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City of Roanoke, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended September 30, 2012



Roanoke, Texas
Dallas / Fort Worth

CITY OF ROANOKE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2012

AS PREPARED BY THE
FINANCE DEPARTMENT



**CITY OF ROANOKE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2012**

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INTRODUCTORY SECTION



February 27, 2012

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, 2012, 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 8,200. 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 (RECD) 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 **facility projects**, Library renovation and Community center expansion, **street and drainage projects** – downtown Lamar and Rusk parking lots, Marshall Creek Phase II – Cedar, Sycamore and Lakeview street improvements, street overlays I & II – Howe, Dallas, Pecan and Turner, and concrete street improvements I & II - Walnut and Main; **water and sewer projects** – various water/sewer lines and mains.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the general fund is \$ 3,816,764 (26.03%) of total general fund operating revenues. Total general fund balance is \$3,853,820 which includes \$37,056 nonspendable. 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** – neighborhood vitality program I -II, **street and drainage projects** – concrete street improvements phase II - IV, railroad quiet zones, Marshall Creek subdivision street improvements phase III – IV, street overlays phase III - IV, historic iron bridge relocation, Country Acres streets/drainage I – IV, storm water utility fee implementation, **parks and recreation projects** – trail master plan, skateboard park/tennis court expansion, **water and sewer projects** – waterline improvement program.

MAJOR INITIATIVES

For Fiscal Year 2012-2013, the top priority projects for the City are: concrete street improvements phase I-III, Marshall Creek subdivision street improvements phase III, Country Acres streets/Drainage phase I, street overlays phase III, Hawaiian Falls improvements and skateboard park/tennis court expansion. In FY 2012, the City issued certificates of obligation to fund the majority of these projects, with additional funding coming from Denton County, General fund balance and REIDC (Type A) and RECDC (Type B) 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, 2011. This is the sixth 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, 2011

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.



Christopher P. Moirill

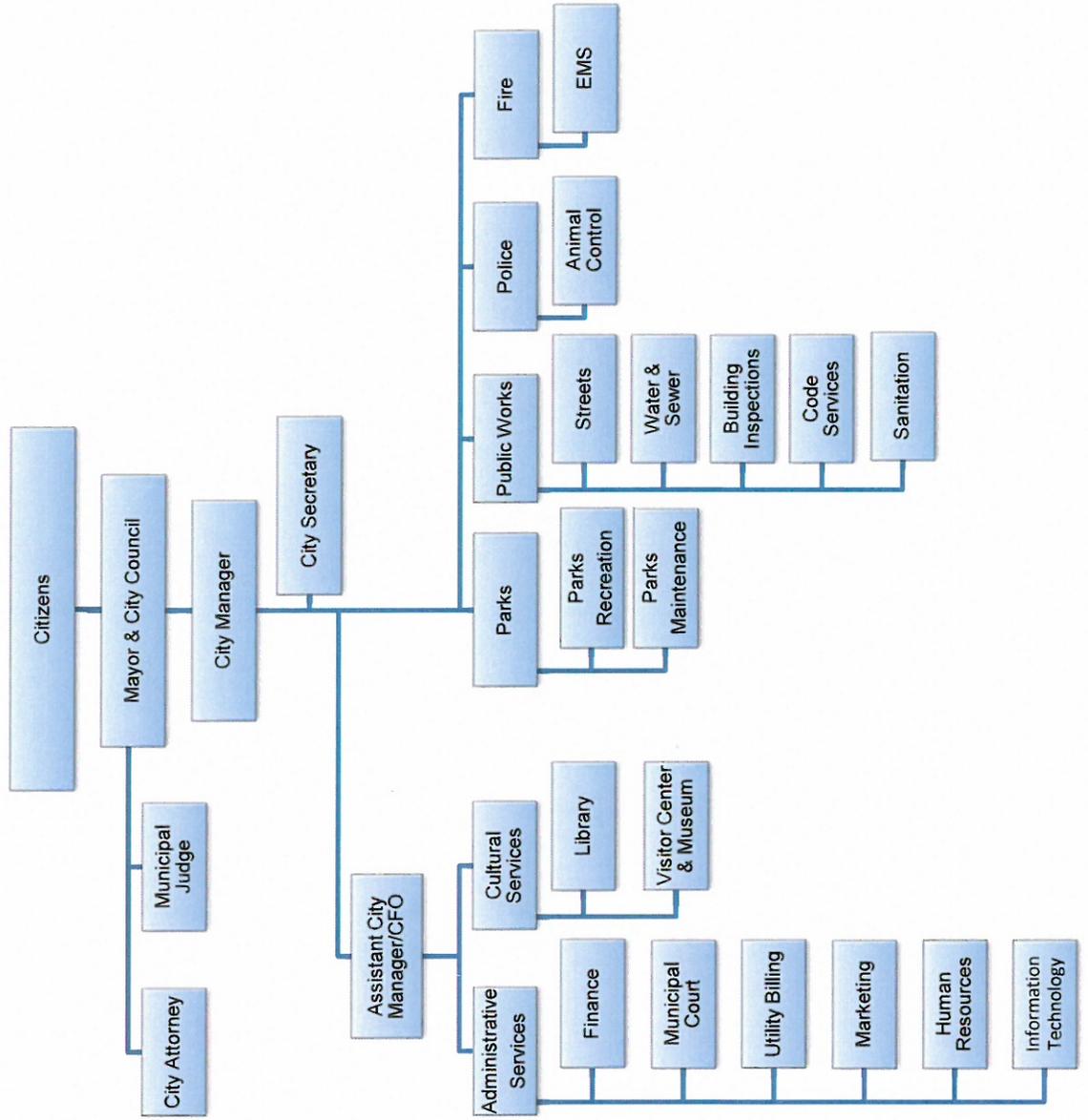
President

Jeffrey R. Emen

Executive Director

FINANCIAL SECTION

City of Roanoke FY 2011-2012



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

Scott Campbell

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, 2012, 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.

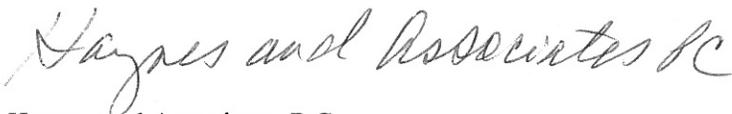
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Roanoke, Texas as of September 30, 2012, 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 20, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in cursive script that reads "Haynes and Associates PC".

Haynes and Associates, P.C.
February 20, 2013

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, 2012. 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 \$39,263,029 (net assets).
- The government's total net assets increased by \$834,917. The highlights of this increase can be found on page 6 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 \$11,844,561. Approximately, 32% of this amount, \$3,816,764, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,816,764 or 26.03% (95 days) of total general fund revenues.
- The City of Roanoke's total liabilities increased by \$2,310,766 during the current fiscal year. The highlights of this increase 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 (REIDC), the Roanoke Community Economic Development Corporation (RCEDC) 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 twelve 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 six 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 \$39,263,029 at the close of the most recent fiscal year. One of the largest portion of the City's net assets (\$29,394,230, or 74.9%) 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	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Current and other assets	\$13,146,186	\$13,708,270	\$1,504,451	\$533,647	\$14,650,637	\$14,241,917
Capital assets	52,323,797	48,906,528	13,667,115	14,347,421	65,990,912	63,253,949
Total Assets	65,469,983	62,614,798	15,171,566	14,881,068	80,641,549	77,495,866
Long term liabilities outstanding	30,925,003	28,860,133	5,593,737	5,981,855	\$36,518,740	\$34,841,988
Other liabilities	3,175,822	2,958,118	1,683,958	1,267,648	4,859,780	4,225,766
Total Liabilities	34,100,825	31,818,251	7,277,695	7,249,503	41,378,520	39,067,754
NET ASSETS						
Invested in capital assets (net of related debt)	21,700,296	20,484,900	7,693,934	7,994,245	29,394,230	28,479,145
Restricted	7,612,427	8,991,311	32,615	7,549	7,645,042	8,998,860
Unrestricted	2,056,435	1,320,336	167,322	(370,229)	2,223,757	950,107
Total Net Assets	\$31,369,158	\$30,796,547	\$7,893,871	\$7,631,565	\$39,263,029	\$38,428,112

An additional portion of the City of Roanoke's net assets (\$7,645,042, or 19.5%) 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, its separate government activities and the business-type activities.

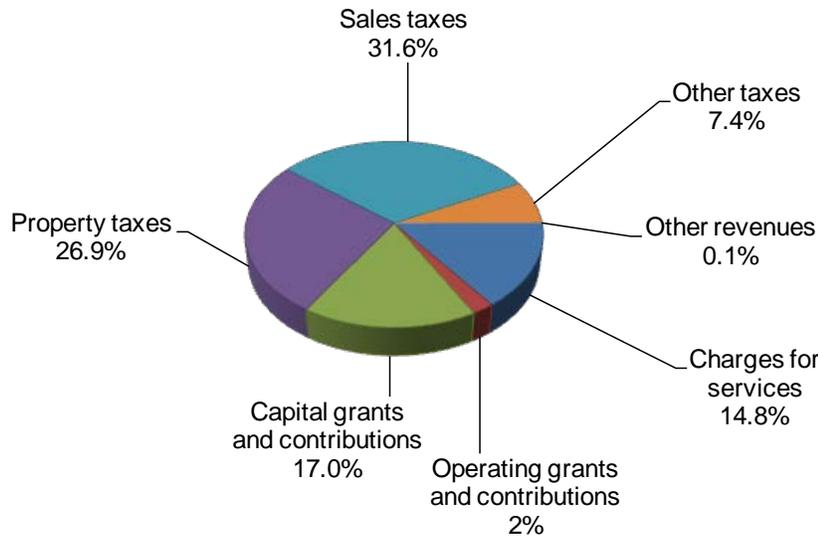
The City's net assets increased by \$834,917 during the current fiscal year. This increase represents the degree to which increases in ongoing revenues have exceeded similar increases in ongoing expenses. The key element of this increase is as follows:

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Revenues:						
Program revenues:						
Charges for services	\$2,605,678	\$2,367,809	\$3,944,315	\$3,837,719	\$6,549,993	\$6,205,528
Operating grants and contributions	379,991	478,518	0	0	379,991	478,518
Capital grants and contributions	2,983,606	13,290,690	828,087	798,087	3,811,693	14,088,777
General revenues:						
Property taxes	4,721,841	4,472,864	0	0	4,721,841	4,472,864
Other taxes	6,865,084	5,540,518	0	0	6,865,084	5,540,518
Other revenues	15,963	21,904	556	386	16,519	22,290
Total revenues	\$17,572,163	\$26,172,303	\$4,772,958	\$4,636,192	\$22,345,121	\$30,808,495
Expenses:						
General government	\$2,451,632	\$2,145,446	\$0	\$0	\$2,451,632	\$2,145,446
Fire and EMS	2,825,500	2,429,629	0	0	2,825,500	2,429,629
Municipal Court	249,443	225,677	0	0	249,443	225,677
Police	4,230,989	3,820,033	0	0	4,230,989	3,820,033
Library	615,307	521,133	0	0	615,307	521,133
Parks and recreation	3,394,719	2,708,671	0	0	3,394,719	2,708,671
Public works	1,814,679	1,363,265	0	0	1,814,679	1,363,265
Interest on long-term debt	1,125,864	1,100,821	0	0	1,125,864	1,100,821
Water/Wastewater			4,775,631	4,834,989	4,775,631	4,834,989
Sanitation			26,440	34,168	26,440	34,168
Total expenses	\$16,708,133	\$14,314,675	\$4,802,071	\$4,869,157	\$21,510,204	\$19,183,832
Increase (decrease) in net assets before transfers	864,030	11,857,628	(29,113)	(232,965)	834,917	11,624,663
Transfers	(291,419)	(302,636)	291,419	302,636	0	0
Increase in net assets	572,611	11,554,992	262,306	69,671	834,917	11,624,663
Net Assets - Beginning	30,796,547	19,241,555	7,631,565	7,561,894	38,428,112	26,803,449
Net Assets - Ending	\$ 31,369,158	\$ 30,796,547	\$ 7,893,871	\$ 7,631,565	\$ 39,263,029	\$ 38,428,112

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 decreased by \$8,600,140 or 32.9% to \$17,572,163.

