



City of Roanoke Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For Fiscal Year
Ended September 30, 2010*



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CITY OF ROANOKE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2010

AS PREPARED BY THE
FINANCE DEPARTMENT



Roanoke

Rising Star of the Metroplex

**CITY OF ROANOKE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2010**

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March 8, 2011

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, 2010, 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 7,900. 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 three-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), the Roanoke Economic Community Development Corporation (REDC) and the Al & Lula Mae Slaughter Park Foundation are included in the financial statements as discretely presented component units.

The annual budget serves as the foundation for the City of Roanoke's financial planning and control. 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 continuing to enjoy 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 **street and drainage projects** – downtown Oak Street reconstruction, Austin Street Plaza, downtown parking lots, streetlight improvement project, Marshall Creek Phase I subdivision street improvements; **parks and recreation projects** – soccer complex; **water and sewer projects** –elevated storage tank, Marshall Creek waterlines and various water/sewer lines and mains.

LONG-TERM FINANCIAL PLANNING

Unreserved, undesignated fund balance in the general fund is \$3,308,993 (27.75% 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: **facilities** – library/community center expansion, **street and drainage projects** – Austin Street plaza, Concrete street improvements Phase I, railroad quiet zones, Marshall Creek subdivision street improvements phase II – IV, Street overlays phase I-II, various downtown parking lots, **parks and recreation projects** – Hawaiian Falls water park, **water and sewer projects** – waterline improvement program.

MAJOR INITIATIVES

For Fiscal Year 2010-2011, the top priority projects for the City are: Concrete street improvements phase I, Marshall Creek subdivision street improvements phase II, downtown parking lots, Street overlays phase I and Hawaiian Falls water park. In previous years, the City issued certificates of obligation to fund these projects, with additional funding coming from General Fund balance and REIDC (Type A) corporations.

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, 2009. This is the fifth 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, 2009

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.



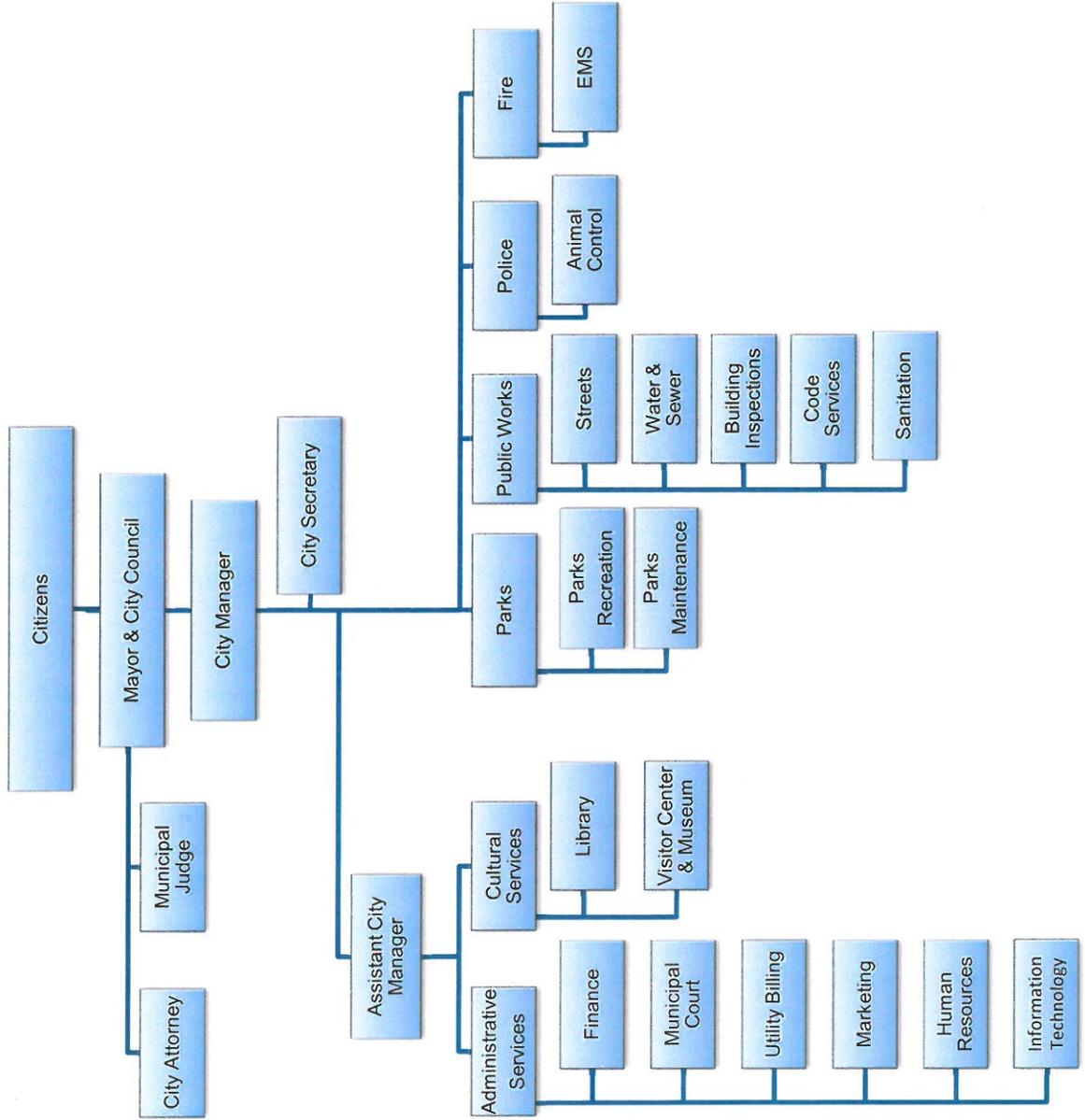
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

City of Roanoke FY 2009-2010



CITY OF ROANOKE, TEXAS
CITY OFFICIALS

CITY COUNCIL

Carl E. Gierisch, Jr., Mayor
Brian Darby
Steve Heath
Sharron Holland
Holly McPherson
Kirby Smith
Melvin Smith

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, 2010, 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, 2010, 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 10 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 25, 2011, 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.

J. Charles Hayes, CPA
for Hayes and Associates, PC

Haynes and Associates, P.C.

February 25, 2011

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, 2010. 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 \$26,803,449 (net assets).
- The government's total net assets increased by \$538,556. The highlights of this increase can be found on page 7 of this report.
- As of the close of the current fiscal year, the City of Roanoke's governmental funds reported combined ending funds balances of \$8,950,375. Approximately, 41% of this amount, \$3,697,076, 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 \$3,308,993, or 27.75% (101 days) of total general fund revenues.
- The City of Roanoke's total liabilities increased by \$322,844 during the current fiscal year. The highlights of this decrease can be found on page 7 of this report.

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 three separate legal entities in its report – the Roanoke Economic Industrial Development Corporation, the Roanoke Economic Community Development Corporation and Al & Lula Mae Slaughter Park Foundation. 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 \$26,803,449 at the close of the most recent fiscal year. One of the largest portion of the City's net assets (\$20,860,992, or 77.81%) 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	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Current and other assets	\$10,380,126	\$14,345,953	\$253,128	\$707,018	\$10,633,254	\$15,052,971
Capital assets	37,548,848	32,239,093	14,957,858	14,986,496	52,506,706	47,225,589
Total Assets	47,928,974	46,585,046	15,210,986	15,693,514	63,139,960	62,278,560
Long term liabilities outstanding	25,705,292	25,876,752	6,358,305	6,678,265	32,063,597	32,555,017
Other liabilities	2,982,127	2,554,016	1,290,787	904,634	4,272,914	3,458,650
Total Liabilities	28,687,419	28,430,768	7,649,092	7,582,899	36,336,511	36,013,667
NET ASSETS						
Invested in capital assets (net of related debt)	12,611,396	7,361,797	8,249,596	7,978,558	20,860,992	15,340,355
Restricted	5,192,171	8,816,153	74,448	493,436	5,266,619	9,309,589
Unrestricted	1,437,988	1,976,328	(762,150)	(361,379)	675,838	1,614,949
Total Net Assets	\$19,241,555	\$18,154,278	\$7,561,894	\$8,110,615	\$26,803,449	\$26,264,893

An additional portion of the City of Roanoke's net assets (\$5,266,619, or 19.6%) 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 activities. The business-type activities had a negative unrestricted net assets category of \$(762,150).

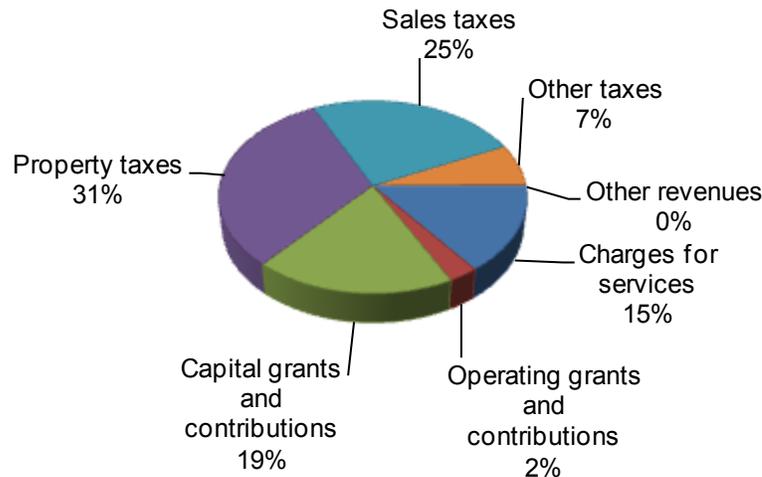
The City's net assets increased by \$538,556 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have exceeded similar increases in ongoing expenses. The key element of this increase is as follows:

Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Revenues:						
Program revenues:						
Charges for services	\$2,321,006	\$2,362,756	\$2,662,688	\$2,818,752	\$4,983,694	\$5,181,508
Operating grants and contributions	437,531	373,390	0	0	437,531	373,390
Capital grants and contributions	2,988,451	2,157,763	800,000	900,000	3,788,451	3,057,763
General revenues:						
Property taxes	4,997,327	5,023,619	0	0	4,997,327	5,023,619
Other taxes	5,025,717	5,052,444	0	0	5,025,717	5,052,444
Other revenues	30,054	92,044	972	14,767	31,026	106,811
Total revenues	\$15,800,086	\$15,062,016	\$3,463,660	\$3,733,519	\$19,263,746	\$18,795,535
Expenses:						
General government	\$2,137,614	\$1,942,077	\$0	\$0	\$2,137,614	\$1,942,077
Fire and EMS	2,335,355	2,229,949	0	0	2,335,355	2,229,949
Municipal Court	224,643	209,265	0	0	224,643	209,265
Police	3,902,432	3,660,495	0	0	3,902,432	3,660,495
Library	529,223	501,804	0	0	529,223	501,804
Parks and recreation	2,663,493	2,589,002	0	0	2,663,493	2,589,002
Public works	1,319,586	1,237,478	0	0	1,319,586	1,237,478
Interest on long-term debt	1,211,878	1,321,133	0	0	1,211,878	1,321,133
Water/Wastewater	0	0	4,341,602	4,084,247	4,341,602	4,084,247
Sanitation	0	0	59,364	40,834	59,364	40,834
Total expenses	\$14,324,224	\$13,691,203	\$4,400,966	\$4,125,081	\$18,725,190	\$17,816,284
Increase (decrease) in net assets before transfers	1,475,862	1,370,813	(937,306)	(391,562)	538,556	979,251
Transfers	(388,585)	217,462	388,585	(217,462)	0	0
Increase in net assets	1,087,277	1,588,275	(548,721)	(609,024)	538,556	979,251
Net Assets - Beginning	18,154,278	16,566,003	8,110,615	8,719,639	26,264,893	25,285,642
Net Assets - Ending	\$ 19,241,555	\$ 18,154,278	\$ 7,561,894	\$ 8,110,615	\$ 26,803,449	\$ 26,264,893

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

Revenues by Source - Governmental Activities



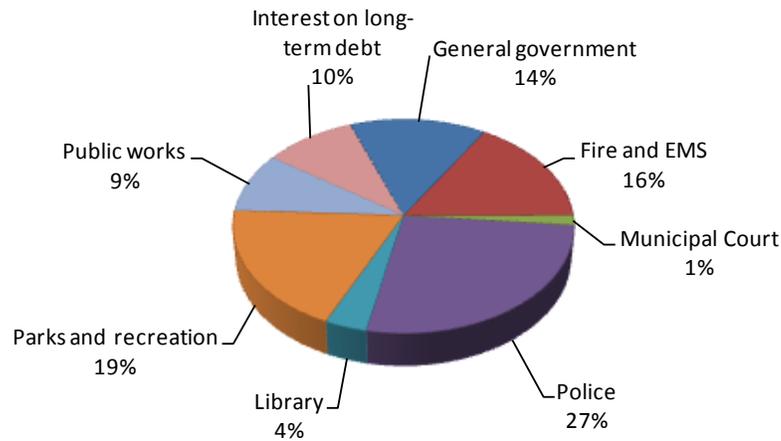
Revenues for the City's governmental activities increased by \$736,061 or 5% to \$15,800,086. Major components of the increase are explained as follows:

- Capital grants and contributions increased by \$830,688 or 38% to \$2,988,451. This was primarily related due to capital grants from REIDC and RECDC for the new soccer complex and street construction projects.

