administrative expense	(9,596)	(16,575)	(15,459)	(16,965)	(16,769)	(26,262)	(17,907)	(24,796)	(30,544)
Other	(789)	(818)	(833)	(860)	(876)	(789)	(699)	169	36,448
<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>(2,141,410)</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>48,355,054</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>\$ 46,213,645</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>\$ 11,682,767</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	78.43%	73.57%	74.20%	80.96%	76.38%	84.21%	85.60%	91.99%	79.82%
<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>\$ 13,210,783</b>
<b>City's net pension liability as a percentage of covered payroll</b>	60.07%	77.89%	84.24%	69.93%	90.22%	63.61%	61.42%	34.83%	88.43%

**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	2023
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	\$ 2,443,889
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>	<u>2,443,889</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	\$ 14,231,373
Contributions as a percentage of covered payroll	15.50%	16.42%	16.78%	17.14%	17.44%	17.37%	17.43%	17.26%	17.17%

**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 23 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	2022
<b>Total OPEB liability:</b>					
Service cost	\$ 37,032	\$ 35,248	\$ 42,305	\$ 48,927	\$ 79,510
Interest (on the Total OPEB Liability)	23,099	26,097	22,207	18,646	16,363
Difference between expected and actual experience	-	16,965	24,464	8,407	(243,870)
Change in assumptions	(32,663)	49,872	63,111	(100,981)	(83,879)
Benefit payments, including refunds of employee contributions	(10,839)	(31,160)	(24,074)	(37,148)	(29,464)
<b>Net change in total OPEB liability</b>	16,629	97,022	128,013	(62,149)	(261,340)
<b>Total OPEB liability – beginning</b>	684,750	701,379	798,401	926,414	864,265
<b>Total OPEB liability – ending</b>	<u>\$ 701,379</u>	<u>\$ 798,401</u>	<u>\$ 926,414</u>	<u>\$ 864,265</u>	<u>\$ 602,925</u>
<b>Covered-employee payroll</b>	\$ 10,304,943	\$ 10,148,984	\$ 11,774,825	\$ 12,620,598	\$ 12,120,911
<b>City’s total OPEB liability as a percentage of covered-employee payroll</b>	6.81%	7.87%	7.87%	6.85%	4.97%

**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%
2022	4.05%

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).



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**City of Roanoke, Texas**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances**  
**Budget to Actual – General Fund**  
**For the Year Ended September 30, 2023**

	<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	\$ 6,067,377	\$ 6,067,377	\$ 5,791,728	\$ (275,649)
General sales tax	11,000,000	11,000,000	12,679,177	1,679,177
Gross receipts tax	2,154,867	2,154,867	1,622,133	(532,734)
Licenses and permits	556,800	556,800	477,560	(79,240)
Intergovernmental	-	-	152,411	152,411
Charges for services	1,583,952	1,583,952	1,841,836	257,884
Grants and contributions	1,700,000	1,700,000	13,063,559	11,363,559
Fines and fees	683,000	683,000	600,037	(82,963)
Investment income	15,000	15,000	666,296	651,296
Donations	-	-	69,490	69,490
Other revenue	75,000	75,000	618,852	543,852
Total revenues	<u>23,835,996</u>	<u>23,835,996</u>	<u>37,583,079</u>	<u>13,747,083</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,791,319	8,116,319	6,828,251	1,288,068
Public safety	9,572,572	9,572,572	9,882,450	(309,878)
Cultural and recreation	4,175,461	4,175,461	4,423,710	(248,249)
Public works	1,734,508	1,734,508	1,799,161	(64,653)
Debt service:				
Principal	43,248	43,248	33,183	10,065
Interest and fiscal charges	1,327	1,327	3,011	(1,684)
Capital outlay	1,224,632	1,224,632	948,977	275,655
Total expenditures	<u>24,543,067</u>	<u>24,868,067</u>	<u>23,918,743</u>	<u>949,324</u>
Excess of revenues over expenditures	<u>(707,071)</u>	<u>(1,032,071)</u>	<u>13,664,336</u>	<u>14,696,407</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	70,000	70,000	516,825	(446,825)
Transfers out	(834,112)	(834,112)	(834,112)	-
Total other financing sources (uses), net	<u>(764,112)</u>	<u>(764,112)</u>	<u>(301,428)</u>	<u>(462,684)</u>
Net changes in fund balances	(1,471,183)	(1,796,183)	13,362,908	14,233,723
<b>Fund Balances, Beginning of Year</b>	<u>14,472,063</u>	<u>14,472,063</u>	<u>14,472,063</u>	<u>-</u>
Change in accounting principle ( <i>Note 1</i> )	-	-	(2,239,239)	2,239,239
<b>Fund Balances, Beginning of Year, As Restated</b>	<u>14,472,063</u>	<u>14,472,063</u>	<u>12,232,824</u>	<u>2,239,239</u>
<b>Fund Balances, End of Year</b>	<u>\$ 13,000,880</u>	<u>\$ 12,675,880</u>	<u>\$ 25,595,732</u>	<u>\$ 14,233,723</u>