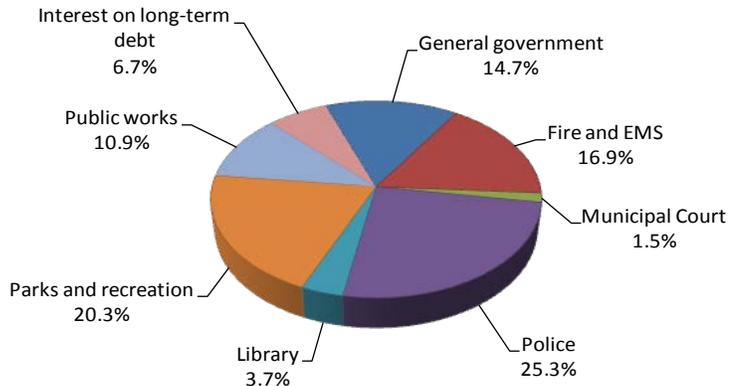
Major components of the increase are explained as follows:

- Capital grants and contributions decreased by \$10,307,084 or 77.6% to \$2,983,606. This was primarily related due to a capital grant from REIDC in FY 2011 for the Hawaiian Falls Waterpark \$6,500,000 and a FY 2011 contribution from Roanoke Family Entertainment LLC \$3,200,000.

Expenses for governmental activities increased by \$2,393,458 or 79.1% to \$16,708,133. Major components of the increase are explained as follows:

- Depreciation expense increased \$1,214,878 from FY2011
- Salaries and Benefits increased approximately \$766,520 or 9%. Salary increases make up this increase, as well as increased insurance and benefits costs.
- One time street project transfer \$318,195
- Transfers to vehicle replacement fund reinstated in FY 2012 \$272,970

Expenditures by Activities - Governmental Activities



Business –type activities. Business type activities net assets increased by \$262,306 or 3%. Key elements of this increase are as follows:

- Increase in water and sewer sales; net of payments to TRA and Fort Worth. Primarily related to continued implementation of water and sewer rate plan to capture expenditures.

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 \$11,844,561 a decrease of \$740,237 in comparison with the prior year.

Approximately less than 1% of this amount \$37,056 is unspendable for items that cannot be spent, 50% of this amount \$5,938,841 is legally restricted by creditors, other governments or enabling legislation, 14% of the amount \$1,673,586 is committed by self imposed limitations of the government and 3% of the amount \$378,314 is assigned by limitations imposed by management for intended use of the funds. The remainder of the fund balance, 32% or \$3,816,764, is unassigned and represents the residual net resources in excess of the other classifications. Additional information on the fund balance classifications can be found in Note 4(B) on page 37 of this report.

The general fund is the chief operating fund of the City of Roanoke. At the end of the current fiscal year, the unassigned fund balance was \$3,816,764 and total fund balance was \$3,853,820. As a measure of the general fund’s liquidity, it may be useful to compare unassigned fund balance to

total fund operating revenues. Unassigned fund balance represents 26.03% of total general fund operating revenues, or 95 days.

The unassigned general fund balance increased by \$1,038,924 during the current fiscal year. The increase in fund balance was primarily due to an increase in sales and use tax.

The debt service fund has a total fund balance of \$4,619,334, all of which is restricted for the payment of debt. There was a net increase of \$3,590,171 in fund balance during the current year, primarily related to the issuance of debt \$3,895,000, proceeds not received until FY2013 and use of fund balance to pay off debt.

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 \$136,151. This is an increase of \$517,286 from the previous year. The Sanitation fund's unrestricted net assets were \$31,171, which is also an increase from the previous year of \$20,265. 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 FY2011-2012, the City Council of the City of Roanoke amended the budget for the General Fund five times for a total amount for \$501,025. The amendments were as follows:

12-1	\$ 33,825	Reappropriation amendment for funds not expended in the previous fiscal year
12-2	\$ 14,200	Various facility improvements
12-3	\$130,000	Purchase of parkland \$120,000, additional promotional/marketing \$10,000
12-4	\$214,000	Marshall Creek bridge improvements
12-5	<u>\$109,000</u>	Purchase of property for parking
	\$501,025	

Actual revenues were higher than the final budget by \$1,635,462, which was primarily related to higher than budgeted sales and use tax. Actual expenditures were lower by \$223,966. The decrease in expenditures was primarily due to a decrease in parks and recreation activity fees not being spent.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The investment in capital assets for its governmental and business type activities as of September 30, 2012, amounts to \$65,990,912 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, facilities, roads, and water and sewer systems. About 79% of the capital assets are governmental and 21% are business type activities.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2011</u>
Land	\$1,362,742	\$1,362,742	\$0	\$0	\$1,362,742	\$1,362,742
Land Improvements	14,152,213	14,821,369	0	0	14,152,213	14,821,369
Buildings/Structures	15,958,116	13,157,819	0	0	15,958,116	13,157,819
Vehicles/Machinery	12,259,902	1,108,286	287,323	351,328	12,547,225	1,459,614
Equipment	981,790	852,946	0	0	981,790	852,946
Infrastructure	881,012	14,505,735	0	0	881,012	14,505,735
Water/Sewer system			13,078,644	13,798,575	13,078,644	13,798,575
Construction in progress	6,728,022	3,097,631	301,148	197,518	7,029,170	3,295,149
Total	<u>\$52,323,797</u>	<u>\$48,906,528</u>	<u>\$13,667,115</u>	<u>\$14,347,421</u>	<u>\$65,990,912</u>	<u>\$63,253,949</u>

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

<u>Project</u>	<u>Amount</u>
Library/Community Center	\$ 3,144,287
Marshall Creek Bridge	1,926,186
Concrete Streets Ph. I - Walnut	418,924
Street Overlays II - Turner	158,627
Linear Park expansion	<u>125,276</u>
	\$ 5,773,300

Additional information on the capital assets can be found in note 5(D) on page 39 of this report.

Long-term debt. At year-end, the City had \$31,698,216 in bonds compared to \$29,363,841 at the end of the prior fiscal year, a increase of 8% as shown below. In FY2012, the City issued \$3,695,000 in certificates of obligation.

Outstanding Debt, at Year-end

	<u>FY2012</u>	<u>FY2011</u>	<u>Increase (Decrease)</u>	<u>% of Change</u>
General obligation bonds	\$6,947,542	\$7,758,091	(\$810,549)	-10%
Certificates of obligation	22,765,674	19,480,750	3,284,924	17%
Special assessment debt	1,985,000	2,125,000	(140,000)	-7%
Total outstanding debt	<u>\$31,698,216</u>	<u>\$29,363,841</u>	<u>\$2,334,375</u>	<u>8%</u>

In August 2012, the City's general obligation bond rating was affirmed at "A+" by Standard & Poors and "AA" by Moody's Investors Service. Additional information on the long-term debt can be found in in Note 5(G) on pages 41–43 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 2013 fiscal year. The property tax rate for fiscal year 2013 remains the same as fiscal year 2012 at \$.37512 per \$100 assessed value.

During the current fiscal year, unassigned general fund balance increased to \$3,816,764. The City appropriated \$1,170,254 of this amount for spending in the fiscal year 2013 budget. This would leave and an estimated 75 days in unassigned fund balance available for spending in FY 2013.

A water and wastewater study was done in FY2011, based on the findings water and wastewater rates were changed again in October 2012. The water volume rate is at \$2.79 per thousand gallons for all commercial, residential and irrigation customers for consumption from 5,001 to 10,000 gallons, \$3.48 from 10,001 to 15,000 gallons, \$4.18 from 15,001 to 25,000 gallons and \$4.88 over 25,000 gallons. The wastewater rate changed to \$3.81 per thousand gallons of water used.

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.



BASIC FINANCIAL STATEMENTS

**CITY OF ROANOKE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012**

Primary Government

ASSETS	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
Cash and cash equivalents	\$8,306,043	\$649,486	\$8,955,529	\$1,512,788
Investments	449,271	20,000	469,271	0
Receivables (net for allowance for uncollectibles)	4,030,757	553,028	4,583,785	0
Advance to component unit	315,566	0	315,566	0
Due from component unit	7,493	0	7,493	0
Inventories	14,747	0	14,747	0
Prepaid items	22,309	7,189	29,498	0
Restricted assets				
Cash and cash equivalents	0	274,748	274,748	0
Capital assets				
Non Depreciable	1,362,742	0	1,362,742	0
Depreciable (net)	50,961,055	13,667,115	64,628,170	428,510
Total Assets	65,469,983	15,171,566	80,641,549	1,941,298
LIABILITIES				
Accounts payable	517,707	294,798	812,505	7,493
Other accrued liabilities	371,693	668,975	1,040,668	0
Advance from primary government	0	0	0	315,566
Deferred revenue	96,659	0	96,659	0
Deposits	0	274,748	274,748	0
Non Current Liabilities				
Due within one year				
Accrued compensated absences	218,745	18,401	237,146	0
Notes payable	122,181	0	122,181	0
Capital leases payable	93,850	21,571	115,421	0
Bonds payable	1,442,762	367,238	1,810,000	0
Special assessment debt	140,000	0	140,000	0
Interest payable	172,225	38,227	210,452	0
Due in more than one year				
Accrued compensated absences	115,295	9,365	124,660	0
Notes payable	297,113	0	297,113	0
Capital leases payable	397,141	144,826	541,967	0
Bonds payable	28,270,454	5,439,546	33,710,000	7,050,000
Special assessment debt	1,845,000	0	1,845,000	0
Total Liabilities	34,100,825	7,277,695	41,378,520	7,373,059
NET ASSETS				
Invested in capital assets (net of related debt)	21,700,296	7,693,934	29,394,230	428,510
Restricted for:				
Debt Service	4,619,334	0	4,619,334	0
Capital Projects	2,952,070	32,615	2,984,685	0
Grants	9,710	0	9,710	0
Public Safety	4,626	0	4,626	0
Culture and Tourism	26,687	0	26,687	0
Unrestricted	2,056,435	167,322	2,223,757	(5,860,271)
Total Net Assets	\$31,369,158	\$7,893,871	\$39,263,029	(\$5,431,761)

The notes to the financial statements are an integral part of this statement ¹¹

**CITY OF ROANOKE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$2,451,632	\$1,092,635	\$30,837	\$0
Fire and EMS	2,825,500	371,741	270,437	0
Municipal Court	249,443	433,410	0	0
Police	4,230,989	42,200	74,942	0
Library	615,307	6,350	0	0
Parks and recreation	3,394,719	649,746	3,775	2,502,278
Public works	1,814,679	9,596	0	481,328
Interest on long-term debt	1,125,864	0	0	0
Total governmental activities	16,708,133	2,605,678	379,991	2,983,606
Business-Type Activities:				
Water/Wastewater	4,775,631	3,942,610	0	828,087
Sanitation	26,440	1,705	0	0
Total business-type activities	4,802,071	3,944,315	0	828,087
Total primary government	\$21,510,204	\$6,549,993	\$379,991	\$3,811,693
Component units:				
Roanoke Economic Industrial Development Corp	2,551,216	0	0	0
Roanoke Economic Community Development Corp	2,221,270	0	0	0
Al & Lula Mae Slaughter Park Foundation	3,338	0	0	0
Total component units	\$4,772,486	\$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
(\$1,328,160)	\$0	(\$1,328,160)	\$0
(2,183,322)	0	(2,183,322)	0
183,967	0	183,967	0
(4,113,847)	0	(4,113,847)	0
(608,957)	0	(608,957)	0
(238,920)	0	(238,920)	0
(1,323,755)	0	(1,323,755)	0
(1,125,864)	0	(1,125,864)	0
(10,738,858)	0	(10,738,858)	0
0	(4,934)	(4,934)	0
0	(24,735)	(24,735)	0
0	(29,669)	(29,669)	0
(\$10,738,858)	(\$29,669)	(\$10,768,527)	\$0