Expenses for governmental activities increased by \$633,021 or 5% to \$14,324,224. Major components of the increases are explained as follows:

- Salaries and Benefits increased approximately \$587,000. Full year funding of positions added in FY 2009, additional positions added in FY2010 and annual increases make up this increase, as well as increased insurance costs.
- Law enforcement center fencing improvements increased expenses by approximately \$70,000.

Expenditures by Activities - Governmental Activities



Business –type activities. Business type activities net assets decreased by \$548,721. Key elements of this decrease are as follows:

- Increase in amount paid to Trinity River Authority for sewer \$180,000.
- Increase in prior year expenses paid to Fort Worth for additional water \$247,000.
- Salaries and Benefits increased approximately \$105,000. Additional .5 FTE added in FY2010 and annual increases make up this increase.

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 \$8,950,375 a decrease of \$4,718,473 in comparison with the prior year.

Approximately 50% of this amount (\$4,504,143) is unreserved, designated for capital projects and special revenue funds, and 41% of this amount (\$3,697,076) 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 (\$688,028) and 2) prepaids (\$61,128).

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 \$3,308,993 and total fund balance was \$3,370,121. 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 27.75% of total general fund operating revenues, or 105 days.

The general fund balance decreased by \$1,132,972 during the current fiscal year. The decrease in fund balance was a budgeted use of excess fund balance primarily to fund major capital projects rather than issuing additional debt.

The debt service fund has a total fund balance of \$688,028, all of which is reserved for the payment of debt. There was a net increase of \$314,131 in fund balance during the current year, primarily related to an increase in property tax revenue due to the change in assessment from the certification date to the final supplemental adjustment.

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 a negative balance of \$(755,534). The Sanitation fund had a negative balance of unrestricted net assets of \$(6,616). 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 FY2009-2010, the City Council of the City of Roanoke amended the budget for the General Fund three times for a total amount for \$738,624. The amendments consisted of a reappropriations amendment for funds not expended in the previous fiscal year, the second amendment included a loan to REIDC \$416,000 and transfer to the street construction fund for various street projects \$205,000, and the third amendment was for various building maintenance projects.

Actual revenues were higher than the final budget by \$87,816 and actual expenditures were lower by \$264,103. The decrease in expenditures was primarily due to facade grant funds not being awarded and lower than budgeted fuel costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The investment in capital assets for its governmental and business type activities as of September 30, 2010, amounts to \$52,506,706 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, facilities, roads, and water and sewer systems. About 72% of the capital assets are governmental and 28% are business type activities.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>FY2010</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2009</u>
Land	\$1,109,804	\$1,109,804	\$0	\$0	\$1,109,804	\$1,109,804
Land Improvements	3,137,743	3,345,066	0	0	3,137,743	3,345,066
Buildings/Structures	9,297,515	9,934,742	0	0	9,297,515	9,934,742
Vehicles/Machinery	1,435,193	1,689,715	415,333	454,013	1,850,526	2,143,728
Equipment	813,849	732,350	0	0	813,849	732,350
Infrastructure	6,579,591	6,953,194	0	0	6,579,591	6,953,194
Water/Sewer system		0	14,515,082	9,686,212	14,515,082	9,686,212
Construction in progress	15,175,153	8,474,222	27,443	4,846,271	15,202,596	13,320,493
Total	<u>\$37,548,848</u>	<u>\$32,239,093</u>	<u>\$14,957,858</u>	<u>\$14,986,496</u>	<u>\$52,506,706</u>	<u>\$47,225,589</u>

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

<u>Project</u>	<u>Amount</u>
Oak Street	\$ 3,756,700
Austin Street Plaza	199,386
Downtown parking lots	324,077
Roanoke Soccer complex	<u>2,146,733</u>
	\$ 6,426,896

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

<u>Project</u>	<u>Amount</u>
Elevated Storage tank	\$ 476,633
Marshall Creek waterlines	<u>109,009</u>
	\$ 585,642

Additional information on the capital assets can be found in Note 4(D) on page 37 of this report.

Long-term debt. At year-end, the City had \$32,255,000 in bonds compared to \$32,420,000 at the end of the prior fiscal year, a decrease of 1% as shown below.

Outstanding Debt, at Year-end

	<u>FY2010</u>	<u>FY2009</u>	<u>Increase (Decrease)</u>	<u>% of Change</u>
General obligation bonds	\$10,815,000	\$2,065,000	\$8,750,000	424%
Certificates of obligation	19,185,000	27,975,000	(8,790,000)	-31%
Special assessment debt	2,255,000	2,380,000	(125,000)	-5%
Total outstanding debt	<u>\$32,255,000</u>	<u>\$32,420,000</u>	<u>(\$165,000)</u>	<u>-1%</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 40–42 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 2011 fiscal year. The property tax rate for fiscal year 2011 remains the same as fiscal year 2010 at \$.37512 per \$100 assessed value.

During the current fiscal year, unreserved and undesignated general fund balance decreased to \$3,308,993. The City appropriated \$32,300 of this amount for spending in the fiscal year 2011 budget. This would leave 101 days in unreserved and undesignated fund balance available for spending in FY 2011.

Based on the water and wastewater study done in FY2007, water and wastewater rates were changed again in October 2010. The water volume rate is at \$2.91 per thousand gallons for all

commercial, residential and irrigation customers with consumption of up to 10,000 gallons, \$3.64 from 10,001 to 15,000 gallons, \$4.36 from 15,001 to 25,000 gallons and \$5.09 over 25,000 gallons. The wastewater rate as changed to \$4.01 per thousand gallons of water used. Additionally the City Council authorized a new sewer study due to the unanticipated increases for sewer from TRA.

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, 2010**

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	\$8,898,260	\$69,477	\$8,967,737	\$389,577
Investments	449,271	20,000	469,271	0
Receivables (net for allowance for uncollectibles)	278,524	398,062	676,586	0
Due from component unit	415,566	0	415,566	
Prepaid items	61,128	0	61,128	0
Restricted assets				
Cash and cash equivalents	0	42,966	42,966	0
Capital assets				
Non Depreciable	16,284,957	0	16,284,957	0
Depreciable (net)	21,263,891	14,957,858	36,221,749	420,566
Total Assets	47,928,974	15,210,986	63,139,960	810,143
LIABILITIES				
Accounts payable	\$284,091	\$271,856	\$555,947	\$0
Other accrued liabilities	490,649	356,239	846,888	0
Due to primary government	0	0	0	415,566
Deferred revenue	239,445	0	239,445	0
Deposits	0	250,983	250,983	0
Non Current Liabilities				
Due within one year				
Accrued compensated absences	212,093	13,637	225,730	0
Notes payable	114,502	0	114,502	0
Capital leases payable	141,698	19,710	161,408	0
Bonds payable	1,204,624	335,376	1,540,000	0
Special assessment debt	130,000	0	130,000	
Interest payable	165,025	42,986	208,011	0
Due in more than on year				
Accrued compensated absences	103,664	5,129	108,793	0
Notes payable	537,572	0	537,572	0
Capital leases payable	645,215	187,017	832,232	0
Bonds payable	22,293,841	6,166,159	28,460,000	0
Special assessment debt	2,125,000	0	2,125,000	0
Total Liabilities	28,687,419	7,649,092	36,336,511	415,566
NET ASSETS				
Invested in capital assets (net of related debt)	12,611,396	8,249,596	20,860,992	420,566
Restricted for:				
Capital projects	2,194,425	74,448	2,268,873	0
Debt Service	688,028	0	688,028	0
Briarwyck PID debt service	2,309,718	0	2,309,718	0
Unrestricted	1,437,988	(762,150)	675,838	(25,989)
Total Net Assets	\$19,241,555	\$7,561,894	\$26,803,449	\$394,577

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, 2010**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$2,137,614	\$962,736	\$27,824	\$2,000
Fire and EMS	2,335,355	373,600	333,691	31,323
Municipal Court	224,643	335,324	0	0
Police	3,902,432	15,840	68,369	0
Library	529,223	11,306	0	3,653
Parks and recreation	2,663,493	615,915	7,647	2,614,388
Public works	1,319,586	6,285	0	337,087
Interest on long-term debt	1,211,878	0	0	0
Total governmental activities	14,324,224	2,321,006	437,531	2,988,451
Business-Type Activities:				
Water/Wastewater	4,341,602	2,660,458	0	800,000
Sanitation	59,364	2,230	0	0
Total business-type activities	4,400,966	2,662,688	0	800,000
Total primary government	\$18,725,190	\$4,983,694	\$437,531	\$3,788,451
Component units:				
Roanoke Economic Industrial Development Corp	2,423,584	0	0	0
Roanoke Economic Community Development Corp	2,261,824	0	0	0
Al & Lula Mae Slaughter Park Foundation	0	0	0	0
Total component units	\$4,685,408	\$0	\$0	\$0

General revenues:
Property taxes
Sales taxes
Franchise taxes
Other taxes
Gas royalties
Investment income
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

Governmental Activities	Business-type Activities	Total	Component Units Activities
(\$1,145,054)	\$0	(\$1,145,054)	\$0
(1,596,741)	0	(1,596,741)	0
110,681	0	110,681	0
(3,818,223)	0	(3,818,223)	0
(514,264)	0	(514,264)	0
574,457	0	574,457	0
(976,214)	0	(976,214)	0
(1,211,878)	0	(1,211,878)	0
(8,577,236)	0	(8,577,236)	0
0	(881,144)	(881,144)	0
0	(57,134)	(57,134)	0
0	(938,278)	(938,278)	0
(\$8,577,236)	(\$938,278)	(\$9,515,514)	\$0

0	0	0	(2,423,584)
0	0	0	(2,261,824)
0	0	0	0
\$0	\$0	\$0	(\$4,685,408)

4,997,327	0	4,997,327	0
3,925,739	0	3,925,739	3,830,614
1,078,191	0	1,078,191	0
21,787	0	21,787	0
0	0	0	223,683
30,054	972	31,026	1,598
(388,585)	388,585	0	0
9,664,513	389,557	10,054,070	4,055,895
1,087,277	(548,721)	538,556	(629,513)
18,154,278	8,110,615	26,264,893	1,024,090
\$19,241,555	\$7,561,894	\$26,803,449	\$394,577