**\*Basis of budget is the same as GAAP.**

**City of Roanoke, Texas**  
**Schedule of Revenues, Expenditures, and Changes In Fund Balances**  
**Budget to Actual – Crime Control & Prevention District Fund**  
**For the Year Ended September 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General sales tax	\$ 5,500,000	\$ 5,500,000	\$ 6,069,703	\$ 569,703
Investment income	1,000	1,000	11,770	10,770
Other revenue	-	-	403	403
Total revenues	<u>5,501,000</u>	<u>5,501,000</u>	<u>6,081,876</u>	<u>580,876</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	2,439,995	(2,439,995)
Debt service:				
Principal	-	-	13,712	(13,712)
Interest and fiscal charges	-	-	789	(789)
Capital outlay	-	-	7,107	(7,107)
Total expenditures	<u>-</u>	<u>-</u>	<u>2,461,603</u>	<u>(2,461,603)</u>
Excess of revenues over expenditures	<u>5,501,000</u>	<u>5,501,000</u>	<u>3,620,273</u>	<u>(1,880,727)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
SBITAs issued	-	-	7,107	(7,107)
Transfers out	-	-	(711,000)	711,000
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>(703,893)</u>	<u>703,893</u>
Net changes in fund balances	5,501,000	5,501,000	2,916,380	(1,176,834)
<b>Fund Balances, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 5,501,000</u>	<u>\$ 5,501,000</u>	<u>\$ 2,916,380</u>	<u>\$ (1,176,834)</u>

**\*Basis of budget is the same as GAAP.**

## 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***

STREET CONSTRUCTION FUND – to account for street construction, street reconstruction and street overlay projects and the means of financing such improvements.

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, 2023**

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Hotel Motel	Briarwyck PID	Fire Grants	Police Grants	Police Seizure	Street Construction	Parks Construction	Computer Replacement	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 139,431	\$ 232,882	\$ 6,749	\$ 21,760	\$ 13,723	\$ 3,965,832	\$ 1,801,279	\$ 122,725	\$ 6,304,381
Accounts receivable	22,772	311	723,046	-	-	-	-	-	746,129
Total assets	<u>162,203</u>	<u>233,193</u>	<u>729,795</u>	<u>21,760</u>	<u>13,723</u>	<u>3,965,832</u>	<u>1,801,279</u>	<u>122,725</u>	<u>7,050,510</u>
<b>LIABILITIES</b>									
Accounts payable	-	-	45,370	-	-	288,802	11,050	-	345,222
Due to other funds	-	-	419,606	-	-	-	-	-	419,606
Other accrued liabilities	-	-	28,353	-	-	-	-	-	28,353
Total liabilities	<u>-</u>	<u>-</u>	<u>493,329</u>	<u>-</u>	<u>-</u>	<u>288,802</u>	<u>11,050</u>	<u>-</u>	<u>793,181</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue	-	311	-	-	-	-	-	-	311
Total deferred inflows of resources	<u>-</u>	<u>311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311</u>
<b>FUND BALANCES</b>									
Restricted									
Debt service	-	232,882	-	-	-	-	-	-	232,882
Capital projects	-	-	-	-	-	3,677,030	-	-	3,677,030
Tourism, convention centers, arts	162,203	-	-	-	-	-	-	-	162,203
Public safety	-	-	236,466	21,760	13,723	-	-	-	271,949
Parkland dedication	-	-	-	-	-	-	213,537	-	213,537
Committed	-	-	-	-	-	-	1,576,692	122,725	1,699,417
Total fund balances	<u>162,203</u>	<u>232,882</u>	<u>236,466</u>	<u>21,760</u>	<u>13,723</u>	<u>3,677,030</u>	<u>1,790,229</u>	<u>122,725</u>	<u>6,257,018</u>
Total liabilities and fund balances	<u>\$ 162,203</u>	<u>\$ 233,193</u>	<u>\$ 729,795</u>	<u>\$ 21,760</u>	<u>\$ 13,723</u>	<u>\$ 3,965,832</u>	<u>\$ 1,801,279</u>	<u>\$ 122,725</u>	<u>\$ 7,050,510</u>

