

City of Roanoke, Texas Comprehensive Annual Financial Report

Fiscal Year Ending September 30, 2013



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CITY OF ROANOKE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDING SEPTEMBER 30, 2013

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

**108 S. Oak Street
Roanoke, TX 76262**

**CITY OF ROANOKE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2013**

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INTRODUCTORY SECTION



May 16, 2014

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

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report ("CAFR") for the City of Roanoke, Texas ("City"), for the fiscal year ended September 30, 2013. This report complies with State law which requires that all local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

The City's financial statements have been audited by Haynes and Associates, a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of

this report.

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

PROFILE OF THE GOVERNMENT

Originally incorporated in 1933, The City of Roanoke currently occupies 6.5 square miles and serves a population of approximately 8,400. Roanoke is located in Denton County in the northern part of the Dallas/Fort Worth Metroplex and is situated 23 miles north of Fort Worth and 30 miles west of Dallas. Roanoke is readily accessible by State Highway 114, State Highway 170, and Farm-to-Market Road 377.

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 is a home-rule city and operates under the Council-Manager form of government. The elected seven-member council is comprised of a Mayor and six Council members 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 general governmental services to its citizens including: police and fire protection; emergency ambulance service; municipal court operations; planning, development and code services; construction and maintenance of streets, highways, parks, recreational facilities and infrastructure; library operations; visitor's center and museum; and general administrative services. The City's enterprise operations consist of the water and wastewater utility system and refuse collection and disposal.

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 Community Economic Development Corporation ("RCEDC") and the Al & Lula Mae Slaughter Park ("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. Per the City Charter, the City Manager provides to the City Council the proposed budget by August 1st each year. The budget is filed with the City Secretary and is open for public inspection. Upon receipt of the budget, the City Council sets a date for a public hearing at which time interested citizens may express their opinions regarding the proposed budget. The Charter requires the Council to adopt the budget by a favorable majority vote prior to the beginning of the next fiscal year.

Budgetary control is maintained at the fund level. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however any revisions that alter the total expenditures of any fund must be approved by the City Council. Financial reports are produced showing budget to actual expenditures by line item and are distributed monthly to City departments for review.

LOCAL ECONOMY

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Roanoke operates.

The City of Roanoke is located in both Denton and Tarrant County, two of the fastest-growing counties in Texas, in the heart of the Dallas/Fort Worth ("DFW") Metroplex and in close proximity to both the DFW Airport and the Alliance airport. Thus, the economic vitality of the region significantly impacts the economic health of Roanoke. DFW's strategic central location and diverse economy are major factors contributing to businesses relocating to the area. As a result, DFW is one of the fastest-growing economic regions in the country. Due to the tremendous growth experienced over the last decade, DFW has become the largest metropolitan area in Texas. DFW's highly-diversified economy includes more than 141,000 business, 1,500 regional and corporate headquarters, 20 Fortune 500 Companies, and a total workforce topping 3.4 million. Such economic diversity has helped the region weather economic downturns in key sectors better than other regions of the nation (U.S. Census Bureau County Business Patterns).

DFW Airport is the world's fourth-busiest airport in terms of operations and eighth in terms of passengers. DFW Airport serves more than 58 million passengers a year and provides in excess of 321,000 jobs and contributes \$15.7 billion annually to the regional economy (SOURCE: DFW website www.dfwairport.com Fast Facts and DFW Airport 2012 Comprehensive Annual Financial Report).

The AllianceTexas development, a portion of which lies within the City of Roanoke's boundaries, is a 18,000-acre master-planned, mixed-use community which is home to 350 companies, 35,000 employees, 7,700 single-family homes, and is anchored by the inland port known as the Alliance Global Logistics Hub. The development includes Fort Worth's Alliance Airport, the first purely industrial airport in the Western Hemisphere, which

serves as the cornerstone for the nation's fastest-growing industrial complex. The area offers a variety of commercial real estate options as well as industrial, office, and retail space. Additionally, the AllianceTexas development contributes an estimated \$2.1 billion annually to the local economy (SOURCE: Alliance website www.allianceairport.com, AllianceTexas Facts).

The City of Roanoke is continuing to enjoy a favorable economic environment even with the recent downturn in the national economy. Companies continue to discover Roanoke as a prime location in establish operations. The City of Roanoke has been successful in recruiting several Fortune 50 and Fortune 500 companies, thus creating jobs and significantly expanding the local tax base.

