
City of Roanoke *Texas*

Comprehensive Annual Financial Report



The City of Roanoke Fire Station
Completed November 2008

*For Fiscal Year
Ended September 30, 2008*



CITY OF ROANOKE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2008

AS PREPARED BY THE
FINANCE DEPARTMENT



Roanoke

Rising Star of the Metroplex

**CITY OF ROANOKE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2008**

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February 26, 2009

Honorable Mayor and City Council,
City Manager,
Citizens of the City of Roanoke:

The Comprehensive Annual Financial Report (CAFR) of the City of Roanoke, Texas (the City), for the fiscal year ended September 30, 2008, is submitted herewith. The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe the enclosed data is accurate and presented in a manner designed to present fairly the financial position and results of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Management discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Roanoke, incorporated in 1933, is located in Denton County and is 23 miles north of Fort Worth and 30 miles west of Dallas. The City of Roanoke currently occupies a land area of 6.5 square miles and serves a population of approximately 6,400. 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 Council is comprised of a mayor and six members and is responsible for enacting ordinances and resolutions, adopting the budget, and regulations governing the City. The City Council hires the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis. The mayor and council members serve two-year terms. The six council members are elected by ward, and the mayor is elected at large.

The City provides a full range of services. These include police, fire, emergency ambulance service, library, parks and recreation, visitor center and museum, water, sewer, refuse collection and disposal, street maintenance, community development (planning and zoning), public improvements, and general administrative services.

The financial reporting entity (the government) includes all funds of the primary government (i.e. the City of Roanoke), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are legally separate entities and not part of the primary government's operations. The Roanoke Economic Industrial Development Corporation (REIDC) and the Roanoke Economic Community Development Corporation (REDC) are included in the financial statements as discretely presented component units.

The annual budget serves as the foundation for the City of Roanoke's financial planning and control. All departments are required to submit to the City Manager, requests for appropriation, no later than June 1. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council by July 15. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Roanoke's fiscal year. Budgetary control is maintained at the fund level. Transfers of appropriations within a department and within funds may be made with approval of the City Manager. Transfers between funds or additional appropriation require the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

LOCAL ECONOMY

The City of Roanoke is enjoying a favorable economic environment even with the recent downturn in the national economy. Companies are continuing to find Roanoke to be a prime location in which to set up operations. The City of Roanoke has been successful in recruiting several Fortune 50 and Fortune 500 companies, creating jobs and significantly expanding the local tax base.

Major capital improvement projects include **facility projects** –new Fire Station, **street and drainage projects** – downtown Oak Street reconstruction, Marshall Creek Phase I subdivision street improvements; **parks and recreation projects** – soccer complex; **water and sewer projects** –elevated storage tank, various water/sewer lines and mains.

LONG-TERM FINANCIAL PLANNING

Unreserved, undesignated fund balance in the general fund is \$3,006,162 (23.56% of total general fund revenues). The Charter requires that the City strive to maintain a minimum fund balance reserve equal to two months (16%) of the total operating revenues of the general fund.

The City of Roanoke has a five-year capital improvement plan. Major capital improvement plans for the next five years include: **street and drainage projects** – Oak Street reconstruction, citywide drainage and concrete improvements, railroad quiet zones and Marshall Creek Phase II – IV subdivision street improvements, **parks and recreation projects** – soccer complex, **water and sewer projects** – 1.5 mg elevated tank, waterline improvement program and repainting of water towers..

OTHER INFORMATION

The City is required to have its records and accounts audited annually. The City Council selected the firm of Haynes and Associates, Certified Public Accountants. The independent auditor's opinion has been included in this report.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificated of Achievement for Excellence in Financial Reporting to the City of Roanoke for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This is the third consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished on a timely basis without the assistance of the entire staff of the Finance and Administration Departments and our independent auditor. I would like to express my sincere appreciation to those persons who have made possible the publication of this report. I would also like to thank the City Manager and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully Submitted,



Debra L. Wallace
Assistant City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Roanoke
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

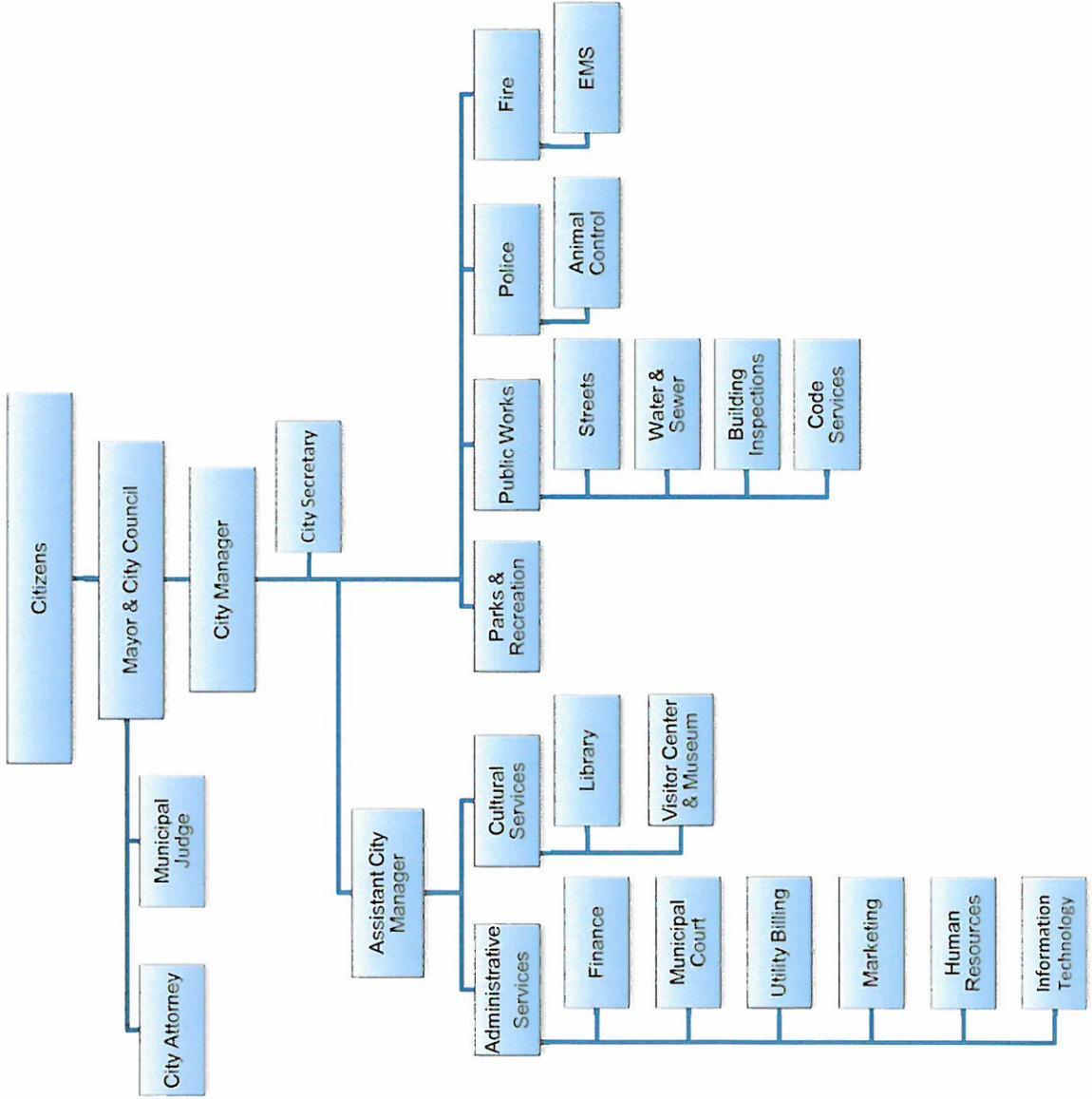
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

City of Roanoke FY 2007-2008



CITY OF ROANOKE, TEXAS CITY OFFICIALS

CITY COUNCIL

Carl E. Gierisch, Jr., Mayor
Brian Darby
Steve Heath
Holly McPherson
Victor Molaschi
Melvin Smith
Kevin Stillwell

CITY MANAGER

Jimmy Stathatos

ASSISTANT CITY MANAGER

Debra L. Wallace

Haynes & Associates, P.C.
Certified Public Accountants
405 North Oak Street
Roanoke, Texas 76262
817-491-1300

Independent Auditor's Report

Members of the City Council
City of Roanoke, Texas
108 S. Oak Street
Roanoke, Texas 76262

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Roanoke, Texas (the City) as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administrators. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Roanoke, Texas as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management

regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise City of Roanoke, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Charles Haynes, CPA".

Haynes and Associates, P.C.
February 26, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Roanoke, we offer readers of the City of Roanoke's financial statements this narrative overview and analysis of the financial activities for the City of Roanoke for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – iii of this report.

I. FINANCIAL HIGHLIGHTS

- The assets of the City of Roanoke exceeded its liabilities at the close of the most recent fiscal year by \$25,285,642 (net assets).
- The government's total net assets increased by \$7,181,019. The increase is a combination of an increase in revenues due to growth commercial properties and sales tax revenues and an increase in capital assets due to the consolidation of the town of Marshall Creek and the addition of infrastructure for the Briarwyck subdivision.
- As of the close of the current fiscal year, the City of Roanoke's governmental funds reported combined ending funds balances of \$16,656,568. Approximately, 20% of this amount, \$3,308,266, is available for spending at the government's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$3,006,162, or 23.56% (86 days) of total general fund revenues.
- The City of Roanoke's total liabilities increased by \$6,726,288 during the current fiscal year. The City issued combination tax and revenue certificates of obligation totaling \$5,390,000 for capital improvements and \$2,500,000 in special assessment bonds for the Briarwyck PID improvements during fiscal year ended September 30, 2008.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to service as an introduction to the City of Roanoke's basic financial statements. The City of Roanoke's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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 assets presents information on all of the City of Roanoke's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 government's net assets changed during the recent fiscal year. All changes in net assets 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 these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). Both the statement of net assets and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Assets and the Statement of Activities, the city is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including administrative, development, fire, police, library, parks and public works. Property taxes, sales taxes, hotel occupancy taxes, franchise fees, license and permit fees finance most of these

activities.

- Business-type activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and wastewater system and sanitation are reported here.
- Component units – The City includes two separate legal entities in its report – the Roanoke Economic Industrial Development Corporation and Roanoke Economic Community Development Corporation. Although legally separate, these component units are important because the City is financially accountable for them.

Fund financial statements. A fund is a grouping of related 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 of Roanoke can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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, readers may better understand the long-term impact of the government's near-term financing decision. 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 of Roanoke maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt service fund, Facilities improvement fund, Street construction fund, Park construction fund and the Briarwyck PID fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Roanoke adopts an annual appropriated budget for its general fund and debt service fund. Budgetary comparison statements are provided for the general fund and the debt service fund to demonstrate compliance with the budget.

Proprietary funds. 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 Assets and the Statement of Activities. There are two types of proprietary funds: enterprise funds and internal service funds. The City does not utilize any internal service funds. The City of Roanoke currently has only two enterprise funds, the Water and Wastewater fund and the Sanitation fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section.

Other information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City of Roanoke's progress in funding its obligation to provide pension benefits to its employees.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Roanoke, assets exceed liabilities by \$25,285,642 at the close of the most recent fiscal year. On of the largest portion of the City's net assets (\$8,279,814, or 32.7%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment); less any related 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. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

| | Net Assets | | | | | |
|---|----------------------------|---------------------|-----------------------------|--------------------|---------------------|---------------------|
| | Governmental Activities | | Business Type Activities | | Total | |
| | FY2008 | FY2007 | FY2008 | FY2007 | FY2008 | FY2007 |
| Current and other assets | \$17,971,276 | \$13,624,822 | \$3,977,793 | \$4,561,821 | \$21,949,069 | \$18,186,643 |
| Capital assets | 28,967,207 | 22,020,831 | 12,555,206 | 9,356,701 | 41,522,413 | 31,377,532 |
| Total Assets | 46,938,483 | 35,645,653 | 16,532,999 | 13,918,522 | 63,471,482 | 49,564,175 |
| Long term liabilities outstanding | 29,057,772 | 22,503,539 | 7,147,836 | 6,778,963 | \$36,205,608 | \$29,282,502 |
| Other liabilities | 1,314,708 | 1,361,529 | 665,524 | 815,521 | 1,980,232 | 2,177,050 |
| Total Liabilities | 30,372,480 | 23,865,068 | 7,813,360 | 7,594,484 | 38,185,840 | 31,459,552 |
| NET ASSETS | | | | | | |
| Invested in capital assets (net of related debt) | 2,811,859 | 1,469,813 | 5,467,955 | 5,516,230 | 8,279,814 | 6,986,043 |
| Restricted | 13,257,088 | 10,177,592 | 2,727,722 | 912,705 | 15,984,810 | 11,090,297 |
| Unrestricted | 497,056 | 133,180 | 523,962 | (104,897) | 1,021,018 | 28,283 |
| Total Net Assets | \$16,566,003 | \$11,780,585 | \$8,719,639 | \$6,324,038 | \$25,285,642 | \$18,104,623 |

An additional portion of the City of Roanoke's net assets (\$15,984,810, or 63.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets generally is used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported a positive balance in all three categories of net assets, for the government as a whole and for its separate government and business-type activities.

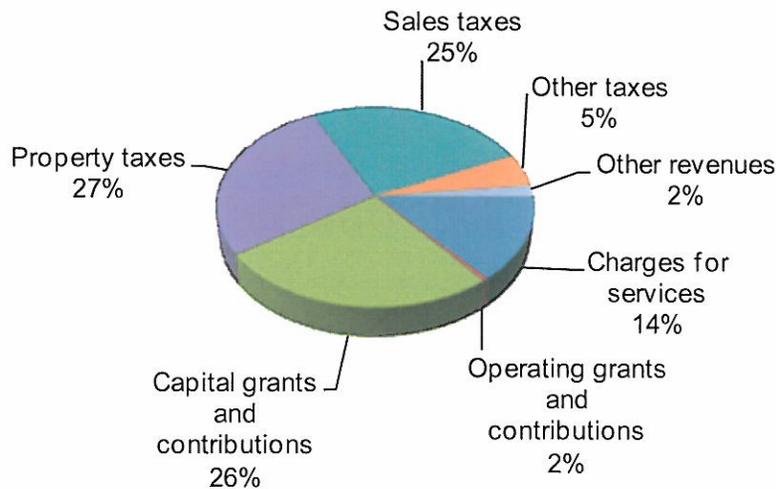
The City's net assets increased by \$7,181,019 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have exceeded similar increases in ongoing expenses. The key element of this increase is as follows:

Changes in Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | FY2008 | FY2007 | FY2008 | FY2007 | FY2008 | FY2007 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$2,412,117 | \$1,795,879 | \$3,293,431 | \$2,204,357 | \$5,705,548 | \$4,000,236 |
| Operating grants and contributions | 87,799 | 147,663 | 0 | 0 | 87,799 | 147,663 |
| Capital grants and contributions | 4,564,206 | 2,458,161 | 2,597,804 | 340,000 | 7,162,010 | 2,798,161 |
| General revenues: | | | | | | |
| Property taxes | 4,765,642 | 3,517,747 | 0 | 0 | 4,765,642 | 3,517,747 |
| Other taxes | 5,283,978 | 4,406,325 | 0 | 0 | 5,283,978 | 4,406,325 |
| Other revenues | 325,769 | 606,707 | 139,849 | 48,025 | 465,618 | 654,732 |
| Total revenues | \$17,439,511 | \$12,932,482 | \$6,031,084 | \$2,592,382 | \$23,470,595 | \$15,524,864 |
| Expenses: | | | | | | |
| General government | \$2,034,964 | \$1,508,488 | \$0 | \$0 | \$2,034,964 | \$1,508,488 |
| Fire and EMS | 2,089,902 | 1,989,849 | 0 | 0 | 2,089,902 | 1,989,849 |
| Municipal Court | 204,070 | 215,138 | 0 | 0 | 204,070 | 215,138 |
| Police | 3,475,674 | 3,113,820 | 0 | 0 | 3,475,674 | 3,113,820 |
| Library | 457,318 | 370,849 | 0 | 0 | 457,318 | 370,849 |
| Parks and recreation | 2,376,314 | 2,122,776 | 0 | 0 | 2,376,314 | 2,122,776 |
| Public works | 952,068 | 885,933 | 0 | 0 | 952,068 | 885,933 |
| Interest on long-term debt | 862,460 | 1,109,311 | 0 | 0 | 862,460 | 1,109,311 |
| Water/Wastewater | 0 | 0 | 3,804,237 | 3,422,882 | 3,804,237 | 3,422,882 |
| Sanitation | 0 | 0 | 32,569 | 31,920 | 32,569 | 31,920 |
| Total expenses | \$12,452,770 | \$11,316,164 | \$3,836,806 | \$3,454,802 | \$16,289,576 | \$14,770,966 |
| Increase (decrease) in net assets before transfers | 4,986,741 | 1,616,318 | 2,194,278 | (862,420) | 7,181,019 | 753,898 |
| Transfers | (201,323) | (218,076) | 201,323 | 218,076 | 0 | 0 |
| Increase in net assets | 4,785,418 | 1,398,242 | 2,395,601 | (644,344) | 7,181,019 | 753,898 |
| Net Assets - Beginning | 11,780,585 | 10,382,343 | 6,324,038 | 6,968,382 | 18,104,623 | 17,350,725 |
| Net Assets - Ending | \$ 16,566,003 | \$ 11,780,585 | \$ 8,719,639 | \$ 6,324,038 | \$ 25,285,642 | \$ 18,104,623 |

Governmental activities. The following chart illustrates the City's revenue by sources for governmental activities.