**CITY OF ROANOKE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010**

	General	Debt Service	Facilities Improvement
ASSETS:			
Cash and cash equivalents	\$3,309,979	\$688,028	\$82,478
Investments	449,271		
Receivables:			
Accounts	39,079		
Delinquent property taxes	28,219	30,912	
Prepays	61,128		
Advance to other funds	277,377		
Total assets	<u>\$4,165,053</u>	<u>\$718,940</u>	<u>\$82,478</u>
LIABILITIES:			
Accounts payable	\$279,831		\$1,600
Other accrued liabilities	486,882		
Deferred revenue:			
Delinquent taxes	28,219	30,912	
Other liabilities			
Total liabilities	<u>794,932</u>	<u>30,912</u>	<u>1,600</u>
Fund balances:			
Reserved for:			
Debt service		688,028	
Prepays	61,128		
Unreserved, designated for, reported in:			
Capital projects			80,878
Briarwyck PID debt service			
Unreserved, undesignated for, reported in:			
General fund	3,308,993		
Special revenue funds			
Total fund balances	<u>3,370,121</u>	<u>688,028</u>	<u>80,878</u>
Total liabilities and fund balances	<u>\$4,165,053</u>	<u>\$718,940</u>	<u>\$82,478</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
\$1,939,044	\$174,503	\$2,309,718	\$394,510	\$8,898,260
			0	449,271
			0	39,079
			0	59,131
			0	61,128
			0	277,377
<u>\$1,939,044</u>	<u>\$174,503</u>	<u>\$2,309,718</u>	<u>\$394,510</u>	<u>\$9,784,246</u>
			\$2,660	\$284,091
				486,882
				59,131
			3,767	3,767
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,427</u>	<u>833,871</u>
				688,028
				61,128
1,939,044	174,503	2,309,718		2,194,425
				2,309,718
				3,308,993
			388,083	388,083
<u>1,939,044</u>	<u>174,503</u>	<u>2,309,718</u>	<u>388,083</u>	<u>8,950,375</u>
<u>\$1,939,044</u>	<u>\$174,503</u>	<u>\$2,309,718</u>	<u>\$394,510</u>	<u>\$9,784,246</u>

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2010**

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

Total fund balance per balance sheet	\$8,950,375
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds	37,548,848
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds	415,566
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(27,673,234)
Net assets of governmental activities	<u><u>\$19,241,555</u></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, 2010

	General	Debt Service	Facilities Improvement
Revenues:			
Property taxes	\$2,214,529	\$2,473,319	
Sales and use taxes	3,830,615		
Franchise taxes	1,078,191		
Licenses and permits	679,342		
Liquor taxes	21,787		
Charges for services	1,252,511		
Grants and awards	2,464,551		
Fines and forfeitures	338,211		
Investment income	14,531		194
Donations	4,201		
Miscellaneous	24,711		
Total Revenues	<u>11,923,180</u>	<u>2,473,319</u>	<u>194</u>
Expenditures:			
Current:			
General government	2,022,934		
Fire and EMS	2,246,300		
Municipal Court	226,008		
Police	3,587,147		
Library	481,836		
Parks and recreation	2,023,483		
Public works	764,012		
Debt Service:			
Principal		8,242,095	
Interest & fiscal charges		1,075,022	
Capital Outlay			48,037
Total expenditures	<u>11,351,720</u>	<u>9,317,117</u>	<u>48,037</u>
Excess (deficiency) of revenues over expenditures	<u>571,460</u>	<u>(6,843,798)</u>	<u>(47,843)</u>
Other financing sources (uses):			
Debt issuance		8,482,929	
Transfers in	106,235		68,000
Transfers out	(1,810,667)	(1,325,000)	
Total other financing sources (uses)	<u>(1,704,432)</u>	<u>7,157,929</u>	<u>68,000</u>
Net changes in fund balances	(1,132,972)	314,131	20,157
Fund balances, beginning of year	<u>4,503,093</u>	<u>373,897</u>	<u>60,721</u>
Fund balances, end of year	<u>\$3,370,121</u>	<u>\$688,028</u>	<u>\$80,878</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
		\$309,479	\$0	\$4,997,327
			95,124	3,925,739
				1,078,191
				679,342
				21,787
				1,252,511
156,736	525,000		27,519	3,173,806
				338,211
6,847	2,065	6,373	44	30,054
			51,423	55,624
6,285	4,617		11,128	46,741
<u>169,868</u>	<u>531,682</u>	<u>315,852</u>	<u>185,238</u>	<u>15,599,333</u>
			60,780	2,083,714
			26,738	2,273,038
				226,008
			145,115	3,732,262
			9,758	491,594
			47,588	2,071,071
			97	764,109
		125,000		8,367,095
		110,491		1,185,513
4,602,190	2,151,953		0	6,802,180
<u>4,602,190</u>	<u>2,151,953</u>	<u>235,491</u>	<u>290,076</u>	<u>27,996,584</u>
<u>(4,432,322)</u>	<u>(1,620,271)</u>	<u>80,361</u>	<u>(104,838)</u>	<u>(12,397,251)</u>
				8,482,929
1,984,750	162,267		259,554	2,580,806
(133,055)			(116,235)	(3,384,957)
<u>1,851,695</u>	<u>162,267</u>	<u>0</u>	<u>143,319</u>	<u>7,678,778</u>
(2,580,627)	(1,458,004)	80,361	38,481	(4,718,473)
4,519,671	1,632,507	2,229,357	349,602	13,668,848
<u>\$1,939,044</u>	<u>\$174,503</u>	<u>\$2,309,718</u>	<u>\$388,083</u>	<u>\$8,950,375</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, 2010**

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

Net change in fund balance - total governmental funds	(\$4,718,473)
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	5,309,755
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	579,700
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.	(83,705)
Change in net assets of governmental activities	<u><u>\$1,087,277</u></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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive(Negative)
	Original	Final		
Revenues:				
Property taxes	2,008,270	\$2,008,270	\$2,214,529	\$206,259
Sales and use taxes	4,000,000	4,000,000	3,830,615	(169,385)
Franchise taxes	1,040,900	1,040,900	1,078,191	37,291
Licenses and permits	382,000	382,000	679,342	297,342
Liquor taxes	18,000	18,000	21,787	3,787
Charges for services	1,370,204	1,370,204	1,252,511	(117,693)
Grants and awards	2,554,551	2,554,551	2,464,551	(90,000)
Fines and forfeitures	428,439	428,439	338,211	(90,228)
Investment income	20,000	20,000	14,531	(5,469)
Donations	3,000	3,000	4,201	1,201
Miscellaneous	10,000	10,000	24,711	14,711
Total Revenues	11,835,364	11,835,364	11,923,180	87,816
Expenditures:				
General government	1,849,577	2,080,074	2,022,934	57,140
Fire and EMS	2,314,223	2,300,511	2,246,300	54,211
Municipal Court	235,731	237,376	226,008	11,368
Police	3,791,028	3,647,112	3,587,147	59,965
Library	459,063	482,393	481,836	557
Parks and recreation	2,154,086	2,090,719	2,023,483	67,236
Public works	725,065	777,638	764,012	13,626
Total expenditures	11,528,773	11,615,823	11,351,720	264,103
Excess (deficiency) of revenues over expenditures	306,591	219,541	571,460	351,919
Other financing sources (uses):				
Transfers in	106,235	106,235	106,235	0
Transfers out	(1,159,979)	(1,811,551)	(1,810,667)	884
Total other financing sources (uses)	(1,053,744)	(1,705,316)	(1,704,432)	884
Extraordinary Item:				
Net changes in fund balances	(747,153)	(1,485,775)	(1,132,972)	352,803
Fund balances, beginning of year	4,503,093	4,503,093	4,503,093	0
Fund balances, end of year	\$3,755,940	\$3,017,318	\$3,370,121	\$352,803

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, 2010**

Business-type Activities - Enterprise Funds

	Water and Wastewater	Sanitation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$69,477	\$0	\$69,477
Investments	20,000	0	20,000
Restricted cash:			0
Customer deposits	42,966	0	42,966
Receivables	397,957	105	398,062
Advance from other funds	4,971	0	4,971
Prepaid expenses	0	0	0
Total current assets	<u>535,371</u>	<u>105</u>	<u>535,476</u>
Noncurrent assets:			
Capital assets:			
Vehicles/Equipment	745,259	0	745,259
Water/Sewer System	23,229,093	0	23,229,093
Construction in progress	27,443	0	27,443
Less accumulated depreciation	(9,043,937)	0	(9,043,937)
Total capital assets (net of accumulated depreciation)	<u>14,957,858</u>	<u>0</u>	<u>14,957,858</u>
Total noncurrent assets	<u>14,957,858</u>	<u>0</u>	<u>14,957,858</u>
Total assets	<u>15,493,229</u>	<u>105</u>	<u>15,493,334</u>
LIABILITIES			
Contributions			
Accounts payable	270,106	1,750	271,856
Advance to other funds	277,377	4,971	282,348
Customer deposits payable	250,983	0	250,983
Other liabilities	356,239	0	356,239
Capitalized leases	19,710	0	19,710
Bonds payable	335,376	0	335,376
Accrued interest payable	42,986	0	42,986
Liability for compensated absences	13,637	0	13,637
Total current liabilities	<u>1,566,414</u>	<u>6,721</u>	<u>1,573,135</u>
Noncurrent liabilities:			
Capitalized leases	187,017	0	187,017
Bonds payable	6,166,159	0	6,166,159
Liability for compensated absences	5,129	0	5,129
Total noncurrent liabilities	<u>6,358,305</u>	<u>0</u>	<u>6,358,305</u>
Total liabilities	<u>7,924,719</u>	<u>6,721</u>	<u>7,931,440</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,249,596	0	8,249,596
Restricted for:			
Capital projects	74,448	0	74,448
Unrestricted	(755,534)	(6,616)	(762,150)
Total net assets	<u>\$7,568,510</u>	<u>(\$6,616)</u>	<u>\$7,561,894</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, 2010

Business-type Activities - Enterprise Funds

	Water and Wastewater	Sanitation	Total
Operating revenues:			
Water Sales	\$1,853,628	\$0	\$1,853,628
Sewer Service	858,866	0	858,866
Sanitation Service	0	2,230	2,230
Tap and reconnection fees	38,325	0	38,325
Intergovernmental	217,298		217,298
Miscellaneous	(307,659)	0	(307,659)
Total operating revenues	<u>2,660,458</u>	<u>2,230</u>	<u>2,662,688</u>
Operating expenses:			
Personnel services	840,930	0	840,930
Maintenance	100,278	0	100,278
T.R.A. requirement	1,231,097	0	1,231,097
Purchase of water	642,037	0	642,037
Contract payments	367,600	59,364	426,964
Materials and supplies	84,522	0	84,522
Heat, light and power	67,318	0	67,318
Depreciation	665,123	0	665,123
Other	1,350	0	1,350
Total operating expenses	<u>4,000,255</u>	<u>59,364</u>	<u>4,059,619</u>
Operating income	<u>(1,339,797)</u>	<u>(57,134)</u>	<u>(1,396,931)</u>
Nonoperating revenues (expenses):			
Investment income	972	0	972
Interest and fiscal charges	(341,347)	0	(341,347)
Total nonoperating revenues (expenses)	<u>(340,375)</u>	<u>0</u>	<u>(340,375)</u>
Income before contributions and transfers	<u>(1,680,172)</u>	<u>(57,134)</u>	<u>(1,737,306)</u>
Contributions	800,000	0	800,000
Transfers in	333,744	69,841	403,585
Transfers out	(15,000)	0	(15,000)
Change in net assets	<u>(561,428)</u>	<u>12,707</u>	<u>(548,721)</u>
Total net assets - beginning	<u>8,129,938</u>	<u>(19,323)</u>	<u>8,110,615</u>
Total net assets - ending	<u><u>\$7,568,510</u></u>	<u><u>(\$6,616)</u></u>	<u><u>\$7,561,894</u></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, 2010**