Taxable value for all residential and commercial property in the City of Roanoke totaled approximately \$1.2 billion for fiscal year 2013, a 6.7% increase from the prior year. For fiscal year 2013, sales tax collections, another significant revenue source for the City, exceeded budget expectations by close to 25% and prior year collections by the same amount.

Increased strength in employment and growth in new residential and commercial construction are leading indicators of continued growth in the City's property tax base and sales tax collections. The City of Roanoke's unemployment rate remains well below both state and national levels averaging around 4.4%. As of March 2014, the State of Texas unemployment rate was at 5.5%.

Roanoke has several large tracts of undeveloped land within the city's boundaries and continues to focus on attracting quality sustainable development to the area and to renew the emphasis on business retention. Over the last several years, Roanoke as experienced single-family residential, commercial and industrial growth. The historic downtown Oak Street project, which received a ten million dollar transformation, continues to attract unique restaurants which allowed the Texas House of representatives to appoint Roanoke as the Unique Dining Capital of Texas. In addition, this area has attracted eclectic boutiques and retail stores. Several new housing developments are underway including the Fairway Ranch, Highlands Glen, Glenmere, and the final phases of Briarwyck. These developments will add over 1,400 single-family custom homes within the city limits with homes values ranging starting at \$250,000.

In addition, Cinemark has purchased 10 acres of land at the junction of highways 170 and 114 to open a 14-screen, all digital movie theater anticipated to open in 2015. This site will also feature several restaurants and retail pad sites.

During the fiscal year, various capital improvement projects located throughout the city were completed. These projects included: the completion of the library renovation and community center expansion; downtown parking lots on Lamar and Walnut; Marshall Creek street improvements; street overlays on Howe, Dallas, Pecan and Turner; Marshall Creek Bridge; concrete street improvements on Walnut; and various water and wastewater lines and mains.

LONG-TERM FINANCIAL PLANNING

The City of Roanoke has developed a comprehensive capital improvement plan and is working on a multi-year financial plan for the city's major funds. In addition, the City Council approved funding in FY2013-14 to update the city's strategic plan and prepare a citywide needs assessment. Such strategic planning has allowed the city to fund several major infrastructure improvement, new facilities, park additions and enhancements, and capital purchases in a systematic manner while considering the full impact to the operating budget and tax levy requirements. While many of these projects have been funded through the issuance of debt, the city has been able to maintain a flat tax rate for the past 17 years.

Major capital improvement plans for the next five years include: design and construction of a new city hall, neighborhood vitality programs; concrete street improvements on Main Street, Pine Street and Howe; expansion of Oak Street; Marshall Creek subdivision street improvements; street overlays; new trails according to the trail master plan; skateboard park and tennis court expansion; and water line improvement program.

The City Council and citizens of Roanoke have determined that debt issuance is a viable method of financing major capital projects. Analysis of potential debt issuance includes the operating impact that the repayment thereof will have on citizens, property tax rates, and enterprise fund service fee revenues. Per the City's fiscal policies, long-term debt will not be used for operating purposes, and, the life of the debt instruments will not exceed the useful life of the projects financed. Policy also specifies that bonds with an average life of 20 years or less will be issued to reduce net interest cost and maintain future flexibility by paying off debt earlier. The majority of the City's existing long-term debt was used to finance infrastructure needs and traditional government facilities such as streets, fire stations, libraries, and development of parks and open spaces.

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

Fiscal policies provide for a General Fund reserve equal to sixty days (16%) of the total operating revenues of the General Fund. At the end of the current year, the City's unassigned fund balance in the General Fund is \$ 5,697,784 (34%) of total General Fund operating revenues. Total General Fund balance is \$5,844,777 which includes \$81,054 of nonspendable and \$65,939 of assigned fund balance.

The City's fiscal policies for the Water and Wastewater Fund requires the maintenance of a minimum reserve of sixty days of operating revenue. At the end of the current year, the City was in compliance with this policy.

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. raised its long-term rating and underlying rating (SPUR) two notches to AA from A+ on the City's general obligation ("GO") debt outstanding based on the recently released local GO criteria. Additional information about the rating agency or the significance of the credit rating may be obtained from each its web site.