Revenues by Source - Governmental Activities



Revenues for the City's governmental activities increased by \$4,507,029 or 35% to \$17,439,511.

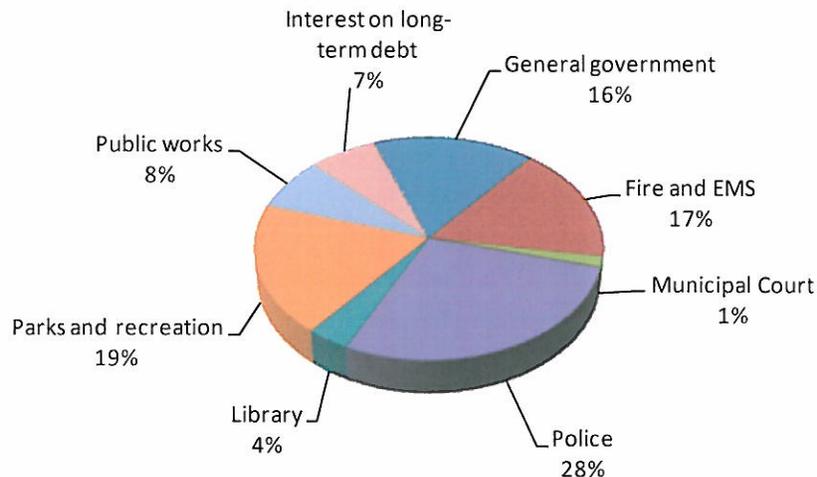
Major components of the increases are explained as follows:

- Capital grants and contributions increased by \$2,106,045 or 86% to \$4,564,206. This was primarily due to the developer contribution \$1,925,988 for the Briarwyck subdivision.
- Property taxes increased by \$1,247,895 or 35% to \$4,765,642. This was due to an increase in property tax base and assessed value.
- Sales taxes, which increased by \$739,970 or 20% to \$4,377,361. This was due to an increase in retail businesses.
- Charges for services, increased by \$616,238 or 34% to \$2,412,117. This was primarily due to an increase in building permits issued for residential properties.

Expenses for governmental activities increased by \$1,136,606 or 10% to \$12,452,770. Major components of the increases are explained as follows:

- Legal and associated expenses related to the consolidation of the Town of Marshall Creek with the City of Roanoke, as well as the City holding a charter election \$415,000 increase.
- Operational expenses for the new Roanoke Visitor Center and Museum \$80,000 increase.
- Fuel and power expenses increased \$120,000 due to increased natural gas prices.
- Additional staffing expenses in various departments: Police Department \$135,000, Parks Maintenance \$65,000, Recreation Center \$45,000 and Administration \$37,000.
- Increase in payments to program instructors at the Recreation Center \$60,000.

Expenditures by Activities - Governmental Activities



Business –type activities. Business type activities net assets increased by \$2,395,601. Key elements of this increase are as follows:

- Net assets, restricted for capital projects, increased \$1,815,017 primarily due to bond proceeds received in FY2008.
- Increase in impact fees \$528,804 primarily due to the new Briarwyck subdivision.

IV. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$16,656,568 an increase of \$5,294,581 in comparison with the prior year.

Approximately 48% of this amount (\$8,070,723) is unreserved, designated for capital projects and special revenue funds, and 20% of this amount (\$3,308,266) constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$5,186,365) and 2) prepaids (\$91,214).

The general fund is the chief operating fund of the City of Roanoke. At the end of the current fiscal year, the unreserved fund balance was \$3,006,162 and total fund balance was \$3,097,376. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund operating revenues. Unreserved fund balance represents 23.56% of total general fund operating revenues, or 86 days.

The general fund balance increased by \$2,216,894 during the current fiscal year. There were revenue increases in property and sales tax, as well as an increase in grants received.

The debt service fund has a total fund balance of \$5,186,365, all of which is reserved for the payment of debt. There was a net increase of \$4,810,203 in fund balance during the current year. The increase was primarily due to a debt issuance \$4,724,559.

Proprietary Funds. The City of Roanoke's proprietary funds, Water and Wastewater and Sanitation, provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets for the Water and Wastewater fund were \$562,541. The Sanitation fund had a negative balance of unrestricted net assets of \$(38,489). Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Roanoke's business-type activities.

V. GENERAL FUND BUDGETARY HIGHLIGHTS

During FY2007-2008, the City Council of the City of Roanoke amended the budget for the General Fund five times. The amendments consisted of a reappropriations amendment for funds not expended in the previous fiscal year, three amendments related to the Town of Marshall Creek consolidation and the charter election, and an amendment for program instructor fees for the Recreation Center.

Actual revenues were higher than the final budget by \$1,803,201 and actual expenditures were lower by \$690,560. The decrease in expenditures was primarily due to facade grant funds not being awarded, a delay in the purchasing of additional Fire vehicles, and vacancies in the Police department.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The investment in capital assets for its governmental and business type activities as of September 30, 2008, amounts to \$41,522,413 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, facilities, roads, and water and

sewer systems. About 70% of the capital assets are governmental and 30% are business type activities.

| | <u>Governmental activities</u> | | <u>Business-type activities</u> | | <u>Total</u> | |
|--------------------------|--------------------------------|---------------|---------------------------------|---------------|---------------|---------------|
| | <u>FY2008</u> | <u>FY2007</u> | <u>FY2008</u> | <u>FY2007</u> | <u>FY2008</u> | <u>FY2007</u> |
| Land | \$410,994 | \$410,994 | \$0 | \$0 | \$410,994 | \$410,994 |
| Land Improvements | 3,542,462 | 3,577,342 | 0 | 0 | 3,542,462 | 3,577,342 |
| Buildings/Structures | 10,529,658 | 10,079,960 | 0 | 0 | 10,529,658 | 10,079,960 |
| Vehicles/Machinery | 1,722,496 | 1,250,723 | 233,851 | 181,005 | 1,956,347 | 1,431,728 |
| Equipment | 680,747 | 721,568 | 0 | 0 | 680,747 | 721,568 |
| Infrastructure | 7,023,603 | 4,191,736 | 0 | 0 | 7,023,603 | 4,191,736 |
| Water/Sewer system | 0 | 0 | 10,301,255 | 9,116,724 | 10,301,255 | 9,116,724 |
| Construction in progress | 5,057,247 | 1,788,508 | 2,020,100 | 58,972 | 7,077,347 | 1,847,480 |
| Total | \$28,967,207 | \$22,020,831 | \$12,555,206 | \$9,356,701 | \$41,522,413 | \$31,377,532 |

Major governmental-type capital improvement projects during the current fiscal year included the following:

| <u>Project</u> | <u>Amount</u> |
|--------------------------------|----------------|
| Fire Station | \$ 3,523,783 |
| Henrietta Creek rehabilitation | 930,360 |
| Oak Street | 514,334 |
| Citywide Drainage improvements | <u>292,732</u> |
| | \$ 5,261,209 |

Major enterprise capital improvement projects during the current fiscal year included the following:

| <u>Project</u> | <u>Amount</u> |
|-----------------------|---------------------|
| Elevated Storage tank | \$ <u>1,961,128</u> |
| | \$ 1,961,128 |

Additional information on the capital assets can be found in Note 4(D) on page 33 of this report.

Long-term debt. At year-end, the City had \$33,840,000 in bonds compared to \$27,180,000 at the end of the prior fiscal year, an increase of 25% as shown below.

Outstanding Debt, at Year-end

| | <u>FY2008</u> | <u>FY2007</u> | <u>Increase (Decrease)</u> | <u>% of Change</u> |
|----------------------------|---------------------|---------------------|--------------------------------|------------------------|
| General obligation bonds | \$2,535,000 | \$2,955,000 | (\$420,000) | -14% |
| Certificates of obligation | 28,805,000 | 24,225,000 | 4,580,000 | 19% |
| Special assessment debt | 2,500,000 | 0 | 2,500,000 | 100% |
| Total outstanding debt | <u>\$33,840,000</u> | <u>\$27,180,000</u> | <u>\$6,660,000</u> | <u>25%</u> |

In September 2008, the City's general obligation bond rating was increased from "A" to "A+" by Standard & Poors and remained the same at "AA" by Moody's Investors Service.. Additional information on the long-term debt can be found in in Note 4(G) on pages 36–38 of this report.

VI. ECONOMIC FACTORS AND NEXT YEARS BUDGETS

The City's elected and appointed officials consider many factors when preparing the City of Roanoke's budget for the 2009 fiscal year. The property tax rate for fiscal year 2009 remains the same as fiscal year 2008 at \$.37512 per \$100 assessed value.

During the current fiscal year, unreserved and undesignated general fund balance increased to \$3,006,162. The City did not appropriate any of this amount for spending in the fiscal year 2009 budget.

Based on the water and wastewater study done in FY2007, water and wastewater rates were

changed in October 2007. The water volume rate is at \$2.22 per thousand gallons for all commercial, residential and irrigation customers with consumption of up to 10,000 gallons, \$2.77 from 10,001 to 15,000 gallons, \$3.33 from 15,001 to 25,000 gallons and \$3.88 over 25,000 gallons. The wastewater rate is at \$2.99 per thousand gallons of water used. Additionally the rates will be reviewed by the City Council annually.

Requests for Information. This financial report is designed to provide a general overview of the City of Roanoke's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant City Manager, City of Roanoke, 108 S. Oak Street, Roanoke, Texas 76262.

CITY OF ROANOKE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

| | Primary Government | | | Discretely Presented Component Units | |
|---|----------------------------|-----------------------------|---------------------|---|--|
| | Governmental Activities | Business Type Activities | Total | Roanoke Economic Dev. Corporation | Roanoke Community Dev. Corporation |
| ASSETS | | | | | |
| Cash and cash equivalents | \$9,587,234 | \$2,835,050 | \$12,422,284 | \$920,779 | \$588,165 |
| Investments | 449,271 | 20,000 | 469,271 | 0 | 0 |
| Receivables (net for allowance for uncollectibles) | 7,583,947 | 1,047,238 | 8,631,185 | 0 | 0 |
| Due from component unit | 109,797 | 0 | 109,797 | | |
| Prepaid items | 91,214 | 2,398 | 93,612 | 0 | 0 |
| Restricted assets | | | | | |
| Cash and cash equivalents | 0 | 222,920 | 222,920 | 0 | 0 |
| Capital assets | | | | | |
| Non Depreciable | 410,994 | 0 | 410,994 | 0 | 0 |
| Depreciable (net) | 28,556,213 | 12,555,206 | 41,111,419 | 0 | 0 |
| Total Assets | 46,938,483 | 16,532,999 | 63,471,482 | 920,779 | 588,165 |
| LIABILITIES | | | | | |
| Accounts payable | \$634,666 | \$338,734 | \$973,400 | \$0 | \$22,592 |
| Other accrued liabilities | 358,627 | 103,870 | 462,497 | 0 | 0 |
| Due to primary government | 0 | 0 | 0 | 109,797 | 0 |
| Deferred revenue | 321,415 | 0 | 321,415 | 0 | 0 |
| Deposits | 0 | 222,920 | 222,920 | 0 | 0 |
| Non Current Liabilities | | | | | |
| Due within one year | | | | | |
| Accrued compensated absences | 139,967 | 12,270 | 152,237 | 0 | 0 |
| Notes payable | 104,034 | 0 | 104,034 | 0 | 0 |
| Capital leases payable | 197,298 | 18,834 | 216,132 | 0 | 0 |
| Bonds payable | 1,133,953 | 285,417 | 1,419,370 | 0 | 0 |
| Special assessment debt | 120,000 | 0 | 120,000 | | |
| Interest payable | 138,661 | 42,986 | 181,647 | 0 | 0 |
| Due in more than on year | | | | | |
| Accrued compensated absences | 123,796 | 5,329 | 129,125 | 0 | 0 |
| Notes payable | 764,655 | 0 | 764,655 | 0 | 0 |
| Capital leases payable | 817,778 | 0 | 817,778 | 0 | 0 |
| Bonds payable | 23,137,630 | 6,783,000 | 29,920,630 | 0 | 0 |
| Special assessment debt | 2,380,000 | 0 | 2,380,000 | 0 | 0 |
| Total Liabilities | 30,372,480 | 7,813,360 | 38,185,840 | 109,797 | 22,592 |
| NET ASSETS | | | | | |
| Invested in capital assets (net of related debt) | 2,811,859 | 5,467,955 | 8,279,814 | 0 | 0 |
| Restricted for: | | | | | |
| Capital projects | 5,570,723 | 2,727,722 | 8,298,445 | 0 | 0 |
| Debt Service | 5,186,365 | 0 | 5,186,365 | 0 | 0 |
| Special revenue | 2,500,000 | 0 | 2,500,000 | 0 | 0 |
| Unrestricted | 497,056 | 523,962 | 1,021,018 | 810,982 | 565,573 |
| Total Net Assets | \$16,566,003 | \$8,719,639 | \$25,285,642 | \$810,982 | \$565,573 |

The notes to the financial statements are an integral part of this statement

CITY OF ROANOKE, TEXAS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

| Function/Program Activities | Expenses | Program Revenues | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$2,034,964 | \$1,033,773 | \$25,801 | \$671,618 |
| Fire and EMS | 2,089,902 | 327,242 | 39,976 | 0 |
| Municipal Court | 204,070 | 435,355 | 0 | 0 |
| Police | 3,475,674 | 5,948 | 6,497 | 0 |
| Library | 457,318 | 9,237 | 0 | 5,999 |
| Parks and recreation | 2,376,314 | 600,562 | 15,525 | 1,760,601 |
| Public works | 952,068 | 0 | 0 | 2,125,988 |
| Interest on long-term debt | 862,460 | 0 | 0 | 0 |
| Total governmental activities | 12,452,770 | 2,412,117 | 87,799 | 4,564,206 |
| Business-Type Activities: | | | | |
| Water/Wastewater | 3,804,237 | 3,293,431 | 0 | 2,597,804 |
| Sanitation | 32,569 | 0 | 0 | 0 |
| Total business-type activities | 3,836,806 | 3,293,431 | 0 | 2,597,804 |
| Total primary government | \$16,289,576 | \$5,705,548 | \$87,799 | \$7,162,010 |
| Component units: | | | | |
| Roanoke Economic Industrial Development Corp | 0 | 0 | 0 | 0 |
| Roanoke Economic Community Development Corp | 0 | 0 | 0 | 0 |
| Total component units | \$0 | \$0 | \$0 | \$0 |

General revenues:
 Property taxes
 Sales taxes
 Franchise taxes
 Other taxes
 Investment income
 Extraordinary item - Marshall Creek consolidation
 Transfers
 Total general revenues and transfers
 Change in net assets
 Net assets - beginning
 Net assets - ending

The notes to the financial statements are an integral part of this statement

**Net (Expense) Revenue and
Changes in Net Assets**

| Primary Government | | | Component Units | |
|----------------------------|-----------------------------|---------------|-----------------|---------------|
| Governmental Activities | Business-type Activities | Total | REIDC | RECDC |
| (\$303,772) | \$0 | (\$303,772) | \$0 | \$0 |
| (1,722,684) | 0 | (1,722,684) | 0 | 0 |
| 231,285 | 0 | 231,285 | 0 | 0 |
| (3,463,229) | 0 | (3,463,229) | 0 | 0 |
| (442,082) | 0 | (442,082) | 0 | 0 |
| 374 | 0 | 374 | 0 | 0 |
| 1,173,920 | 0 | 1,173,920 | 0 | 0 |
| (862,460) | 0 | (862,460) | 0 | 0 |
| (5,388,648) | 0 | (5,388,648) | 0 | 0 |
| 0 | 2,086,998 | 2,086,998 | 0 | 0 |
| 0 | (32,569) | (32,569) | 0 | 0 |
| 0 | 2,054,429 | 2,054,429 | 0 | 0 |
| (\$5,388,648) | \$2,054,429 | (\$3,334,219) | \$0 | \$0 |
| 0 | 0 | 0 | (2,065,409) | 0 |
| 0 | 0 | 0 | 0 | (2,078,084) |
| \$0 | \$0 | \$0 | (\$2,065,409) | (\$2,078,084) |
| 4,765,642 | 0 | 4,765,642 | 0 | 0 |
| 4,377,361 | 0 | 4,377,361 | 2,125,023 | 2,125,023 |
| 889,660 | 0 | 889,660 | 0 | 0 |
| 16,957 | 0 | 16,957 | 0 | 0 |
| 314,143 | 88,202 | 402,345 | 1,302 | 976 |
| 11,626 | 51,647 | 63,273 | 0 | 0 |
| (201,323) | 201,323 | 0 | 0 | 0 |
| 10,174,066 | 341,172 | 10,515,238 | 2,126,325 | 2,125,999 |
| 4,785,418 | 2,395,601 | 7,181,019 | 60,916 | 47,915 |
| 11,780,585 | 6,324,038 | 18,104,623 | 750,066 | 517,658 |
| \$16,566,003 | \$8,719,639 | \$25,285,642 | \$810,982 | \$565,573 |