0	0	0	(2,551,216)
0	0	0	(2,221,270)
0	0	0	(3,338)
\$0	\$0	\$0	(\$4,775,824)

4,721,841	0	4,721,841	0
5,557,572	0	5,557,572	5,473,852
1,276,645	0	1,276,645	0
30,867	0	30,867	0
0	556	556	46,456
15,963	0	15,963	1,139
(291,419)	291,419	0	0
11,311,469	291,975	11,603,444	5,521,447
572,611	262,306	834,917	745,623
30,796,547	7,631,565	38,428,112	(6,177,384)
\$31,369,158	\$7,893,871	\$39,263,029	(\$5,431,761)

CITY OF ROANOKE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General	Debt Service	Facilities Improvement
ASSETS:			
Cash and cash equivalents	\$4,122,622	\$724,334	\$643,097
Investments	449,271		
Receivables:			
Accounts	39,098	3,895,000	
Delinquent property taxes	14,644	22,256	
Inventories	14,747		
Prepays	22,309		
Due from component unit			
Total assets	<u>\$4,662,691</u>	<u>\$4,641,590</u>	<u>\$643,097</u>
LIABILITIES:			
Accounts payable	426,377		19,773
Other accrued liabilities	367,850		
Deferred revenue:			
Delinquent taxes	14,644	22,256	
Total liabilities	<u>808,871</u>	<u>22,256</u>	<u>19,773</u>
Fund balances:			
Nonspendable	37,056		
Restricted		4,619,334	66,782
Committed			556,542
Assigned			
Unassigned	3,816,764		
Total fund balances	<u>3,853,820</u>	<u>4,619,334</u>	<u>623,324</u>
Total liabilities and fund balances	<u>\$4,662,691</u>	<u>\$4,641,590</u>	<u>\$643,097</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
\$1,821,655	\$80,991	\$484,998	\$428,346	\$8,306,043
				449,271
				3,934,098
		41,887		78,787
				14,747
				22,309
	7,493			7,493
<u>\$1,821,655</u>	<u>\$88,484</u>	<u>\$526,885</u>	<u>\$428,346</u>	<u>\$12,812,748</u>
58,834	7,557		5,166	517,707
			3,843	371,693
		41,887		78,787
<u>58,834</u>	<u>7,557</u>	<u>41,887</u>	<u>9,009</u>	<u>968,187</u>
645,777	80,927	484,998	41,023	37,056
1,117,044				5,938,841
				1,673,586
			378,314	378,314
				3,816,764
<u>1,762,821</u>	<u>80,927</u>	<u>484,998</u>	<u>419,337</u>	<u>11,844,561</u>
<u>\$1,821,655</u>	<u>\$88,484</u>	<u>\$526,885</u>	<u>\$428,346</u>	<u>\$12,812,748</u>

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2012**

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

Total fund balance per balance sheet	\$11,844,561
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds	52,323,797
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are deferred in the funds	315,566
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(33,114,766)
Net assets of governmental activities	<u><u>\$31,369,158</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, 2012

	General	Debt Service	Facilities Improvement
Revenues:			
Property taxes	\$2,306,888	\$2,120,088	
Sales and use taxes	5,473,863		
Franchise taxes	1,276,645		
Licenses and permits	738,546		
Liquor taxes	30,867		
Charges for services	1,377,016		
Grants and awards	2,935,857		
Fines and forfeitures	435,748		
Investment income	6,031		3,572
Donations	40,953		
Miscellaneous	42,610		
Total Revenues	14,665,024	2,120,088	3,572
Expenditures:			
Current:			
General government	2,295,481		
Fire and EMS	2,514,523		
Municipal Court	255,007		
Police	4,059,178		
Library	573,012		
Parks and recreation	2,219,872		
Public works	859,262		
Debt Service:			
Principal		1,420,625	
Interest & fiscal charges		1,004,292	
Capital Outlay	0		3,144,287
Total expenditures	12,776,335	2,424,917	3,144,287
Excess (deficiency) of revenues over expenditures	1,888,689	(304,829)	(3,140,715)
Other financing sources (uses):			
Debt issuance		3,895,000	
Transfers in	70,000		0
Transfers out	(1,038,459)		(39,700)
Total other financing sources (uses)	(968,459)	3,895,000	(39,700)
Net changes in fund balances	920,230	3,590,171	(3,180,415)
Fund balances, beginning of year	2,933,590	1,029,163	3,803,739
Fund balances, end of year	\$3,853,820	\$4,619,334	\$623,324

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
		\$294,865		\$4,721,841
			83,709	5,557,572
				1,276,645
				738,546
				30,867
				1,377,016
301,328			17,181	3,254,366
				435,748
2,892	164	3,286	18	15,963
				40,953
9,596			2,162	54,368
<u>313,816</u>	<u>164</u>	<u>298,151</u>	<u>103,070</u>	<u>17,503,885</u>
			43,071	2,338,552
			65,555	2,580,078
				255,007
			151,401	4,210,579
			14,574	587,586
			16,727	2,236,599
				859,262
		140,000		1,560,625
		99,025		1,103,317
891,656	153,968	1,926,187	0	6,116,098
<u>891,656</u>	<u>153,968</u>	<u>2,165,212</u>	<u>291,328</u>	<u>21,847,703</u>
<u>(577,840)</u>	<u>(153,804)</u>	<u>(1,867,061)</u>	<u>(188,258)</u>	<u>(4,343,818)</u>
				3,895,000
357,895	120,000		308,845	856,740
0			(70,000)	(1,148,159)
<u>357,895</u>	<u>120,000</u>	<u>0</u>	<u>238,845</u>	<u>3,603,581</u>
(219,945)	(33,804)	(1,867,061)	50,587	(740,237)
1,982,766	114,731	2,352,059	368,750	12,584,798
<u>\$1,762,821</u>	<u>\$80,927</u>	<u>\$484,998</u>	<u>\$419,337</u>	<u>\$11,844,561</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, 2012**

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

Net change in fund balance - total governmental funds	(\$740,237)
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	3,417,269
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	(2,111,873)
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.	7,452
Change in net assets of governmental activities	<u><u>\$572,611</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive(Negative)
	Original	Final		
Revenues:				
Property taxes	\$2,191,347	\$2,191,347	\$2,306,888	\$115,541
Sales and use taxes	4,400,000	4,400,000	5,473,863	1,073,863
Franchise taxes	1,145,175	1,145,175	1,276,645	131,470
Licenses and permits	512,000	512,000	738,546	226,546
Liquor taxes	30,000	30,000	30,867	867
Charges for services	1,416,683	1,416,683	1,377,016	(39,667)
Grants and awards	2,935,857	2,935,857	2,935,857	0
Fines and forfeitures	358,000	358,000	435,748	77,748
Investment income	12,000	12,000	6,031	(5,969)
Donations	3,500	3,500	40,953	37,453
Miscellaneous	25,000	25,000	42,610	17,610
Total Revenues	<u>13,029,562</u>	<u>13,029,562</u>	<u>14,665,024</u>	<u>1,635,462</u>
Expenditures:				
General government	2,239,778	2,313,399	2,295,481	17,918
Fire and EMS	2,498,555	2,517,304	2,514,523	2,781
Municipal Court	252,705	260,035	255,007	5,028
Police	3,944,721	4,095,921	4,059,178	36,743
Library	542,216	579,467	573,012	6,455
Parks and recreation	2,365,241	2,365,243	2,219,872	145,371
Public works	858,476	868,932	859,262	9,670
Total expenditures	<u>12,701,692</u>	<u>13,000,301</u>	<u>12,776,335</u>	<u>223,966</u>
Excess (deficiency) of revenues over expenditures	<u>327,870</u>	<u>29,261</u>	<u>1,888,689</u>	<u>1,859,428</u>
Other financing sources (uses):				
Transfers in	70,000	70,000	70,000	0
Transfers out	(836,039)	(1,038,459)	(1,038,459)	0
Total other financing sources (uses)	<u>(766,039)</u>	<u>(968,459)</u>	<u>(968,459)</u>	<u>0</u>
Net changes in fund balances	(438,169)	(939,198)	920,230	1,859,428
Fund balances, beginning of year	<u>2,933,590</u>	<u>2,933,590</u>	<u>2,933,590</u>	<u>0</u>
Fund balances, end of year	<u>\$2,495,421</u>	<u>\$1,994,392</u>	<u>\$3,853,820</u>	<u>\$1,859,428</u>

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, 2012**

Business-type Activities - Enterprise Funds

	Water and Wastewater	Sanitation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$616,033	\$33,453	\$649,486
Investments	20,000	0	20,000
Restricted cash:			
Customer deposits	274,748	0	274,748
Receivables	552,823	205	553,028
Prepaid expenses	7,189	0	7,189
Total current assets	<u>1,470,793</u>	<u>33,658</u>	<u>1,504,451</u>
Noncurrent assets:			
Capital assets:			
Vehicles/Equipment	745,259	0	745,259
Water/Sewer System	23,233,218	0	23,233,218
Construction in progress	301,148	0	301,148
Less accumulated depreciation	(10,612,510)	0	(10,612,510)
Total capital assets (net of accumulated depreciation)	<u>13,667,115</u>	<u>0</u>	<u>13,667,115</u>
Total noncurrent assets	<u>13,667,115</u>	<u>0</u>	<u>13,667,115</u>
Total assets	<u>15,137,908</u>	<u>33,658</u>	<u>15,171,566</u>
LIABILITIES			
Contributions			
Accounts payable	292,311	2,487	294,798
Customer deposits payable	274,748	0	274,748
Other liabilities	668,975	0	668,975
Capitalized leases	21,571	0	21,571
Bonds payable	367,238	0	367,238
Accrued interest payable	38,227	0	38,227
Liability for compensated absences	18,401	0	18,401
Total current liabilities	<u>1,681,471</u>	<u>2,487</u>	<u>1,683,958</u>
Noncurrent liabilities:			
Capitalized leases	144,826	0	144,826
Bonds payable	5,439,546	0	5,439,546
Liability for compensated absences	9,365	0	9,365
Total noncurrent liabilities	<u>5,593,737</u>	<u>0</u>	<u>5,593,737</u>
Total liabilities	<u>7,275,208</u>	<u>2,487</u>	<u>7,277,695</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,693,934	0	7,693,934
Restricted for:			
Capital projects	32,615	0	32,615
Unrestricted	136,151	31,171	167,322
Total net assets	<u>\$7,862,700</u>	<u>\$31,171</u>	<u>\$7,893,871</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, 2012