MAJOR INITIATIVES

For Fiscal Year 2013-2014, the top priority projects for the City are: construction of a new city hall, concrete street improvements, Marshall Creek subdivision street improvements, street overlays, skateboard park and tennis court expansion. Many of these projects are currently underway. In FY 2014, the City issued certificates of obligation to fund the majority of these projects, with additional funding from general fund balance and REIDC (Type A) and RCEDC (Type B) corporations.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roanoke for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has been awarded a Certificate of Achievement for the last 7 consecutive years. 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 efficient and dedicated assistance of the entire staff of the Finance and Administration Departments. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful completion of this report.

We would like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible, professional, and progressive manner.

Respectfully Submitted,



Scott Campbell
City Manager



Vicki Rodriguez
Director of Fiscal and Administrative Services

CITY OF ROANOKE, TEXAS



CITY OFFICIALS FISCAL YEAR 2012-2013

CITY COUNCIL

Carl E. Gierisch, Jr.	Mayor	
Holly McPherson	Mayor Pro Tem	Ward 1
Melvin Smith	Council Member	Ward 1
Brian Darby	Council Member	Ward 2
Kirby Smith	Council Member	Ward 2
Steve Heath	Council Member	Ward 3
Dion Jones	Council Member	Ward 3

CITY STAFF

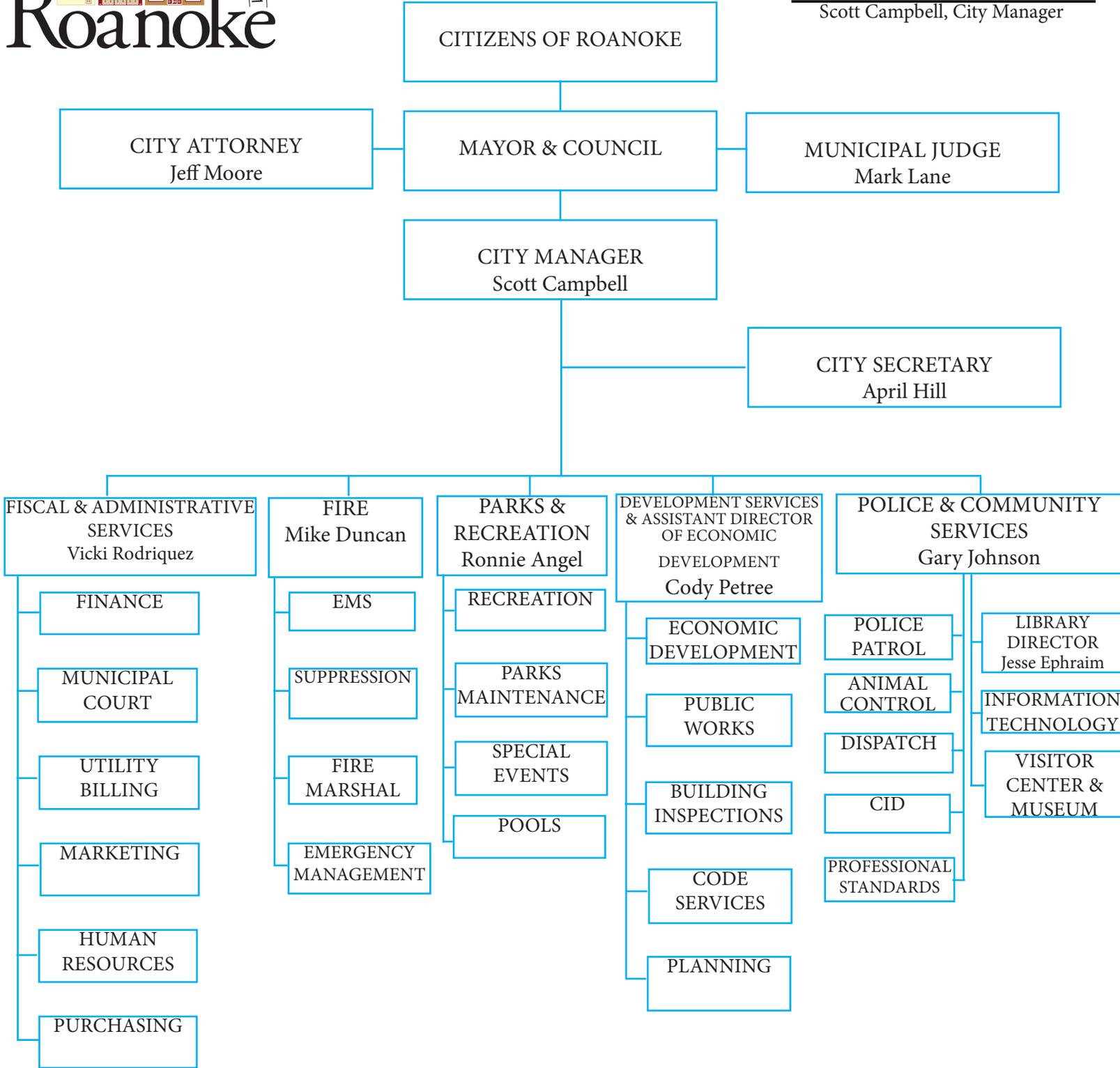
Scott Campbell, City Manager

Vicki Rodriguez, Director of Fiscal and Administrative Services



Organizational Chart

Scott Campbell
 Scott Campbell, City Manager





Government Finance Officers Association

**Certificate of
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**City of Roanoke
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Council and City Manager
108 South Oak Street
City of Roanoke, Texas 76262

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 the City of Roanoke, Texas (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about that amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 the City of Roanoke, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that that management's discussion and analysis, the analysis of funding progress, and budgetary comparison information on pages 3 through 13 and page 58 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Roanoke's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purpose of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

Haynes and Associates, P.C
Roanoke, TX
May 1, 2014

CITY OF ROANOKE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2013
(Unaudited)

Management of the City of Roanoke offers the readers of the City's financial statements this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2013. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Has the net position (containing both short-term and long-term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities") of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal (pages i-vi of this report) and the statistical section (pages 77-96 of this report) as well as information in the annual operating and capital budget, along with other community information found on the city's website at www.roanoketexas.com. It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources are unaudited.