**City of Roanoke, Texas**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2023**

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Hotel Motel	Briarwyck PID	Fire Grants	Police Grants	Police Seizure	Street Construction	Park Construction	Computer Replacement	
<b>REVENUES</b>									
Property taxes	\$ -	\$ 263,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,495
Gross receipts tax	144,716	-	-	-	-	-	-	-	144,716
Charges for services	-	-	-	-	-	-	-	-	-
Grants and contributions	-	-	789,109	13,263	-	-	1,690,704	-	2,493,076
Donations	-	-	21,000	-	-	-	-	-	21,000
Other revenue	500	13,731	-	-	-	-	-	-	14,231
Investment income	2,182	4,909	534	312	738	62,513	23,330	1,541	96,059
Total revenues	<u>147,398</u>	<u>282,135</u>	<u>810,643</u>	<u>13,575</u>	<u>738</u>	<u>62,513</u>	<u>1,714,034</u>	<u>1,541</u>	<u>3,032,577</u>
<b>EXPENDITURES</b>									
General government	-	-	-	-	-	-	-	67,734	67,734
Public safety	-	-	769,610	2,864	-	-	-	-	772,474
Cultural and recreation	-	-	-	-	-	-	14,000	-	14,000
Public works	-	-	-	-	-	102,434	-	-	102,434
Debt service:									
Principal	-	225,000	-	-	-	-	-	-	225,000
Interest and fiscal charges	-	20,314	-	-	-	-	-	-	20,314
Capital outlay	-	-	34,567	-	-	1,106,866	705,454	5,793	1,852,680
Total expenditures	<u>-</u>	<u>245,314</u>	<u>804,177</u>	<u>2,864</u>	<u>-</u>	<u>1,209,300</u>	<u>719,454</u>	<u>73,527</u>	<u>3,054,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>147,398</u>	<u>36,821</u>	<u>6,466</u>	<u>10,711</u>	<u>738</u>	<u>(1,146,787)</u>	<u>994,580</u>	<u>(71,986)</u>	<u>(22,059)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Issuance of long-term debt	-	-	-	-	-	2,730,000	-	-	2,730,000
Premium on issuance of debt	-	-	-	-	-	20,000	-	-	20,000
Transfers in	-	-	-	-	-	150,000	-	108,682	258,682
Transfers out	(138,100)	-	-	-	-	-	-	-	(138,100)
Total other financing sources (uses)	<u>(138,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,900,000</u>	<u>-</u>	<u>108,682</u>	<u>2,870,582</u>
Net change in fund balances	9,298	36,821	6,466	10,711	738	1,753,213	994,580	36,696	2,848,523
Fund balances, beginning of year	<u>152,905</u>	<u>196,061</u>	<u>230,000</u>	<u>11,049</u>	<u>12,985</u>	<u>1,923,817</u>	<u>795,649</u>	<u>86,029</u>	<u>3,408,495</u>
Fund balances, end of year	<u>\$ 162,203</u>	<u>\$ 232,882</u>	<u>\$ 236,466</u>	<u>\$ 21,760</u>	<u>\$ 13,723</u>	<u>\$ 3,677,030</u>	<u>\$ 1,790,229</u>	<u>\$ 122,725</u>	<u>\$ 6,257,018</u>

**FIDUCIARY FUNDS – CUSTODIAL FUNDS**

TROPHY CLUB COURTS COLLECTION – to account for court fines and fees collected on behalf of the Town of Trophy Club, Texas

SEIZED ASSETS – to account for funds seized from court cases that are held in escrow until judgment.



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**City of Roanoke, Texas**  
**Combining Statement of Fiduciary Net Position -**  
**Fiduciary Funds – Custodial Funds**  
**For the Year Ended September 30, 2023**

	Custodial Funds		
	Trophy Club Courts Collection	Seized Assets	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 96,924	\$ 41,413	\$ 138,337
Total assets	96,924	41,413	138,337
<b>LIABILITIES</b>			
Accrued expenses	96,924	-	96,924
Total liabilities	96,924	-	96,924
<b>NET POSITION</b>			
Restricted for individuals, organizations other governments	-	41,413	41,413
Total net position	\$ -	\$ 41,413	\$ 41,413

**City of Roanoke, Texas**  
**Combining Statement of Changes in Fiduciary Net Position -**  
**Fiduciary Funds – Custodial Funds**  
**For the Year Ended September 30, 2023**

	<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 governments	\$ 321,432	\$ -	\$ 321,432
Total additions	<u>321,432</u>	<u>-</u>	<u>321,432</u>
<b>DEDUCTIONS</b>			
Payments of fines and forfeitures to other governments	321,432	-	321,432
Seizures forfeited and returned to defendants	-	58,934	58,934
Total deductions	<u>321,432</u>	<u>58,934</u>	<u>380,366</u>
Net change in fiduciary net position	-	(58,934)	(58,934)
Net position, beginning of year	<u>-</u>	<u>100,347</u>	<u>100,347</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 41,413</u>	<u>\$ 41,413</u>