	Business-type Activities - Enterprise Funds		
	Water and Wastewater	Sanitation	Totals
Cash flows from operating activities:			
Cash received from customers	\$2,641,248	\$9,476	\$2,650,724
Cash payments to suppliers for goods and services	(2,039,020)	(\$84,288)	(2,123,308)
Cash payments for employee services	(841,394)	0	(841,394)
Net cash provided by (used in) operating activities	<u>(239,166)</u>	<u>(74,812)</u>	<u>(313,978)</u>
Cash flows from noncapital financing activities:			
Advances from other funds	272,406	4,971	277,377
Transfer in	333,744	69,841	403,585
Transfers out	(15,000)	0	(15,000)
Net cash provided by (used in) noncapital financing activities	<u>591,150</u>	<u>74,812</u>	<u>665,962</u>
Cash flows from capital and related financing activities:			
Capital contributions	800,000	0	800,000
Acquisition and construction of capital assets	(636,485)	0	(636,485)
Principal paid	(2,646,746)	0	(2,646,746)
Bond proceeds	2,347,071	0	2,347,071
Interest and fiscal charges paid	(341,347)	0	(341,347)
Net cash used for capital and related financing activities	<u>(477,507)</u>	<u>0</u>	<u>(477,507)</u>
Cash flows from investing activities:			
Interest on investments	972	0	972
Net cash provided by (used in) investing activities	<u>972</u>	<u>0</u>	<u>972</u>
Net increase (decrease) in cash	(124,551)	0	(124,551)
Cash and cash equivalents at beginning of year	236,994	0	236,994
Cash and cash equivalents at end of year	<u>112,443</u>	<u>0</u>	<u>112,443</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	(1,339,797)	(57,134)	(1,396,931)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	665,123	0	665,123
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(47,571)	7,246	(40,325)
Due from other funds	26,674	0	26,674
Prepaid expenses	180	0	180
Increase (decrease) in liabilities:			
Accounts payable	111,751	1,750	113,501
Accrued liabilities	223,063	0	223,063
Due to other funds	120,188	(26,674)	93,514
Liability for accrued vacation	(464)	0	(464)
Deposits	1,687	0	1,687
Total adjustments	<u>1,100,631</u>	<u>(17,678)</u>	<u>1,082,953</u>
Net cash provided by(used in) operating activities	<u>(\$239,166)</u>	<u>(\$74,812)</u>	<u>(\$313,978)</u>

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

**CITY OF ROANOKE, TEXAS
STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2010**

	Governmental Activities			Total
	Roanoke Economic Dev. Corporation	Roanoke Community Dev. Corporation	Al & Lula Mae Slaughter Park Foundation	
ASSETS				
Cash and cash equivalents	\$47,484	\$118,199	\$223,894	\$389,577
Capital assets				
Non Depreciable	0	0	0	0
Depreciable (net)	420,566	0	0	420,566
Total Assets	<u>468,050</u>	<u>118,199</u>	<u>223,894</u>	<u>810,143</u>
LIABILITIES				
Accounts payable	\$0	\$0	\$0	\$0
Due to primary government	415,566	0	0	415,566
Total Liabilities	<u>415,566</u>	<u>0</u>	<u>0</u>	<u>415,566</u>
NET ASSETS				
Invested in capital assets (net of related debt)	420,566	0	0	420,566
Unrestricted	(368,082)	118,199	223,894	(25,989)
Total Net Assets	<u>\$52,484</u>	<u>\$118,199</u>	<u>\$223,894</u>	<u>\$394,577</u>

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

**CITY OF ROANOKE, TEXAS
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Roanoke Economic Industrial Development Corp	2,423,584	0	0	0
Roanoke Economic Community Development Corp	2,261,824	0	0	0
Al & Lula Mae Slaughter Park Foundation	0	0	0	0
Total component units	\$4,685,408	\$0	\$0	\$0

General revenues:
Sales taxes
Gas royalties
Investment income
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**

Component Units			
Roanoke Economic Dev. Corporation	Roanoke Community Dev. Corporatino	Al & Lula Mae Slaughter Park Foundation	Total
(2,423,584)	0	0	(2,423,584)
0	(2,261,824)	0	(2,261,824)
0	0	0	0
<u>(\$2,423,584)</u>	<u>(\$2,261,824)</u>	<u>\$0</u>	<u>(\$4,685,408)</u>
1,915,307	1,915,307	0	3,830,614
0	0	223,683	223,683
747	640	211	1,598
<u>1,916,054</u>	<u>1,915,947</u>	<u>223,894</u>	<u>4,055,895</u>
(507,530)	(345,877)	223,894	(629,513)
560,014	464,076	0	1,024,090
<u>\$52,484</u>	<u>\$118,199</u>	<u>\$223,894</u>	<u>\$394,577</u>



CITY OF ROANOKE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2010

(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, 2010.

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 a separate column 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 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.

The Al & Lula Mae Slaughter Park Foundation is also a discretely presented component unit in the combined financial statements. The Slaughter Park Foundation is governed by a five-member board, of which two directors are represented by the Al and Lula Mae Slaughter family, and three are appointed by the City Council. The City does not have a voting majority of the corporation. The Slaughter Park

Foundation is a 501(3) (c) corporation which purpose is benefiting and accomplishing public purposes related to the Al & Lula Mae Slaughter Park facilities. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Slaughter Park Foundation is presented as a governmental fund type and has a September 30 year-end. The Slaughter Park Foundation does not issue separate financial statements. For more information about the Slaughter Park Foundation, refer to note 13.

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, 2010, 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 \$27,673,234 difference are as follows:

Bonds payable	\$ 23,498,465
Special Assessment debt	2,255,000
Capital leases	786,913
Notes payable	652,074
Compensated absences	315,757
Interest payable	<u>165,025</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 27,673,224</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 \$5,309,755 difference are as follows:

Capital outlay	\$ 7,150,235
Depreciation expense	<u>(1,840,480)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,309,755</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 \$164,134 difference are as follows:

Debt issued:	
General obligations, certificates of obligation bonds	8,482,930
Principal repayments:	
General obligations, certificates of obligation bonds	(1,315,569)
Special assessment debt	(125,000)
Capital Leases	(169,125)
Notes Payable	(110,844)
Payment to escrow agent for refunding	<u>(6,926,526)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 164,134</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 \$(83,705) difference are as follows:

Compensated absences	\$ (57,341)
Accrued interest	(26,364)
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (83,705)</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 2010, an additional \$738,624 for the General Fund and \$103,425 for the Debt Service 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. Cash and Investments

Cash and investments as of September 30, 2010 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 8,967,737
Investments	469,271
Restricted cash and cash equivalents	<u>42,966</u>
Total cash investments	<u>\$ 9,479,974</u>
Cash on hand	\$ 1,900
Deposits with financial institution	9,008,803
Investments	<u>469,271</u>
Total cash investments	<u>\$ 9,479,974</u>

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

For fiscal year 2010, 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, 2010, were 99.54% of the adjusted tax levy. Allocations of property tax levy by purpose for 2010 and the preceding year are as follows (amounts per \$100 assessed value):

	<u>2010</u>	<u>2009</u>
General Fund	\$.17902	\$.20913
Debt Service	<u>.19610</u>	<u>.16599</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	Water and Wastewater	Sanitation	Total
Receivables:					
Taxes	\$ 28,219	\$ 30,912	\$ 0	\$ 0	\$ 59,131
Accounts	219,393	0	397,957	105	617,455
Net total receivables	<u>\$ 247,612</u>	<u>\$ 30,912</u>	<u>\$ 397,957</u>	<u>\$ 105</u>	<u>\$ 676,586</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,109,804	\$ 0	\$ (0)	\$ 1,109,804
Construction in progress	8,474,222	6,802,180	(101,249)	15,175,153
Total capital assets, not being depreciated	<u>9,584,026</u>	<u>\$6,802,180</u>	<u>\$ (101,249)</u>	<u>16,284,957</u>
Capital assets, being depreciated				
Buildings/Structures	13,545,620	37,317	(0)	13,582,937
Improvements	4,146,480	0	(0)	4,146,480
Vehicles/Machinery	4,343,419	179,349	(344,047)	4,178,721
Equipment	876,042	131,389	(0)	1,007,431
Infrastructure	10,265,070	101,249	(0)	10,366,319
Total capital assets being depreciated	<u>33,176,631</u>	<u>449,304</u>	<u>(344,047)</u>	<u>33,281,888</u>
Less accumulated depreciation for:				
Buildings/Structures	(3,610,878)	(674,545)	0	(4,285,423)
Improvements	(801,414)	(207,324)	0	(1,008,738)
Vehicles/Machinery	(2,653,704)	(407,589)	317,767	(2,743,526)
Equipment	(143,692)	(49,889)	0	(193,581)
Infrastructure	(3,311,876)	(474,853)	0	(3,786,729)
Total accumulated depreciation	<u>(10,521,564)</u>	<u>(1,814,200)</u>	<u>317,767</u>	<u>(12,017,997)</u>
Total capital assets, being depreciated, net	22,655,067	(1,364,896)	(26,280)	21,263,891
Governmental activities capital assets, net	<u>\$32,239,093</u>	<u>\$ 5,437,284</u>	<u>\$ (127,529)</u>	<u>\$37,548,848</u>
Water and Wastewater activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 4,846,271	\$613,085	\$ (5,431,913)	\$ 27,443
Total capital assets, not being depreciated	<u>4,846,271</u>	<u>613,085</u>	<u>(5,431,913)</u>	<u>27,443</u>
Capital assets, being depreciated				
Water/Sewer System	17,797,180	5,431,913	(0)	23,229,093
Vehicles/Equipment	721,859	23,400	(0)	745,259
Total capital assets being depreciated	<u>18,519,039</u>	<u>5,455,313</u>	<u>(0)</u>	<u>23,974,352</u>
Less accumulated depreciation for:				
Water/Sewer System	(8,110,968)	(603,043)	0	(8,714,011)
Vehicles/Equipment	(267,846)	(62,080)	0	(329,926)
Total accumulated depreciation	<u>(8,378,814)</u>	<u>(665,123)</u>	<u>0</u>	<u>(9,043,937)</u>
Total capital assets, being depreciated, net	10,140,225	4,790,190	(0)	14,930,415
Business-type activities capital assets, net	<u>\$ 14,986,496</u>	<u>\$ 5,403,275</u>	<u>\$ (5,431,913)</u>	<u>\$ 14,957,858</u>

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

Governmental activities:	
General government	\$ 104,471
Fire and EMS	170,572
Police	291,163
Library	28,506
Parks and recreation	647,675
Public works	571,813
Total depreciation expense – governmental activities	<u>\$ 1,814,200</u>
Business-type activities:	
Water and Sewer	<u>\$ 665,123</u>
Total depreciation expense – business-type activities	<u>\$ 665,123</u>

Construction commitments

The government has active construction projects as of September 30, 2010. The projects include street construction, new fire station, and new soccer complex. 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	\$ 8,399,316	\$ 1,419,153
Fire Station	4,375,010	29,894
Roanoke Soccer complex	2,188,668	65,971
Law Enforcement Center fencing	10,975	57,025
Water towers - repainting	<u>27,444</u>	<u>77,642</u>
Total	<u>\$ 15,001,413</u>	<u>\$ 1,649,685</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, 2010 is as follows:

<u>Fund</u>	<u>Advances From</u>	<u>Advances to</u>
General Fund	\$ 277,377	\$0
Water/Wastewater fund	4,971	277,377
Sanitation Fund	<u>0</u>	<u>4,971</u>
Total	<u>\$282,348</u>	<u>\$ 282,348</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, 2010 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 106,235	\$ 1,810,667
Capital Projects Funds:		
Street Construction Fund	778,962	133,055
Facility Improvement Fund	68,000	
Park Construction Fund	43,055	
Debt Service Fund		
Non Major governmental funds	259,554	116,235
Component Units	415,566	
Enterprises Funds:		
Water and Wastewater Fund	333,744	15,000
Sanitation Fund	69,841	
Total	<u>\$ 2,074,957</u>	<u>\$ 2,074,957</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, 2) move expenses related to the street department paid by the water and wastewater fund and 3) move bond proceeds to the appropriate capital project fund.