Business-type Activities - Enterprise Funds

	Water and Wastewater	Sanitation	Total
Operating revenues:			
Water Sales	\$2,564,585	\$0	\$2,564,585
Sewer Service	1,170,386	0	1,170,386
Sanitation Service	0	1,705	1,705
Tap and reconnection fees	36,250	0	36,250
Miscellaneous	171,389	0	171,389
Total operating revenues	<u>3,942,610</u>	<u>1,705</u>	<u>3,944,315</u>
Operating expenses:			
Personnel services	958,277	0	958,277
Maintenance	263,167	0	263,167
T.R.A. requirement	948,661	0	948,661
Purchase of water	968,524	0	968,524
Contract payments	515,844	26,440	542,284
Materials and supplies	57,018	0	57,018
Heat, light and power	39,533	0	39,533
Depreciation	784,493	0	784,493
Other	11,424	0	11,424
Total operating expenses	<u>4,546,941</u>	<u>26,440</u>	<u>4,573,381</u>
Operating income	<u>(604,331)</u>	<u>(24,735)</u>	<u>(629,066)</u>
Nonoperating revenues (expenses):			
Investment income	556	0	556
Interest and fiscal charges	(229,247)	0	(229,247)
Total nonoperating revenues (expenses)	<u>(228,691)</u>	<u>0</u>	<u>(228,691)</u>
Income before contributions and transfers	<u>(833,022)</u>	<u>(24,735)</u>	<u>(857,757)</u>
Contributions	828,087	0	828,087
Transfers in	246,419	45,000	291,419
Transfers out	0	0	0
Change in net assets	<u>241,484</u>	<u>20,265</u>	<u>261,749</u>
Total net assets - beginning	<u>7,621,216</u>	<u>10,906</u>	<u>7,632,122</u>
Total net assets - ending	<u><u>\$7,862,700</u></u>	<u><u>\$31,171</u></u>	<u><u>\$7,893,871</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, 2012**

	Business-type Activities - Enterprise Funds		
	Water and Wastewater	Sanitation	Totals
Cash flows from operating activities:			
Cash received from customers	\$3,920,161	\$1,631	\$3,921,792
Cash payments to suppliers for goods and services	(2,484,888)	(\$26,707)	(2,511,595)
Cash payments for employee services	(957,561)	0	(957,561)
Net cash provided by (used in) operating activities	477,712	(25,076)	452,636
Cash flows from noncapital financing activities:			
Advances from other funds	0	0	0
Transfer in	246,419	45,000	291,419
Net cash provided by (used in) noncapital financing activities	246,419	45,000	291,419
Cash flows from capital and related financing activities:			
Capital contributions	828,087	0	828,087
Acquisition and construction of capital assets	(103,132)	0	(103,132)
Principal paid	(379,635)	0	(379,635)
Interest and fiscal charges paid	(229,247)	0	(229,247)
Net cash used for capital and related financing activities	116,073	0	116,073
Cash flows from investing activities:			
Interest on investments	556	0	556
Net cash provided by (used in) investing activities	556	0	556
Net increase (decrease) in cash	840,760	19,924	860,684
Cash and cash equivalents at beginning of year	50,021	13,529	63,550
Cash and cash equivalents at end of year	890,781	33,453	924,234
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	(604,331)	(24,735)	(629,066)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	784,493	0	784,493
Provision for uncollectible	0	0	0
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(38,909)	(74)	(38,983)
Due from other funds	0	0	0
Prepaid expenses	7,189	0	7,189
Increase (decrease) in liabilities:			
Accounts payable	233,705	(267)	233,438
Accrued liabilities	142,337	0	142,337
Due to other funds	(63,948)	0	(63,948)
Liability for accrued vacation	716	0	716
Deposits	16,460	0	16,460
Total adjustments	1,082,043	(341)	1,081,702
Net cash provided by(used in) operating activities	\$477,712	(\$25,076)	\$452,636

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, 2012**

	Governmental Activities			Total
	Roanoke Economic Dev. Corporation	Roanoke Community Dev. Corporation	Al & Lula Mae Slaughter Park Foundation	
ASSETS				
Cash and cash equivalents	\$438,271	\$725,397	\$349,120	\$1,512,788
Capital assets				
Non Depreciable	0	0	0	0
Depreciable (net)	428,510	0	0	428,510
Total Assets	<u>866,781</u>	<u>725,397</u>	<u>349,120</u>	<u>1,941,298</u>
LIABILITIES				
Accounts payable	7,493	0	0	7,493
Advance from primary government	315,566	0	0	315,566
Non Current Liabilities				
Due within one year				
Bonds payable	0	0	0	0
Due in more than one year				
Bonds payable	7,050,000	0	0	7,050,000
Total Liabilities	<u>7,373,059</u>	<u>0</u>	<u>0</u>	<u>7,373,059</u>
NET ASSETS				
Invested in capital assets (net of related debt)	112,944	0	0	112,944
Unrestricted	(6,619,222)	725,397	349,120	(5,544,705)
Total Net Assets	<u>(\$6,506,278)</u>	<u>\$725,397</u>	<u>\$349,120</u>	<u>(\$5,431,761)</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, 2012**

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Roanoke Economic Industrial Development Corp	2,551,216	0	0	0
Roanoke Economic Community Development Corp	2,221,270	0	0	0
Al & Lula Mae Slaughter Park Foundation	3,338	0	0	0
Total component units	\$4,772,486	\$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. Corporation	Al & Lula Mae Slaughter Park Foundation	Total
(2,551,216)	0	0	(2,551,216)
0	(2,221,270)	0	(2,221,270)
0	0	(3,338)	(3,338)
<u>(\$2,551,216)</u>	<u>(\$2,221,270)</u>	<u>(\$3,338)</u>	<u>(\$4,775,824)</u>
2,736,926	2,736,926	0	5,473,852
0	0	46,456	46,456
388	328	423	1,139
<u>2,737,314</u>	<u>2,737,254</u>	<u>46,879</u>	<u>5,521,447</u>
186,098	515,984	43,541	745,623
(6,692,376)	209,413	305,579	(6,177,384)
<u>(\$6,506,278)</u>	<u>\$725,397</u>	<u>\$349,120</u>	<u>(\$5,431,761)</u>



CITY OF ROANOKE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2012

(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, 2012.

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 10.

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 11.

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 12.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

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

C. Measurement Focus and Basis of Accounting

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal

period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major funds types:

1. Governmental Fund Types:

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

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

- a. The General Fund is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- b. The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid from taxes levied by the City.
- c. The Facilities Improvements Fund is used to account for the construction of new municipal buildings/facilities and renovations to existing facilities. Proceeds from the sale of certificate of obligation bonds provide financing.
- d. The Street Construction Fund is used to account for the financing and construction of various streets. Proceeds from the sale of certificate of obligation bonds and grants provide financing.
- e. The Park Construction Fund is used to account for the financing and construction of various park and recreation projects. Proceeds from the sale of certificate of obligation bonds, contributions and grants provide financing.
- f. The Briarwyck PID Fund is used to account for the costs incurred for improvements within the Briarwyck Public Improvement District, including debt service on obligations issued to pay the costs of the improvements.
- f. Other Governmental Funds is a summarization of all of the non-major governmental funds.

2. Proprietary Fund Types:

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

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

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

3. Non-Current Governmental Assets/Liabilities:

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

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

Amounts reported as program revenues include 1) charges to customers for goods and services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City currently invests only in certificates of deposit.

E. Prepaid Items

Prepaid balances are for payments made by the City for which benefits extend beyond September 30, 2011, 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 Balance Polices

In the fund financial statements, governmental funds report fund balance into classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purpose for which amount in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned and Unassigned.

Nonspendable fund balances include amounts that cannot be spent because it is not in a spendable form, such as inventories, prepaid items, loans, note receivables or because resources legally or contractually must remain intact.

Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantors, laws and regulations of other governments, or enabling legislation.

Committed fund balances are self imposed limitations by the highest level of decision making authority, namely, Mayor and City Council prior to the end of the reporting period. Mayor and Council approval is required to commit resources or to rescind the commitment.

Assigned fund balances are limitations imposed by management based on the intended use of the funds. Modifications or rescissions of the constraints can also be removed by the same action that limited the funds.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General fund is the only fund that can report a positive unassigned fund balance.

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed would be considered spent first (if available), followed by assigned (if available), and then unassigned amounts.

L. Net Assets

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

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

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

Unrestricted Net Assets – The category represents net assets of the City, not restricted for any project or other purposes.

(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 \$33,114,766 difference are as follows:

Bonds payable	\$ 29,713,216
Special Assessment debt	1,985,000
Capital leases	490,991
Notes payable	419,294
Compensated absences	334,040
Interest payable	<u>172,225</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 33,114,766</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 \$3,417,269 difference are as follows:

Capital outlay	\$ 6,439,367
Depreciation expense	<u>(3,022,098)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,417,269</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 \$ (2,111,873) difference are as follows:

Debt issued:	
General obligations, certificates of obligation bonds	\$ (3,895,000)
Principal repayments:	
General obligations, certificates of obligation bonds	1,420,625
Special assessment debt	140,000
Capital Leases	154,224
Notes Payable	118,278
Note payment from 4A	<u>(50,000)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (2,111,873)</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 \$7,452 difference are as follows:

Compensated absences	\$ 29,999
Accrued interest	<u>(22,547)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 7,452</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 2012, an additional \$501,029 for the General Fund was approved by the City Council.

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

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

B. Fund Balance Classifications

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

	General	Debt Service	Facilities Improvement	Street Construction	Park Construction	Briarwyck PID	Other Governmental Funds	Total Governmental Funds
Fund Balances:								
Nonspendable								
Inventories	\$14,747							\$14,747
Prepaid expenses	22,309							22,309
Advance to other funds	0							0
Total Nonspendable:	37,056	0	0	0	0	0	0	37,056
Restricted for:								
Debt service		4,619,334						4,619,334
Capital Projects			66,782	645,777	80,927			793,486
Police Seizure							4,626	4,626
Police Grants							2,831	2,831
Fire Grants							6,879	6,879
Hotel/Motel							26,687	26,687
Total Restricted:	0	4,619,334	66,782	645,777	80,927	0	41,023	5,453,843
Committed for:								
Capital Projects			556,542	1,117,044		484,998		2,158,584
Total Committed:	0	0	556,542	1,117,044	0	484,998	0	2,158,584
Assigned for:								0
Vehicle Replacement							348,281	348,281
Computer Replacement							30,033	30,033
Total Assigned:	0	0	0	0	0	0	378,314	378,314
Unassigned:	3,816,764							3,816,764
Total fund balances	\$3,853,820	\$4,619,334	\$623,324	\$1,762,821	\$80,927	\$484,998	\$419,337	\$11,844,561

The Mayor and City Council have established a minimum fund balance policy of two months of annual General Fund operating revenues to be maintained in the General Fund. The reserves in this fund are to be maintained for unforeseen emergencies or catastrophic impacts to the City.

(4) DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of September 30, 2012 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 8,955,529
Investments	469,271
Restricted cash and cash equivalents	<u>274,748</u>
Total cash investments	<u>\$ 9,699,548</u>
Cash on hand	\$ 2,100
Deposits with financial institution	9,228,177
Investments	<u>469,271</u>
Total cash investments	<u>\$ 9,699,548</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 2012, the City invested in certificates of deposits and high yield savings. 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, 2012, were 99.83% of the adjusted tax levy. Allocations of property tax levy by purpose for 2012 and the preceding year are as follows (amounts per \$100 assessed value):

	<u>2012</u>	<u>2011</u>
General Fund	\$.14887	\$.15517
Debt Service	<u>.22625</u>	<u>.21995</u>
Total	<u>\$.37512</u>	<u>\$.37512</u>