## **DISCRETELY PRESENTED COMPONENT UNITS**

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

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

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



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**City of Roanoke, Texas**  
**Balance Sheet**  
**Roanoke Economic Industrial Development Corporation**  
**September 30, 2023**

	<b>REIDC</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,120,813
Receivables:	
Sales taxes	1,128,424
Notes receivable	693,514
Prepaid lease	2,339,935
Prepaid expenses	7,500
Total assets	16,290,186
<b>LIABILITIES</b>	
Accounts payable	105,491
Total liabilities	105,491
<b>FUND BALANCES</b>	
Nonspendable	2,347,435
Restricted	13,837,260
Total fund balances	\$ 16,184,695

**City of Roanoke, Texas**  
**Reconciliation of the Balance Sheet**  
**to the Statement of Net Position**  
**Roanoke Economic Industrial Development Corporation**  
**September 30, 2023**

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

Total fund balance – governmental fund	\$ 16,184,695
Capital and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	5,493,041
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.	(49,293)
Prepaid lease is reported as a lease asset in the governmental activities.	(2,339,935)
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>(4,894,730)</u>
Net position of governmental activities	<u>\$ 14,393,778</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, 2023**

	<b>REIDC</b>
<b>REVENUES</b>	
Sales and use taxes	\$ 6,339,588
Investment income	501,515
Other payments	60,150
Contribution from primary government	125,000
Total revenues	7,026,253
<b>EXPENDITURES</b>	
Economic development	6,223,921
Debt service:	
Principal	330,000
Interest and fiscal charges	222,440
Total expenditures	6,776,361
Net change in fund balances	249,892
<b>Fund Balances, Beginning of Year</b>	15,934,803
<b>Fund Balances, End of Year</b>	\$ 16,184,695

**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, 2023**

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

Net change in fund balances – total governmental funds	\$ 249,892
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.	330,000
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>(21,550)</u>
Change in net position of governmental activities	<u><u>\$ 541,653</u></u>

**City of Roanoke, Texas**  
**Balance Sheet/Statement of Net Position**  
**Roanoke Community Economic Development Corporation**  
**September 30, 2023**

	<b>RCEDC</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
Receivables:	
Sales taxes	-
Total assets	\$ -
<b>LIABILITIES</b>	
Accounts payable	\$ -
Total liabilities	-
<b>FUND BALANCES/NET POSITION</b>	
Restricted	-
Total fund balances/net position	-
Total liabilities and fund balances/net position	\$ -

**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, 2023**

	<b>RCEDC</b>
<b>REVENUES</b>	
Sales and use taxes	\$ -
Investment income	-
Donations	-
Charges for services	-
Miscellaneous revenue	-
Total revenues	-
<b>EXPENDITURES</b>	
Economic development	10,038,559
Total expenditures	10,038,559
Net change in fund balances	(10,038,559)
<b>Fund Balances/Net Position, Beginning of Year</b>	10,038,559
<b>Fund Balances/Net Position, End of Year</b>	\$ -

**City of Roanoke, Texas**  
**Balance Sheet/Statement of Net Position**  
**Al and Lula Mae Slaughter Park Foundation**  
**September 30, 2023**

	<b>Slaughter Park</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 477,634
Total assets	477,634
<b>LIABILITIES</b>	
Accounts payable	-
Total liabilities	-
<b>FUND BALANCES/NET POSITION</b>	
Assigned/Unrestricted	477,634
Total fund balances/net position	477,634
Total liabilities and fund balances/net position	\$ 477,634

**City of Roanoke, Texas**  
**Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position**  
**Al and Lula Mae Slaughter Park Foundation**  
**For the Year Ended September 30, 2023**

	<b>Slaughter Park</b>
<b>REVENUES</b>	
Rents and royalties	\$ -
Investment income	6,244
Total revenues	6,244
<b>EXPENDITURES</b>	
General government	583
Total expenditures	583
Net change in fund balances/net position	5,661
<b>Fund Balances/Net Position, Beginning of Year</b>	471,973
<b>Fund Balances/Net Position, End of Year</b>	\$ 477,634



**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><u>Page</u></b>
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Financial Trends .....	91-95
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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 .....	96-99
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These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.