**CITY OF ROANOKE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

| | General | Debt Service | Facilities Improvement |
|--|--------------------|--------------------|---------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$2,855,446 | \$461,806 | \$896,947 |
| Investments | 449,271 | | |
| Receivables: | | | |
| Accounts | 296,770 | 4,724,559 | |
| Delinquent property taxes | 37,863 | 24,755 | |
| Prepays | 91,214 | | |
| Accrued interest | 0 | | |
| Advance to other funds | 259,610 | | |
| Total assets | <u>\$3,990,174</u> | <u>\$5,211,120</u> | <u>\$896,947</u> |
| LIABILITIES: | | | |
| Accounts payable | \$237,511 | | \$303,770 |
| Deferred revenue: | | | |
| Accounts | 258,797 | | |
| Delinquent taxes | 37,863 | 24,755 | |
| Other liabilities | 358,627 | | |
| Total liabilities | <u>892,798</u> | <u>24,755</u> | <u>303,770</u> |
| Fund balances: | | | |
| Reserved for: | | | |
| Debt service | | 5,186,365 | |
| Prepays | 91,214 | | |
| Unreserved, designated for, reported in: | | | |
| Capital projects funds | | | 593,177 |
| Special revenue funds | | | |
| Unreserved, undesignated for, reported in: | | | |
| General fund | 3,006,162 | | |
| Special revenue funds | | | |
| Total fund balances | <u>3,097,376</u> | <u>5,186,365</u> | <u>593,177</u> |
| Total liabilities and fund balances | <u>\$3,990,174</u> | <u>\$5,211,120</u> | <u>\$896,947</u> |

The notes to the financial statements are an integral part of this statement

| Street Construction | Park Construction | Briarwyck PID | Other Governmental Funds | Total Governmental Funds |
|---------------------|-------------------|--------------------|--------------------------|--------------------------|
| \$4,837,452 | \$220,540 | \$0 | \$315,043 | \$9,587,234 |
| | | | 0 | 449,271 |
| | | 2,500,000 | 0 | 7,521,329 |
| | | | 0 | 62,618 |
| | | | 0 | 91,214 |
| | | | 0 | 0 |
| | | | 0 | 259,610 |
| <u>\$4,837,452</u> | <u>\$220,540</u> | <u>\$2,500,000</u> | <u>\$315,043</u> | <u>\$17,971,276</u> |
| \$73,475 | \$6,971 | | \$12,939 | \$634,666 |
| | | | 0 | 258,797 |
| | | | 0 | 62,618 |
| | | | 0 | 358,627 |
| <u>73,475</u> | <u>6,971</u> | <u>0</u> | <u>12,939</u> | <u>1,314,708</u> |
| | | | 0 | 5,186,365 |
| | | | 0 | 91,214 |
| 4,763,977 | 213,569 | | 0 | 5,570,723 |
| | | 2,500,000 | | 2,500,000 |
| | | | 0 | 3,006,162 |
| | | | 302,104 | 302,104 |
| <u>4,763,977</u> | <u>213,569</u> | <u>2,500,000</u> | <u>302,104</u> | <u>16,656,568</u> |
| <u>\$4,837,452</u> | <u>\$220,540</u> | <u>\$2,500,000</u> | <u>\$315,043</u> | <u>\$17,971,276</u> |

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2008**

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

| | |
|---|---------------------|
| Total fund balance per balance sheet | \$16,656,568 |
| Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds | 28,967,207 |
| Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds | |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds | (29,057,772) |
| Net assets of governmental activities | <u>\$16,566,003</u> |

The notes to the financial statements are an integral part of this statement



CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

| | General | Debt Service | Facilities Improvement |
|--|--------------------|--------------------|---------------------------|
| Revenues: | | | |
| Property taxes | \$2,855,975 | \$1,909,667 | |
| Sales and use taxes | 4,254,619 | | |
| Franchise taxes | 889,660 | | |
| Licenses and permits | 634,119 | | |
| Liquor taxes | 16,957 | | |
| Charges for services | 1,181,591 | | |
| Grants and awards | 2,316,339 | | |
| Fines and forfeitures | 439,558 | | |
| Investment income | 28,187 | | 100,165 |
| Donations | 4,229 | | |
| Miscellaneous | 137,017 | | 612 |
| Total Revenues | <u>12,758,251</u> | <u>1,909,667</u> | <u>100,777</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 1,937,939 | | |
| Fire and EMS | 1,960,656 | | |
| Municipal Court | 203,932 | | |
| Police | 3,296,271 | | |
| Library | 421,150 | | |
| Parks and recreation | 1,782,026 | | |
| Public works | 577,679 | | |
| Debt Service: | | | |
| Principal | | 945,731 | |
| Interest & fiscal charges | 0 | 863,763 | |
| Capital Outlay | 597,134 | | 3,792,390 |
| Total expenditures | <u>10,776,787</u> | <u>1,809,494</u> | <u>3,792,390</u> |
| Excess (deficiency) of revenues over expenditures | <u>1,981,464</u> | <u>100,173</u> | <u>(3,691,613)</u> |
| Other financing sources (uses): | | | |
| Debt issuance | | 4,724,559 | |
| Capital leases | 543,864 | | |
| Transfers in | 130,979 | | 173,600 |
| Transfers out | (439,413) | (878,573) | |
| Total other financing sources (uses) | <u>235,430</u> | <u>3,845,986</u> | <u>173,600</u> |
| Net changes in fund balances | 2,216,894 | 3,946,159 | (3,518,013) |
| Fund balances, beginning of year | <u>880,482</u> | <u>338,900</u> | <u>4,111,190</u> |
| Prior year adjustment (see note 9) | | 901,306 | |
| Fund balances, end of year | <u>\$3,097,376</u> | <u>\$5,186,365</u> | <u>\$593,177</u> |

The notes to the financial statements are an integral part of this statement

| Street Construction | Park Construction | Briarwyck PID | Other Governmental Funds | Total Governmental Funds |
|------------------------|----------------------|--------------------|--------------------------------|--------------------------------|
| | | | \$0 | \$4,765,642 |
| | | | 122,742 | 4,377,361 |
| | | | | 889,660 |
| | | | | 634,119 |
| | | | | 16,957 |
| | | | | 1,181,591 |
| 200,000 | 25,000 | | 48,967 | 2,590,306 |
| | | | | 439,558 |
| 182,456 | 2,892 | | 443 | 314,143 |
| | | | 40,602 | 44,831 |
| | | | 30,846 | 168,475 |
| <u>382,456</u> | <u>27,892</u> | <u>0</u> | <u>243,600</u> | <u>15,422,643</u> |
| | | | 35,108 | 1,973,047 |
| | | | 9,837 | 1,970,493 |
| | | | | 203,932 |
| | | | 11,850 | 3,308,121 |
| | | | 4,495 | 425,645 |
| | | | 4,157 | 1,786,183 |
| | | | 0 | 577,679 |
| | | | | 945,731 |
| | | | | 863,763 |
| 1,849,805 | 27,072 | | 275,473 | 6,541,874 |
| <u>1,849,805</u> | <u>27,072</u> | <u>0</u> | <u>340,920</u> | <u>18,596,468</u> |
| <u>(1,467,349)</u> | <u>820</u> | <u>0</u> | <u>(97,320)</u> | <u>(3,173,825)</u> |
| | | 2,500,000 | | 7,224,559 |
| | | | | 543,864 |
| 878,573 | 185,910 | | 238,090 | 1,607,152 |
| (347,910) | | | (142,579) | (1,808,475) |
| <u>530,663</u> | <u>185,910</u> | <u>2,500,000</u> | <u>95,511</u> | <u>7,567,100</u> |
| (936,686) | 186,730 | 2,500,000 | (1,809) | 4,393,275 |
| <u>5,700,663</u> | <u>26,839</u> | <u>0</u> | <u>303,913</u> | <u>11,361,987</u> |
| | | | | 901,306 |
| <u>\$4,763,977</u> | <u>\$213,569</u> | <u>\$2,500,000</u> | <u>\$302,104</u> | <u>\$16,656,568</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, 2008**

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

| | |
|--|--------------------|
| Net change in fund balance - total governmental funds | \$4,393,275 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period | 6,946,376 |
| The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items | (6,520,995) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (33,238) |
| Change in net assets of governmental activities | <u>\$4,785,418</u> |

The notes to the financial statements are an integral part of this statement

CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive(Negative) |
|--|--------------------|-------------------|--------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$2,490,351 | \$2,490,351 | \$2,855,975 | \$365,624 |
| Sales and use taxes | 3,500,000 | 3,500,000 | 4,254,619 | 754,619 |
| Franchise taxes | 766,650 | 766,650 | 889,660 | 123,010 |
| Licenses and permits | 308,000 | 308,000 | 634,119 | 326,119 |
| Liquor taxes | 15,000 | 15,000 | 16,957 | 1,957 |
| Charges for services | 948,210 | 1,038,210 | 1,181,591 | 143,381 |
| Grants and awards | 2,316,339 | 2,316,339 | 2,316,339 | 0 |
| Fines and forfeitures | 408,000 | 408,000 | 439,558 | 31,558 |
| Investment income | 100,000 | 100,000 | 28,187 | (71,813) |
| Donations | 2,500 | 2,500 | 4,229 | 1,729 |
| Miscellaneous | 10,000 | 10,000 | 137,017 | 127,017 |
| Total Revenues | 10,865,050 | 10,955,050 | 12,758,251 | 1,803,201 |
| Expenditures: | | | | |
| General government | 1,674,188 | 2,150,631 | 1,973,216 | 177,415 |
| Fire and EMS | 2,124,485 | 2,143,561 | 1,978,649 | 164,912 |
| Municipal Court | 235,406 | 235,406 | 203,932 | 31,474 |
| Police | 3,420,637 | 3,433,983 | 3,296,271 | 137,712 |
| Library | 452,932 | 452,932 | 421,150 | 31,782 |
| Parks and recreation | 1,781,852 | 1,867,420 | 1,782,026 | 85,394 |
| Public works | 637,550 | 639,550 | 577,679 | 61,871 |
| Total expenditures | 10,327,050 | 10,923,483 | 10,232,923 | 690,560 |
| Excess (deficiency) of revenues over expenditures | 538,000 | 31,567 | 2,525,328 | 2,493,761 |
| Other financing sources (uses): | | | | |
| Transfers in | 130,979 | 130,979 | 130,979 | 0 |
| Transfers out | (439,413) | (439,413) | (439,413) | 0 |
| Total other financing sources (uses) | (308,434) | (308,434) | (308,434) | 0 |
| Extraordinary Item: | | | | |
| Net changes in fund balances | 229,566 | (276,867) | 2,216,894 | 2,493,761 |
| Fund balances, beginning of year | 880,482 | 880,482 | 880,482 | 0 |
| Fund balances, end of year | \$1,110,048 | \$603,615 | \$3,097,376 | \$2,493,761 |

The notes to the financial statements are an integral part of this statement

**CITY OF ROANOKE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2008**

Business-type Activities - Enterprise Funds

| | Water and Wastewater | Sanitation | Total |
|---|-------------------------|-------------------|--------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$2,835,050 | \$0 | \$2,835,050 |
| Investments | 20,000 | 0 | 20,000 |
| Restricted cash: | | | 0 |
| Customer deposits | 222,920 | 0 | 222,920 |
| Receivables | 1,047,238 | 0 | 1,047,238 |
| Advance from other funds | 38,100 | 0 | 38,100 |
| Prepaid expenses | 2,398 | 0 | 2,398 |
| Total current assets | <u>4,165,706</u> | <u>0</u> | <u>4,165,706</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Vehicles/Equipment | 459,561 | 0 | 459,561 |
| Water/Sewer System | 17,797,180 | 0 | 17,797,180 |
| Construction in progress | 2,020,100 | 0 | 2,020,100 |
| Less accumulated depreciation | (7,721,635) | 0 | (7,721,635) |
| Total capital assets (net of accumulated depreciation) | <u>12,555,206</u> | <u>0</u> | <u>12,555,206</u> |
| Total noncurrent assets | <u>12,555,206</u> | <u>0</u> | <u>12,555,206</u> |
| Total assets | <u>16,720,912</u> | <u>0</u> | <u>16,720,912</u> |
| LIABILITIES | | | |
| Contributions | | | |
| Accounts payable | 338,345 | 389 | 338,734 |
| Advance to other funds | 149,813 | 38,100 | 187,913 |
| Customer deposits payable | 222,920 | 0 | 222,920 |
| Other liabilities | 103,870 | 0 | 103,870 |
| Capitalized leases | 18,834 | 0 | 18,834 |
| Bonds payable | 285,417 | 0 | 285,417 |
| Accrued interest payable | 42,986 | 0 | 42,986 |
| Liability for compensated absences | 12,270 | 0 | 12,270 |
| Total current liabilities | <u>1,174,455</u> | <u>38,489</u> | <u>1,212,944</u> |
| Noncurrent liabilities: | | | |
| Capitalized leases | 0 | 0 | 0 |
| Bonds payable | 6,783,000 | 0 | 6,783,000 |
| Liability for compensated absences | 5,329 | 0 | 5,329 |
| Total noncurrent liabilities | <u>6,788,329</u> | <u>0</u> | <u>6,788,329</u> |
| Total liabilities | <u>7,962,784</u> | <u>38,489</u> | <u>8,001,273</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 5,467,955 | 0 | 5,467,955 |
| Restricted for: | | | |
| Capital projects | 2,727,722 | 0 | 2,727,722 |
| Unrestricted | 562,451 | (38,489) | 523,962 |
| Total net assets | <u>\$8,758,128</u> | <u>(\$38,489)</u> | <u>\$8,719,639</u> |

The notes to the financial statements are an integral part of this statement

CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Business-type Activities - Enterprise Funds

| | Water and Wastewater | Sanitation | Total |
|---|-------------------------|-------------------|--------------------|
| Operating revenues: | | | |
| Water Sales | \$1,619,067 | \$0 | \$1,619,067 |
| Sewer Service | 770,538 | 0 | 770,538 |
| Tap and reconnection fees | 38,883 | 0 | 38,883 |
| Impact fees | 528,804 | 0 | 528,804 |
| Grant revenue | 219,550 | | 219,550 |
| Miscellaneous | 116,589 | 0 | 116,589 |
| Total operating revenues | <u>3,293,431</u> | <u>0</u> | <u>3,293,431</u> |
| Operating expenses: | | | |
| Personnel services | 640,300 | 0 | 640,300 |
| Maintenance | 379,896 | 0 | 379,896 |
| T.R.A. requirement | 708,041 | 0 | 708,041 |
| Purchase of water | 639,558 | 0 | 639,558 |
| Contract payments | 244,568 | 32,569 | 277,137 |
| Materials and supplies | 136,114 | 0 | 136,114 |
| Heat, light and power | 66,133 | 0 | 66,133 |
| Depreciation | 574,992 | 0 | 574,992 |
| Other | 66,514 | 0 | 66,514 |
| Total operating expenses | <u>3,456,116</u> | <u>32,569</u> | <u>3,488,685</u> |
| Operating income | <u>(162,685)</u> | <u>(32,569)</u> | <u>(195,254)</u> |
| Nonoperating revenues (expenses): | | | |
| Investment income | 88,202 | 0 | 88,202 |
| Interest and fiscal charges | (348,121) | 0 | (348,121) |
| Gain(loss) from sale of equipment | 0 | 0 | 0 |
| Total nonoperating revenues (expenses) | <u>(259,919)</u> | <u>0</u> | <u>(259,919)</u> |
| Income before contributions and transfers | <u>(422,604)</u> | <u>(32,569)</u> | <u>(455,173)</u> |
| Contributions | 2,649,451 | 0 | 2,649,451 |
| Transfers in | 186,323 | 15,000 | 201,323 |
| Transfers out | 0 | 0 | 0 |
| Change in net assets | <u>2,413,170</u> | <u>(17,569)</u> | <u>2,395,601</u> |
| Total net assets - beginning | <u>6,344,958</u> | <u>(20,920)</u> | <u>6,324,038</u> |
| Total net assets - ending | <u>\$8,758,128</u> | <u>(\$38,489)</u> | <u>\$8,719,639</u> |

The notes to the financial statements are an integral part of this statement

**CITY OF ROANOKE, TEXAS
STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | Business-type Activities - Enterprise Funds | | |
|---|---|-------------------|------------------|
| | Water and Wastewater | Sanitation | Totals |
| Cash flows from operating activities: | | | |
| Cash received from customers | \$3,188,613 | \$0 | \$3,188,613 |
| Cash payments to suppliers for goods and services | (2,435,662) | (34,297) | (2,469,959) |
| Cash payments for employee services | (631,897) | 0 | (631,897) |
| Net cash provided by (used in) operating activities | <u>121,054</u> | <u>(34,297)</u> | <u>86,757</u> |
| Cash flows from noncapital financing activities: | | | |
| Advances from other funds | 111,713 | 38,100 | 149,813 |
| Transfer in | 186,323 | 15,000 | 201,323 |
| Net cash provided by (used in) noncapital financing activities | <u>298,036</u> | <u>53,100</u> | <u>351,136</u> |
| Cash flows from capital and related financing activities: | | | |
| Capital contributions | 2,649,451 | 0 | 2,649,451 |
| Acquisition and construction of capital assets | (3,761,728) | 0 | (3,761,728) |
| Principal paid | (303,185) | 0 | (303,185) |
| Bond proceeds | 3,182,010 | 0 | 3,182,010 |
| Interest and fiscal charges paid | (429,805) | 0 | (429,805) |
| Net cash used for capital and related financing activities | <u>1,336,743</u> | <u>0</u> | <u>1,336,743</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | 88,202 | 0 | 88,202 |
| Net cash provided by (used in) investing activities | <u>88,202</u> | <u>0</u> | <u>88,202</u> |
| Net increase (decrease) in cash | 1,844,035 | 18,803 | 1,862,838 |
| Cash and cash equivalents at beginning of year | 1,213,935 | (18,803) | 1,195,132 |
| Cash and cash equivalents at end of year | <u>3,057,970</u> | <u>0</u> | <u>3,057,970</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | <u>(162,685)</u> | <u>(32,569)</u> | <u>(195,254)</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 574,992 | 0 | 574,992 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in assets: | | | |
| Accounts receivable | (120,928) | 0 | (120,928) |
| Prepaid expenses | (2,398) | 0 | (2,398) |
| Increase (decrease) in liabilities: | | | |
| Accounts payable | 129,796 | (1,728) | 128,068 |
| Accrued liabilities | (294,175) | 0 | (294,175) |
| Due to other funds | (28,061) | 0 | (28,061) |
| Liability for accrued vacation | 8,403 | 0 | 8,403 |
| Deposits | 16,110 | 0 | 16,110 |
| Total adjustments | <u>283,739</u> | <u>(1,728)</u> | <u>282,011</u> |
| Net cash provided by (used in) operating activities | <u>\$121,054</u> | <u>(\$34,297)</u> | <u>\$86,757</u> |

The notes to the financial statements are an integral part of this statement

CITY OF ROANOKE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Roanoke (the City) was incorporated in 1933. The City operates under a Council-Manager form of government and provides the following services: public safety, public works, public health and welfare, culture, recreation and waterworks.