Financial Highlights

- The assets of the City of Roanoke exceeded its liabilities at the close of the most recent fiscal year by \$53,483,463 (Net position). This number must be viewed in the context that the vast majority of the City's net position of \$40,717,265 (76%) are capital assets net of related debt and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The amount of net position restricted for specific purposes totaled \$3,683,368 (7%). The remaining \$9,082,830 (17%) are unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- Governmental activities realized an increase in total net position of \$9,994,107 and business-type activities realized an increase in total net position of \$4,226,327 bringing the net increase in total net position for the City to \$14,220,434.
- At the close of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of \$12,117,232 which represents an increase of \$272,671 in comparison with the prior year. Within this total, \$669,982 is restricted for debt service; and \$2,647,215 is restricted by bond covenant for capital projects. \$165,486 is committed by the City Council for parkland acquisition and improvements. Nonspendable fund balance of \$81,054 represents fund balance amounts for inventories and prepaid items. Fund balances of \$2,855,711 represent assigned fund balance in the general, special revenue, and capital projects funds. The unassigned fund balance in the General Fund is \$5,697,784 which can be

used for any lawful purpose. The General Fund unassigned balance represents 34% (124 days) of fiscal year 2013 total operating revenues.

- The City's total capital assets (net of accumulated depreciation) increased by \$10,514,270 which is primarily attributed to completion of the new library, street improvements and developers contributed assets in the Briarwyck subdivision.
- The City's bonds payable decreased by \$2,229,646 or 6% due to the scheduled repayment of principal on outstanding bonded debt and capital leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The government-wide financial statements can be found on pages 15-16 of this report.

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 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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Facilities Improvement, Street Construction, Park Construction, and Briarwyck Public Improvement District, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Wastewater, and Sanitation, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

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 on pages 27-56 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligations to provide pension benefits to its employees. Additionally, schedules comparing budgetary figures and actual results of the General Fund are also located in this section of the report. Required supplementary information can be found on page 57-58 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions and budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 59-75 of this report.

Government-Wide Financial Statement Analysis

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government’s financial position. In the case of the City of Roanoke, assets exceeded liabilities by \$53,483,463 as of September 30, 2013.

Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Current and other assets	\$ 13,557,593	\$ 13,146,186	\$ 1,799,684	\$ 1,504,451	\$ 15,357,277	\$ 14,650,637
Capital assets	59,825,340	52,323,797	16,679,842	13,667,115	76,505,182	65,990,912
Total assets	73,382,933	65,469,983	18,479,526	15,171,566	91,862,459	80,641,549
Long-term liabilities	28,853,129	30,925,003	5,394,315	5,593,737	34,247,444	36,518,740
Other liabilities	3,166,539	3,175,822	965,013	1,683,958	4,131,552	4,859,780
Total liabilities	32,019,668	34,100,825	6,359,328	7,277,695	38,378,996	41,378,520
Net position:						
Invested in capital assets (net of related debt)	29,503,588	21,700,296	11,213,677	7,693,934	40,717,265	29,394,230
Restricted	3,398,251	7,612,427	285,117	32,615	3,683,368	7,645,042
Unrestricted	8,461,426	2,056,435	621,404	167,322	9,082,830	2,223,757
Total net position	\$ 41,363,265	\$ 31,369,158	\$ 12,120,198	\$ 7,893,871	\$ 53,483,463	\$ 39,263,029

The largest portion of the City’s net position (76%) reflects its investment in capital assets (i.e., land, buildings, equipment, improvements, construction in progress, and infrastructure) net of accumulated depreciation, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending and with exception of business-type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future.

Although the City's investment in its capital 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.

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$9,082,830 (17%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

As of September 30, 2013 the City reports positive balances in all three categories of net position, for the government as a whole, as well as, for its separate governmental and business-type activities. The same situation held true for fiscal year 2012.

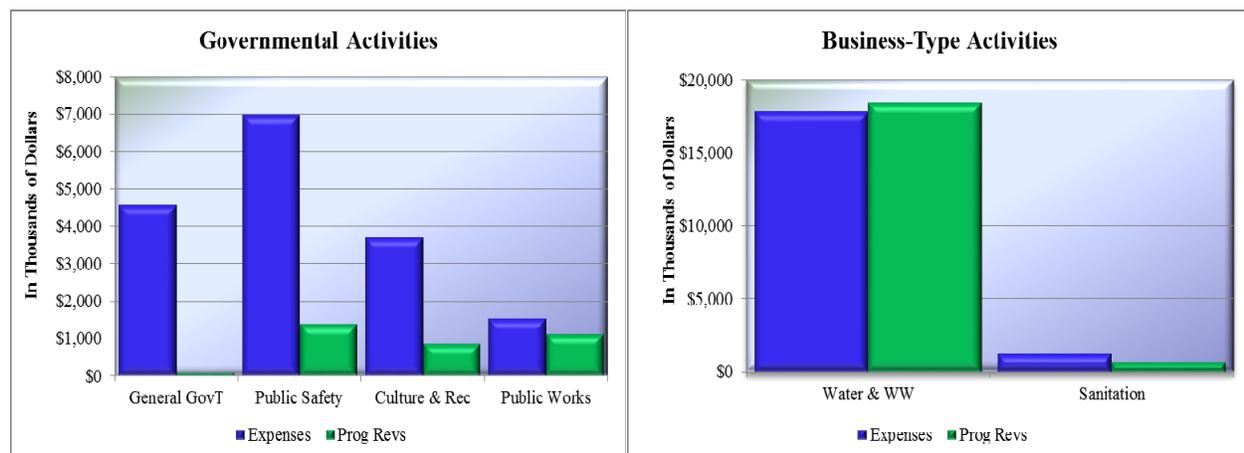
The City's unrestricted net position increased by \$6,859,073 in fiscal year 2013. Restricted net position realized a decrease of \$3,961,674 and the amount invested in capital assets, net of related debt increased by \$11,323,035. These increases (accompanying decreases in restricted) combined with the current year change in net position resulting from current year operations of \$14,220,434 million account for the overall increase in unrestricted net position. The details of the results of current year operations are discussed in the following sections for governmental and business-type activities.