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

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed

every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

C. Receivables

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

	General	Debt Service	Briarwyck PID	Water and Wastewater	Sanitation	Total
Receivables:						
Taxes	\$ 14,644	\$22,256	41,887	\$ 0	\$ 0	\$ 78,787
Accounts	56,970	3,895,000		552,823	205	4,504,998
Net total receivables	<u>\$ 71,614</u>	<u>\$ 3,917,256</u>	<u>\$ 41,887</u>	<u>\$ 552,823</u>	<u>\$205</u>	<u>\$ 4,583,785</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,362,742	\$ 0	\$ (0)	\$ 1,362,742
Construction in progress	3,097,631	6,116,098	(2,485,707)	6,728,022
Total capital assets, not being depreciated	<u>\$ 4,460,373</u>	<u>\$ 6,116,098</u>	<u>\$ (2,485,707)</u>	<u>\$ 8,090,764</u>
Capital assets, being depreciated				
Buildings/Structures	18,119,652	5,330	(0)	18,124,982
Improvements	16,037,430	133,107	(0)	16,170,537
Vehicles/Machinery	4,215,953	206,482	(117,158)	4,305,277
Equipment	1,109,170	111,457	(0)	1,220,627
Infrastructure	18,772,379	2,352,600	(0)	21,124,979
Total capital assets being depreciated	<u>58,254,584</u>	<u>2,808,976</u>	<u>(117,158)</u>	<u>60,946,402</u>
Less accumulated depreciation for:				
Buildings/Structures	(4,961,834)	(903,247)	0	(5,865,081)
Improvements	(1,216,062)	(802,263)	0	(2,018,325)
Vehicles/Machinery	(3,107,666)	(332,978)	117,158	(3,323,486)
Equipment	(256,223)	(83,391)	0	(339,614)
Infrastructure	(4,266,644)	(900,219)	0	(5,166,863)
Total accumulated depreciation	<u>(13,808,429)</u>	<u>(3,022,098)</u>	<u>117,158</u>	<u>(16,713,369)</u>
Total capital assets, being depreciated, net	44,446,155	(213,122)	(0)	44,233,033
Governmental activities capital assets, net	<u>\$48,906,528</u>	<u>\$ 5,902,976</u>	<u>\$ (2,485,707)</u>	<u>\$52,323,797</u>
Water and Wastewater activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 197,518	\$103,630	\$ 0	\$301,148
Total capital assets, not being depreciated	<u>197,518</u>	<u>103,630</u>	<u>0</u>	<u>301,148</u>
Capital assets, being depreciated				
Water/Sewer System	23,233,218	0	(0)	23,233,218
Vehicles/Equipment	745,259	0	(23,000)	722,259
Total capital assets being depreciated	<u>23,978,477</u>	<u>0</u>	<u>(23,000)</u>	<u>23,955,477</u>
Less accumulated depreciation for:				
Water/Sewer System	(9,434,086)	(720,488)	0	(10,154,574)
Vehicles/Equipment	(393,931)	(64,005)	23,000	(434,936)
Total accumulated depreciation	<u>(9,828,017)</u>	<u>(784,493)</u>	<u>23,000</u>	<u>(10,589,510)</u>
Total capital assets, being depreciated, net	14,150,460	(784,493)	0	13,365,967
Business-type activities capital assets, net	<u>\$ 14,347,978</u>	<u>\$ (680,863)</u>	<u>\$ 0</u>	<u>\$13,667,115</u>

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

Governmental activities:	
General government	\$ 131,136
Fire and EMS	394,059
Police	236,961
Library	28,506
Parks and recreation	1,239,990
Public works	991,446
Total depreciation expense – governmental activities	<u>\$ 3,022,098</u>
Business-type activities:	
Water and Sewer	<u>\$ 784,493</u>
Total depreciation expense – business-type activities	<u>\$ 784,493</u>

Construction commitments

The government has active construction projects as of September 30, 2012. The projects include a new library, community center renovation, and street construction projects. At year end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Library/Community Center	3,388,605	556,542
Street construction	926,791	1,117,044
Water towers - repainting	<u>297,246</u>	<u>6,210</u>
Total	<u>\$ 4,612,642</u>	<u>\$ 1,679,796</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 due to/from other funds for the year ended September 30, 2012 is as follows:

<u>Fund/Component Unit</u>	<u>Due to</u>	<u>Due from</u>
General Fund	\$ 0	\$7,493
Component Unit	<u>7,493</u>	<u>0</u>
Total	<u>\$ 7,493</u>	<u>\$ 7,493</u>

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

A summary of advance to/from component units for the year ended September 30, 2012 is as follows:

<u>Fund/Component Unit</u>	<u>Advance to</u>	<u>Advance from</u>
General Fund	\$ 315,566	\$0
REIDC	<u>0</u>	<u>315,566</u>
Total	<u>\$315,566</u>	<u>\$ 315,566</u>

The amount payable to the General fund relates to a loan made to the REIDC. \$50,000 is expected to be collected in the subsequent year.

Transfers between funds for the year ended September 30, 2012 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 70,000	\$ 1,038,459
Capital Projects Funds:		
Street Construction Fund	357,895	
Facilities Construction Fund		39,700
Parks Construction Fund	120,000	
Debt Service Fund		
Non Major governmental funds	308,845	70,000
Enterprises Funds:		
Water and Wastewater Fund	276,419	30,000
Sanitation Fund	45,000	
Total	<u>\$ 1,178,159</u>	<u>\$ 1,178,159</u>

All transfers were routine budgeted transfers done in the course of normal City operations. Transfers are used to 1) move funds to the computer replacement fund for computer purchases, 2) move expenses related to the street department paid by the water and wastewater fund and 3) move funds to the capital project funds for the library and various street projects.

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 \$1,073,053, and equipment \$450,479. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012, were as follows:

Year Ending September 30	<u>Governmental Activities</u>	<u>Water and Wastewater</u>
2013	\$ 119,124	\$ 28,756
2014	92,923	28,756
2015	78,698	28,756
2016 – 2020	<u>291,931</u>	<u>136,591</u>
Total minimum lease payments	582,676	222,859
Less: amount representing interest	(91,685)	(56,462)
Present value of minimum lease payments	<u>\$ 490,991</u>	<u>\$ 166,397</u>

G. Long-term Debt

A summary of long-term debt transactions, including current portion, for the year September 30, 2012, is as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation	\$ 7,758,091	\$ 0	\$ (810,549)	\$ 6,947,542	\$ 810,549
Certificates of obligation	19,480,750	3,895,000	(610,076)	22,765,674	632,213
Special Assessment bonds	2,125,000	0	(140,000)	1,985,000	140,000
Notes Payable	537,572	0	(118,278)	419,294	122,181
Capital Leases	645,215	0	(154,224)	490,991	93,850
Compensated absences	<u>364,039</u>	<u>0</u>	<u>(29,999)</u>	<u>334,040</u>	<u>218,745</u>
Governmental activity					
Long-term debt	<u>\$ 30,910,667</u>	<u>\$ 3,895,000</u>	<u>\$ (1,863,126)</u>	<u>\$ 32,942,541</u>	<u>\$ 2,017,538</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-type activities</u>					
General obligation	\$2,126,909	\$0	\$ (189,451)	\$1,937,458	\$189,451
Certificates of obligation	4,039,250	0	(169,924)	3,869,326	177,787
Capital Leases	186,657	0	(20,260)	166,397	21,571
Compensated absences	<u>27,050</u>	<u>716</u>	<u>(0)</u>	<u>27,766</u>	<u>18,401</u>
Business-type activity					
Long-term debt	<u>\$ 6,379,866</u>	<u>\$716</u>	<u>\$ (379,635)</u>	<u>\$ 6,000,947</u>	<u>\$ 407,210</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 August 2012, certificates of obligation totaling \$3,895,000 were issued for capital improvements with interest rates ranging from 2% to 2.25%.

Debt service requirements of the general obligation refunding bonds and certificates of obligation for the years subsequent to September 30, 2012 are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012-2013	\$ 1,582,763	\$1,043,562	\$ 2,626,325	\$ 367,238	\$ 215,700	\$ 582,938
2013-2014	1,623,707	1,004,238	2,627,945	381,293	204,266	585,559
2014-2015	1,694,291	935,225	2,629,516	415,709	213,004	628,713
2015-2016	1,751,132	878,649	2,629,781	428,868	197,430	626,298
2016-2017	1,810,763	816,594	2,627,357	444,237	181,360	625,597
2017-2018	1,873,578	754,554	2,628,132	461,422	165,650	627,072
2018-2019	1,937,160	690,254	2,627,414	472,840	149,325	622,165
2019-2020	2,010,727	619,024	2,629,751	494,273	130,505	624,778
2020-2021	2,083,311	544,565	2,627,876	521,689	110,969	632,658
2021-2022	2,142,415	483,336	2,625,751	282,585	76,278	358,863
2022-2023	2,221,039	405,854	2,626,893	293,961	64,835	358,797
2023-2024	2,304,241	324,440	2,628,681	305,759	52,884	358,643
2024-2025	2,386,826	237,951	2,624,777	318,174	40,021	358,195
2025-2026	2,354,833	145,170	2,500,003	330,167	26,580	356,747
2026-2027	<u>1,936,430</u>	<u>63,733</u>	<u>2,000,163</u>	<u>288,569</u>	<u>12,391</u>	<u>300,961</u>
	<u>\$29,713,216</u>	<u>\$8,947,149</u>	<u>\$38,660,365</u>	<u>\$5,806,784</u>	<u>\$1,841,198</u>	<u>\$7,647,982</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, 2012 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,985,000</u>	<u>\$ 597,412</u>	<u>\$2,582,412</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 was stable at 3.25% during fiscal year 2012. 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 2012. 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, 2012, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 419,294</u>	<u>\$ 24,566</u>	<u>\$ 443,860</u>

(5) RISK MANAGEMENT:

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 2,512 individual governmental units located within Texas. The government pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to \$2,000,000 per insured event. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in the past three years.

(6) DEFERRED COMPENSATION PLAN:

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

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

(7) PENSION PLAN:

Plan Description

The City provides pension benefits for all of its 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 from 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 2011	Plan Year 2012
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:

	2012	2011	2010
Annual Pension Cost (APC)	\$ 892,058	\$ 795,200	\$ 684,013
Contributions Made	(892,058)	(795,200)	(684,013)
Increase (decrease) in net pension obligation	0	0	0
Net Pension Obligation/(Asset), beginning of year	0	0	0
Net Pension Obligation/(Asset), end of year	\$ 0	\$ 0	\$ 0

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation Date	12/31/2009	12/31/2010	12/31/2011
Actuarial Cost Method	Projected 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	28.2 years; closed period	27.3 years; closed period	26.5 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.5%	7.0%	7.0%
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, 2011, under the two separate actuarial valuations, is presented 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)
12/31/2011	\$ 11,078,560	\$ 14,873,491	74.5%	\$ 3,794,931	\$ 6,935,483	54.7%

(1) Actuarial valuation performed under the original fund structure

(2) Actuarial valuation performed under the new fund structure

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. 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.

(8) WATER PURCHASE AND WASTEWATER TREATMENT CONTRACTS:

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

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

(9) 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.

(10) 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, 2012 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 438,271
Total cash investments	<u>\$ 438,271</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 37 for details of City investment policy). The REIDC does not have any investments at this time.

B. Long-term Debt

A summary of long-term debt transactions, including current portion, for the year September 30, 2012, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Component Unit activities</u>					
Sales Tax Revenue bonds	\$ <u>7,050,000</u>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 7,050,000</u>	<u>\$ 0</u>
Component Unit activity					
Long-term debt	<u>\$ 7,050,000</u>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 7,050,000</u>	<u>\$ 0</u>

Sales Tax Revenue Bonds

In December 2010, the REIDC issued \$7,050,000 in taxable debt to provide funds for a public water recreation park for the City. The bonds are payable from a one-half of one percent sales and use tax collected within the boundaries of the City. The bonds do not constitute obligations of the City. The sales tax revenue bonds have interest rates ranging from 3.24% to 7.199% maturing annually in varying amounts through 2035.