The City reports in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide concise explanation, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2008.

A. 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 financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in separate columns in the combined financial statements to emphasize that they are legally separate from the City.

The Roanoke Economic Industrial Development Corporation (REIDC) is a discretely presented component unit in the combined financial statements. 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 11.

The Roanoke Community Economic Development Corporation (RCEDC), is also a discretely presented component unit in the combined financial statements. 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 12.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and

the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. 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 functional category (Police, Fire and EMS, Public Works, etc.) or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements. The major governmental funds are the general fund, debt service fund, facilities improvement fund, park construction fund and street construction fund. GASB Statement No. 34 set forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major funds types:

1. Governmental Fund Types:

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

The following is a description of Major Governmental Funds of the City:

- a. The General Fund is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues 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.
- b. 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 paid from taxes levied by the City.
- c. The Facilities Improvements Fund is used to account for the construction of new municipal buildings/facilities and renovations to existing facilities. Proceeds from the sale of certificate of obligation bonds provide financing.
- d. The Street Construction Fund is used to account for the financing and construction of various streets. Proceeds from the sale of certificate of obligation bonds and grants provide financing.
- e. The Park Construction Fund is used to account for the financing and construction of various park and recreation projects. Proceeds from the sale of certificate of obligation bonds, contributions and grants provide financing.
- f. The Briarwyck PID Fund is used to account for the costs incurred for improvements within the Briarwyck Public Improvement District, including debt service on obligations issued to pay the costs of the improvements.
- f. Other Governmental Funds is a summarization of all of the non-major governmental funds.

2. Proprietary Fund Types:

The Proprietary Funds are accounted for using the economic resources measurement focus. The accounting objectives are a determination of net income, financial position and changes in cash flows. All assets and liabilities associated with a Proprietary Fund's activities are included on its balance sheet.

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. The City has two proprietary funds:

- a. The Water and Wastewater Fund is used to account for the operations of the water and wastewater system.
- b. The Sanitation Fund is used to account for the operations of the sanitation system.

3. Non-Current Governmental Assets/Liabilities:

These records are maintained and incorporated into the information in the Governmental Activities column in the Government-wide Statement of Net Assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 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.

D. Cash 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. The City currently invests only in certificates of deposit.

E. Prepaid Items

Prepaid balances are for payments made by the City for which benefits extend beyond September 30, 2006, and the reserve for prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures

F. Interfund Transactions and 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."

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

G. Restricted Assets

Customer deposits received for water and wastewater service are, by law, to be considered restricted assets. These activities are included in the Water and Wastewater Fund.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | |
|-------------------------|----------------|
| Buildings/Structures | 10 to 20 Years |
| Land Improvements | 10 to 20 Years |
| Water and Sewer System | 10 to 50 Years |
| Machinery and Equipment | 5 to 20 Years |
| Motor Vehicles | 5 to 8 Years |
| Parks | 20 Years |
| Streets | 20 Years |

All capital assets are valued at historical cost or replacement cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated.

I. 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 5 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 20-30 days per year for employees with 10 years or more of service.

Employees can have up to 5 sick days "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. Unused sick time is not compensated at the time of termination.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

J. 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 assets.

K. Fund Equity

The City's reserves for escrow deposits, equipment, land, building and capital projects are exclusively for specifically identified capital outlays.

All fund balance reservations and designations are formally approved on an annual basis by the City Council.

(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the \$29,057,772 difference are as follows:

| | |
|--|----------------------|
| Bonds payable | \$ 24,271,583 |
| Special Assessment debt | 2,500,000 |
| Capital leases | 1,015,076 |
| Notes payable | 868,689 |
| Compensated absences | 263,763 |
| Interest payable | <u>138,661</u> |
| Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities | <u>\$ 29,057,772</u> |

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$6,946,376 difference are as follows:

| | |
|--|---------------------|
| Capital outlay | \$ 6,541,874 |
| Capital contribution – Briarwyck | 1,925,988 |
| Depreciation expense | <u>(1,521,486)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 6,946,376</u> |

Another element of that reconciliation states “the issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$6,520,995 difference are as follows:

| | |
|--|---------------------|
| Debt issued or incurred: | |
| Capital lease financing | \$543,864 |
| General obligations, certificates of obligation and refunding bonds | \$7,224,559 |
| Principal repayments: | |
| General obligations, certificates of obligation bonds | (945,731) |
| Notes Payable | (90,880) |
| Capital Leases | <u>(210,817)</u> |
| Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 6,520,995</u> |

Another element of that reconciliation states "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$33,238 difference are as follows:

| | |
|--|------------------|
| Compensated absences | \$ (34,540) |
| Accrued interest | <u>1,302</u> |
| Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 33,238</u> |

(3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The City establishes the fiscal year as the twelve-month period beginning October 1. Each department submits to the City Manager a budget of estimated expenditures for the ensuing fiscal year no later than June 1. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by July 15.

Upon receipt of the budget estimates, the Council holds a reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City.

Prior to October 1, the budget is legally enacted through passage of an ordinance. The legal level of budgetary control is at the fund level. Budgetary control has been established at the detail level by line item activity for management control.

Budgeted amounts are as originally adopted, or as legally amended. The City Council may amend the budget by passing a budget appropriation ordinance. During fiscal year 2008, an additional \$596,433 for the General Fund was approved by the City Council.

Budgets for the General Fund and Debt Service Fund are legally adopted on a basis consistent with GAAP. Special Revenue Funds and Capital Projects Funds are budgeted over the life of the project and not on an annual basis.

Departmental appropriations that have not been expended by the departments at the end of the fiscal year lapse. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

(4): DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The City's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2008, with collateral required by the state statutes. At year-end, the bank balance of the City's deposits and cash on hand was \$ 13,114,475.

Investments - The City's investments are categorized as either (1) insured or registered for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by the counterparty, or its trust department or agent, but not in the City's name.

The City is allowed to invest 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 2008, the City invested only in certificates of deposits. The City records all interest revenue related to investment activities in the respective funds

B. 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 Appraisal Board of Review at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2008, were 99.83% of the adjusted tax levy. Allocations of property tax levy by purpose for 2007 and the preceding year are as follows (amounts per \$100 assessed value):

| | | |
|--------------|------------------|------------------|
| | <u>2008</u> | <u>2007</u> |
| General Fund | \$.22682 | \$.18872 |
| Debt Service | <u>.14830</u> | <u>.18640</u> |
| Total | \$ <u>.37512</u> | \$ <u>.37512</u> |

Property taxes are recorded as receivables and deferred revenues 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 sixty days following the close of the fiscal year have not been recognized as revenue since amounts are not material to the combined financial statements.

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

C. 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:

| | General | Debt Service | Briarwyck PID | Water and Wastewater | Total |
|-----------------------|------------------|---------------------|---------------------|-------------------------|---------------------|
| Receivables: | | | | | |
| Taxes | \$ 37,863 | \$ 24,755 | \$0 | \$0 | \$62,618 |
| Accounts | 296,770 | 0 | 0 | 381,797 | 678,567 |
| Bond proceeds | 0 | 4,724,559 | 2,500,000 | 665,441 | 7,890,000 |
| Net total receivables | <u>\$334,633</u> | <u>\$ 4,749,314</u> | <u>\$ 2,500,000</u> | <u>\$ 1,047,238</u> | <u>\$ 8,631,185</u> |

D. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

Primary Government

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|----------------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 410,994 | \$ 0 | \$ (0) | \$ 410,994 |
| Construction in progress | 1,788,508 | 5,669,267 | (2,400,528) | 5,057,247 |
| Total capital assets, not being depreciated | 2,199,502 | \$5,669,267 | \$ (2,400,528) | 5,468,241 |
| Capital assets, being depreciated | | | | |
| Buildings/Structures | 12,347,526 | 1,122,256 | (0) | 13,469,782 |
| Improvements | 3,973,242 | 163,782 | (0) | 4,137,024 |
| Vehicles/Machinery | 3,315,320 | 837,330 | (38,000) | 4,114,650 |
| Equipment | 788,074 | 0 | (0) | 788,074 |
| Infrastructure | 5,980,968 | 3,898,915 | (0) | 9,879,883 |
| Total capital assets being depreciated | 26,405,130 | 6,022,283 | (38,000) | 32,389,413 |
| Less accumulated depreciation for: | | | | |
| Buildings/Structures | (2,267,566) | (672,558) | (0) | (2,940,124) |
| Improvements | (395,901) | (198,662) | (0) | (594,563) |
| Vehicles/Machinery | (2,064,596) | (365,556) | 38,000 | (2,392,152) |
| Equipment | (66,505) | (40,821) | (0) | (107,326) |
| Infrastructure | (1,789,233) | (1,067,049) | (0) | (2,856,282) |
| Total accumulated depreciation | (6,583,801) | (2,344,646) | 38,000 | (8,890,447) |
| Total capital assets, being depreciated, net | 19,821,329 | 3,677,637 | (0) | 23,498,966 |
| Governmental activities capital assets, net | \$ 22,020,831 | \$ 9,346,904 | \$ (2,400,528) | \$28,967,207 |
| Water and Wastewater activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 58,972 | \$ 1,984,346 | \$ (23,218) | \$ 2,020,100 |
| Total capital assets, not being depreciated | 58,972 | 1,984,346 | (23,218) | 2,020,100 |
| Capital assets, being depreciated | | | | |
| Water/Sewer System | 14,663,574 | 3,133,606 | (0) | 17,797,180 |
| Vehicles/Equipment | 368,214 | 91,347 | (0) | 459,561 |
| Total capital assets being depreciated | 15,031,788 | 3,224,953 | (0) | 18,256,741 |
| Less accumulated depreciation for: | | | | |
| Water/Sewer System | (5,546,850) | (1,949,075) | 0 | (7,495,925) |
| Vehicles/Equipment | (187,209) | (38,501) | 0 | (225,710) |
| Total accumulated depreciation | (5,734,059) | (1,987,576) | 0 | (7,721,635) |
| Total capital assets, being depreciated, net | 9,297,729 | 1,237,377 | (0) | 10,535,106 |
| Business-type activities capital assets, net | \$ 9,356,701 | \$ 3,221,723 | \$ (23,218) | \$ 12,555,206 |

On November 6, 2007, the citizens of Roanoke voted to consolidate the Town of Marshall Creek with the City of Roanoke. The City acquired an estimated 600 residents, 10 businesses and 180 water accounts. With the consolidation of the Town of Marshall Creek, the City of Roanoke acquired assets of \$55,160 Building/Structures, \$768,000 Infrastructure and \$1,412,584 Water/Sewer system. All assets were beyond their useful lives and were fully depreciated.

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 53,110 |
| Fire and EMS | 180,316 |
| Police | 264,545 |
| Library | 28,506 |
| Parks and recreation | 600,144 |
| Public works | <u>1,218,025</u> |
| Total depreciation expense – governmental activities | <u>\$ 2,344,646</u> |
| Business-type activities: | |
| Water and Sewer | <u>\$ 1,987,576</u> |
| Total depreciation expense – business-type activities | <u>\$ 1,987,576</u> |

Construction commitments

The government has active construction projects as of September 30, 2008. The projects include street construction, new fire station, and ground storage tank construction. At year end the government's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|------------------------|----------------------|---------------------------------|
| Street construction | \$ 945,799 | \$ 133,680 |
| Fire Station | 3,692,969 | 531,462 |
| Roanoke Soccer complex | 0 | 185,910 |
| Elevated storage tank | <u>1,985,232</u> | <u>1,587,867</u> |
| Total | <u>\$ 6,624,000</u> | <u>\$ 2,438,919</u> |

The commitments for the projects were funded primarily from bond proceeds. Additional funding for some of the projects was received from the REIDC and RECDC.

E. Interfund Receivables, Payables, and Transfers

A summary of advances for the year ended September 30, 2008 is as follows:

| <u>Fund</u> | <u>Advances From</u> | <u>Advances to</u> |
|------------------------------------|----------------------|--------------------|
| General Fund | \$ 109,797 | \$ 0 |
| Roanoke Economic Development Corp. | <u>0</u> | <u>109,797</u> |
| Total | <u>\$109,797</u> | <u>\$ 109,797</u> |

The outstanding balances between funds result from the time lag between the dates that the reimbursable expenditures occurred. All advances are scheduled to be collected in the subsequent year.

Transfers between funds for the year ended September 30, 2008 were as follows:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|---------------------------|--------------------|---------------------|
| General Fund | \$ 130,979 | \$ 439,413 |
| Special Revenue Funds: | | |
| Vehicle Replacement Fund | 205,640 | 0 |
| Computer Replacement Fund | 32,450 | 0 |
| Donations/Grants Fund | 0 | 11,600 |
| Hotel Fund | 0 | 130,979 |
| Capital Projects Funds: | | |
| Street Construction Fund | 11,600 | 347,910 |
| Facility Improvement Fund | 162,000 | 0 |
| Park Construction Fund | 185,910 | 0 |
| Enterprises Funds: | | |
| Water and Wastewater Fund | 186,323 | 0 |
| Sanitation Fund | 15,000 | 0 |
| Total | <u>\$ 929,902</u> | <u>\$ 929,902</u> |

All transfers were routine budgeted transfers done in the course of normal City operations. Transfers are used to 1) move funds to the vehicle replacement fund for vehicle/machinery purchases and 2) move expenses related to the street department paid by the water and wastewater fund.

F. Leases

Capital Leases

The City has entered into various lease agreements to finance the acquisition of various vehicles, machinery and fire station expansion. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, were as follows:

| Year Ending September 30 | <u>Governmental Activities</u> | <u>Water and Wastewater</u> |
|---|------------------------------------|---------------------------------|
| 2009 | \$ 283,563 | \$ 22,453 |
| 2010 | 215,453 | 0 |
| 2011 | 176,536 | 0 |
| 2012 | 154,267 | 0 |
| 2013 | 98,510 | 0 |
| 2014 – 2018 | 401,122 | 0 |
| Total minimum lease payments | <u>1,329,451</u> | <u>22,453</u> |
| Less: amount representing interest | (314,375) | (3,619) |
| Present value of minimum lease payments | <u>\$ 1,015,076</u> | <u>\$ 18,834</u> |

G. Long-term Debt

A summary of long-term debt transactions, including current portion, for the year September 30, 2008, is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| <u>Governmental activities</u> | | | | | |
| General obligation | \$ 2,955,000 | \$ 0 | \$ (420,000) | \$ 2,535,000 | \$ 470,000 |
| Certificates of obligation | 17,537,755 | 4,724,559 | (525,731) | 21,736,583 | 663,953 |
| Special Assessment bonds | 0 | 2,500,000 | (0) | 2,500,000 | 120,000 |
| Notes Payable | 959,569 | 0 | (90,880) | 868,689 | 104,034 |
| Capital Leases | 682,029 | 543,864 | (210,817) | 1,015,076 | 197,298 |
| Compensated absences | <u>229,222</u> | <u>70,954</u> | <u>(36,411)</u> | <u>263,765</u> | <u>139,967</u> |
| Governmental activity | | | | | |
| Long-term debt | <u>\$ 22,363,575</u> | <u>\$ 7,839,377</u> | <u>\$ (1,283,839)</u> | <u>\$ 28,919,113</u> | <u>\$ 1,695,252</u> |
| <u>Business-type activities</u> | | | | | |
| Certificates of obligation | \$ 6,687,245 | \$ 665,441 | \$ (284,269) | \$ 7,068,417 | \$ 285,417 |
| Capital Leases | 37,750 | 0 | (18,916) | 18,834 | 18,834 |
| Compensated absences | <u>9,196</u> | <u>9,074</u> | <u>(671)</u> | <u>17,599</u> | <u>12,270</u> |
| Business-type activity | | | | | |
| Long-term debt | <u>\$ 6,734,191</u> | <u>\$ 674,515</u> | <u>\$ (303,856)</u> | <u>\$ 7,104,850</u> | <u>\$ 316,521</u> |

For the governmental activities, compensated absences are liquidated by the general fund. For the business-type activities, the water and sewer fund liquidate the compensated absences.