Debt Capacity .....	100-104
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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 .....	105-106
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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 .....	107-109
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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>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>2023</b>
<b>GOVERNMENTAL ACTIVITIES</b>										
Net investment in capital assets	\$ 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	\$ 34,235,167
Restricted	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	4,691,763
Unrestricted	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	24,619,306
Total governmental activities net position	<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>	<u>\$ 63,546,236</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net investment in capital assets	\$ 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	\$ 11,358,703
Restricted	422,658	627,433	332,828	383,356	615,313	616,619	368,075	-	-	-
Unrestricted	480,702	504,474	809,935	855,275	2,448,790	2,845,436	4,194,717	6,037,584	6,515,432	7,539,309
Total business-type activities net position	<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>	<u>\$ 18,898,012</u>
<b>PRIMARY GOVERNMENT ACTIVITIES</b>										
Net investment in capital assets	\$ 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	\$ 45,593,870
Restricted	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	4,691,763
Unrestricted	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	32,158,615
Total primary governmental activities net position	<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>	<u>\$ 82,444,248</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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>EXPENSES</b>										
Governmental activities										
General government	\$ 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	\$ 10,758,648
Public Safety	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	14,381,852
Cultural and recreation	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	5,591,010
Public works	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	4,204,424
Economic development	-	-	-	-	2,400,000	-	-	-	-	-
Interest and fiscal charges	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	1,255,421
Total governmental activities expenses	19,214,294	22,039,867	24,357,200	25,495,270	28,326,163	29,762,671	28,500,403	29,327,287	30,365,849	36,191,355
Business-type activities										
Water and Wastewater	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	7,855,793
Sanitation	23,747	20,294	10,012	11,357	8,666	9,236	5,489	-	-	-
Total business-type activities expenses	6,287,830	6,634,802	6,873,257	6,953,524	7,131,243	6,758,477	6,718,568	6,467,895	7,695,537	7,855,793
Total primary government expenses	\$ 25,502,124	\$ 28,674,669	\$ 31,230,457	\$ 32,448,794	\$ 35,457,406	\$ 36,521,148	\$ 35,218,971	\$ 35,795,182	\$ 38,061,386	\$ 44,047,148
<b>PROGRAM REVENUES</b>										
Governmental activities										
Charges for Services:										
General government	\$ 18,100	\$ 6,330	\$ 9,154	\$ 10,830	\$ 11,438	\$ 18,233	\$ 6,778	\$ 7,119	\$ 9,543	\$ 82,849
Public Safety	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	1,495,479
Cultural and recreation	693,895	744,977	763,934	770,864	824,589	817,901	394,683	436,929	702,533	740,044
Public works	1,088,105	1,307,092	957,280	776,467	1,280,477	1,629,848	1,002,646	584,600	922,855	477,560
Operating grants and contributions	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	15,886,175
Capital grants and contributions	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	6,708,146	8,752,337	10,168,589	7,831,751	11,059,137	8,245,780	8,445,948	8,987,143	9,143,675	18,682,107
Business-type activities										
Charges for Services										
Water and Wastewater	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	8,608,046
Sanitation	890	940	1,189	1,515	1,740	-	4,000	-	-	-
Capital grants and contributions	828,910	1,240,987	1,022,686	550,717	1,359,886	536,086	466,292	615,490	-	146,733
Total business-type activities program revenues	6,125,507	7,149,542	7,623,514	7,089,355	9,612,570	7,505,561	8,054,677	8,089,386	8,273,084	8,754,779
Total primary government program revenues	\$ 12,833,653	\$ 15,901,879	\$ 17,792,103	\$ 14,921,106	\$ 20,671,707	\$ 15,751,341	\$ 16,500,625	\$ 17,076,529	\$ 17,416,759	\$ 27,436,886
<b>Net (Expenses) Revenue</b>										
Governmental activities	\$ (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)	\$ (17,509,248)
Business-type activities	(162,323)	514,740	750,257	135,831	2,481,327	747,084	1,336,109	1,621,491	577,547	898,986
Total primary government net expense	\$ (12,668,471)	\$ (12,772,790)	\$ (13,438,354)	\$ (17,527,688)	\$ (14,785,699)	\$ (20,769,807)	\$ (18,718,346)	\$ (18,718,653)	\$ (20,644,627)	\$ (16,610,262)

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

**Table 2**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>GENERAL REVENUES</b>										
<b>AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities										
Taxes										
Property taxes	\$ 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	\$ 11,174,255
Sales taxes	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	18,748,880
Gross receipt taxes	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	1,766,849
Other taxes	44,238	56,412	69,428	75,488	110,225	129,474	102,385	136,334	158,036	152,411
Investment income	8,942	6,892	15,332	38,446	62,693	88,172	22,334	3,203	59,536	924,289
Gain on sale of assets	-	39,199	16,829	111,574	205,466	70,999	64,339	-	-	94,717
Grants not restricted to specific project	-	-	-	-	-	-	-	-	769,715	-
Miscellaneous	515,239	485,259	491,417	532,932	673,304	606,393	610,652	426,844	485,062	644,684
Transfers	(48,290)	(92,073)	447,014	73,491	73,651	158,493	153,741	496,524	535,728	484,622
Total governmental activities	<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>	<u>33,990,707</u>
Business-type activities										
Impact Fees	-	-	-	-	-	-	-	-	-	-
Investment income	881	493	1,415	2,836	9,428	24,715	7,812	1,677	36,655	246,696
Gain on sale of assets	1,000	-	-	5,854	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	102,482	100,699
Transfers	48,290	92,073	(447,014)	(73,491)	(73,651)	(158,493)	(153,741)	(496,524)	(535,728)	(484,622)
Total business-type activities	<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>	<u>(137,227)</u>
Total primary government	<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>	<u>\$ 33,853,480</u>
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ 1,984,691	\$ 965,495	\$ 2,263,483	\$ (652,429)	\$ 1,160,001	\$ (2,100,017)	\$ 486,973	\$ 2,421,473	\$ 5,062,768	\$ 16,481,459
Business-type activities	(112,152)	607,306	304,658	71,030	2,417,104	613,306	1,190,180	1,126,644	180,956	761,759
Total primary government	<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>	<u>\$ 17,243,218</u>