F. Leases

Capital Leases

The City has entered into various capital lease agreements to finance the acquisition of various vehicles and machinery at a historical cost of \$1,373,312, and equipment \$450,479. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2010, were as follows:

Year Ending September 30	<u>Governmental Activities</u>	<u>Water and Wastewater</u>
2011	182,400	28,756
2012	178,163	28,756
2013	122,406	28,756
2014	96,206	28,756
2015 – 2019	370,629	136,591
Total minimum lease payments	<u>949,804</u>	<u>251,615</u>
Less: amount representing interest	(162,891)	(44,888)
Present value of minimum lease payments	<u>\$ 786,913</u>	<u>\$ 206,727</u>

G. Long-term Debt

A summary of long-term debt transactions, including current portion, for the year September 30, 2010, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
General obligation	\$ 2,065,000	\$7,092,929	\$ (640,474)	\$ 8,517,455	\$ 759,534
Certificates of obligation	21,192,630	1,390,000	(7,601,620)	14,981,010	445,090
Special Assessment bonds	2,380,000	0	(125,000)	2,255,000	130,000
Notes Payable	762,918	0	(110,844)	652,074	114,502
Capital Leases	956,038	0	(169,125)	786,913	141,698
Compensated absences	<u>258,416</u>	<u>80,888</u>	<u>(23,547)</u>	<u>315,757</u>	<u>212,093</u>
Governmental activity					
Long-term debt	<u>\$ 27,615,002</u>	<u>\$ 8,563,817</u>	<u>\$ (8,670,610)</u>	<u>\$ 27,508,209</u>	<u>\$ 1,802,917</u>
<u>Business-type activities</u>					
General obligation	\$0	\$2,347,071	\$ (49,526)	\$ 2,297,545	\$170,636
Certificates of obligation	6,782,370	0	(2,578,380)	4,203,990	164,740
Capital Leases	225,568	0	(18,841)	206,727	19,710
Compensated absences	<u>19,230</u>	<u>4,879</u>	<u>(5,343)</u>	<u>18,766</u>	<u>13,637</u>
Business-type activity					
Long-term debt	<u>\$ 7,027,168</u>	<u>\$ 2,351,950</u>	<u>\$ (2,652,090)</u>	<u>\$ 6,727,028</u>	<u>\$ 368,723</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 1.0% 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 June 2010, certificates of obligation totaling \$1,390,000 were issued for capital improvements in fiscal year 2010 with interest rates of 4%.

Additionally in June 2010, the City issued \$9,440,000 general obligation refunding bonds with interest rates ranging from 1.0% to 4%. Proceeds from the sale of the bonds were used to refund outstanding debt for debt service savings.

Debt service requirements of the general obligation refunding bonds and certificates of obligation for the years subsequent to September 30, 2010 are as follows:

Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010-2011	\$ 1,204,624	\$ 903,020	\$ 2,107,644	335,376	236,140	571,516
2011-2012	1,270,625	870,741	2,141,366	359,375	223,497	582,873
2012-2013	1,307,762	829,313	2,137,075	367,238	215,700	582,938
2013-2014	1,348,707	787,997	2,136,704	381,293	204,266	585,559
2014-2015	1,244,291	724,484	1,968,775	415,709	213,004	628,713
2015-2016	1,296,132	676,908	1,973,040	428,868	197,430	626,298
2016-2017	1,340,763	627,303	1,968,066	444,237	181,360	625,597
2017-2018	1,393,578	578,113	1,971,691	461,422	165,650	627,072
2018-2019	1,437,160	526,938	1,964,098	472,840	149,325	622,165
2019-2020	1,495,727	569,358	2,065,085	494,273	130,505	624,778
2020-2021	1,563,311	408,949	1,972,260	521,689	110,969	632,658
2021-2022	1,607,415	359,520	1,966,935	282,585	76,278	358,863
2022-2023	1,671,039	294,238	1,965,277	293,961	64,835	358,797
2023-2024	1,714,241	226,029	1,940,270	305,759	52,884	358,643
2024-2025	1,996,826	154,490	2,151,316	318,174	40,021	358,195
2025-2026	1,134,833	71,137	1,205,970	330,167	26,580	356,747
2026-2027	<u>471,431</u>	<u>22,319</u>	<u>493,750</u>	<u>288,569</u>	<u>12,391</u>	<u>300,961</u>
	<u>\$23,498,465</u>	<u>\$8,630,857</u>	<u>\$32,129,322</u>	<u>\$6,501,535</u>	<u>\$2,300,835</u>	<u>\$8,802,370</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, 2010 are as follows:

Fiscal Year	Principal	Interest	Total
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>\$ 2,255,000</u>	<u>\$ 801,520</u>	<u>\$ 3,056,520</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 3.25% to 4.5% during fiscal year 2010. 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 2010. 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, 2010, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010-2011	\$ 114,502	\$ 19,496	\$ 133,998
2011-2012	118,278	15,720	133,998
2012-2013	122,181	11,817	133,998
2013-2014	126,211	7,787	133,998
2014-2015	121,859	3,624	125,483
2015-2016	30,680	1,140	31,820
2016-2017	<u>18,363</u>	<u>198</u>	<u>18,561</u>
	<u>\$ 652,074</u>	<u>\$ 59,782</u>	<u>\$ 711,856</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) SUBSEQUENT EVENTS:

In November 2010, the REIDC issued \$7,050,000 in taxable Sales Tax Revenue Bonds to design, acquire and construct a public water recreation park. The water recreation park will be operated by Hawaiian Falls who has a forty year operating lease with the City.

(8) PENSION PLAN:

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the city were as follows:

	Plan Year 2009	Plan Year 2010
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined 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 serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

Annual Pension Cost (APC)	\$ 684,013
Contributions Made	(684,013)
Increase (decrease) in net pension obligation	0
Net Pension Obligation/(Asset), beginning of year	0
Net Pension Obligation/(Asset), end of year	\$ 0

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	12/31/2007	12/31/2008	12/31/2009
Actuarial Cost Method	Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	30 years; closed period	29 years; closed period	28 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	Amortized Cost	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.5%	7.5%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.00% 2.1%	3.00% 2.1%	3.00% 2.1%

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) – (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
12/31/2009	\$ 7,123,817	\$ 9,831,269	72.5%	\$ 2,707,452	\$ 5,943,359	45.6%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

(9) 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.

(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 INDUSTRIAL DEVELOPMENT CORPORATION:

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

A. Cash and Investments

Cash and investments for the REIDC as of September 30, 2010 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 47,484
Total cash investments	<u>\$ 47,484</u>

Investments - Because the City provides investment services for the REIDC, the City adheres to its investment policy and all state statutes when investing available cash for the REIDC. (see page 36 for details of City investment policy). The REIDC does not have any investments at this time.

B. Capital Assets

Capital asset activity for the year ended September 30, 2010 was as follows:

Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated				
Buildings/Structures	0	420,566	(0)	420,566
Total capital assets being depreciated	0	420,566	(0)	420,566
Less accumulated depreciation for:				
Buildings/Structures	(0)	(0)	0	(0)
Total accumulated depreciation	(0)	(0)	0	(0)
Total capital assets, being depreciated, net	0	420,566	(0)	420,566
Governmental activities capital assets, net	<u>\$0</u>	<u>\$ 420,566</u>	<u>\$ (0)</u>	<u>\$420,566</u>

(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. Cash and Investments

Cash and investments for the RCEDC as of September 30, 2010 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 118,199
Total cash investments	<u>\$ 118,199</u>

Investments - Because the City provides investment services for the RCEDC, the City adheres to its investment policy and all state statutes when investing available cash for the RCEDC. (see page 36 for details of City investment policy). The RCEDC does not have any investments at this time.

(13) AL & LULA MAE SLAUGHTER PARK FOUNDATION:

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

A. Cash and Investments

Cash and investments for the Slaughter Park Foundation as of September 30, 2010 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 223,894
Total cash investments	<u>\$ 223,894</u>

Investments - Because the City provides investment services for the Slaughter Park Foundation, the City adheres to its investment policy and all state statutes when investing available cash for the Slaughter Park Foundation. (see page 36 for details of City investment policy). The Slaughter Park Foundation does not have any investments at this time.

CITY OF ROANOKE, TEXAS

Required Supplementary Information

Texas Municipal Retirement System
 Schedule of Funding Progress
 (Unaudited)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) – (1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
12/31/2007	5,100,201	7,227,513	70.6%	2,127,312	5,013,929	42.4%
12/31/2008	6,057,558	8,556,178	70.8%	2,498,620	5,721,973	43.7%
12/31/2009	7,123,817	9,831,269	72.5%	2,707,452	5,943,359	45.6%

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, 2010**

	<u>Special Revenue</u>			
	Vehicle Replacement	Fire Grants and Donations	Computer Replacement	Grants and Donations
ASSETS				
Cash and cash equivalents	<u>\$216,151</u>	<u>\$64,389</u>	<u>\$17,654</u>	<u>\$14,759</u>
Total assets	<u><u>\$216,151</u></u>	<u><u>\$64,389</u></u>	<u><u>\$17,654</u></u>	<u><u>\$14,759</u></u>
LIABILITIES				
Accounts payable	\$0	\$0	\$0	\$2,660
Other accrued liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,660</u>
FUND BALANCES				
Unreserved-undesignated	<u>216,151</u>	<u>64,389</u>	<u>17,654</u>	<u>12,099</u>
Total liabilities and fund balances	<u><u>\$216,151</u></u>	<u><u>\$64,389</u></u>	<u><u>\$17,654</u></u>	<u><u>\$14,759</u></u>

Special Revenue

Police Grants and Donations	Police Seizure	Library Grants and Donations	Park Donations	Hotel Motel	Total Nonmajor Governmental Funds
<u>\$14,623</u>	<u>\$10,638</u>	<u>\$1,568</u>	<u>\$3,331</u>	<u>\$51,397</u>	<u>\$394,510</u>
<u>\$14,623</u>	<u>\$10,638</u>	<u>\$1,568</u>	<u>\$3,331</u>	<u>\$51,397</u>	<u>\$394,510</u>
\$0	\$0	\$0	\$0	\$0	\$2,660
<u>0</u>	<u>3,767</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,767</u>
<u>0</u>	<u>3,767</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,427</u>
<u>14,623</u>	<u>6,871</u>	<u>1,568</u>	<u>3,331</u>	<u>51,397</u>	<u>388,083</u>
<u>\$14,623</u>	<u>\$10,638</u>	<u>\$1,568</u>	<u>\$3,331</u>	<u>\$51,397</u>	<u>\$394,510</u>

CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Special Revenue</u>			
	<u>Vehicle Replacement</u>	<u>Fire Grants and Donations</u>	<u>Computer Replacement</u>	<u>Grants and Donations</u>
Revenues:				
Hotel taxes	\$0	\$0	\$0	\$0
Grants	0	23,866	0	0
Donations	0	9,825	0	27,824
Miscellaneous	11,128	0	0	0
Investment income	0	0	0	0
Total revenues	<u>11,128</u>	<u>33,691</u>	<u>0</u>	<u>27,824</u>
Expenditures:				
Fire and EMS	0	26,641	97	0
Police	107,767	0	16,496	0
Library	0	0	0	0
Parks and Recreation	42,852	0	2,376	0
Public Works	0	0	97	0
Other	0	0	10,225	29,055
Total expenditures	<u>150,619</u>	<u>26,641</u>	<u>29,291</u>	<u>29,055</u>
Excess (deficiency) of revenues over expenditures	(139,491)	7,050	(29,291)	(1,231)
Other financing sources (uses):				
Transfers in	229,504	0	30,050	0
Transfers out	0	0	0	0
Total other financing sources (uses):	<u>229,504</u>	<u>0</u>	<u>30,050</u>	<u>0</u>
Net change in fund balances	90,013	7,050	759	(1,231)
Fund balances, beginning of year	<u>126,138</u>	<u>57,339</u>	<u>16,895</u>	<u>13,330</u>
Fund balances, end of year	<u><u>\$216,151</u></u>	<u><u>\$64,389</u></u>	<u><u>\$17,654</u></u>	<u><u>\$12,099</u></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	\$95,124	\$95,124
0	0	3,653	0	0	27,519
6,127	0	0	7,647	0	51,423
0	0	0	0	0	11,128
0	44	0	0	0	44
6,127	44	3,653	7,647	95,124	185,238
0	0	0	0	0	26,738
9,089	11,763	0	0	0	145,115
0	0	9,758	0	0	9,758
0	0	0	2,360	0	47,588
0	0	0	0	0	97
0	0	0	0	21,500	60,780
9,089	11,763	9,758	2,360	21,500	290,076
(2,962)	(11,719)	(6,105)	5,287	73,624	(104,838)
0	0	0	0	0	259,554
0	0	0	(10,000)	(106,235)	(116,235)
0	0	0	(10,000)	(106,235)	143,319
(2,962)	(11,719)	(6,105)	(4,713)	(32,611)	38,481
17,585	18,590	7,673	8,044	84,008	349,602
<u>\$14,623</u>	<u>\$6,871</u>	<u>\$1,568</u>	<u>\$3,331</u>	<u>\$51,397</u>	<u>\$388,083</u>

**CITY OF ROANOKE, TEXAS
 BUDETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive(Negative)
	Original	Final		
Revenues:				
Property taxes	\$2,194,399	\$2,194,399	\$2,473,319	\$278,920
Total Revenues	<u>2,194,399</u>	<u>2,194,399</u>	<u>2,473,319</u>	<u>278,920</u>
Expenditures:				
Principal retirement	1,185,095	8,242,095	8,242,095	0
Interest & fiscal charges	971,597	1,075,022	1,075,022	0
Total expenditures	<u>2,156,692</u>	<u>9,317,117</u>	<u>9,317,117</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>37,707</u>	<u>(7,122,718)</u>	<u>(6,843,798)</u>	<u>278,920</u>
Other financing sources (uses):				
Proceeds from long-term debt	0	8,482,929	8,482,929	0
Transfers out	0	(1,325,000)	(1,325,000)	0
Total other financing sources (uses)	<u>0</u>	<u>7,157,929</u>	<u>7,157,929</u>	<u>0</u>
Net changes in fund balances	37,707	35,211	314,131	278,920
Fund balances, beginning of year	<u>373,897</u>	<u>373,897</u>	<u>373,897</u>	<u>0</u>
Prior year adjustment (see note 9)				0
Fund balances, end of year	<u>\$411,604</u>	<u>\$409,108</u>	<u>\$688,028</u>	<u>\$278,920</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.

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

CITY OF ROANOKE, TEXAS
BALANCE SHEET - ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
SEPTEMBER 30, 2010

	<u>REIDC</u>
ASSETS:	
Cash and cash equivalents	<u>\$47,484</u>
Total assets	<u><u>\$47,484</u></u>
LIABILITIES:	
Accounts payable	\$0
Other liabilities	<u>0</u>
Total liabilities	<u>0</u>
Fund balances:	
Unreserved, undesignated for, reported in:	
REIDC	<u>47,484</u>
Total fund balances	<u>47,484</u>
Total liabilities and fund balances	<u><u>\$47,484</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, 2010**

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

Total fund balance per balance sheet	\$47,484
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds	420,566
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds	0
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(415,566)
Net assets of governmental activities	<u><u>\$52,484</u></u>

**ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>REIDC</u>
Revenues:	
Sales and use taxes	1,915,307
Investment income	747
Total Revenues	<u>1,916,054</u>
Expenditures:	
Economic Development	2,844,150
Total expenditures	<u>2,844,150</u>
Excess (deficiency) of revenues over expenditures	<u>(928,096)</u>
Other financing sources (uses):	
Transfers in	415,566
Transfers out	0
Total other financing sources (uses)	<u>415,566</u>
Net changes in fund balances	(512,530)
Fund balances, beginning of year	<u>560,014</u>
Prior year adjustment (see note 9)	0
Fund balances, end of year	<u><u>\$47,484</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, 2010**

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

Net change in fund balance - total governmental funds	(\$928,096)
---	-------------

<p>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</p>	420,566
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Change in net assets of governmental activities	(\$507,530)
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CITY OF ROANOKE, TEXAS
BALANCE SHEET - ROANOKE ECONOMIC COMMUNITY DEVELOPMENT CORPORATION
SEPTEMBER 30, 2010

	<u>RECDC</u>
ASSETS:	
Cash and cash equivalents	<u>\$118,199</u>
Total assets	<u><u>\$118,199</u></u>
LIABILITIES:	
Accounts payable	\$0
Other liabilities	<u>0</u>
Total liabilities	<u>0</u>
Fund balances:	
Unreserved, undesignated for, reported in:	
RECDC	<u>118,199</u>
Total fund balances	<u>118,199</u>
Total liabilities and fund balances	<u><u>\$118,199</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, 2010**

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

Total fund balance per balance sheet	\$118,199
Net assets of governmental activities	<u>\$118,199</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, 2010**

	<u>RECDC</u>
Revenues:	
Sales and use taxes	1,915,307
Investment income	<u>640</u>
Total Revenues	<u>1,915,947</u>
Expenditures:	
Economic Development	<u>2,261,824</u>
Total expenditures	<u>2,261,824</u>
Excess (deficiency) of revenues over expenditures	<u>(345,877)</u>
Fund balances, beginning of year	<u>464,076</u>
Fund balances, end of year	<u><u>\$118,199</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, 2010**

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

Net change in fund balance - total governmental funds	(\$345,877)
Change in net assets of governmental activities	<u><u>(\$345,877)</u></u>

CITY OF ROANOKE, TEXAS
BALANCE SHEET - AL & LULA MAE SLAUGHTER PARK FOUNDATION
SEPTEMBER 30, 2010

	<u>Slaughter Park</u>
ASSETS:	
Cash and cash equivalents	\$223,894
Total assets	<u>\$223,894</u>
LIABILITIES:	
Accounts payable	\$0
Other liabilities	0
Total liabilities	<u>0</u>
Fund balances:	
Unreserved, undesignated for, reported in:	
Slaughter Park Foundation	223,894
Total fund balances	<u>223,894</u>
Total liabilities and fund balances	<u>\$223,894</u>

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF AL & LULA MAE SLAUGHTER PARK FOUNDATION
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2010**

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

Total fund balance per balance sheet	\$223,894
Net assets of governmental activities	<u><u>\$223,894</u></u>

**AL & LULA MAE SLAUGHTER PARK FOUNDATION
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	<u>Slaughter Park</u>
Revenues:	
Gas Royalties	223,683
Investment income	211
Total Revenues	<u>223,894</u>
Expenditures:	
Slaughter Park	<u>0</u>
Total expenditures	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>223,894</u>
Fund balances, beginning of year	<u>0</u>
Fund balances, end of year	<u><u>\$223,894</u></u>

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
AL & LULA MAE SLAUGHTER PARK FOUNDATION
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

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

Net change in fund balance - total governmental funds	\$223,894
Change in net assets of governmental activities	<u><u>\$223,894</u></u>



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	70-77
<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	78-81
<i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	
Debt Capacity	82-86
<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	87-88
<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	90-95
<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 SEVEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities			
Invested in capital assets (net of related debt)	\$1,656,197	\$4,695,973	\$6,936,783
Restricted for:			
Capital Projects	3,641,716	1,349,330	2,901,913
Debt service	295,664	318,225	258,890
Special revenue	0	0	0
Unrestricted	<u>588,511</u>	<u>340,581</u>	<u>284,757</u>
Total governmental activities net assets	<u>\$6,182,088</u>	<u>\$6,704,109</u>	<u>\$10,382,343</u>
Business-type activities			
Invested in capital assets (net of related debt)	\$9,673,631	\$10,136,610	\$6,929,702
Restricted for:			
Capital Projects	641,938	0	114,393
Unrestricted	<u>256,009</u>	<u>(18,615)</u>	<u>(78,213)</u>
Total business-type activities net assets	<u>\$10,571,578</u>	<u>\$10,117,995</u>	<u>\$6,965,882</u>
Primary government activities			
Invested in capital assets (net of related debt)	\$11,329,828	\$14,832,583	\$13,866,485
Restricted for:			
Capital Projects	4,283,654	1,349,330	3,016,306
Debt service	295,664	318,225	258,890
Special revenue	0	0	0
Unrestricted	<u>844,520</u>	<u>321,966</u>	<u>206,544</u>
Total primary governmental activities net assets	<u><u>\$16,753,666</u></u>	<u><u>\$16,822,104</u></u>	<u><u>\$17,348,225</u></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

TABLE 1

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$1,469,813	\$2,811,859	\$7,361,797	\$12,611,396
9,838,692	5,570,723	6,212,899	2,194,425
338,900	5,186,365	673,897	688,028
0	2,500,000	349,602	2,309,718
133,180	497,056	3,556,083	1,437,988
<u>\$11,780,585</u>	<u>\$16,566,003</u>	<u>\$18,154,278</u>	<u>\$19,241,555</u>
\$5,516,230	\$5,467,955	\$7,978,558	\$8,249,596
912,705	2,727,722	493,436	74,448
(104,897)	523,962	(361,379)	(762,150)
<u>\$6,324,038</u>	<u>\$8,719,639</u>	<u>\$8,110,615</u>	<u>\$7,561,894</u>
\$6,986,043	\$8,279,814	\$15,340,355	\$20,860,992
10,751,397	8,298,445	6,706,335	2,268,873
338,900	5,186,365	673,897	688,028
0	2,500,000	349,602	2,309,718
28,283	1,021,018	3,194,704	675,838
<u>\$18,104,623</u>	<u>\$25,285,642</u>	<u>\$26,264,893</u>	<u>\$26,803,449</u>