General Obligation Bonds

The general obligation refunding bonds and certificates of obligation have interest rates ranging from 2.00% to 4.8% maturing annually in varying amounts through 2027. Interest for these bonds is payable semi-annually. General obligation bonds have been issued for both governmental and business-type activities. They are backed by the full faith and credit of the City and are payable from property taxes and water/wastewater revenues. In September 2008, combination tax and revenue certificates of obligation totaling \$5,390,000 were issued for capital improvements in fiscal year 2008 with interest rates ranging from 4% to 4.8%.

Debt service requirements of the general obligation refunding bonds and certificates of obligation for the years subsequent to September 30, 2008 are as follows:

| Fiscal Year | Governmental Activities | | | Business-type Activities | | |
|----------------|-------------------------|--------------------|---------------------|--------------------------|--------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2008-2009 | \$1,133,954 | \$781,981 | \$1,915,935 | \$286,046 | \$304,923 | \$590,969 |
| 2009-2010 | 1,310,095 | 740,836 | 2,050,931 | 314,905 | 295,178 | 610,083 |
| 2010-2011 | 1,386,368 | 699,981 | 2,086,349 | 328,632 | 281,878 | 610,510 |
| 2011-2012 | 1,436,755 | 654,936 | 2,091,691 | 338,245 | 267,740 | 605,985 |
| 2012-2013 | 1,481,056 | 607,215 | 2,088,271 | 353,944 | 253,018 | 606,962 |
| 2013-2014 | 1,547,477 | 556,593 | 2,104,070 | 372,523 | 237,440 | 609,963 |
| 2014-2015 | 1,361,615 | 502,875 | 1,864,490 | 408,385 | 220,855 | 629,240 |
| 2015-2016 | 1,425,916 | 463,864 | 1,889,780 | 424,084 | 202,556 | 626,640 |
| 2016-2017 | 1,481,298 | 422,588 | 1,903,886 | 443,702 | 183,349 | 627,051 |
| 2017-2018 | 1,546,485 | 381,384 | 1,927,869 | 463,515 | 164,113 | 627,628 |
| 2018-2019 | 1,600,786 | 338,125 | 1,938,911 | 479,214 | 143,910 | 623,124 |
| 2019-2020 | 1,671,544 | 292,816 | 1,964,360 | 503,456 | 122,899 | 626,355 |
| 2020-2021 | 1,747,450 | 245,349 | 1,992,799 | 532,550 | 100,282 | 632,832 |
| 2021-2022 | 1,817,415 | 195,553 | 2,012,968 | 282,585 | 76,278 | 358,863 |
| 2022-2023 | 1,896,039 | 143,818 | 2,039,857 | 293,961 | 64,835 | 358,796 |
| 2023-2024 | 1,194,241 | 89,619 | 1,283,860 | 305,759 | 52,884 | 358,643 |
| 2024-2025 | 1,246,826 | 57,105 | 1,303,931 | 318,174 | 40,021 | 358,195 |
| 2025-2026 | 1,014,833 | 23,302 | 1,038,135 | 330,167 | 26,580 | 356,747 |
| 2026-2027 | <u>471,430</u> | <u>0</u> | <u>471,430</u> | <u>288,570</u> | <u>12,390</u> | <u>300,960</u> |
| | <u>\$26,771,583</u> | <u>\$7,197,940</u> | <u>\$33,969,523</u> | <u>\$7,068,417</u> | <u>\$3,051,129</u> | <u>\$10,119,546</u> |

Special Assessment bonds

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

Debt service requirements of the special assessment bonds for the years subsequent to September 30, 2008 are as follows:

| Fiscal Year | Principal | Interest | Total |
|----------------|---------------------|---------------------|---------------------|
| 2008-2009 | \$ 120,000 | \$ 94,818 | \$ 214,818 |
| 2009-2010 | 125,000 | 110,908 | 235,908 |
| 2010-2011 | 130,000 | 105,083 | 235,083 |
| 2011-2012 | 140,000 | 99,025 | 239,025 |
| 2012-2013 | 140,000 | 92,501 | 232,501 |
| 2013-2014 | 150,000 | 85,977 | 235,977 |
| 2014-2015 | 155,000 | 78,987 | 233,987 |
| 2015-2016 | 165,000 | 71,764 | 236,764 |
| 2016-2017 | 170,000 | 64,075 | 234,075 |
| 2017-2018 | 180,000 | 56,153 | 236,153 |
| 2018-2019 | 185,000 | 47,765 | 232,765 |
| 2019-2020 | 195,000 | 39,144 | 234,144 |
| 2020-2021 | 205,000 | 30,057 | 235,057 |
| 2021-2022 | 215,000 | 20,504 | 235,504 |
| 2022-2023 | <u>225,000</u> | <u>10,485</u> | <u>235,485</u> |
| | <u>\$ 2,500,000</u> | <u>\$ 1,007,246</u> | <u>\$ 3,507,246</u> |

Notes Payable – Texas Leverage Fund

In fiscal year 2000, the City purchased 17.52 acres of land. In January 2000, the City borrowed \$1,089,527 from the State of Texas, Department of Commerce – Texas Leverage Fund to finance and repay the land acquisition. In August 2001, the City borrowed an additional \$345,000 from the Texas Leverage Fund for the same land acquisition.

This debt bears interest at a variable rate, which has fluctuated from 5% to 7.75% during fiscal year 2008. The primary source of repayment of this note is from the RCEDC. The following debt schedule of debt service requirements is based upon the variable interest rate at September 2008. The future total payments, as well as the principal and interest breakdown may change with the variable interest rate change in future years.

Debt service requirements of the notes payable for the years subsequent to September 30, 2008, are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------|-------------------|-------------------|---------------------|
| 2008-2009 | \$ 104,034 | \$ 33,992 | \$ 138,026 |
| 2009-2010 | 108,823 | 28,606 | 137,429 |
| 2010-2011 | 113,258 | 24,171 | 137,429 |
| 2011-2012 | 117,872 | 19,557 | 137,429 |
| 2012-2013 | 122,673 | 14,756 | 137,429 |
| 2013-2014 | 127,672 | 9,757 | 137,429 |
| 2014-2015 | 124,152 | 4,556 | 128,708 |
| 2015-2016 | 31,338 | 1,438 | 32,776 |
| 2016-2017 | <u>18,867</u> | <u>252</u> | <u>19,119</u> |
| | <u>\$ 868,689</u> | <u>\$ 137,085</u> | <u>\$ 1,005,774</u> |

(5) 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 2,512 individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in the past three years.

(6) DEFERRED COMPENSATION PLAN:

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

(7) **PENSION PLAN:**

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

The pension plan does not issue separate reports on the pension plan. However, TMRS does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153.

Contributions

The contribution rate for the employees is 7%, and the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City's matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City's contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2007 valuation is effective for rates beginning January 2009).

Schedule of Actuarial Liabilities and Funding Progress:

| Actuarial Valuation Date | <u>12/31/07</u> | <u>12/31/06</u> | <u>12/31/05</u> |
|--|-----------------|-----------------|-----------------|
| Actuarial Value of Assets | \$ 5,100,201 | \$ 4,159,908 | \$ 3,448,529 |
| Actuarial Accrued Liability | \$ 6,176,683 | \$ 4,986,283 | \$ 3,982,928 |
| Percentage Funded | 82.6% | 83.43% | 86.6% |
| Unfunded (Over-funded) Actuarial Accrued Liability (UAAL) | \$ 1,076,482 | \$ 826,375 | \$ 534,399 |

| | | | |
|---|--------------|--------------|--------------|
| Annual Covered Payroll | \$ 5,013,929 | \$ 4,574,898 | \$ 3,906,609 |
| UAAL as a Percentage of Covered Payroll | 21.5% | 18.06% | 13.7% |

Annual City TMRS pension cost and related information for the last three years is as follows:

| | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|----------------------------|-----------------|-----------------|-----------------|
| Annual Pension Cost (ARC) | \$ 499,334 | \$ 443,084 | \$ 376,791 |
| Actual Contribution | 499,334 | 443,084 | 376,791 |
| Net Pension Obligation | -0- | -0- | -0- |
| Actuarial cost method | Unit Credit | Unit Credit | Unit Credit |
| Amortization method | Level % | Level % | Level % |
| Asset valuation method | Amortized | Amortized | Amortized |
| Amortization period | 25 years - open | 25 years - open | 25 years - open |
| Actuarial assumptions: | | | |
| Investment rate of return | 7% | 7% | 7% |
| Inflation rate | 3.5% | 3.5% | 3.5% |
| Projected salary increases | none | none | none |
| COA adjustments | none | none | none |

(8) WATER PURCHASE AND WASTEWATER TREATMENT CONTRACTS:

The City has an agreement with the City of Ft. Worth under which the City purchases water when the City's sources are not sufficient. The terms of the agreement provide that the City will purchase an amount of treated potable water each year, at rates determined on a periodic basis. The rate is adjusted based on a water rate study, which is conducted about every three years, on behalf of the wholesale water customers with the City of Fort Worth.

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

(9) PRIOR PERIOD ADJUSTMENT:

The Debt Service Fund reports a prior period adjustment of \$901,306. This adjustment reflects an increase in fund balance to correct for the recognition of prior year debt issuance and related receivable.

(10) LITIGATION:

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's 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.

(11) ROANOKE ECONOMIC DEVELOPMENT INDUSTRIAL 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.

A. Deposits and Investments

Deposits - State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits.

The REIDC's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2008, with collateral required by the state statutes. At year-end, the carrying amount of the REIDC's deposits, cash on hand and the bank balance was \$920,779.

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 City's

investments are categorized as either (1) insured or registered for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by the counterparty, or its trust department or agent, but not in the City's name.

(12) ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION:

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

A. Deposits and Investments

Deposits - State statutes require that all deposits be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. The RCEDC's demand deposits and certificates of deposit were fully insured or collateralized at September 30, 2008, with collateral required by the state statutes. At year-end, the carrying amount of the RCEDC's deposits and the bank balance was \$588,165.

Investments - Because the City provides investment services for the RCEDC, the City adheres to its investment policy and all state statutes when investing available cash for the RCEDC. The City's investments are categorized as either (1) insured or registered for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name, or (3) uninsured and unregistered for which the securities are held by the counterparty, or its trust department or agent, but not in the City's name.

CITY OF ROANOKE, TEXAS
 Required Supplementary Information
 Texas Municipal Retirement System
 Analysis of Funding Progress
 (Unaudited)

| <u>Fiscal Year</u> | (1) <u>Actuarial Value ** of Assets</u> | (2) <u>Actuarial Accrued Liability</u> | (3) <u>Percentage Funded (1)/(2)</u> | (4) <u>Unfunded Actuarial Accrued Liability (2) – (1)</u> | (5) <u>Annual Covered Payroll</u> | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4)/(5) |
|--------------------|--|---|---|--|--|---|
| 2004 | \$ 2,297,363 | \$ 3,401,720 | 67.50% | \$ 1,104,357 | \$ 2,737,723 | 40.30% |
| 2005 | 2,776,139 | 3,311,943 | 83.80% | 535,804 | 3,411,933 | 15.70% |
| 2006 | 3,448,529 | 3,982,928 | 86.60% | 534,399 | 3,906,609 | 13.70% |
| 2007 | 4,159,908 | 4,986,283 | 83.43% | 826,375 | 4,574,898 | 18.06% |
| 2008 | 5,100,201 | 6,176,683 | 82.6% | 1,076,482 | 5,013,929 | 21.5% |

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Information is from appropriate year supplements to TMRS annual reports.

See accompanying independent auditor's report.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

DONATIONS AND GRANTS FUND - to account for donations and grant funds for general governmental purposes.

POLICE GRANTS AND DONATIONS FUND - to account for donations and grant funds derived from police investigation of criminal activities.

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

LIBRARY GRANTS AND DONATIONS FUND - to account for donation and grant funds received for library purposes.

PARK DONATIONS FUND - to account for donations received for park and recreation purposes.

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

**CITY OF ROANOKE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2008**

| | <u>Special Revenue</u> | | | |
|-------------------------------------|--------------------------------|--|---------------------------------|---------------------------------|
| | <u>Vehicle Replacement</u> | <u>Fire Grants and Donations</u> | <u>Computer Replacement</u> | <u>Grants and Donations</u> |
| ASSETS | | | | |
| Cash and cash equivalents | \$96,498 | \$6,988 | \$19,876 | \$4,576 |
| Total assets | <u>\$96,498</u> | <u>\$6,988</u> | <u>\$19,876</u> | <u>\$4,576</u> |
| LIABILITIES | | | | |
| Accounts payable | \$3,000 | \$0 | \$0 | \$5,923 |
| Other accrued liabilities | 0 | 0 | 0 | 0 |
| Total liabilities | <u>3,000</u> | <u>0</u> | <u>0</u> | <u>5,923</u> |
| FUND BALANCES | | | | |
| Unreserved-undesignated | 93,498 | 6,988 | 19,876 | (1,347) |
| Total liabilities and fund balances | <u>\$96,498</u> | <u>\$6,988</u> | <u>\$19,876</u> | <u>\$4,576</u> |

Special Revenue

| Police Grants and Donations | Police Seizure | Library Grants and Donations | Park Donations | Hotel Motel | Total Nonmajor Governmental Funds |
|-----------------------------------|-------------------|------------------------------------|-------------------|------------------|--|
| \$16,193 | \$21,490 | \$2,079 | \$13,686 | \$133,657 | \$315,043 |
| <u>\$16,193</u> | <u>\$21,490</u> | <u>\$2,079</u> | <u>\$13,686</u> | <u>\$133,657</u> | <u>\$315,043</u> |
| \$250 0 | \$3,766 0 | \$0 0 | \$0 0 | \$0 0 | \$12,939 0 |
| <u>250</u> | <u>3,766</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>12,939</u> |
| 15,943 | 17,724 | 2,079 | 13,686 | 133,657 | 302,104 |
| <u>\$16,193</u> | <u>\$21,490</u> | <u>\$2,079</u> | <u>\$13,686</u> | <u>\$133,657</u> | <u>\$315,043</u> |

CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Special Revenue

| | Vehicle Replacement | Fire Grants and Donations | Computer Replacement | Donations and Grants |
|--|------------------------|---------------------------------|-------------------------|-------------------------|
| Revenues: | | | | |
| Hotel taxes | \$0 | \$0 | \$0 | \$0 |
| Grants | 0 | 38,726 | 0 | 0 |
| Donations | 0 | 1,250 | 0 | 21,572 |
| Miscellaneous | 30,651 | 0 | 0 | 0 |
| Investment income | 0 | 0 | 0 | 0 |
| Total revenues | <u>30,651</u> | <u>39,976</u> | <u>0</u> | <u>21,572</u> |
| Expenditures: | | | | |
| Fire and EMS | 33,163 | 9,837 | 0 | 0 |
| Police | 70,925 | 0 | 8,802 | 0 |
| Library | 0 | 0 | 0 | 0 |
| Parks and Recreation | 25,033 | 0 | 1,257 | 0 |
| Public Works | 146,352 | 0 | 0 | 0 |
| Other | 0 | 0 | 2,515 | 29,842 |
| Total expenditures | <u>275,473</u> | <u>9,837</u> | <u>12,574</u> | <u>29,842</u> |
| Excess (deficiency) of revenues over expenditures | (244,822) | 30,139 | (12,574) | (8,270) |
| Other financing sources (uses): | | | | |
| Operating transfers in | 205,640 | 0 | 32,450 | 0 |
| Operating transfers out | 0 | 0 | 0 | (11,600) |
| Total other financing sources (uses): | <u>205,640</u> | <u>0</u> | <u>32,450</u> | <u>(11,600)</u> |
| Excess (deficiency) of revenues and other sources over expenditures | (39,182) | 30,139 | 19,876 | (19,870) |
| Fund balances, beginning of year | <u>132,680</u> | <u>(23,151)</u> | <u>0</u> | <u>18,523</u> |
| Fund balances, end of year | <u>\$93,498</u> | <u>\$6,988</u> | <u>\$19,876</u> | <u>(\$1,347)</u> |