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

**Table 3**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>GENERAL FUND</b>										
Nonspendable	\$ 90,327	\$ 38,254	\$ 115,973	\$ 25,592	\$ 89,315	\$ 584,059	\$ 2,152,756	\$ 2,392,470	\$ 332,012	\$ 214,389
Restricted	241,990	379,182	335,365	592,812	591,409	472,231	266,930	284,513	278,988	296,086
Committed	10,868	11,810	8,820	8,820	9,261	4,631	4,793	4,889	-	4,804
Assigned	2,598,030	630,375	642,581	750,000	-	-	-	-	-	-
Unassigned	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	25,080,453
Total general fund	<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>	<u>\$ 25,595,732</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Nonspendable	\$ -	\$ 1,200	\$ -	\$ -	\$ 500	\$ 1,005,935	\$ -	\$ -	\$ -	\$ -
Restricted	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	8,072,707
Committed	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	5,070,369
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(701,451)	(1,778,205)	-	(1,420,796)	-
Total all other governmental funds	<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>	<u>\$ 13,143,076</u>

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

**Table 4**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUES</b>										
Property taxes	\$ 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	\$ 11,056,657
Sales taxes	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	18,748,880
Gross receipts tax	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	1,766,849
Licenses and permits	1,088,105	1,307,092	957,280	776,467	1,280,477	1,629,848	1,002,646	584,600	922,855	477,560
Intergovernmental	44,238	56,412	69,428	75,488	110,225	129,474	102,385	136,334	158,036	152,411
Charges for services	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	1,841,836
Grants and contributions	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	15,795,685
Fines and fees	791,614	1,265,612	1,052,309	804,726	883,479	707,933	573,173	748,830	663,388	600,037
Investment income	8,942	6,892	15,332	38,446	62,693	88,172	22,334	3,203	59,536	924,289
Donations	49,671	48,308	32,021	23,695	12,125	13,235	7,503	10,931	5,555	90,490
Other revenue	499,417	535,259	541,417	582,932	723,304	621,959	606,704	426,844	276,332	644,684
Total revenues	<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>	<u>52,099,378</u>
<b>EXPENDITURES</b>										
General government	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	7,097,529
Public safety	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	13,094,919
Cultural and recreation	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	4,437,710
Public works	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	1,901,595
Economic Development	-	-	-	-	2,400,000	-	-	-	-	-
Debt service:										
Principal	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	4,522,331
Interest and fiscal charges	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	1,478,771
Bond issuance costs	173,253	223,469	157,732	253,096	144,728	190,532	-	204,749	170,085	209,616
Capital outlay	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	5,939,799
Total expenditures	<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>	<u>38,682,270</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>13,417,108</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	6,695,000
SBITAs issued	-	-	-	-	-	-	-	-	-	22,966
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	287,301	792,026	538,994	330,672	531,770	329,434	-	1,027,876	475,078	266,563
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	98,353
Transfers in	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	2,227,493
Transfers out	(962,589)	(3,023,701)	(1,870,500)	(1,815,403)	(1,408,429)	(616,238)	(1,082,460)	(777,581)	(1,231,169)	(1,742,871)
Total other financing sources	<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>	<u>7,567,504</u>
Net change in fund balances	<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>	<u>\$ 20,984,612</u>
Debt service as a percentage of noncapital expenditures	19%	18%	18%	19%	19%	20%	21%	20%	19%	18%

**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						
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%
2023	766,369,771	929,858,103	2,390,534,892	(739,747,022)	3,347,015,744	0.33978	3,347,015,744	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.  
Taxrates 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
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
2023	0.18235	0.15743	0.33978	1.27460	0.21754	0.22400