- **Governmental activities.** Governmental activities increased the City's net position by \$9,994,107 thereby accounting for the net growth in total net position. Most revenue categories, including property tax collections, sales taxes, gross receipts taxes, and grant revenues, exceeded projections. Sound fiscal management and close monitoring of revenues and expenses allowed the City to realize an increase in net position before transfers of \$9,887,226. Total revenue for the governmental activities (excluding transfers from business-type activities) increased from the previous year by \$10,737,531. General Fund revenue, which is primarily made up of property taxes, sales taxes, and gross receipt taxes, had a net increase of \$2,257,377. Property tax revenue increased due to an overall increase in both the residential and commercial tax base. Sales tax collections increased as a result of new business openings and an overall recovery in the local economy. Program revenues, which consists of charges for services, operating and capital grants and contributions increased \$8,715,719, primarily resulting from increased revenue associated with developer contributions and development activity. Total expenses increased by \$1,714,335 during FY2013. Interest on long-term debt increased by approximately \$495,000 predominantly as a result of the expected interest payments on existing debt and debt issuance undertaken during the year. The cost of living package, which included an increase of 3%, step raises (2%), and merit increases (1-2%) for city employees, accounts for a large portion of the expense increase. Public safety, Cultural and recreation, and Public works all realized a decrease in expenses primarily due to vacant positions throughout the year. The net position of general governmental operations accounts for 77% of total net position.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
REVENUES:						
Program revenues:						
Charges for services	\$ 3,395,596	\$ 2,605,678	\$ 4,305,803	\$ 3,944,315	\$ 7,701,399	\$ 6,549,993
Operating grants and contributions	3,591,655	379,991	-	-	3,591,655	379,991
Capital grants and contributions	7,697,743	2,983,606	4,300,023	828,087	11,997,766	3,811,693
General revenues:						
Property taxes	4,986,506	4,721,841	-	-	4,986,506	4,721,841
Sales Taxes	6,868,566	5,557,572	-	-	6,868,566	5,557,572
Gross Receipt taxes	1,531,850	1,276,645	-	-	1,531,850	1,276,645
Other taxes	40,785	30,867	-	-	40,785	30,867
Rents and royalties	-	-	-	-	-	-
Gain/(loss) on sale of assets	5,725	-	-	-	5,725	-
Other revenues	191,268	15,963	328,739	556	520,007	16,519
Total revenues	28,309,694	17,572,163	8,934,565	4,772,958	37,244,259	22,345,121
EXPENSES:						
General government	4,583,873	2,701,075	-	-	4,583,873	2,701,075
Public safety	6,983,951	7,056,489	-	-	6,983,951	7,056,489
Cultural and recreation	3,708,246	4,010,026	-	-	3,708,246	4,010,026
Public works	1,525,117	1,814,679	-	-	1,525,117	1,814,679
Interest on long-term debt	1,621,281	1,125,864	-	-	1,621,281	1,125,864
Water/Wastewater	-	-	5,725,076	4,775,631	5,725,076	4,775,631
Sanitation	-	-	24,541	26,440	24,541	26,440
Total expenses	18,422,468	16,708,133	5,749,617	4,802,071	24,172,085	21,510,204
Increase (decrease) in net assets before transfers	9,887,226	864,030	3,184,948	(29,113)	13,072,174	834,917
Transfers	106,881	(291,419)	312,413	291,419	419,294	-
Increase (decrease) in net position	9,994,107	572,611	3,497,361	262,306	13,491,468	834,917
Net position, beginning	31,369,158	30,796,547	7,893,871	7,631,565	39,263,029	38,428,112
Prior period adjustment	-	-	728,966	-	728,966	-
Net position, ending	\$ 41,363,265	\$ 31,369,158	\$ 12,120,198	\$ 7,893,871	\$ 53,483,463	\$ 39,263,029

Expenses and Program Revenues



- **Business-type activities.** Business-type activities increased the City's net position by \$4,226,237. Total revenue for the business-type activities increased from the previous year by \$4,161,607 due in part to capital asset contributions, increased charges for service and other revenues. Capital grants and contributions accounted for more than 83% of the revenue increase. Overall business-type expenses increased 19%, some of which are due to the compensation package mentioned previously. Water purchases and wastewater treatment charges increased due to rate increases from both the City of Fort Worth Wholesale Water Utility and Trinity River Authority. Net position for business-type activities represent 23% of total net position.

Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for discretionary spending at the end of the fiscal year.