Special Revenue

| Police Grants and Donations | Police Seizure | Library Grants and Donations | Park Donations | Hotel Motel | Total Nonmajor Governmental Funds |
|-----------------------------------|-------------------|------------------------------------|-------------------|------------------|--|
| \$0 | \$0 | \$0 | \$0 | \$122,742 | \$122,742 |
| 4,242 | 0 | 5,999 | 0 | 0 | 48,967 |
| 2,255 | 0 | 0 | 15,525 | 0 | 40,602 |
| 0 | 195 | 0 | 0 | 0 | 30,846 |
| 0 | 443 | 0 | 0 | 0 | 443 |
| <u>6,497</u> | <u>638</u> | <u>5,999</u> | <u>15,525</u> | <u>122,742</u> | <u>243,600</u> |
| 0 | 0 | 0 | 0 | 0 | 43,000 |
| 2,749 | 300 | 0 | 0 | 0 | 82,776 |
| 0 | 0 | 4,495 | 0 | 0 | 4,495 |
| 0 | 0 | 0 | 2,900 | 0 | 29,190 |
| 0 | 0 | 0 | 0 | 0 | 146,352 |
| 0 | 0 | 0 | 0 | 2,750 | 35,107 |
| <u>2,749</u> | <u>300</u> | <u>4,495</u> | <u>2,900</u> | <u>2,750</u> | <u>340,920</u> |
| 3,748 | 338 | 1,504 | 12,625 | 119,992 | (97,320) |
| 0 | 0 | 0 | 0 | 0 | 238,090 |
| 0 | 0 | 0 | 0 | (130,979) | (142,579) |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(130,979)</u> | <u>95,511</u> |
| 3,748 | 338 | 1,504 | 12,625 | (10,987) | (1,809) |
| <u>12,195</u> | <u>17,386</u> | <u>575</u> | <u>1,061</u> | <u>144,644</u> | <u>303,913</u> |
| <u>\$15,943</u> | <u>\$17,724</u> | <u>\$2,079</u> | <u>\$13,686</u> | <u>\$133,657</u> | <u>\$302,104</u> |

**CITY OF ROANOKE, TEXAS
 BUDETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive(Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$1,624,706 | \$1,624,706 | \$1,909,667 | \$284,961 |
| Total Revenues | <u>1,624,706</u> | <u>1,624,706</u> | <u>1,909,667</u> | <u>284,961</u> |
| Expenditures: | | | | |
| Principal retirement | 945,731 | 945,731 | 945,731 | 0 |
| Interest & fiscal charges | 858,995 | 858,995 | 863,763 | (4,768) |
| Total expenditures | <u>1,804,726</u> | <u>1,804,726</u> | <u>1,809,494</u> | <u>(4,768)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(180,020)</u> | <u>(180,020)</u> | <u>100,173</u> | <u>280,193</u> |
| Other financing sources (uses): | | | | |
| Future proceeds from long term debt | 4,724,559 | 4,724,559 | 4,724,559 | 0 |
| Transfers out | (878,573) | (878,573) | (878,573) | 0 |
| Total other financing sources (uses) | <u>3,845,986</u> | <u>3,845,986</u> | <u>3,845,986</u> | <u>0</u> |
| Net changes in fund balances | 3,665,966 | 3,665,966 | 3,946,159 | 280,193 |
| Fund balances, beginning of year | <u>338,900</u> | <u>338,900</u> | <u>338,900</u> | <u>0</u> |
| Prior year adjustment (see note 9) | | | 901,306 | 0 |
| Fund balances, end of year | <u>\$4,004,866</u> | <u>\$4,004,866</u> | <u>\$5,186,365</u> | <u>\$280,193</u> |

DISCRETELY PRESENTED COMPONENT UNITS

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

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

CITY OF ROANOKE, TEXAS
BALANCE SHEET - ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
SEPTEMBER 30, 2008

| | <u>REIDC</u> |
|--|-------------------------|
| ASSETS: | |
| Cash and cash equivalents | <u>\$920,779</u> |
| Total assets | <u><u>\$920,779</u></u> |
| LIABILITIES: | |
| Accounts payable | \$0 |
| Other liabilities | <u>109,797</u> |
| Total liabilities | <u>109,797</u> |
| Fund balances: | |
| Unreserved, undesignated for, reported in: | |
| REIDC | <u>810,982</u> |
| Total fund balances | <u>810,982</u> |
| Total liabilities and fund balances | <u><u>\$920,779</u></u> |

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2008**

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

| | |
|---------------------------------------|-------------------------|
| Total fund balance per balance sheet | \$810,982 |
| Net assets of governmental activities | <u><u>\$810,982</u></u> |

**ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | <u>REIDC</u> |
|--|-------------------------|
| Revenues: | |
| Sales and use taxes | 2,125,023 |
| Investment income | 1,302 |
| Total Revenues | <u>2,126,325</u> |
| Expenditures: | |
| Economic Development | 2,065,409 |
| Total expenditures | <u>2,065,409</u> |
| Excess (deficiency) of revenues over expenditures | <u>60,916</u> |
| Fund balances, beginning of year | <u>750,066</u> |
| Fund balances, end of year | <u><u>\$810,982</u></u> |

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

| | |
|---|------------------------|
| Net change in fund balance - total governmental funds | \$60,916 |
| Change in net assets of governmental activities | <u><u>\$60,916</u></u> |

**CITY OF ROANOKE, TEXAS
 BALANCE SHEET - ROANOKE ECONOMIC COMMUNITY DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2008**

| | <u>RECDC</u> |
|--|-------------------------|
| ASSETS: | |
| Cash and cash equivalents | <u>\$588,165</u> |
| Total assets | <u><u>\$588,165</u></u> |
| LIABILITIES: | |
| Accounts payable | <u>\$22,592</u> |
| Total liabilities | <u>22,592</u> |
| Fund balances: | |
| Unreserved, undesignated for, reported in: | |
| RECDC | <u>565,573</u> |
| Total fund balances | <u>565,573</u> |
| Total liabilities and fund balances | <u><u>\$588,165</u></u> |

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF ROANOKE ECONOMIC COMMUNITY DEVELOPMENT CORPORATION
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2008**

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

| | |
|---------------------------------------|-------------------------|
| Total fund balance per balance sheet | \$565,573 |
| Net assets of governmental activities | <u><u>\$565,573</u></u> |

**CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ROANOKE ECONOMIC COMMUNITY DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

| | <u>RECDC</u> |
|--|-------------------------|
| Revenues: | |
| Sales and use taxes | 2,125,023 |
| Investment income | 976 |
| Total Revenues | <u>2,125,999</u> |
| Expenditures: | |
| Economic Development | <u>2,078,084</u> |
| Total expenditures | <u>2,078,084</u> |
| Excess (deficiency) of revenues over expenditures | <u>47,915</u> |
| Fund balances, beginning of year | <u>517,658</u> |
| Fund balances, end of year | <u><u>\$565,573</u></u> |

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
ROANOKE ECONOMIC COMMUNITY DEVELOPMENT CORPORATION
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

| | |
|---|------------------------|
| Net change in fund balance - total governmental funds | \$47,915 |
| Change in net assets of governmental activities | <u><u>\$47,915</u></u> |



Roanoke
Rising Star of the Metroplex

CITY OF ROANOKE, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2008

| Function and Activity | Land and Improvements to Land | Buildings/ Structures | Machinery, Vehicles & Equipment | Infrastructure | Total |
|---|-------------------------------------|--------------------------|---------------------------------------|---------------------|---------------------|
| General government | \$410,994 | \$1,979,850 | \$106,396 | \$0 | \$2,497,240 |
| Fire and EMS: | 0 | 442,700 | 2,668,286 | 0 | 3,110,986 |
| Municipal Court | 0 | 99,906 | 0 | 0 | 99,906 |
| Police | 0 | 2,051,530 | 1,228,892 | 0 | 3,280,422 |
| Library | 0 | 570,123 | 0 | 0 | 570,123 |
| Parks and recreation | 4,137,024 | 7,439,776 | 233,651 | 0 | 11,810,451 |
| Public Works | 0 | 885,897 | 665,499 | 9,879,883 | 11,431,279 |
| Construction in progress | 0 | 3,796,956 | 0 | 1,260,291 | 5,057,247 |
| Total governmental funds capital assets | <u>\$4,548,018</u> | <u>\$17,266,738</u> | <u>\$4,902,724</u> | <u>\$11,140,174</u> | <u>\$37,857,654</u> |

**CITY OF ROANOKE, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 SEPTEMBER 30, 2008**

| | |
|---|--------------------------------|
| Governmental funds capital assets: | <u>2008</u> |
| Land | \$410,994 |
| Land Improvements | 4,137,024 |
| Buildings/Structures | 13,469,782 |
| Vehicles/Machinery | 4,114,650 |
| Equipment | 788,074 |
| Infrastructure | 9,879,883 |
| Construction in progress | <u>5,057,247</u> |
| Total general fixed assets | <u><u>\$37,857,654</u></u> |
| Investments in governmental funds capital assets by source: | |
| General fund | \$10,946,364 |
| Special revenue fund | 913,272 |
| Capital projects funds | 23,003,622 |
| Developer contributions | 1,925,988 |
| Marshall Creek consolidation | 823,160 |
| Donations | <u>245,248</u> |
| Total governmental funds capital assets | <u><u>\$37,857,654</u></u> |

CITY OF ROANOKE, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2008

| Function and Activity | Governmental Funds Capital Assets | | | Governmental Funds Capital Assets |
|--|--------------------------------------|---------------------|----------------------|--------------------------------------|
| | October 1, 2007 | Additions | Deletions | September 30, 2008 |
| General government | \$1,374,984 | \$1,122,256 | \$0 | \$2,497,240 |
| Fire and EMS | 2,515,966 | 595,020 | 0 | 3,110,986 |
| Municipal Court | 99,906 | 0 | 0 | 99,906 |
| Police | 3,247,496 | 70,926 | (38,000) | 3,280,422 |
| Library | 570,123 | 0 | 0 | 570,123 |
| Parks and recreation | 11,621,636 | 188,815 | 0 | 11,810,451 |
| Public works | 7,386,013 | 4,045,266 | 0 | 11,431,279 |
| Construction in progress | 1,788,508 | 5,669,267 | (2,400,528) | 5,057,247 |
| Total governmental funds capital assets | \$28,604,632 | \$11,691,550 | (\$2,438,528) | \$37,857,654 |



STATISTICAL SECTION

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

| Contents | <u>Page</u> |
|---|--------------------|
| Financial Trends | 56-61 |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 62-65 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 66-70 |
| <i>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.</i> | |
| Demographic and Economic Information | 71-72 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i> | |
| Operating Information | 73-75 |
| <i>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.</i> | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF ROANOKE, TEXAS
NET ASSETS BY COMPONENT
ACCRUAL BASIS OF ACCOUNTING
LAST FIVE FISCAL YEARS (UNAUDITED)**

TABLE 1

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| Governmental activities | | | | | |
| Invested in capital assets (net of related debt) | \$1,656,197 | \$4,695,973 | \$6,936,783 | \$1,469,813 | \$2,811,859 |
| Restricted for: | | | | | |
| Capital Projects | 3,641,716 | 1,349,330 | 2,901,913 | 9,838,692 | 5,570,723 |
| Debt service | 295,664 | 318,225 | 258,890 | 338,900 | 5,186,365 |
| Special revenue | 0 | 0 | 0 | 0 | 2,500,000 |
| Unrestricted | 588,511 | 340,581 | 284,757 | 133,180 | 497,056 |
| Total governmental activities net assets | <u>\$6,182,088</u> | <u>\$6,704,109</u> | <u>\$10,382,343</u> | <u>\$11,780,585</u> | <u>\$16,566,003</u> |
| Business-type activities | | | | | |
| Invested in capital assets (net of related debt) | \$9,673,631 | \$10,136,610 | \$6,929,702 | \$5,516,230 | \$5,467,955 |
| Restricted for: | | | | | |
| Capital Projects | 641,938 | 0 | 114,393 | 912,705 | 2,727,722 |
| Unrestricted | 256,009 | (18,615) | (78,213) | (104,897) | 523,962 |
| Total business-type activities net assets | <u>\$10,571,578</u> | <u>\$10,117,995</u> | <u>\$6,965,882</u> | <u>\$6,324,038</u> | <u>\$8,719,639</u> |
| Primary government activities | | | | | |
| Invested in capital assets (net of related debt) | \$11,329,828 | \$14,832,583 | \$13,866,485 | \$6,986,043 | \$8,279,814 |
| Restricted for: | | | | | |
| Capital Projects | 4,283,654 | 1,349,330 | 3,016,306 | 10,751,397 | 8,298,445 |
| Debt service | 295,664 | 318,225 | 258,890 | 338,900 | 5,186,365 |
| Special revenue | 0 | 0 | 0 | 0 | 2,500,000 |
| Unrestricted | 844,520 | 321,966 | 206,544 | 28,283 | 1,021,018 |
| Total primary governmental activities net assets | <u>\$16,753,666</u> | <u>\$16,822,104</u> | <u>\$17,348,225</u> | <u>\$18,104,623</u> | <u>\$25,285,642</u> |

Source: Comprehensive Annual Financial Report

Note: Accrual-basis financial information for the city as a whole is only available back to fiscal year 2004, the year GASB Statement 34 was implemented

CITY OF ROANOKE, TEXAS
 CHANGES IN NET ASSETS
 ACCRUAL BASIS OF ACCOUNTING
 LAST FIVE FISCAL YEARS (UNAUDITED)

TABLE 2

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 |
| Expenses | | | | | |
| Governmental activities | | | | | |
| General government | \$1,234,892 | \$1,206,609 | \$1,440,371 | \$1,508,488 | \$2,034,964 |
| Fire and EMS | 1,489,550 | 1,700,279 | 1,837,520 | 1,989,849 | 2,089,902 |
| Municipal Court | 162,584 | 159,951 | 176,696 | 215,138 | 204,070 |
| Police | 2,142,558 | 2,282,861 | 2,675,891 | 3,113,820 | 3,475,674 |
| Library | 269,727 | 333,022 | 332,840 | 370,849 | 457,318 |
| Parks and recreation | 431,446 | 797,905 | 1,955,342 | 2,122,776 | 2,376,314 |
| Public works | 273,006 | 627,854 | 839,798 | 885,933 | 952,068 |
| Interest on long-term debt | 548,801 | 554,832 | 788,801 | 1,109,311 | 862,460 |
| Total governmental activities expenses | <u>6,552,564</u> | <u>7,663,313</u> | <u>10,047,259</u> | <u>11,316,164</u> | <u>12,452,770</u> |
| Business-type activities | | | | | |
| Water/Wastewater | 2,287,498 | 2,610,310 | 3,345,463 | 3,422,882 | 3,804,238 |
| Sanitation | 0 | 0 | 0 | 31,920 | 32,569 |
| Total business-type activities expenses | <u>2,287,498</u> | <u>2,610,310</u> | <u>3,345,463</u> | <u>3,454,802</u> | <u>3,836,807</u> |
| Total primary government activities expenses | <u>\$8,840,062</u> | <u>\$10,273,623</u> | <u>\$13,392,722</u> | <u>\$14,770,966</u> | <u>\$16,289,577</u> |
| Program Revenues | | | | | |
| Governmental activities | | | | | |
| Charges for Services: | | | | | |
| General Government | \$847,242 | \$604,239 | \$453,054 | \$589,135 | \$1,033,773 |
| Fire and EMS | 216,046 | 230,464 | 254,156 | 301,099 | 327,242 |
| Municipal Court | 567,208 | 482,864 | 560,008 | 383,431 | 435,355 |
| Police | 0 | 0 | 0 | 11,490 | 5,948 |
| Library | 7,499 | 9,141 | 8,684 | 8,680 | 9,237 |
| Parks and recreation | 42,514 | 61,146 | 344,347 | 502,044 | 600,562 |
| Public works | 0 | 0 | 0 | 0 | 0 |
| Operating grants and contributions | 150,666 | 133,716 | 146,760 | 147,663 | 87,799 |
| Capital grants and contributions | 854,557 | 1,504,165 | 1,563,291 | 2,458,161 | 4,564,206 |
| Total governmental activities program revenues | <u>2,685,732</u> | <u>3,025,735</u> | <u>3,330,300</u> | <u>4,401,703</u> | <u>7,064,122</u> |
| Business-type activities | | | | | |
| Charges for Services: | | | | | |
| Water/Wastewater | 1,670,124 | 2,215,105 | 2,498,590 | 2,204,357 | 3,293,431 |
| Capital grants and contributions | 0 | 660,000 | 500,000 | 340,000 | 2,597,804 |
| Total business-type activities program revenues | <u>1,670,124</u> | <u>2,875,105</u> | <u>2,998,590</u> | <u>2,544,357</u> | <u>5,891,235</u> |
| Total primary governmental program revenues | <u>\$4,355,856</u> | <u>\$5,900,840</u> | <u>\$6,328,890</u> | <u>\$6,946,060</u> | <u>\$12,955,357</u> |
| Net (Expenses) Revenue | | | | | |
| Governmental activities | (\$3,866,832) | (\$4,637,578) | (\$6,716,959) | (\$6,914,461) | (\$5,388,648) |
| Business-type activities | (617,374) | 264,795 | (346,873) | (910,445) | 2,054,429 |
| Total primary government net expense | <u>(\$4,484,206)</u> | <u>(\$4,372,783)</u> | <u>(\$7,063,832)</u> | <u>(\$7,824,906)</u> | <u>(\$3,334,219)</u> |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental activities | | | | | |
| Taxes | | | | | |
| Property taxes | \$2,351,327 | \$2,802,015 | \$3,046,689 | \$3,517,747 | \$4,765,642 |
| Sales and use taxes | 1,613,070 | 2,406,350 | 3,390,989 | 3,637,391 | 4,377,361 |
| Franchise taxes | 417,347 | 541,246 | 686,930 | 753,838 | 889,660 |
| Other taxes | 6,863 | 8,676 | 13,716 | 15,096 | 16,957 |
| Investment income | 48,550 | 109,881 | 252,601 | 606,707 | 314,143 |
| Extraordinary item - Marshall Creek | 0 | 0 | 0 | 0 | 11,626 |
| Transfers | 306,000 | 725,958 | (7,108) | (218,076) | (201,323) |
| Total governmental activities | <u>4,743,157</u> | <u>6,594,126</u> | <u>7,383,817</u> | <u>8,312,703</u> | <u>10,174,066</u> |
| Business-type activities | | | | | |
| Investment income | 7,903 | 7,580 | 9,942 | 48,025 | 88,202 |
| Extraordinary item - Marshall Creek | 0 | 0 | 0 | 0 | 51,647 |
| Transfers | (306,000) | (725,958) | 7,108 | 218,076 | 201,323 |
| Total business-type activities | <u>(298,097)</u> | <u>(718,378)</u> | <u>17,050</u> | <u>266,101</u> | <u>341,172</u> |
| Total primary government | <u>\$4,445,060</u> | <u>\$5,875,748</u> | <u>\$7,400,867</u> | <u>\$8,578,804</u> | <u>\$10,515,238</u> |
| Change in Net Assets | | | | | |
| Governmental activities | \$876,325 | \$1,956,548 | \$666,858 | \$1,398,242 | \$4,785,418 |
| Business-type activities | (915,471) | (453,583) | (329,823) | (644,344) | 2,395,601 |
| Total primary government | <u>(\$39,146)</u> | <u>\$1,502,965</u> | <u>\$337,035</u> | <u>\$753,898</u> | <u>\$7,181,019</u> |