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

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental activities			
General government	\$1,234,892	\$1,206,609	\$1,440,371
Fire and EMS	1,489,550	1,700,279	1,837,520
Municipal Court	162,584	159,951	176,696
Police	2,142,558	2,282,861	2,675,891
Library	269,727	333,022	332,840
Parks and recreation	431,446	797,905	1,955,342
Public works	273,006	627,854	839,798
Interest on long-term debt	548,801	554,832	788,801
Total governmental activities expenses	<u>6,552,564</u>	<u>7,663,313</u>	<u>10,047,259</u>
Business-type activities			
Water/Wastewater	2,287,498	2,610,310	3,345,463
Sanitation	0	0	0
Total business-type activities expenses	<u>2,287,498</u>	<u>2,610,310</u>	<u>3,345,463</u>
Total primary government activities expenses	<u>\$8,840,062</u>	<u>\$10,273,623</u>	<u>\$13,392,722</u>
Program Revenues			
Governmental activities			
Charges for Services:			
General Government	\$847,242	\$604,239	\$453,054
Fire and EMS	216,046	230,464	254,156
Municipal Court	567,208	482,864	560,008
Police	0	0	0
Library	7,499	9,141	8,684
Parks and recreation	42,514	61,146	344,347
Public works	0	0	0
Operating grants and contributions	150,666	133,716	146,760
Capital grants and contributions	854,557	1,504,165	1,563,291
Total governmental activities program revenues	<u>2,685,732</u>	<u>3,025,735</u>	<u>3,330,300</u>
Business-type activities			
Charges for Services:			
Water/Wastewater	1,670,124	2,215,105	2,498,590
Sanitation	0	0	0
Capital grants and contributions	0	660,000	500,000
Total business-type activities program revenues	<u>1,670,124</u>	<u>2,875,105</u>	<u>2,998,590</u>
Total primary governmental program revenues	<u>\$4,355,856</u>	<u>\$5,900,840</u>	<u>\$6,328,890</u>
Net (Expenses) Revenue			
Governmental activities	(\$3,866,832)	(\$4,637,578)	(\$6,716,959)
Business-type activities	(617,374)	264,795	(346,873)
Total primary government net expense	<u>(\$4,484,206)</u>	<u>(\$4,372,783)</u>	<u>(\$7,063,832)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities			
Taxes			
Property taxes	\$2,351,327	\$2,802,015	\$3,046,689
Sales and use taxes	1,613,070	2,406,350	3,390,989
Franchise taxes	417,347	541,246	686,930
Other taxes	6,863	8,676	13,716
Investment income	48,550	109,881	252,601
Extraordinary item - Marshall Creek	0	0	0
Transfers	306,000	725,958	(7,108)
Total governmental activities	<u>4,743,157</u>	<u>6,594,126</u>	<u>7,383,817</u>
Business-type activities			
Investment income	7,903	7,580	9,942
Extraordinary item - Marshall Creek	0	0	0
Transfers	(306,000)	(725,958)	7,108
Total business-type activities	<u>(298,097)</u>	<u>(718,378)</u>	<u>17,050</u>
Total primary government	<u>\$4,445,060</u>	<u>\$5,875,748</u>	<u>\$7,400,867</u>
Change in Net Assets			
Governmental activities	\$876,325	\$1,956,548	\$666,858
Business-type activities	(915,471)	(453,583)	(329,823)
Total primary government	<u>(\$39,146)</u>	<u>\$1,502,965</u>	<u>\$337,035</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

TABLE 2

2007	2008	2009	2010
\$1,508,488	\$2,034,964	\$1,942,077	\$2,137,614
1,989,849	2,089,902	2,229,949	2,335,355
215,138	204,070	209,265	224,643
3,113,820	3,475,674	3,660,495	3,902,432
370,849	457,318	501,804	529,223
2,122,776	2,376,314	2,589,002	2,663,493
885,933	952,068	1,237,478	1,319,586
1,109,311	862,460	1,321,133	1,211,878
<u>11,316,164</u>	<u>12,452,770</u>	<u>13,691,203</u>	<u>14,324,224</u>
3,422,882	3,804,238	4,084,247	4,341,602
31,920	32,569	40,834	59,364
<u>3,454,802</u>	<u>3,836,807</u>	<u>4,125,081</u>	<u>4,400,966</u>
<u>\$14,770,966</u>	<u>\$16,289,577</u>	<u>\$17,816,284</u>	<u>\$18,725,190</u>
\$589,135	\$1,033,773	\$886,871	\$962,736
301,099	327,242	341,654	373,600
383,431	435,355	392,807	335,324
11,490	5,948	38,541	15,840
8,680	9,237	8,304	11,306
502,044	600,562	694,579	615,915
0	0	0	6,285
147,663	87,799	373,390	437,531
<u>2,458,161</u>	<u>4,564,206</u>	<u>2,157,763</u>	<u>2,988,451</u>
<u>4,401,703</u>	<u>7,064,122</u>	<u>4,893,909</u>	<u>5,746,988</u>
2,204,357	3,293,431	2,818,752	2,660,458
0	0	0	2,230
<u>340,000</u>	<u>2,597,804</u>	<u>900,000</u>	<u>800,000</u>
<u>2,544,357</u>	<u>5,891,235</u>	<u>3,718,752</u>	<u>3,462,688</u>
<u>\$6,946,060</u>	<u>\$12,955,357</u>	<u>\$8,612,661</u>	<u>\$9,209,676</u>
(\$6,914,461)	(\$5,388,648)	(\$8,797,294)	(\$8,577,236)
(910,445)	2,054,429	(406,329)	(938,278)
<u>(\$7,824,906)</u>	<u>(\$3,334,219)</u>	<u>(\$9,203,623)</u>	<u>(\$9,515,514)</u>
\$3,517,747	\$4,765,642	\$5,023,619	\$4,997,327
3,637,391	4,377,361	3,984,894	3,925,739
753,838	889,660	1,050,036	1,078,191
15,096	16,957	17,514	21,787
606,707	314,143	92,044	30,054
0	11,626	0	0
(218,076)	(201,323)	217,462	(388,585)
<u>8,312,703</u>	<u>10,174,066</u>	<u>10,385,569</u>	<u>9,664,513</u>
48,025	88,202	14,767	972
0	51,647	0	0
<u>218,076</u>	<u>201,323</u>	<u>(217,462)</u>	<u>388,585</u>
<u>266,101</u>	<u>341,172</u>	<u>(202,695)</u>	<u>389,557</u>
<u>\$8,578,804</u>	<u>\$10,515,238</u>	<u>\$10,182,874</u>	<u>\$10,054,070</u>
\$1,398,242	\$4,785,418	\$1,588,275	\$1,087,277
(644,344)	2,395,601	(609,024)	(548,721)
<u>\$753,898</u>	<u>\$7,181,019</u>	<u>\$979,251</u>	<u>\$538,556</u>

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

	Fiscal Year				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund					
Reserved for:					
Prepays	\$0	\$0	\$0	\$0	\$39,830
Unreserved	<u>1,323,870</u>	<u>1,365,896</u>	<u>616,480</u>	<u>509,709</u>	<u>764,836</u>
Total general fund	<u>\$1,323,870</u>	<u>\$1,365,896</u>	<u>\$616,480</u>	<u>\$509,709</u>	<u>\$804,666</u>
All Other Governmental Funds					
Reserved for:					
Debt service	\$57,611	\$154,059	\$241,467	\$295,664	\$318,225
Unreserved, reported in:					
Capital projects	1,157,039	9,622	4,797,798	3,641,716	1,349,300
Special revenue funds	<u>4,864</u>	<u>65,435</u>	<u>91,363</u>	<u>151,856</u>	<u>382,145</u>
Total all other governmental funds	<u>\$1,219,514</u>	<u>\$229,116</u>	<u>\$5,130,628</u>	<u>\$4,089,236</u>	<u>\$2,049,670</u>

Source: Comprehensive Annual Financial Report

TABLE 3

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$53,990	\$24,165	\$91,214	\$80,847	\$61,128
758,475	856,317	3,006,162	4,422,246	3,308,993
<u>\$812,465</u>	<u>\$880,482</u>	<u>\$3,097,376</u>	<u>\$4,503,093</u>	<u>\$3,370,121</u>
\$258,890	\$338,900	\$5,186,365	\$373,897	\$688,028
2,901,913	9,838,692	5,570,723	6,212,899	2,194,425
352,159	303,913	2,802,104	2,578,959	2,697,801
<u>\$3,512,962</u>	<u>\$10,481,505</u>	<u>\$13,559,192</u>	<u>\$9,165,755</u>	<u>\$5,580,254</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
REVENUES				
Property Taxes	\$1,629,568	\$1,471,606	\$2,182,418	\$2,351,327
Sales and Use taxes	828,398	1,149,883	1,124,225	1,613,070
Franchise taxes	217,481	286,771	368,629	417,347
Licenses and permits	576,233	388,676	284,866	811,648
Liquor taxes	5,039	4,963	4,673	6,863
Charges for services	14,173	122,789	390,992	254,586
Grants and awards	212,198	182,518	371,707	860,001
Fines and forfeitures	267,587	366,422	423,783	574,707
Investment income	43,173	11,301	42,855	48,550
Donations	49,783	39,699	6,110	140,626
Miscellaneous	198,882	41,601	16,161	44,164
Total revenues	<u>4,042,515</u>	<u>4,066,229</u>	<u>5,216,419</u>	<u>7,122,889</u>
EXPENDITURES				
Current				
General government	3,231,713	3,342,454	762,474	983,870
Fire and EMS	0	0	1,162,314	1,340,872
Municipal Court	0	0	96,074	162,143
Police	0	0	1,669,100	2,047,487
Library	0	0	262,832	275,012
Parks and recreation	0	0	292,713	423,669
Public works	0	0	0	71,389
Debt Service:				
Principal	403,195	404,429	370,000	365,000
Interest & fiscal charges	0	0	355,846	548,801
Capital Outlay	42,961	1,385,977	3,270,504	2,003,155
Total expenditures	<u>3,677,869</u>	<u>5,132,860</u>	<u>8,241,857</u>	<u>8,221,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>364,646</u>	<u>(1,066,631)</u>	<u>(3,025,438)</u>	<u>(1,098,509)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	0	0	5,000,000	0
Refunding bonds issued	0	0	0	0
Capital leases	0	0	0	0
Transfers in	0	118,259	308,713	467,070
Transfers out	0	0	(74,225)	(77,206)
Total other financing sources (uses)	<u>0</u>	<u>118,259</u>	<u>4,608,269</u>	<u>389,864</u>
NET CHANGE IN FUND BALANCES	<u><u>\$364,646</u></u>	<u><u>(\$948,372)</u></u>	<u><u>\$1,582,831</u></u>	<u><u>(\$708,645)</u></u>
Debt service as a percentage of noncapital expenditures	12%	12%	17%	17%

Source: Comprehensive Annual Financial Report

TABLE 4

Fiscal Year					
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$2,802,015	\$3,004,001	\$3,517,747	\$4,765,642	\$5,023,619	\$4,997,327
2,406,350	3,390,989	3,637,391	4,377,361	3,984,894	3,925,739
541,246	686,930	753,838	889,660	1,050,036	1,078,191
407,412	213,790	309,548	634,119	541,148	679,342
8,676	13,716	15,096	16,957	17,514	21,787
449,840	789,853	1,029,202	1,181,591	1,341,420	1,252,511
1,608,059	1,643,942	2,582,215	2,590,306	2,307,749	3,173,806
492,004	483,084	405,399	439,558	396,251	338,211
109,881	252,601	606,707	314,143	92,044	30,054
22,694	56,717	23,609	44,831	18,343	55,624
45,725	58,008	65,018	168,475	83,937	46,741
<u>8,893,902</u>	<u>10,593,631</u>	<u>12,945,770</u>	<u>15,422,643</u>	<u>14,856,955</u>	<u>15,599,333</u>
1,196,835	1,429,996	1,483,363	1,973,047	1,862,841	2,083,714
1,588,412	1,709,749	2,037,805	1,970,493	2,360,887	2,273,038
260,066	176,250	215,485	203,932	207,898	226,008
2,226,933	2,741,237	3,233,535	3,308,121	3,591,594	3,732,262
298,327	310,450	340,152	425,645	477,915	491,594
704,393	1,642,424	1,644,069	1,786,183	2,002,791	2,071,071
335,772	675,264	611,407	577,679	730,965	764,109
475,000	665,000	872,094	945,731	1,133,953	8,367,095
554,832	788,801	812,017	863,763	1,321,133	1,185,513
<u>3,723,899</u>	<u>2,321,261</u>	<u>2,256,061</u>	<u>6,541,874</u>	<u>4,510,421</u>	<u>6,802,180</u>
<u>11,364,469</u>	<u>12,460,432</u>	<u>13,505,988</u>	<u>18,596,468</u>	<u>18,200,398</u>	<u>27,996,584</u>
<u>(2,470,567)</u>	<u>(1,866,801)</u>	<u>(560,218)</u>	<u>(3,173,825)</u>	<u>(3,343,443)</u>	<u>(12,397,251)</u>
0	4,020,000	7,796,557	7,224,559	0	1,390,000
0	0	0	0	0	7,092,929
0	(675,000)	18,297	543,864	138,261	0
1,335,069	628,625	711,614	1,607,152	6,794,000	2,580,806
(609,111)	(635,733)	(929,690)	(1,808,475)	(6,576,538)	(3,384,957)
<u>725,958</u>	<u>3,337,892</u>	<u>7,596,778</u>	<u>7,567,100</u>	<u>355,723</u>	<u>7,678,778</u>
<u>(\$1,744,609)</u>	<u>\$1,471,091</u>	<u>\$7,036,560</u>	<u>\$4,393,275</u>	<u>(\$2,987,720)</u>	<u>(\$4,718,473)</u>
16%	17%	18%	18%	22%	21%