**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 2023			Fiscal Year 2014		
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.	\$ 271,000,980	8.00%	Amerisource Bergin	\$ 119,030,688	9.42%
Amerisource Bergin	189,183,720	5.65%	Bell Helicopter Textron	102,138,689	8.08%
Cardinal Health 110 LLC	112,892,442	3.37%	Mid America Apartments, LP	46,925,475	3.71%
WW Grainger Inc.	82,178,706	2.46%	WW Grainger Inc	46,416,148	3.67%
AT Industrial 4 Holdco,LP	78,880,800	2.36%	AT Industrial Owner 4, LLC	44,827,927	3.55%
Mid Ameica Apartments LP	78,500,000	2.35%	Citicorp Technology Inc.	44,145,409	3.49%
Mid Ameica Apartments LP	72,675,001	2.17%	AT Industrial Owner 7, LLC	17,746,028	1.40%
IBM Credit	70,057,260	2.09%	IBM Credit, LLC	36,990,237	2.93%
AT Industrial 7 Holdco,LP	63,638,005	1.90%	Behr Process Corp	32,356,693	2.56%
Enclave Roanoke City Center LP	63,436,417	1.90%	Cardinal Health 411 Inc	31,370,417	2.48%
<b>Total Assessed Value of Top Ten Taxpayers</b>	<b>1,082,443,331</b>	<b>32.24%</b>	<b>Total Assessed Value of Top Ten Taxpayers</b>	<b>\$ 521,947,711</b>	<b>41.30%</b>
<b>Total Assessed Value of Other Taxpayers</b>	<b>2,264,572,413</b>	<b>67.66%</b>	<b>Total Assessed Value of Other Taxpayers</b>	<b>741,963,213</b>	<b>58.70%</b>
<b>Total Assessed Value</b>	<b>\$ 3,347,015,744</b>	<b>99.90%</b>	<b>Total Assessed Value</b>	<b>\$ 1,263,910,924</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	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections		Delinquent Taxes	
				Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
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%	14,059	7,390,070	99.97%	2,472	0.03%
2019	7,940,832	(47,514)	7,893,318	7,928,393	100.44%	(38,921)	7,889,472	99.95%	3,846	0.05%
2020	8,711,001	10,384	8,721,385	8,691,055	99.65%	24,003	8,715,058	99.93%	6,327	0.07%
2021	9,532,802	(20,482)	9,512,320	9,509,795	99.97%	(7,493)	9,502,302	99.89%	10,018	0.11%
2022	10,130,941	-	10,130,941	10,118,738	99.88%	1,027	10,119,765	99.89%	11,176	0.11%
2023	10,920,582	-	10,920,582	10,792,299	98.83%	-	10,792,299	98.83%	128,283	1.17%

**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				
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	
2023	9,750,730	26,860,000	520,000	-	2,129,360	82,181	1,879,270	76,684	404,519	-	41,702,744	7.49%	3,924	

**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

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

**Table 10**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Net Premium / (Discount) on Bonds (a)</b>	<b>Gross Bonded Debt</b>	<b>Debt Service Monies Available</b>	<b>Net Bonded Debt</b>	<b>Estimated Population (1)</b>	<b>Taxable Assessed Value (2)</b>	<b>Debt to Taxable Assessed Value</b>	<b>Net Debt Per Capita</b>
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
2023	9,750,730	26,860,000	2,129,360	38,740,090	605,598	38,134,492	10,628	3,347,015,744	1.14%	3,588

**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>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>2023</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>	<u>0.33978</u>								
Available Tax Rate	<u>\$ 2.12488</u>	<u>\$ 2.16022</u>								

**City of Roanoke, Texas**  
**Direct And Overlapping Governmental Activities Debt**  
**As of September 30, 2023 (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	\$ 624,655,000	2.34%	\$ 14,616,927
Tarrant County	376,120,000	0.06%	225,672
Tarrant County Hospital District	448,410,000	0.06%	269,046
Tarrant County College District	591,230,000	0.06%	354,738
Northwest Independent School District	<u>1,807,155,334</u>	10.60%	<u>191,558,465</u>
Subtotal, overlapping debt	<u>3,847,570,334</u>		<u>207,024,848</u>
<b>City of Roanoke (Direct Debt)</b>	<u>\$ 39,342,271</u>	100.00%	<u>39,342,271</u>
<b>Total Direct and Overlapping Debt</b>			<u>\$ 246,367,119</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, 2023.