Source: Comprehensive Annual Financial Report

Note: Accrual-basis financial information for the city as a whole is only available back to fiscal year 2004, the year GASB Statement 34 was implemented

**CITY OF ROANOKE, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 LAST TEN FISCAL YEARS (UNAUDITED)**

| | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Fund | | | | | |
| Reserved for: | | | | | |
| Prepays | \$0 | \$0 | \$0 | \$0 | \$0 |
| Unreserved | <u>1,089,585</u> | <u>941,807</u> | <u>1,323,870</u> | <u>1,365,896</u> | <u>616,480</u> |
| Total general fund | <u>\$1,089,585</u> | <u>\$941,807</u> | <u>\$1,323,870</u> | <u>\$1,365,896</u> | <u>\$616,480</u> |
| All Other Governmental Funds | | | | | |
| Reserved for: | | | | | |
| Debt service | \$36,930 | \$43,641 | \$57,611 | \$154,059 | \$241,467 |
| Capital projects | 0 | 1,170,000 | 1,157,039 | 9,622 | 4,797,798 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | <u>0</u> | <u>0</u> | <u>4,864</u> | <u>65,435</u> | <u>91,363</u> |
| Total all other governmental funds | <u>\$36,930</u> | <u>\$1,213,641</u> | <u>\$1,219,514</u> | <u>\$229,116</u> | <u>\$5,130,628</u> |

Source: Comprehensive Annual Financial Report

TABLE 3

| Fiscal Year | | | | |
|--------------------|--------------------|--------------------|---------------------|---------------------|
| <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| \$0 | \$39,830 | \$53,990 | \$24,165 | \$91,214 |
| 509,709 | 764,836 | 758,475 | 856,317 | 3,006,162 |
| <u>\$509,709</u> | <u>\$804,666</u> | <u>\$812,465</u> | <u>\$880,482</u> | <u>\$3,097,376</u> |
| \$295,664 | \$318,225 | \$258,890 | \$338,900 | \$5,186,365 |
| 3,641,716 | 1,349,300 | 2,901,913 | 9,838,692 | 5,570,723 |
| 151,856 | 382,145 | 352,159 | 303,913 | 2,802,104 |
| <u>\$4,089,236</u> | <u>\$2,049,670</u> | <u>\$3,512,962</u> | <u>\$10,481,505</u> | <u>\$13,559,192</u> |

CITY OF ROANOKE, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

| | 1999 | 2000 | 2001 | 2002 | 2003 |
|--|------------------|--------------------|------------------|--------------------|--------------------|
| REVENUES | | | | | |
| Property Taxes | \$469,478 | \$599,176 | \$1,629,568 | \$1,471,606 | \$2,182,418 |
| Sales and Use taxes | 583,641 | 494,581 | 828,398 | 1,149,883 | 1,124,225 |
| Franchise taxes | 121,425 | 158,693 | 217,481 | 286,771 | 368,629 |
| Licenses and permits | 489,953 | 588,110 | 576,233 | 388,676 | 284,866 |
| Liquor taxes | 5,269 | 5,656 | 5,039 | 4,963 | 4,673 |
| Charges for services | 70,831 | 0 | 14,173 | 122,789 | 390,992 |
| Grants and awards | 172,466 | 172,141 | 212,198 | 182,518 | 371,707 |
| Fines and forfeitures | 266,098 | 277,873 | 267,587 | 366,422 | 423,783 |
| Investment income | 18,200 | 31,383 | 43,173 | 11,301 | 42,855 |
| Donations | 50,597 | 0 | 49,783 | 39,699 | 6,110 |
| Miscellaneous | 167,692 | 252,602 | 198,882 | 41,601 | 16,161 |
| Total revenues | <u>2,415,650</u> | <u>2,580,215</u> | <u>4,042,515</u> | <u>4,066,229</u> | <u>5,216,419</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 2,101,867 | 2,594,499 | 3,231,713 | 3,342,454 | 762,474 |
| Fire and EMS | 0 | 0 | 0 | 0 | 1,162,314 |
| Municipal Court | 0 | 0 | 0 | 0 | 96,074 |
| Police | 0 | 0 | 0 | 0 | 1,669,100 |
| Library | 0 | 0 | 0 | 0 | 262,832 |
| Parks and recreation | 0 | 0 | 0 | 0 | 292,713 |
| Public works | 0 | 0 | 0 | 0 | 0 |
| Debt Service: | | | | | |
| Principal | 152,173 | 1,302,900 | 403,195 | 404,429 | 370,000 |
| Interest & fiscal charges | 0 | 0 | 0 | 0 | 355,846 |
| Capital Outlay | 58,039 | 30,000 | 42,961 | 1,385,977 | 3,270,504 |
| Total expenditures | <u>2,312,079</u> | <u>3,927,399</u> | <u>3,677,869</u> | <u>5,132,860</u> | <u>8,241,857</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>103,571</u> | <u>(1,347,184)</u> | <u>364,646</u> | <u>(1,066,631)</u> | <u>(3,025,438)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Debt issuance | 0 | 1,208,604 | 0 | 0 | 5,000,000 |
| Capital leases | 0 | 0 | 0 | 0 | 0 |
| Transfers in | 0 | 1,167,514 | 0 | 118,259 | 308,713 |
| Transfers out | 0 | 0 | 0 | 0 | (74,225) |
| Total other financing sources (uses) | <u>0</u> | <u>2,376,118</u> | <u>0</u> | <u>118,259</u> | <u>4,608,269</u> |
| NET CHANGE IN FUND BALANCES | <u>\$103,571</u> | <u>\$1,028,934</u> | <u>\$364,646</u> | <u>(\$948,372)</u> | <u>\$1,582,831</u> |
| Debt service as a percentage of noncapital expenditures | 7% | 50% | 12% | 12% | 17% |

Source: Comprehensive Annual Financial Report

TABLE 4

| Fiscal Year | | | | |
|--------------------|----------------------|--------------------|--------------------|--------------------|
| 2004 | 2005 | 2006 | 2007 | 2008 |
| \$2,351,327 | \$2,802,015 | \$3,004,001 | \$3,517,747 | \$4,765,642 |
| 1,613,070 | 2,406,350 | 3,390,989 | 3,637,391 | 4,377,361 |
| 417,347 | 541,246 | 686,930 | 753,838 | 889,660 |
| 811,648 | 407,412 | 213,790 | 309,548 | 634,119 |
| 6,863 | 8,676 | 13,716 | 15,096 | 16,957 |
| 254,586 | 449,840 | 789,853 | 1,029,202 | 1,181,591 |
| 860,001 | 1,608,059 | 1,643,942 | 2,582,215 | 2,590,306 |
| 574,707 | 492,004 | 483,084 | 405,399 | 439,558 |
| 48,550 | 109,881 | 252,601 | 606,707 | 314,143 |
| 140,626 | 22,694 | 56,717 | 23,609 | 44,831 |
| 44,164 | 45,725 | 58,008 | 65,018 | 168,475 |
| <u>7,122,889</u> | <u>8,893,902</u> | <u>10,593,631</u> | <u>12,945,770</u> | <u>15,422,643</u> |
| 983,870 | 1,196,835 | 1,429,996 | 1,483,363 | 1,973,047 |
| 1,340,872 | 1,588,412 | 1,709,749 | 2,037,805 | 1,970,493 |
| 162,143 | 260,066 | 176,250 | 215,485 | 203,932 |
| 2,047,487 | 2,226,933 | 2,741,237 | 3,233,535 | 3,308,121 |
| 275,012 | 298,327 | 310,450 | 340,152 | 425,645 |
| 423,669 | 704,393 | 1,642,424 | 1,644,069 | 1,786,183 |
| 71,389 | 335,772 | 675,264 | 611,407 | 577,679 |
| 365,000 | 475,000 | 665,000 | 872,094 | 945,731 |
| 548,801 | 554,832 | 788,801 | 812,017 | 863,763 |
| 2,003,155 | 3,723,899 | 2,321,261 | 2,256,061 | 6,541,874 |
| <u>8,221,398</u> | <u>11,364,469</u> | <u>12,460,432</u> | <u>13,505,988</u> | <u>18,596,468</u> |
| <u>(1,098,509)</u> | <u>(2,470,567)</u> | <u>(1,866,801)</u> | <u>(560,218)</u> | <u>(3,173,825)</u> |
| 0 | 0 | 4,020,000 | 7,796,557 | 7,224,559 |
| 0 | 0 | (675,000) | 18,297 | 543,864 |
| 467,070 | 1,335,069 | 628,625 | 711,614 | 1,607,152 |
| (77,206) | (609,111) | (635,733) | (929,690) | (1,808,475) |
| <u>389,864</u> | <u>725,958</u> | <u>3,337,892</u> | <u>7,596,778</u> | <u>7,567,100</u> |
| <u>(\$708,645)</u> | <u>(\$1,744,609)</u> | <u>\$1,471,091</u> | <u>\$7,036,560</u> | <u>\$4,393,275</u> |
| 17% | 16% | 17% | 18% | 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 | | | | | | |
| 1999 | \$32,714,044 | \$13,067,259 | \$71,583,372 | (\$19,139,045) | \$98,225,630 | 0.37512 | \$98,225,630 | 100% |
| 2000 | 36,579,621 | 50,231,843 | 97,046,172 | (41,548,480) | 142,309,156 | 0.37512 | 142,309,156 | 100% |
| 2001 | 53,561,352 | 85,781,550 | 151,341,116 | (62,769,548) | 227,914,470 | 0.37512 | 227,914,470 | 100% |
| 2002 | 66,336,026 | 94,148,227 | 206,356,917 | (89,714,581) | 277,156,589 | 0.37512 | 277,156,589 | 100% |
| 2003 | 86,051,389 | 154,851,381 | 317,128,819 | (136,941,543) | 421,090,046 | 0.37512 | 421,090,046 | 100% |
| 2004 | 92,497,129 | 181,750,485 | 388,448,530 | (161,800,322) | 500,895,822 | 0.37512 | 500,895,822 | 100% |
| 2005 | 92,371,162 | 203,104,834 | 446,217,581 | (206,554,723) | 535,138,854 | 0.37512 | 535,138,854 | 100% |
| 2006 | 93,243,843 | 181,904,923 | 664,960,272 | (272,951,908) | 667,157,130 | 0.37512 | 667,157,130 | 100% |
| 2007 | 97,263,339 | 270,941,149 | 678,781,038 | (289,178,041) | 757,807,485 | 0.37512 | 757,807,485 | 100% |
| 2008 | 96,167,599 | 290,328,505 | 1,047,021,449 | (413,631,676) | 1,019,885,877 | 0.37512 | 1,019,885,877 | 100% |

Source Denton County Appraisal District

**DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS (UNAUDITED)**

| Fiscal Year | City Direct Rates | | | Overlapping Rates | |
|----------------|-----------------------|-----------------|-----------------|---|------------------|
| | Operating/ General | Debt Service | Total Direct | Northwest Independent School District | Denton County |
| 1999 | \$0.25707 | \$0.11805 | \$0.37512 | \$1.66253 | \$0.24875 |
| 2000 | 0.28569 | 0.08943 | 0.37512 | 1.70472 | 0.23504 |
| 2001 | 0.28025 | 0.09487 | 0.37512 | 1.69136 | 0.23193 |
| 2002 | 0.26406 | 0.11106 | 0.37512 | 1.83481 | 0.25193 |
| 2003 | 0.26406 | 0.11106 | 0.37512 | 1.83481 | 0.24897 |
| 2004 | 0.26994 | 0.10518 | 0.37512 | 1.83481 | 0.24717 |
| 2005 | 0.26994 | 0.10518 | 0.37512 | 1.81930 | 0.25480 |
| 2006 | 0.25239 | 0.12273 | 0.37512 | 1.81930 | 0.24648 |
| 2007 | 0.18872 | 0.18640 | 0.37512 | 1.66500 | 0.23192 |
| 2008 | 0.22682 | 0.14830 | 0.37512 | 1.33505 | 0.23589 |

Source: Denton County Appraisal District

**CITY OF ROANOKE, TEXAS
 PRINCIPAL TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

TABLE 7

| Taxpayer | 2008 | | | 1999 | | |
|------------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Honeywell International Inc | \$135,456,258 | 1 | 13.28% | \$0 | | 0.00% |
| Citicorp Technology Inc | 95,665,966 | 2 | 9.38% | 0 | | 0.00% |
| Cardinal Health | 92,921,152 | 3 | 9.11% | 0 | | 0.00% |
| Amerisource Bergen | 123,736,956 | 4 | 12.13% | 0 | | 0.00% |
| Alliance No 3 Building Partners LP | 45,657,359 | 5 | 4.48% | 0 | | 0.00% |
| Bell Helicopter Textron | 67,185,962 | 6 | 6.59% | 0 | | 0.00% |
| W W Grainger Inc | 46,564,993 | 7 | 4.57% | 0 | | 0.00% |
| Randall's Beverage Co, Inc | 33,209,627 | 8 | 3.26% | 0 | | 0.00% |
| Alliance No 2 Building Partners LP | 32,622,894 | 9 | 3.20% | 0 | | 0.00% |
| Bridgestone/Firestone | 41,278,789 | 10 | 4.05% | 0 | | 0.00% |
| Tecnol, Inc | 0 | | 0.00% | 13,248,840 | 1 | 13.49% |
| Food Lion Distribution | 0 | | 0.00% | 3,691,941 | 2 | 3.76% |
| Southwestern Bell Telephone Co | 0 | | 0.00% | 4,401,460 | 3 | 4.48% |
| AHC VIII Corp | 0 | | 0.00% | 4,190,263 | 4 | 4.27% |
| Oscar Renda Contracting | 0 | | 0.00% | 3,477,595 | 5 | 3.54% |
| Zenith Electronics Corp | 0 | | 0.00% | 2,653,000 | 6 | 2.70% |
| Texas Lehigh Cement Co | 0 | | 0.00% | 1,448,596 | 7 | 1.47% |
| Texas Utilities Electric Co | 0 | | 0.00% | 1,293,000 | 8 | 1.32% |
| Burrus Supermarket Inc. | 0 | | 0.00% | 976,130 | 9 | 0.99% |
| Pavement Specialists Inc | 0 | | 0.00% | 807,025 | 10 | 0.82% |
| Totals | \$714,299,956 | | 70.04% | \$36,187,850 | | 36.84% |

Source: Denton County Tax Assessor and Collector

Note: Taxpayers are assessed on January 1, 2007 (2007 tax year) for the 2008 fiscal year