Debt service requirements of the sales tax revenue bonds for the years subsequent to September 30, 2012 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012-2013	\$ 0	\$ 444,284	\$ 444,284
2013-2014	0	444,284	444,284
2014-2015	190,000	444,284	634,284
2015-2016	195,000	438,128	633,128
2016-2017	205,000	431,046	636,046
2017-2018	215,000	422,677	637,677
2018-2019	220,000	413,475	633,475
2019-2020	235,000	402,959	637,959
2020-2021	245,000	391,374	636,374
2021-2022	255,000	378,560	633,560
2022-2023	270,000	364,714	634,714
2023-2024	285,000	348,514	633,514
2024-2025	305,000	331,414	636,414
2025-2026	320,000	313,114	633,114
2026-2027	340,000	293,914	633,914
2027-2028	365,000	269,777	634,777
2028-2029	390,000	243,866	633,866
2029-2030	420,000	216,180	636,180
2030-2031	450,000	186,364	636,364
2031-2032	480,000	154,419	634,419
2032-2033	515,000	119,863	634,863
2033-2034	555,000	82,789	637,789
2034-2035	<u>595,000</u>	<u>42,834</u>	<u>637,834</u>
	<u>\$ 7,050,000</u>	<u>\$ 7,178,833</u>	<u>\$14,228,833</u>

B. Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 0	\$ 50,000	\$ (0)	\$ 50,000
Total capital assets, not being depreciated	\$ 0	\$ 50,000	\$ (0)	\$ 50,000
Capital assets, being depreciated				
Buildings/Structures	420,566	0	(0)	420,566
Total capital assets being depreciated	420,566	0	(0)	420,566
Less accumulated depreciation for:				
Buildings/Structures	(21,028)	(21,028)	0	(42,056)
Total accumulated depreciation	(21,028)	(21,028)	0	(42,056)
Total capital assets, being depreciated, net	399,538	(21,028)	(0)	378,510
Governmental activities capital assets, net	\$ 399,538	\$ 28,972	\$ (0)	\$ 428,510

(11) 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, 2012, consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 725,397
Total cash investments	<u>\$ 725,397</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 37 for details of City investment policy). The RCEDC does not have any investments at this time.

(12) 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, 2012 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	\$ 349,120
Total cash investments	<u>\$ 349,120</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 37 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)
12/31/2009	7,123,817	9,831,269	72.5%	2,707,452	5,943,359	45.6%
12/31/2010	9,342,109	12,804,171	73.0%	3,462,062	6,333,150	54.7%
12/31/2011	11,078,560	14,873,491	74.5%	3,794,931	6,935,483	54.7%



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

FIRE GRANTS FUND – to account for 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.

POLICE GRANTS FUND - to account for grant funds for police operations and projects.

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

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, 2012**

	<u>Special Revenue</u>		
	<u>Vehicle Replacement</u>	<u>Fire Grants</u>	<u>Computer Replacement</u>
ASSETS			
Cash and cash equivalents	\$348,281	\$6,879	\$31,521
Advance to other funds	0	0	0
Total assets	<u>348,281</u>	<u>6,879</u>	<u>31,521</u>
LIABILITIES			
Accounts payable	0	0	1,488
Other accrued liabilities	0	0	0
Total liabilities	<u>0</u>	<u>0</u>	<u>1,488</u>
FUND BALANCES			
Restricted		6,879	
Assigned	348,281		30,033
Total fund balances	<u>348,281</u>	<u>6,879</u>	<u>30,033</u>
Total liabilities and fund balances	<u>\$348,281</u>	<u>\$6,879</u>	<u>\$31,521</u>

Special Revenue

Police Grants	Police Seizure	Hotel Motel	Total Nonmajor Governmental Funds
\$2,831	\$12,147	\$26,687	\$428,346
0	0	0	0
2,831	12,147	26,687	428,346
0	3,678	0	5,166
0	3,843	0	3,843
0	7,521	0	9,009
2,831	4,626	26,687	41,023
2,831	4,626	26,687	378,314
\$2,831	\$12,147	\$26,687	\$428,346

**CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Special Revenue</u>		
	<u>Vehicle Replacement</u>	<u>Fire Grants</u>	<u>Computer Replacement</u>
Revenues:			
Hotel taxes	\$0	\$0	\$0
Grants	0	17,181	0
Miscellaneous	162	0	0
Investment income	0	0	0
Total revenues	<u>162</u>	<u>17,181</u>	<u>0</u>
Expenditures:			
Fire and EMS		61,205	4,350
Police	137,993		6,431
Library			14,574
Parks and Recreation	14,000		2,727
Public Works			0
Other			18,571
Total expenditures	<u>151,993</u>	<u>61,205</u>	<u>46,653</u>
Excess (deficiency) of revenues over expenditures	(151,831)	(44,024)	(46,653)
Other financing sources (uses):			
Transfers in	272,970		35,875
Transfers out	0		0
Total other financing sources (uses):	<u>272,970</u>	<u>0</u>	<u>35,875</u>
Net change in fund balances	121,139	(44,024)	(10,778)
Fund balances, beginning of year	<u>227,142</u>	<u>50,903</u>	<u>40,811</u>
Fund balances, end of year	<u><u>\$348,281</u></u>	<u><u>\$6,879</u></u>	<u><u>\$30,033</u></u>

Special Revenue

Police Grants	Police Seizure	Hotel Motel	Total Nonmajor Governmental Funds
\$0	\$0	\$83,709	\$83,709
	0	0	17,181
0	2,000	0	2,162
0	18	0	18
<u>0</u>	<u>2,018</u>	<u>83,709</u>	<u>103,070</u>
			65,555
5,450	1,527		151,401
			14,574
			16,727
			0
		<u>24,500</u>	<u>43,071</u>
<u>5,450</u>	<u>1,527</u>	<u>24,500</u>	<u>291,328</u>
(5,450)	491	59,209	(188,258)
		0	308,845
		(70,000)	(70,000)
<u>0</u>	<u>0</u>	<u>(70,000)</u>	<u>238,845</u>
(5,450)	491	(10,791)	50,587
<u>8,281</u>	<u>4,135</u>	<u>37,478</u>	<u>368,750</u>
<u>\$2,831</u>	<u>\$4,626</u>	<u>\$26,687</u>	<u>\$419,337</u>

**CITY OF ROANOKE, TEXAS
 BUDETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive(Negative)
	Original	Final		
Revenues:				
Property taxes	\$1,931,773	\$1,931,773	\$2,120,088	\$188,315
Total Revenues	<u>1,931,773</u>	<u>1,931,773</u>	<u>2,120,088</u>	<u>188,315</u>
Expenditures:				
Principal retirement	1,420,625	1,420,625	1,420,625	0
Interest & fiscal charges	999,620	999,620	1,004,292	(4,672)
Total expenditures	<u>2,420,245</u>	<u>2,420,245</u>	<u>2,424,917</u>	<u>(4,672)</u>
Excess (deficiency) of revenues over expenditures	<u>(488,472)</u>	<u>(488,472)</u>	<u>(304,829)</u>	<u>183,643</u>
Other financing sources (uses):				
Proceeds from long-term debt	0	0	3,895,000	3,895,000
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>3,895,000</u>	<u>3,895,000</u>
Net changes in fund balances	(488,472)	(488,472)	3,590,171	4,078,643
Fund balances, beginning of year	1,029,163	1,029,163	1,029,163	0
Fund balances, end of year	<u>\$540,691</u>	<u>\$540,691</u>	<u>\$4,619,334</u>	<u>\$4,078,643</u>

DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

**CITY OF ROANOKE, TEXAS
 BALANCE SHEET - ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2012**

	<u>REIDC</u>
ASSETS:	
Cash and cash equivalents	<u>\$438,271</u>
Total assets	<u><u>\$438,271</u></u>
LIABILITIES:	
Due to primary government	<u>\$7,493</u>
Total liabilities	<u>7,493</u>
 Fund balances:	
Unreserved	
Designated for debt service	
Unreserved, undesignated	<u>430,778</u>
Total fund balances	<u>430,778</u>
Total liabilities and fund balances	<u><u>\$438,271</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, 2012**

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

Total fund balance per balance sheet	\$430,778
Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds	428,510
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	(7,365,566)
Net assets of governmental activities	<u><u>(\$6,506,278)</u></u>

**ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>REIDC</u>
Revenues:	
Sales and use taxes	\$2,736,926
Investment income	388
Misc income	7,103
Total Revenues	<u>2,744,417</u>
Expenditures:	
Economic Development	2,192,609
Debt Service	
Principal	0
Interest & fiscal charges	444,682
Total expenditures	<u>2,637,291</u>
Excess (deficiency) of revenues over expenditures	<u>107,126</u>
Other financing sources (uses):	
Proceeds from long-term debt	<u>0</u>
Total other financing sources (uses)	<u>0</u>
Net changes in fund balances	107,126
Fund balances, beginning of year	<u>323,652</u>
Fund balances, end of year	<u><u>\$430,778</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, 2012**

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

Net change in fund balance - total governmental funds	\$107,126
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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	28,972
--	--------

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	50,000
--	--------

Change in net assets of governmental activities	<table border="1" style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: center; padding: 2px;">\$186,098</td> </tr> </table>	\$186,098
\$186,098		

**CITY OF ROANOKE, TEXAS
 BALANCE SHEET - ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2012**

	<u>RCEDC</u>
ASSETS:	
Cash and cash equivalents	\$725,397
Advance to primary government	
Total assets	<u>\$725,397</u>
LIABILITIES:	
Accounts payable	
Other liabilities	<u>0</u>
Total liabilities	<u>0</u>
 Fund balances:	
Unreserved, undesignated for, reported in:	
RECDC	<u>725,397</u>
Total fund balances	<u>725,397</u>
Total liabilities and fund balances	<u>\$725,397</u>

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2012**

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

Total fund balance per balance sheet	\$725,397
Net assets of governmental activities	<u><u>\$725,397</u></u>

**CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>RECDC</u>
Revenues:	
Sales and use taxes	\$2,736,926
Investment income	328
Total Revenues	<u>2,737,254</u>
Expenditures:	
Economic Development	<u>2,221,270</u>
Total expenditures	<u>2,221,270</u>
Excess (deficiency) of revenues over expenditures	<u>515,984</u>
Fund balances, beginning of year	<u>209,413</u>
Fund balances, end of year	<u><u>\$725,397</u></u>

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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

Net change in fund balance - total governmental funds	\$515,984
Change in net assets of governmental activities	<u><u>\$515,984</u></u>

CITY OF ROANOKE, TEXAS
BALANCE SHEET - AL & LULA MAE SLAUGHTER PARK FOUNDATION
SEPTEMBER 30, 2012

	<u>Slaughter Park</u>
ASSETS:	
Cash and cash equivalents	\$349,120
Total assets	<u>\$349,120</u>
LIABILITIES:	
Accounts payable	\$0
Other liabilities	0
Total liabilities	<u>0</u>
Fund balances:	
Unreserved, undesignated for, reported in:	
Slaughter Park Foundation	349,120
Total fund balances	<u>349,120</u>
Total liabilities and fund balances	<u>\$349,120</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, 2012**

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

Total fund balance per balance sheet	\$349,120
Net assets of governmental activities	<u><u>\$349,120</u></u>

**AL & LULA MAE SLAUGHTER PARK FOUNDATION
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Slaughter Park</u>
Revenues:	
Gas Royalties	\$46,456
Investment income	423
Total Revenues	<u>46,879</u>
Expenditures:	
Slaughter Park	<u>3,338</u>
Total expenditures	<u>3,338</u>
Excess (deficiency) of revenues over expenditures	<u>43,541</u>
Fund balances, beginning of year	<u>305,579</u>
Fund balances, end of year	<u><u>\$349,120</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, 20112**

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

Net change in fund balance - total governmental funds	\$43,541
Change in net assets of governmental activities	<u><u>\$43,541</u></u>