(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**

<b>Water and Sewer Revenue Bonds</b>					
<b>Less:</b>					
<b>Fiscal Year</b>	<b>Total Revenues (a)</b>	<b>Operating Expenses (b)</b>	<b>Net Available Revenue</b>	<b>Annual Requirement (c)</b>	<b>Times Coverage</b>
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
2023	8,854,742	6,920,823	1,933,919	392,388 (d)	4.93

**Note:**

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

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

**Table 14**

Fiscal Year	Estimated Population (a)	Per Capita Personal Income (b)	Personal Income	Median Age (b)	Median Household Income (b)	School Enrollment (c)	Unemployment Rate (d)
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%
2023	10,628	52,378	556,673,384	36.5	113,171	29,150	3.1%

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

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

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

**Table 15**

2023		2014	
Employer	Employees	Employer	Employees
General Motors Corporation	460	WW Grainger	250-500
WW Grainger	450	Martin Bower	250-500
Martin Brower	450	Randall's/Tom Thumb	250-500
Walmart	400	Walmart	200-400
Randall's/Tom Thumb	360	Home Depot	200-400
Home Depot	325	Bridgestone/Firestone	100-250
Cardinal Health	270	Excel/Lego Systems Inc.	100-250
Amerisource Bergen	260	Saddle Creek Logistics	100-250
Behr Process Corp	240	Heritage Bag	100-250
Heritage Bag	210	Amerisource Bergen	100-250

**Source:** Hillwood Development Company, LLC

**Note:** 2023 total employees listed by employer are estimates. Total employment information is unavailable for both 2023 and 2014.

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

**Table 16**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Function/Program</b>										
Administration	12.50	10.50	10.50	11.50	11.50	12.00	13.00	12.00	14.50	14.50
Visitor Center and Museum	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.50	2.00	2.00
Building Inspection	4.00	4.00	5.50	5.50	5.50	5.50	5.50	5.50	4.00	4.00
Fire & EMS	19.00	20.00	20.00	21.00	21.00	23.00	26.00	26.00	29.00	29.00
Municipal Court	3.00	3.00	3.00	3.00	3.50	4.50	4.50	4.50	4.50	4.50
Streets	5.00	5.00	7.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Police	42.00	43.00	43.00	44.50	44.50	46.50	47.50	46.50	47.50	47.50
Library	7.50	7.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Parks and Recreation	25.25	25.25	25.75	26.25	26.25	26.50	26.50	26.50	26.50	26.50
Water/wastewater	10.00	12.00	9.00	9.00	9.00	13.50	14.50	14.50	16.00	16.00
<b>Total</b>	<b>132.00</b>	<b>134.00</b>	<b>136.50</b>	<b>141.50</b>	<b>142.00</b>	<b>152.00</b>	<b>158.00</b>	<b>156.00</b>	<b>161.00</b>	<b>161.00</b>

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

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

**Table 17**

<u>Function/Program</u>	<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>2023</b>
<b>Police</b>										
Number of police personnel	42	43	43	45	45	47	48	47	48	48
Number of citations	7,134	10,060	7,394	5,381	8,222	7,014	5,721	5,745	5,293	4,840
<b>Fire</b>										
Number of fire personnel	19	20	20	21	21	23	26	26	29	29
Number of fire suppression runs	665	696	822	935	846	841	881	1,175	1,108	837
Number of EMS runs	687	730	707	807	780	862	834	1,266	1,182	1,214
<b>Development</b>										
Construction permits issued (a)	327	368	292	304	368	165	134	65	296	415
<b>Public Works</b>										
Streets paved (miles)	19.60	24.08	25.27	25.27	50.25	50.25	50.25	50.25	50.25	50.25
<b>Parks Maintenance</b>										
Number of parks maintenance personnel	25	25	26	26	26	27	27	27	27	27
Number of acres maintained	56	56	56	80	80	80	112	112	112	112
Public parks	10	10	10	11	11	11	11	11	11	11
<b>Library</b>										
Number of volumes (b)	37,348	39,332	41,367	40,721	39,815	39,921	40,010	35,500	36,412	46,734
Annual circulation	110,382	107,215	113,048	108,560	111,984	126,493	73,796	71,334	82,148	106,953
<b>Water and wastewater</b>										
Number of water customers	2,297	2,377	2,559	2,670	2,810	2,945	2,995	3,136	3,154	3,194
Daily average consumption (million gallons)	1.69	1.62	1.63	1.55	1.72	1.62	1.70	1.73	1.65	1.46
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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	2
Public Works										
Streets paved (miles)	19.60	24.08	25.27	25.27	50.25	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	0.5	0.5	0.5
Streetlights	230	286	297	297	317	317	317	317	317	318
Parks and Recreation										
Park Acreage	210	210	210	210	210	210	240	240	240	240
Public parks	10	10	10	11	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	2	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)	22.51	25.69	27.72	27.88	30.43	30.82	31.54	32.79	32.79	32.79
Fire Hydrants	293	531	577	583	611	611	615	615	615	615
Storm sewer (miles)	1.87	3.68	4.67	4.75	7.39	7.34	7.73	7.88	7.88	7.88
Sanitary sewer (miles)	18.49	20.82	21.84	21.84	23.66	23.83	24.02	24.05	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, 2023, 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 29, 2024, 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 29, 2024**



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