**CITY OF ROANOKE, TEXAS
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 8

| Fiscal Period | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Delinquent Tax Collections | Total Collections | |
|---------------|----------------------------------|--|--------------------|----------------------------|-------------------|--------------------|
| | | Amount | Percentage of levy | | Amount | Percentage of levy |
| 1999 | \$368,464 | \$364,816 | 99.01% | \$104,662 | \$469,478 | 127.4% |
| 2000 | 533,830 | 528,545 | 99.01% | 66,744 | 595,289 | 111.5% |
| 2001 | 854,953 | 846,489 | 99.01% | 412,171 | 1,258,660 | 147.2% |
| 2002 | 1,039,557 | 1,029,266 | 99.01% | 188,247 | 1,217,513 | 117.1% |
| 2003 | 1,833,799 | 1,815,644 | 99.01% | 362,131 | 2,177,775 | 118.8% |
| 2004 | 2,317,569 | 2,289,063 | 98.77% | 37,098 | 2,326,161 | 100.4% |
| 2005 | 2,752,570 | 2,734,954 | 99.36% | 49,444 | 2,784,398 | 101.2% |
| 2006 | 2,982,819 | 2,970,888 | 99.60% | 15,111 | 2,985,999 | 100.1% |
| 2007 | 3,530,095 | 3,477,088 | 98.49% | 26,998 | 3,504,086 | 99.3% |
| 2008 | 4,382,386 | 4,374,936 | 99.83% | 325,010 | 4,699,946 | 107.2% |

Source: Denton County Tax Assessor and Collector

**CITY OF ROANOKE, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)**

Table 9

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income (a) | Per Capita (a) |
|-------------|--------------------------|----------------------------|---|-------------------|-------------------------------|-------------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Certificates of Obligation | Special Assessment Certificates of Obligation | Other Obligations | Water and Sewer Revenue Bonds | Other Obligations | | | |
| 1999 | \$0 | \$1,085,000 | \$0 | \$567,939 | \$135,000 | \$131,513 | \$1,919,452 | 6.91% | \$893 |
| 2000 | 0 | 3,842,942 | 0 | 1,819,203 | 0 | 131,513 | 5,793,658 | 9.22% | 2,033 |
| 2001 | 0 | 3,109,997 | 0 | 1,544,755 | 0 | 96,513 | 4,751,265 | 6.95% | 1,533 |
| 2002 | 0 | 2,901,753 | 0 | 1,359,817 | 0 | 79,012 | 4,340,582 | 5.79% | 1,277 |
| 2003 | 3,285,000 | 7,028,767 | 0 | 1,749,108 | 3,251,233 (b) | 57,947 | 15,372,055 | 14.99% | 3,306 |
| 2004 | 3,070,000 | 7,007,203 | 0 | 1,606,612 | 3,122,797 (b) | 129,171 | 14,935,783 | 12.54% | 2,766 |
| 2005 | 2,955,000 | 10,795,658 | 0 | 1,761,521 | 1,654,342 (b) | 147,438 | 17,313,959 | 14.41% | 3,177 |
| 2006 | 3,325,000 | 17,138,543 | 0 | 1,891,161 | 3,591,457 (b) | 56,625 | 26,002,786 | 20.87% | 4,602 |
| 2007 | 2,955,000 | 17,537,755 | 0 | 1,641,598 | 6,687,245 (b) | 37,750 | 28,859,348 | 22.56% | 4,976 |
| 2008 | 2,535,000 | 21,736,583 | 2,500,000 | 1,883,765 | 7,068,417 (b) | 18,834 | 35,742,599 | 26.14% | 5,765 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(a) See Table 14 for personal income and population data
(b) revenue supported portion of certificates of obligation

**CITY OF ROANOKE, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 10

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Certificates of Obligation (a)</u> | <u>Total</u> | <u>Percentage of Actual Taxable Value of Property (b)</u> | <u>Per Capita (c)</u> |
|--------------------|---------------------------------|---------------------------------------|--------------|---|-----------------------|
| 1999 | \$0 | \$1,085,000 | \$1,085,000 | 1.10% | \$505 |
| 2000 | 0 | 3,842,942 | 3,842,942 | 2.70% | 1,348 |
| 2001 | 0 | 3,109,997 | 3,109,997 | 1.36% | 1,003 |
| 2002 | 0 | 2,901,753 | 2,901,753 | 1.05% | 853 |
| 2003 | 3,285,000 | 7,028,767 | 10,313,767 | 2.45% | 2,218 |
| 2004 | 3,070,000 | 7,007,203 | 10,077,203 | 2.01% | 1,866 |
| 2005 | 2,955,000 | 10,795,658 | 13,750,658 | 2.57% | 2,523 |
| 2006 | 3,325,000 | 17,138,543 | 20,463,543 | 3.07% | 3,622 |
| 2007 | 2,955,000 | 17,537,755 | 20,492,755 | 2.70% | 3,533 |
| 2008 | 2,535,000 | 21,736,583 | 24,271,583 | 2.38% | 3,915 |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

- (a) Includes only tax supported indebtedness
- (b) See Table 5 for property value data
- (c) See Table 14 for population data

CITY OF ROANOKE, TEXAS
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 11

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Tax Rate Limit | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 |
| Current Tax Rate | 0.37512 | 0.37512 | 0.37512 | 0.37512 | 0.37512 | 0.37512 | 0.37512 | 0.37512 | 0.37512 | 0.37512 |
| Available Tax Rate | <u>\$2.12488</u> |

Note: Under provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation.
 No direct bond debt limitation is imposed on the City under current state law.

**CITY OF ROANOKE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2008 (UNAUDITED)**

TABLE 12

| Governmental Unit | Gross Bonded Debt | Estimated Percentage Applicable (a) | Roanoke Share of Overlapping Debt |
|--|----------------------|---|--|
| Debt repaid with property taxes | | | |
| Denton County | \$273,559,740 | 2.20% | \$6,018,314 |
| Northwest Independent School District | <u>455,598,340</u> | 13.26% | <u>60,412,340</u> |
| Subtotal, overlapping debt | <u>729,158,080</u> | | <u>66,430,654</u> |
| City of Roanoke (direct debt) | 24,271,583 | 100.00% | 24,271,583 |
| Total direct and overlapping debt | | | <u><u>\$90,702,237</u></u> |

Source: Assessed value data used to estimate applicable percentages provided by Denton County Appraisal District. Debt outstanding data provided by each governmental unit.

(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

| <u>Water and Sewer Revenue Bonds</u> | | | | | |
|--------------------------------------|-----------------------|------------------------------------|--------------------------|---------------------------|-------------------|
| Fiscal Year | Total Revenues (a) | Less: Operating Expenses (b) | Net Available Revenue | Annual Requirement (c) | Times Coverage |
| 1999 | \$970,769 | \$827,871 | \$142,898 | \$76,390 | \$1.87 |
| 2000 | n/a | n/a | n/a | 0 | 0.00 |
| 2001 | n/a | n/a | n/a | 0 | 0.00 |
| 2002 | n/a | n/a | n/a | 0 | 0.00 |
| 2003 | 1,734,475 | 1,610,640 | 123,835 | 268,351 (d) | 0.46 |
| 2004 | 1,820,124 | 1,737,710 | 82,414 | 272,425 (d) | 0.30 |
| 2005 | 2,972,077 | 2,102,677 | 869,400 | 267,930 (d) | 3.24 |
| 2006 | 3,272,919 | 2,836,748 | 436,171 | 267,221 (d) | 1.63 |
| 2007 | 2,799,458 | 2,650,785 | 148,673 | 325,236 (d) | 0.46 |
| 2008 | 6,217,407 | 2,881,124 | 3,336,283 | 552,169 (d) | 6.04 |

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

**CITY OF ROANOKE, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS (UNAUDITED)**

TABLE 14

| <u>Fiscal Year</u> | <u>Estimated Population (a)</u> | <u>Personal Income</u> | <u>Per Capita Personal Income (b)</u> | <u>Median Age (b)</u> | <u>Median Household Income (b)</u> | <u>School Enrollment (c)</u> | <u>Unemployment Rate (d)</u> |
|--------------------|---------------------------------|------------------------|---------------------------------------|-----------------------|------------------------------------|------------------------------|------------------------------|
| 1999 | 2,150 | \$27,765,100 | \$12,914 | 27 | \$33,833 | 229 | 2.0% |
| 2000 | 2,850 | 62,845,350 | 22,051 | 30.6 | 48,107 | 242 | 2.0% |
| 2001 | 3,100 | 68,358,100 | 22,051 | 30.6 | 48,107 | 264 | 3.4% |
| 2002 | 3,400 | 74,973,400 | 22,051 | 30.6 | 48,107 | 372 | 4.8% |
| 2003 | 4,650 | 102,537,150 | 22,051 | 30.6 | 48,107 | 357 | 5.0% |
| 2004 | 5,400 | 119,075,400 | 22,051 | 30.6 | 48,107 | 406 | 3.6% |
| 2005 | 5,450 | 120,177,950 | 22,051 | 30.6 | 48,107 | 465 | 4.2% |
| 2006 | 5,650 | 124,588,150 | 22,051 | 30.6 | 48,107 | 446 | 3.7% |
| 2007 | 5,800 | 127,895,800 | 22,051 | 30.6 | 48,107 | 497 | 4.0% |
| 2008 | 6,200 | 136,716,200 | 22,051 | 30.6 | 48,107 | 570 | 4.8% |

Sources: (a) U.S. Census Bureau (1990 population used for 1996-1998, 2000 population) and 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 (UNAUDITED)**

TABLE 15

| 2008 | | | |
|------------------------------|-------------------------------|-----------|------|
| Employer | Product or Service | Employees | Rank |
| General Motors Corp. | Parts distribution | 460 | 1 |
| WW Grainger | Parts distribution | 450 | 2 |
| Walmart | Retail | 405 | 3 |
| Home Depot | Retail and Distribution | 400 | 5 |
| Randalls/Tom Thumb | Grocery distribution | 360 | 4 |
| Applied Industrial Tech Inc. | Aviation bearing distribution | 230 | 6 |
| Ryder Logistics | Parts distribution | 210 | 7 |
| Honeywell Aviation | Aviation parts distribution | 200 | 8 |
| Bridgestone/Firestone | Tire Distribution | 200 | 9 |
| Albertson's | Grocery store | 150 | 10 |
| | Totals | 3,065 | |

Note: Nine years ago information and current total employment are not available.

CITY OF ROANOKE, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 16

| Function/Program | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|
| Administration | 4.0 | 4.0 | 4.0 | 5.0 | 5.0 | 6.0 | 8.0 | 9.0 | 10.0 | 9.0 |
| Visitor Center and Museum | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.5 |
| Building Inspection | 2.0 | 3.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 4.0 | 4.0 | 4.0 |
| Fire & EMS | 9.0 | 11.0 | 12.0 | 15.0 | 15.0 | 16.0 | 17.0 | 19.0 | 19.0 | 19.0 |
| Municipal Court | 1.0 | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| Streets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Police | 17.0 | 18.0 | 21.0 | 23.0 | 26.0 | 26.0 | 30.0 | 35.0 | 36.0 | 38.0 |
| Library | 3.5 | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 | 5.0 | 5.5 | 6.0 | 7.0 |
| Parks and Recreation | 2.0 | 1.0 | 2.0 | 3.0 | 3.0 | 5.0 | 9.0 | 20.0 | 22.0 | 24.0 |
| Water/wastewater | 7.0 | 8.0 | 9.0 | 10.0 | 10.0 | 12.0 | 8.0 | 8.0 | 9.0 | 9.0 |
| Total | <u>45.5</u> | <u>49.0</u> | <u>54.0</u> | <u>62.0</u> | <u>67.0</u> | <u>73.0</u> | <u>86.0</u> | <u>106.5</u> | <u>113.0</u> | <u>119.5</u> |

Source: City Payroll records and budget book

CITY OF ROANOKE, TEXAS
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST SIX FISCAL YEARS (UNAUDITED)

TABLE 17

| <u>Function/Program</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|--------------|---------------|---------------|---------------|---------------|---------------|
| Police | | | | | | |
| Number of police personnel | 26 | 26 | 30 | 35 | 36 | 38 |
| Number of citations | 7,211 | 7,826 | 6,608 | 6,323 | 6,528 | 6,995 |
| Fire | | | | | | |
| Number of fire personnel | 15 | 16 | 17 | 19 | 19 | 19 |
| Number of fire suppression runs | 280 | 293 | 379 | 388 | 493 | 492 |
| Number of EMS runs | 522 | 573 | 552 | 825 | 759 | 686 |
| Development | | | | | | |
| Construction permits issued (a) | 71 | 117 | 90 | 72 | 47 | 195 |
| Estimated valuation | \$32,738,134 | \$ 98,589,889 | \$ 33,501,116 | \$ 15,297,198 | \$ 18,700,608 | \$ 37,605,599 |
| Public Works | | | | | | |
| Streets paved (miles) | 12.00 | 12.50 | 12.50 | 12.50 | 12.50 | 18.68 |
| Parks and Recreation | | | | | | |
| Number of acres maintained | 14 | 42 | 42 | 42 | 42 | 42 |
| Public parks | 3 | 6 | 6 | 6 | 6 | 6 |
| Library | | | | | | |
| Number of volumes (b) | 30,870 | 33,738 | 33,540 | 36,942 | 40,728 | 44,801 |
| Annual circulation | 40,570 | 57,815 | 54,301 | 55,745 | 69,248 | 64,335 |
| Water and wastewater | | | | | | |
| Number of water customers | 1,295 | 1,318 | 1,359 | 1,356 | 1,381 | 1,651 |
| Daily average consumption (million gallons) | 1.20 | 1.09 | 0.91 | 1.17 | 0.94 | 1.13 |
| Storage capacity (gallons) | 700,000 | 625,000 | 625,000 | 2,400,000 | 2,400,000 | 2,400,000 |

Source: City Departments

(a) includes residential, commercial and miscellaneous permits

(b) includes books and media

Operating indicators prior to FY2003 are not available.



Roanoke
Rising Star of the Metroplex

**CITY OF ROANOKE, TEXAS
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS (UNAUDITED)**

| <u>Function/Program</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|-------------------------|-------------|-------------|-------------|-------------|
| Police stations | 1 | 1 | 1 | 1 |
| Fire stations | 1 | 1 | 1 | 1 |
| Public Works | | | | |
| Streets paved (miles) | 12.00 | 12.00 | 12.00 | 12.00 |
| Streets graded (miles) | 0.50 | 0.50 | 0.50 | 0.50 |
| Streetlights | 143 | 143 | 143 | 143 |
| Parks and Recreation | | | | |
| Park Acreage | 14 | 14 | 14 | 14 |
| Public parks | 2 | 2 | 3 | 4 |
| Community center | 1 | 1 | 1 | 1 |
| Recreation center | 0 | 0 | 0 | 0 |
| Public swimming pools | 0 | 0 | 0 | 1 |
| Baseball fields | 0 | 0 | 0 | 0 |
| Soccer fields | 0 | 0 | 0 | 1 |
| Tennis courts | 0 | 0 | 0 | 0 |
| Skatepark | 0 | 0 | 0 | 0 |
| Splashparks | 0 | 0 | 0 | 0 |
| Library | 1 | 1 | 1 | 1 |
| Water and Wastewater | | | | |
| Water lines (miles) | 8.40 | 8.40 | 8.40 | 8.40 |
| Fire Hydrants | 207 | 207 | 207 | 207 |
| Stormsewer (miles) | 0.25 | 0.25 | 0.25 | 0.25 |
| Sanitary sewer (miles) | 8.40 | 8.40 | 8.40 | 8.40 |

Source: City Departments

TABLE 18

| <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 12.00 | 12.50 | 12.50 | 12.50 | 12.50 | 18.68 |
| 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| 143 | 163 | 163 | 163 | 163 | 211 |
| 14 | 42 | 42 | 42 | 42 | 42 |
| 4 | 5 | 6 | 6 | 6 | 6 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 0 | 0 | 0 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 0 | 4 | 4 | 4 | 4 | 4 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 0 | 0 | 2 | 2 | 2 | 2 |
| 0 | 0 | 0 | 0 | 1 | 1 |
| 0 | 0 | 0 | 0 | 1 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 8.40 | 16.50 | 16.50 | 16.50 | 16.50 | 22.10 |
| 207 | 265 | 265 | 265 | 265 | 282 |
| 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.75 |
| 8.40 | 12.75 | 12.75 | 12.75 | 12.75 | 17.25 |



Roanoke
Rising Star of the Metroplex

Haynes and Associates, P.C.
Certified Public Accountants
405 North Oak Street
Roanoke, Texas 76262
817-491-1300

Auditor's Report on Compliance and Internal Control

Members of the City Council
City of Roanoke, Texas
108 South Oak Street
Roanoke, Texas 76262

Members of the Board:

We have audited the financial statements of City of Roanoke, Texas as of and for the year ended September 30, 2008, and have issued our report thereon dated February 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Roanoke, Texas's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Roanoke, Texas's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control

components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the City's council members, the audit committee, the administration, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Charles Haynes, CPA". The signature is written in a cursive, flowing style.

Haynes and Associates, P.C.
February 26, 2009