STATISTICAL SECTION

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	72-79
<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	80-83
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	84-88
<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	89-90
<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	92-97
<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 NINE FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Invested in capital assets (net of related debt)	\$1,656,197	\$4,695,973	\$6,936,783	\$1,469,813
Restricted for:				
Debt service	295,664	318,225	258,890	338,900
Capital Projects	3,641,716	1,349,330	2,901,913	9,838,692
Grants				
Public Safety				
Cultural and Recreational				
Unrestricted	588,511	340,581	284,757	133,180
Total governmental activities net assets	\$6,182,088	\$6,704,109	\$10,382,343	\$11,780,585
Business-type activities				
Invested in capital assets (net of related debt)	\$9,673,631	\$10,136,610	\$6,929,702	\$5,516,230
Restricted for:				
Capital Projects	641,938	0	114,393	912,705
Unrestricted	256,009	(18,615)	(78,213)	(104,897)
Total business-type activities net assets	\$10,571,578	\$10,117,995	\$6,965,882	\$6,324,038
Primary government activities				
Invested in capital assets (net of related debt)	\$11,329,828	\$14,832,583	\$13,866,485	\$6,986,043
Restricted for:				
Debt service	295,664	318,225	258,890	338,900
Capital Projects	4,283,654	1,349,330	3,016,306	10,751,397
Grants				
Public Safety				
Cultural and Recreational	0	0	0	0
Unrestricted	844,520	321,966	206,544	28,283
Total primary governmental activities net assets	\$16,753,666	\$16,822,104	\$17,348,225	\$18,104,623

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$2,811,859	\$7,361,797	\$12,611,396	\$20,484,900	\$21,700,296
7,686,365	2,903,254	2,997,746	3,381,222	4,619,334
5,570,723	6,212,899	2,194,425	5,509,292	2,952,070
		59,547	55,506	9,710
		6,871	7,813	4,626
		51,397	37,478	26,687
497,056	1,676,328	1,320,173	1,320,336	2,056,435
<u>\$16,566,003</u>	<u>\$18,154,278</u>	<u>\$19,241,555</u>	<u>\$30,796,547</u>	<u>\$31,369,158</u>
\$5,467,955	\$7,978,558	\$8,249,596	\$7,994,245	\$7,693,934
2,727,722	493,436	74,448	7,549	32,615
523,962	(361,379)	(762,150)	(370,229)	167,322
<u>\$8,719,639</u>	<u>\$8,110,615</u>	<u>\$7,561,894</u>	<u>\$7,631,565</u>	<u>\$7,893,871</u>
\$8,279,814	\$15,340,355	\$20,860,992	\$28,479,145	\$29,394,230
7,686,365	2,903,254	2,997,746	3,381,222	4,619,334
8,298,445	6,706,335	2,268,873	5,516,841	2,984,685
		59,547	55,506	9,710
		6,871	7,813	4,626
0	0	51,397	37,478	26,687
1,021,018	1,314,949	558,023	950,107	2,223,757
<u>\$25,285,642</u>	<u>\$26,264,893</u>	<u>\$26,803,449</u>	<u>\$38,428,112</u>	<u>\$39,263,029</u>

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

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

2008	2009	2010	2011	2012
\$2,034,964	\$1,942,077	\$2,137,614	\$2,145,446	\$2,451,632
2,089,902	2,229,949	2,335,355	2,429,629	2,825,500
204,070	209,265	224,643	225,677	249,443
3,475,674	3,660,495	3,902,432	3,820,033	4,230,989
457,318	501,804	529,223	521,133	615,307
2,376,314	2,589,002	2,663,493	2,708,671	3,394,719
952,068	1,237,478	1,319,586	1,363,265	1,814,679
862,460	1,321,133	1,211,878	1,100,821	1,125,864
<u>12,452,770</u>	<u>13,691,203</u>	<u>14,324,224</u>	<u>14,314,675</u>	<u>16,708,133</u>
3,804,238	4,084,247	4,341,602	4,834,989	4,775,631
32,569	40,834	59,364	34,168	26,440
<u>3,836,807</u>	<u>4,125,081</u>	<u>4,400,966</u>	<u>4,869,157</u>	<u>4,802,071</u>
<u>\$16,289,577</u>	<u>\$17,816,284</u>	<u>\$18,725,190</u>	<u>\$19,183,832</u>	<u>\$21,510,204</u>
\$1,033,773	\$886,871	\$962,736	\$1,039,039	\$1,092,635
327,242	341,654	373,600	412,877	371,741
435,355	392,807	335,324	274,533	433,410
5,948	38,541	15,840	31,735	42,200
9,237	8,304	11,306	7,107	6,350
600,562	694,579	615,915	602,518	649,746
0	0	6,285	0	9,596
87,799	373,390	437,531	478,518	379,991
<u>4,564,206</u>	<u>2,157,763</u>	<u>2,988,451</u>	<u>13,290,690</u>	<u>2,983,606</u>
<u>7,064,122</u>	<u>4,893,909</u>	<u>5,746,988</u>	<u>16,137,017</u>	<u>5,969,275</u>
3,293,431	2,818,752	2,660,458	3,836,029	3,942,610
0	0	2,230	1,690	1,705
<u>2,597,804</u>	<u>900,000</u>	<u>800,000</u>	<u>798,087</u>	<u>828,087</u>
<u>5,891,235</u>	<u>3,718,752</u>	<u>3,462,688</u>	<u>4,635,806</u>	<u>4,772,402</u>
<u>\$12,955,357</u>	<u>\$8,612,661</u>	<u>\$9,209,676</u>	<u>\$20,772,823</u>	<u>\$10,741,677</u>
(\$5,388,648)	(\$8,797,294)	(\$8,577,236)	\$1,822,342	(\$10,738,858)
2,054,429	(406,329)	(938,278)	(233,351)	(29,669)
<u>(\$3,334,219)</u>	<u>(\$9,203,623)</u>	<u>(\$9,515,514)</u>	<u>\$1,588,991</u>	<u>(\$10,768,527)</u>
\$4,765,642	\$5,023,619	\$4,997,327	\$4,472,864	\$4,721,841
4,377,361	3,984,894	3,925,739	4,339,834	5,557,572
889,660	1,050,036	1,078,191	1,169,773	1,276,645
16,957	17,514	21,787	30,911	30,867
314,143	92,044	30,054	21,904	15,963
11,626	0	0	0	0
(201,323)	217,462	(388,585)	(302,636)	(291,419)
<u>10,174,066</u>	<u>10,385,569</u>	<u>9,664,513</u>	<u>9,732,650</u>	<u>11,311,469</u>
88,202	14,767	972	386	556
51,647	0	0	0	0
<u>201,323</u>	<u>(217,462)</u>	<u>388,585</u>	<u>302,636</u>	<u>291,419</u>
<u>341,172</u>	<u>(202,695)</u>	<u>389,557</u>	<u>303,022</u>	<u>291,975</u>
<u>\$10,515,238</u>	<u>\$10,182,874</u>	<u>\$10,054,070</u>	<u>\$10,035,672</u>	<u>\$11,603,444</u>
\$4,785,418	\$1,588,275	\$1,087,277	\$11,554,992	\$572,611
2,395,601	(609,024)	(548,721)	69,671	262,306
<u>\$7,181,019</u>	<u>\$979,251</u>	<u>\$538,556</u>	<u>\$11,624,663</u>	<u>\$834,917</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Nonspendable	\$0	\$0	\$39,830	\$53,990	\$24,165
Unassigned	622,937	520,353	789,695	803,048	827,523
Total general fund	<u>\$622,937</u>	<u>\$520,353</u>	<u>\$829,525</u>	<u>\$857,038</u>	<u>\$851,688</u>
All Other Governmental Funds					
Restricted	\$5,124,171	\$4,078,592	\$1,867,672	\$3,296,061	\$10,339,622
Committed					
Assigned			1,571,398	172,328	170,677
Total all other governmental funds	<u>\$5,124,171</u>	<u>\$4,078,592</u>	<u>\$3,439,070</u>	<u>\$3,468,389</u>	<u>\$10,510,299</u>

Source: Comprehensive Annual Financial Report

Note:

TABLE 3

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$91,214	\$80,847	\$61,128	\$155,730	\$37,056
3,043,511	4,526,217	3,345,456	2,777,860	3,816,764
<u>\$3,134,725</u>	<u>\$4,607,064</u>	<u>\$3,406,584</u>	<u>\$2,933,590</u>	<u>\$3,853,820</u>
\$13,408,469	\$8,918,751	\$5,309,986	\$6,089,515	\$5,938,841
			3,293,740	1,673,586
113,374	143,033	233,805	267,953	378,314
<u>\$13,521,843</u>	<u>\$9,061,784</u>	<u>\$5,543,791</u>	<u>\$9,651,208</u>	<u>\$7,990,741</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
REVENUES				
Property Taxes	\$2,182,418	\$2,351,327	\$2,802,015	\$3,004,001
Sales and Use taxes	1,124,225	1,613,070	2,406,350	3,390,989
Franchise taxes	368,629	417,347	541,246	686,930
Licenses and permits	284,866	811,648	407,412	213,790
Liquor taxes	4,673	6,863	8,676	13,716
Charges for services	390,992	254,586	449,840	789,853
Grants and awards	371,707	860,001	1,608,059	1,643,942
Fines and forfeitures	423,783	574,707	492,004	483,084
Investment income	42,855	48,550	109,881	252,601
Donations	6,110	140,626	22,694	56,717
Miscellaneous	16,161	44,164	45,725	58,008
Total revenues	<u>5,216,419</u>	<u>7,122,889</u>	<u>8,893,902</u>	<u>10,593,631</u>
EXPENDITURES				
Current				
General government	762,474	983,870	1,196,835	1,429,996
Fire and EMS	1,162,314	1,340,872	1,588,412	1,709,749
Municipal Court	96,074	162,143	260,066	176,250
Police	1,669,100	2,047,487	2,226,933	2,741,237
Library	262,832	275,012	298,327	310,450
Parks and recreation	292,713	423,669	704,393	1,642,424
Public works	0	71,389	335,772	675,264
Debt Service:				
Principal	370,000	365,000	475,000	665,000
Interest & fiscal charges	355,846	548,801	554,832	788,801
Capital Outlay	3,270,504	2,003,155	3,723,899	2,321,261
Total expenditures	<u>8,241,857</u>	<u>8,221,398</u>	<u>11,364,469</u>	<u>12,460,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,025,438)</u>	<u>(1,098,509)</u>	<u>(2,470,567)</u>	<u>(1,866,801)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	5,000,000	0	0	3,345,000
Refunding bonds issued	0	0	0	0
Capital leases	0	0	0	0
Capital contributions	0	0	0	0
Transfers in	308,713	467,070	1,335,069	628,625
Transfers out	(74,225)	(77,206)	(609,111)	(635,733)
Residual equity transfer in (out)	(626,219)	0	0	0
Total other financing sources (uses)	<u>4,608,269</u>	<u>389,864</u>	<u>725,958</u>	<u>3,337,892</u>
NET CHANGE IN FUND BALANCES	<u><u>\$1,582,831</u></u>	<u><u>(\$708,645)</u></u>	<u><u>(\$1,744,609)</u></u>	<u><u>\$1,471,091</u></u>
Debt service as a percentage of noncapital expenditures	15%	15%	13%	14%