**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						
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%
2009	100,590,231	281,099,378	1,086,503,018	(411,419,442)	1,056,773,185	0.37512	1,056,773,185	100%
2010	121,830,189	297,833,372	1,140,206,461	(570,775,718)	989,094,304	0.37512	989,094,304	100%

Source: Denton County Appraisal District and Tarrant Appraisal District

Note: Beginning in FY 2009 , a portion of Denton County fell under Tarrant County.
 Property is reassessed annually. The county assesses property at 100% of it's market value
 Tax rates are per \$100 of assessed value

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

TABLE 6

Fiscal Year	City Direct Rates			Overlapping Rates		
	Operating/ General	Debt Service	Total Direct	Northwest Independent School District	Denton County	Tarrant County
2001	\$0.28025	\$0.09487	\$0.37512	\$1.69136	\$0.23193	n/a
2002	0.26406	0.11106	0.37512	1.83481	0.25193	n/a
2003	0.26406	0.11106	0.37512	1.83481	0.24897	n/a
2004	0.26994	0.10518	0.37512	1.83481	0.24717	n/a
2005	0.26994	0.10518	0.37512	1.81930	0.25480	n/a
2006	0.25239	0.12273	0.37512	1.81930	0.24648	n/a
2007	0.18872	0.18640	0.37512	1.66500	0.23192	n/a
2008	0.22682	0.14830	0.37512	1.33505	0.23589	n/a
2009	0.20913	0.16599	0.37512	1.33500	0.23577	0.26400
2010	0.17902	0.19610	0.37512	1.33500	0.24980	0.26400

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

Note: Beginning in FY 2009 , a portion of Denton County fell under Tarrant County.

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

TABLE 7

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Cardinal Health	\$122,866,831	1	12.42%	\$0		0.00%
Bell Helicopter Textron	75,682,486	2	7.65%	0		0.00%
Alliance No 3 Building Partners LP	42,991,658	3	4.35%	0		0.00%
Citicorp Technology Inc.	39,396,500	4	3.98%	0		0.00%
W W Grainger Inc	35,995,551	5	3.64%	0		0.00%
Mid America Apt LP	31,801,540	6	3.22%	0		0.00%
Bridgestone/Firestone	29,075,487	7	2.94%	0		0.00%
Behr Process Corp	23,957,770	8	2.42%	0		0.00%
Alliance No 4 Building Partners LP	20,665,387	9	2.09%	0		0.00%
Amerisource Bergen	17,937,210	10	1.81%	0		0.00%
Hillwood Properties	0		0.00%	28,004,016	1	12.29%
Roanoke I Ltd P/S	0		0.00%	26,271,624	2	11.53%
John Deere Consumer Prodcuts	0		0.00%	24,013,900	3	10.54%
300 Gateway Parkway Ltd P/S	0		0.00%	20,655,030	4	9.06%
Applied Industrial Tech Inc.	0		0.00%	10,264,609	5	4.50%
Roanoke Dev Co LP	0		0.00%	8,141,869	6	3.57%
Southwestern Bell Telephone Co.	0		0.00%	6,369,650	7	2.79%
Oscar Renda Contracting	0		0.00%	4,974,549	8	2.18%
Allisance Gateway #54 LTD	0		0.00%	4,788,088	9	2.10%
AHC VIII Corp	0		0.00%	4,085,655	10	1.79%
Totals	\$440,370,420		44.52%	\$137,568,990		60.36%

Source: Denton County Tax Assessor and Collector

Note: Taxpayers are assessed on January 1, 2009 (2009 tax year) for the 2010 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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of levy		Amount	Percentage of levy
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	3,483,983	98.69%	29,448	3,513,431	99.5%
2008	4,382,386	4,374,936	99.83%	330,973	4,705,909	107.4%
2009	5,023,105	4,987,862	99.30%	33,091	5,020,953	100.0%
2010	4,639,556	4,618,124	99.54%	19,951	4,638,075	100.0%

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			
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
2009	2,065,000	21,192,630	2,380,000	1,718,956	6,782,370 (b)	225,568	34,364,524	22.42%	4,945
2010	8,517,455	14,981,010	2,255,000	1,438,987	6,501,535 (b)	206,727	33,900,714	19.46%	4,291

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

**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>
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
2009	2,065,000	21,192,630	23,257,630	2.20%	3,346
2010	8,517,455	14,981,010	23,498,465	2.38%	2,974

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
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>									

**CITY OF ROANOKE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2009 (UNAUDITED)**

TABLE 12

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable (a)	Roanoke Share of Overlapping Debt
Debt repaid with property taxes			
Denton County	\$375,913,993	2.17%	\$8,157,334
Tarrant County	301,025,000	0.94%	2,829,635
Northwest Independent School District	509,710,505	13.03%	66,415,279
Subtotal, overlapping debt	1,186,649,498		77,402,247
City of Roanoke (direct debt)	23,498,465	100.00%	23,498,465
Total direct and overlapping debt			\$100,900,712

Source: Assessed value data used to estimate applicable percentages provided by Denton County Appraisal District and Tarrant 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
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
2009	4,061,963	3,130,651	931,312	590,970 (d)	1.58
2010	3,795,174	3,350,132	445,042	613,363 (d)	0.73

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

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

TABLE 14

<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>
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%
2009	6,950	153,254,450	22,051	30.6	48,107	660	7.7%
2010	7,900	174,202,900	22,051	30.6	48,107	671	7.1%

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

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

**CITY OF ROANOKE, TEXAS
 PRINCIPAL EMPLOYERS
 CURRENT YEAR (UNAUDITED)**

TABLE 15

2010			
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	4
Randalls/Tom Thumb	Grocery distribution	360	5
Oscar Renda Contracting	Construction	315	6
Amerisource Bergens	Pharmaceutical distribution	250	7
Behr Processing	Paint manufacturer	250	8
Applied Industrial Tech Inc.	Aviation bearing distribution	230	9
Bell Helicopter	Vertical lift aviation manufacturer	225	10
	Totals	3,345	

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)**

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Administration	4.0	5.0	5.0	6.0
Visitor Center and Museum	0.0	0.0	0.0	0.0
Building Inspection	2.0	2.0	2.0	2.0
Fire & EMS	12.0	15.0	15.0	16.0
Municipal Court	1.0	1.0	2.0	2.0
Streets	0.0	0.0	0.0	0.0
Police	21.0	23.0	26.0	26.0
Library	3.0	3.0	4.0	4.0
Parks and Recreation	2.0	3.0	3.0	5.0
Water/wastewater	9.0	10.0	10.0	12.0
Total	<u>54.0</u>	<u>62.0</u>	<u>67.0</u>	<u>73.0</u>

Source: City Payroll records and budget book

TABLE 16

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
8.0	9.0	10.0	9.0	9.5	10.0
0.0	0.0	0.0	2.5	2.5	3.5
3.0	4.0	4.0	4.0	4.0	4.0
17.0	19.0	19.0	19.0	19.0	19.0
2.0	2.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	5.0	5.0
30.0	35.0	36.0	38.0	38.0	38.0
5.0	5.5	6.0	7.0	7.5	7.5
9.0	20.0	22.0	24.0	24.5	25.5
8.0	8.0	9.0	9.0	10.0	10.5
<u>86.0</u>	<u>106.5</u>	<u>113.0</u>	<u>119.5</u>	<u>123.0</u>	<u>126.0</u>

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police			
Number of police personnel	26	26	30
Number of citations	7,211	7,826	6,608
Fire			
Number of fire personnel	15	16	17
Number of fire suppression runs	280	293	379
Number of EMS runs	522	573	552
Development			
Construction permits issued (a)	71	117	90
Estimated valuation	\$ 32,738,134	\$ 98,589,889	\$ 33,501,116
Public Works			
Streets paved (miles)	12.00	12.50	12.50
Parks and Recreation			
Number of acres maintained	14	42	42
Public parks	3	6	6
Library			
Number of volumes (b)	30,870	33,738	33,540
Annual circulation	40,570	57,815	54,301
Water and wastewater			
Number of water customers	1,295	1,318	1,359
Daily average consumption (million gallons)	1.20	1.09	0.91
Storage capacity (gallons)	700,000	625,000	625,000

Source: City Departments

(a) includes residential, commercial and miscellaneous permits

(b) includes books and media

Operating indicators prior to FY2003 are not available.

TABLE 17

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
35	36	38	38	38
6,323	6,528	6,982	5,998	5,338
19	19	19	19	19
388	493	492	572	737
825	759	686	674	595
				6
72	47	195	189	186
\$ 15,297,198	\$ 18,700,608	\$ 37,605,599	\$ 30,036,191	\$ 55,321,621
12.50	12.50	18.68	18.68	18.68
42	42	42	42	42
6	6	6	6	6
36,942	40,728	44,801	45,140	44,658
55,745	69,248	64,335	54,830	66,394
1,356	1,381	1,651	1,749	1,805
1.17	0.94	1.13	1.15	1.23
2,400,000	2,400,000	2,400,000	2,400,000	3,900,000

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Police stations	1	1	1	1
Fire stations	1	1	1	1
Public Works				
Streets paved (miles)	12.00	12.00	12.00	12.50
Streets graded (miles)	0.50	0.50	0.50	0.50
Streetlights	143	143	143	163
Parks and Recreation				
Park Acreage	14	14	14	42
Public parks	3	4	4	5
Community center	1	1	1	1
Recreation center	0	0	0	0
Public swimming pools	0	1	1	1
Baseball fields	0	0	0	4
Soccer fields	0	1	1	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	16.50
Fire Hydrants	207	207	207	265
Stormsewer (miles)	0.25	0.25	0.25	0.25
Sanitary sewer (miles)	8.40	8.40	8.40	12.75

Source: City Departments

TABLE 18

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
1	1	1	1	1	1
1	1	1	1	1	1
12.50	12.50	12.50	18.68	18.68	18.68
0.50	0.50	0.50	0.50	0.50	0.50
163	163	163	211	211	211
42	42	42	42	42	177
6	6	6	6	6	6
1	1	1	1	1	1
0	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4
1	1	1	1	1	1
2	2	2	2	2	2
0	0	1	1	1	1
0	0	1	2	2	2
1	1	1	1	1	1
16.50	16.50	16.50	22.10	22.10	22.10
265	265	265	282	282	282
0.25	0.25	0.25	0.75	0.75	0.75
12.75	12.75	12.75	17.25	17.25	17.25

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, 2010, and have issued our report thereon dated February 25, 2011. 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.

*J. Charles Hayes, CPA
for Hayes and Associates, P.C.*

Haynes and Associates, P.C.
February 25, 2011