Source: Comprehensive Annual Financial Report

TABLE 4

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$3,517,747	\$4,765,642	\$5,023,619	\$4,997,327	\$4,472,773	\$4,721,841
3,637,391	4,377,361	3,984,894	3,925,739	4,339,834	5,557,572
753,838	889,660	1,050,036	1,078,191	1,169,773	1,276,645
309,548	634,119	541,148	679,342	493,096	738,546
15,096	16,957	17,514	21,787	30,911	30,867
1,029,202	1,181,591	1,341,420	1,252,511	1,408,448	1,377,016
2,582,215	2,590,306	2,307,749	3,173,806	9,975,956	3,254,366
405,399	439,558	396,251	338,211	413,983	435,748
606,707	314,143	92,044	30,054	21,904	15,963
23,609	44,831	18,343	55,624	136,434	40,953
65,018	168,475	83,937	46,741	102,281	54,368
<u>12,945,770</u>	<u>15,422,643</u>	<u>14,856,955</u>	<u>15,599,333</u>	<u>22,565,393</u>	<u>17,503,885</u>
1,483,363	1,973,047	1,862,841	2,083,714	2,037,956	2,338,552
2,037,805	1,970,493	2,360,887	2,273,038	2,328,791	2,580,078
215,485	203,932	207,898	226,008	224,443	255,007
3,233,535	3,308,121	3,591,594	3,732,262	3,589,761	4,210,579
340,152	425,645	477,915	491,594	486,142	587,586
1,644,069	1,786,183	2,002,791	2,071,071	2,044,059	2,236,599
611,407	577,679	730,965	764,109	788,898	859,262
872,094	945,731	1,133,953	8,367,095	1,334,622	1,560,625
812,017	863,763	1,321,133	1,185,513	1,116,078	1,103,317
2,256,061	6,541,874	4,510,421	6,802,180	13,164,901	6,116,098
<u>13,505,988</u>	<u>18,596,468</u>	<u>18,200,398</u>	<u>27,996,584</u>	<u>27,115,651</u>	<u>21,847,703</u>
<u>(560,218)</u>	<u>(3,173,825)</u>	<u>(3,343,443)</u>	<u>(12,397,251)</u>	<u>(4,550,258)</u>	<u>(4,343,818)</u>
7,814,854	7,224,559	0	1,390,000	4,945,000	3,895,000
0	0	0	7,092,929	0	0
0	543,864	138,261	0	0	0
0	0	0	0	3,542,317	0
711,614	1,607,152	6,794,000	2,580,806	1,214,812	856,740
(929,690)	(1,808,475)	(6,576,538)	(3,384,957)	(1,517,448)	(1,148,159)
0	0	0	0	0	0
<u>7,596,778</u>	<u>7,567,100</u>	<u>355,723</u>	<u>7,678,778</u>	<u>8,184,681</u>	<u>3,603,581</u>
<u>\$7,036,560</u>	<u>\$4,393,275</u>	<u>(\$2,987,720)</u>	<u>(\$4,718,473)</u>	<u>\$3,634,423</u>	<u>(\$740,237)</u>
15%	15%	18%	12%	18%	17%

**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						
2003	\$ 86,051,389	#####	\$ 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	237,697,079	1,044,737,598	(410,052,058)	972,972,850	0.37512	1,607,658,390	100%
2010	121,830,189	297,833,372	1,140,206,461	(570,775,718)	989,094,304	0.37512	1,558,525,047	100%
2011	132,767,425	278,247,116	978,328,530	(484,123,407)	905,219,664	0.37512	1,399,424,787	100%
2012	145,779,023	309,972,066	1,102,002,405	(460,226,661)	1,097,526,833	0.37512	1,739,302,577	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
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
2011	0.15517	0.21995	0.37512	1.37500	0.27390	0.26400
2012	0.14887	0.22625	0.37512	1.37500	0.27736	0.26400

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	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bell Helicopter Textron	\$106,616,811	1	9.71%			
Cardinal Health 411 Inc	89,684,873	2	8.17%			
Amerisource Bergen	79,519,440	3	7.25%			
AT Industrial 4	45,729,000	4	4.17%			
Mid America Apt LP	30,521,371	5	2.78%			
AT Industrial 7	29,829,132	6	2.72%			
Bridgestone	23,947,917	7	2.18%			
Behr Process Corp	21,207,574	8	1.93%			
AT Industrial 2	17,644,412	9	1.61%			
300 Gateway Parkway Ltd P/S	16,990,400	10	1.55%			
Alliance Gateway 50 Ltd				32,750,005	1	7.78%
300 Gateway Parkway Ltd P/S				20,346,747	2	4.83%
Duke Const. LTD				17,829,798	3	4.23%
WW Grainger				17,675,538	4	4.20%
Alliance Gateway 54 Ltd				11,136,030	5	2.64%
Alliance Gateway 55 Ltd				9,749,117	6	2.32%
Alliance Gateway 60 Ltd				9,499,610	7	2.26%
Albertsons				8,361,345	8	1.99%
Suntrust Banks				7,823,862	9	1.86%
AHC VIII Corp				4,942,422	10	1.17%
Totals	<u>\$461,690,930</u>		<u>42.07%</u>	<u>\$140,114,474</u>		<u>33.27%</u>

Source: Denton County Tax Assessor and Collector

Note: Taxpayers are assessed on January 1, 2011 (2011 tax year) for the 2012 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
2003	\$1,843,914	\$1,825,758	99.02%	\$18,156	\$1,843,914	100.0%
2004	2,319,412	2,289,989	98.73%	22,829	2,312,818	99.7%
2005	2,752,570	2,734,955	99.36%	8,758	2,743,713	99.7%
2006	2,982,819	2,970,893	99.60%	5,500	2,976,393	99.8%
2007	3,530,095	3,477,088	98.50%	34,317	3,511,405	99.5%
2008	4,382,386	4,375,002	99.83%	1,881	4,376,883	99.9%
2009	5,023,105	5,007,204	99.68%	9,061	5,016,265	99.9%
2010	4,639,556	4,618,124	99.54%	16,533	4,634,657	99.9%
2011	4,176,330	4,137,018	99.06%	35,200	4,172,218	99.9%
2012	4,370,727	4,363,079	99.83%	0	4,363,079	99.8%

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				
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	
2011	7,758,091	19,480,750	2,125,000	1,182,787	6,166,159 (b)	187,017	36,899,804	16.98%	4,641	
2012	6,947,542	22,765,674	1,985,000	910,285	5,806,784 (b)	166,397	38,581,682	17.22%	4,705	

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

Fiscal Year	General Obligation Bonds	Certificates of Obligation (a)	Total	Percentage of Actual Taxable Value of Property (b)	Per Capita (c)
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
2011	7,758,091	19,480,750	27,238,841	1.95%	3,426
2012	6,947,542	22,765,674	29,713,216	1.71%	3,624

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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	<u>0.37512</u>									
Available Tax Rate	<u>\$2.12488</u>									

**CITY OF ROANOKE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2012 (UNAUDITED)**

TABLE 12

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable (a)	Roanoke Share of Overlapping Debt
Debt repaid with property taxes			
Denton County	\$553,915,000	2.06%	\$11,411,347
Tarrant County	335,050,000	0.90%	3,000,783
Northwest Independent School District	<u>641,949,477</u>	10.55%	<u>67,705,395</u>
Subtotal, overlapping debt	<u>1,530,914,477</u>		<u>82,117,525</u>
City of Roanoke (direct debt)	29,713,216	100.00%	29,713,216
Total direct and overlapping debt			<u><u>\$111,830,741</u></u>

Source: Assessed value data used to estimate applicable percentages provided by Denton County Appraisal District and Tarrant Appraisal District. Debt outstanding data provided by 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
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
2011	4,634,116	3,814,212	819,904	571,516 (d)	1.43
2012	4,770,697	3,762,448	1,008,249	582,873 (d)	1.73

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>
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%
2011	7,950	217,249,650	27,327	32.0	65,942	790	7.5%
2012	8,200	224,081,400	27,327	32.0	65,942	896	6.5%

- 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

2012			
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>2003</u>	<u>2004</u>	<u>2005</u>
Administration	5.0	6.0	8.0
Visitor Center and Museum	0.0	0.0	0.0
Building Inspection	2.0	2.0	3.0
Fire & EMS	15.0	16.0	17.0
Municipal Court	2.0	2.0	2.0
Streets	0.0	0.0	4.0
Police	26.0	26.0	30.0
Library	4.0	4.0	5.0
Parks and Recreation	3.0	5.0	9.0
Water/wastewater	10.0	12.0	8.0
Total	<u>67.0</u>	<u>73.0</u>	<u>86.0</u>

Source: City Payroll records and budget book

TABLE 16

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
9.0	10.0	9.0	9.5	10.50	10.50	11.00
0.0	0.0	2.5	2.5	3.25	3.25	3.25
4.0	4.0	4.0	4.0	4.00	4.00	4.00
19.0	19.0	19.0	19.0	19.00	19.00	19.00
2.0	3.0	3.0	3.0	3.00	3.00	3.00
4.0	4.0	4.0	5.0	5.00	5.00	5.00
35.0	36.0	38.0	38.0	39.00	39.00	39.00
5.5	6.0	7.0	7.5	7.50	7.50	7.50
20.0	22.0	24.0	24.5	25.50	25.50	25.50
8.0	9.0	9.0	10.0	10.00	10.00	10.00
<u>106.5</u>	<u>113.0</u>	<u>119.5</u>	<u>123.0</u>	<u>126.75</u>	<u>126.75</u>	<u>127.25</u>

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police				
Number of police personnel	26	26	30	35
Number of citations	7,211	7,826	6,608	6,323
Fire				
Number of fire personnel	15	16	17	19
Number of fire suppression runs	280	293	379	388
Number of EMS runs	522	573	552	825
Development				
Construction permits issued (a)	71	117	90	72
Estimated valuation	\$ 32,738,134	\$ 98,589,889	\$ 33,501,116	\$ 15,297,198
Public Works				
Streets paved (miles)	12.00	12.50	12.50	12.50
Parks Maintenance				
Number of acres maintained	12	46	49	49
Public parks	3	6	6	6
Library				
Number of volumes (b)	30,870	33,738	33,540	36,942
Annual circulation	40,570	57,815	54,301	55,745
Water and wastewater				
Number of water customers	1,295	1,318	1,359	1,356
Daily average consumption (million gallons)	1.20	1.09	0.91	1.17
Storage capacity (gallons)	700,000	625,000	625,000	2,400,000

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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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
36	38	38	39	39	39
6,528	6,982	5,998	5,338	4,321	5,847
19	19	19	19	19	19
493	492	572	737	705	631
759	686	674	595	652	671
			6		
47	195	189	186	201	193
\$ 18,700,608	\$ 37,605,599	\$ 30,036,191	\$ 55,321,621	\$ 22,928,476	\$ 45,216,571
12.50	18.68	18.68	18.68	18.68	18.68
49	49	58	58	51	51
6	6	6	6	7	7
40,728	44,801	45,140	44,658	47,470	47,849
69,248	64,335	54,830	66,394	64,253	86,688
1,381	1,651	1,749	1,805	1,900	1,961
0.94	1.13	1.15	1.23	1.35	1.79
2,400,000	2,400,000	2,400,000	3,900,000	3,900,000	3,900,000

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police stations	1	1	1	1
Fire stations	1	1	1	1
Public Works				
Streets paved (miles)	12.00	12.50	12.50	12.50
Streets graded (miles)	0.50	0.50	0.50	0.50
Streetlights	143	163	163	163
Parks and Recreation				
Park Acreage	12	46	42	42
Public parks	2	6	6	6
Community center	1	1	1	1
Recreation center	0	0	0	1
Public swimming pools	1	1	1	1
Baseball fields	0	4	4	4
Soccer fields	1	1	1	1
Tennis courts	0	0	2	2
Skatepark	0	0	0	0
Splashparks	0	0	0	0
Library	1	1	1	1
Water and Wastewater				
Water lines (miles)	8.40	16.50	16.50	16.50
Fire Hydrants	207	265	265	265
Stormsewer (miles)	0.25	0.25	0.25	0.25
Sanitary sewer (miles)	8.40	12.75	12.75	12.75

Source: City Departments

TABLE 18

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1	1	1	1	1	1
1	1	1	1	1	1
12.50	18.68	18.68	18.68	18.68	18.68
0.50	0.50	0.50	0.50	0.50	0.50
163	211	211	211	211	211
42	42	42	177	191	191
6	6	6	6	7	7
1	1	1	1	1	1
1	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
1	1	1	1	1	1
1	2	2	2	2	2
1	1	1	1	1	1
16.50	22.10	22.10	22.10	22.10	22.10
265	282	282	282	282	282
0.25	0.75	0.75	0.75	0.75	0.75
12.75	17.25	17.25	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, 2012, and have issued our report thereon dated February 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

Internal Control Over Financial Reporting

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

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

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

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

A handwritten signature in cursive script that reads "Haynes and Associates PC". The signature is written in dark ink and is positioned above the printed name of the firm.

Haynes and Associates, P.C.

February 20, 2013