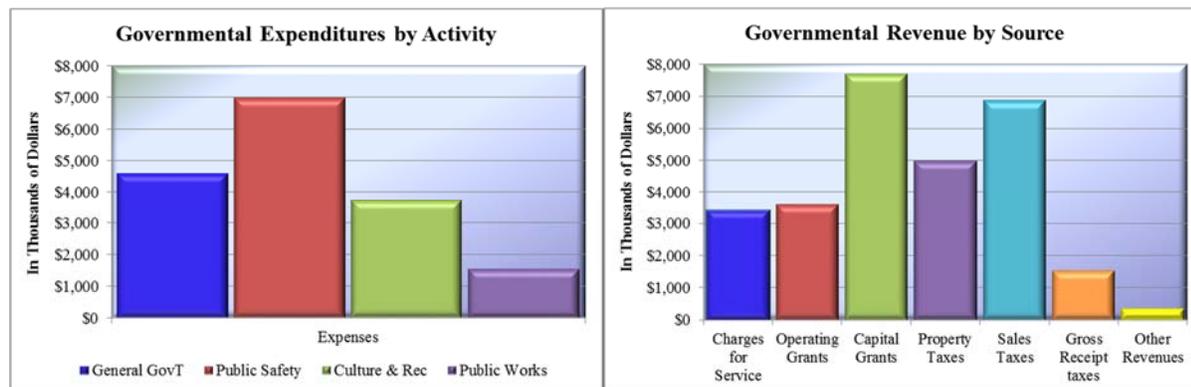
At the end of the current fiscal year, the City of Roanoke's governmental funds reported combined ending fund balances of \$12,117,232, an increase of \$272,671 in comparison with prior year. Approximately 47% or \$5,697,784 constitutes unassigned fund balance in the general fund that is available for spending at the City's discretion. Another \$81,054 in non-spendable fund balance which represents amounts invested in inventories and prepayments. The remainder of the fund balance is either restricted, committed, or assigned to indicate that it is 1) restricted to pay debt service (\$669,982), 2) restricted by bond covenant for specific capital projects (\$2,647,215), 3) committed to parkland acquisition and improvements (\$165,486), or 4) assigned for residual balances in governmental funds other than the general fund (\$2,855,711). See discussion under Fund Balance Classifications in the Notes to the Basic Financial Statements for additional details on fund balance.

The General Fund is the chief operating fund of the City of Roanoke. At the end of the fiscal year, the unassigned fund balance was \$5,697,784 and total fund balance of \$5,844,777. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total operating expenses. Unassigned fund balance represents 34% of total general fund operating revenues, or 124 days. In the General Fund, the City budgeted for a decrease in fund balance (planned reduction) of \$1,621,117. Due to a positive budget variance in overall revenues and expenditures, the General Fund ended the year with an increase to fund balance of \$1,990,957 which represents a positive budget variance of \$3,601,289 resulting primarily from increased revenues, departmental expenditure savings, and personnel savings from vacant positions.

Almost all General Fund revenue categories realized increases over the prior year and most surpassed budget estimates as well. Property taxes, sales tax receipts, license and permit fees, charges for services, fines and fees, donations, and other revenues all exceeded budget with the majority of these revenues also exceeding prior year. The increase in current property tax revenues is due to a rise in taxable values and sales taxes grew as a result of new development

and an overall upswing in the local economy. License and permit revenues realized a significant increase in building permits due primarily to the Briarwyck subdivision and increased retail development activity throughout the city. Fines and fees increased as a result of increased recreation activities, increased ambulance transports, and increased court collections. Investment income did not achieve budget estimates, and was down from prior year figures.

Personnel and related benefit savings of approximately \$630,000 resulted primarily from holding numerous vacant positions open throughout the year. While some positions were filled during the course of the year, many were vacant for a portion of the year resulting in budgetary savings. In addition to personnel related savings, departments realized additional savings of approximately \$307,000.



The Debt Service fund has a total fund balance of \$669,992, all of which is restricted for the payment of debt. The fund balance decreased \$3,949,352 primarily related to the transfer of bond proceeds to the related construction funds as well as principal and interest payments on existing debt. The capital project funds realized a combined increase in fund balance of \$2,212,841 primarily resulting from bond proceeds and transfers for project funding. The combined net effect of these changes in governmental fund balances totals \$272,671.

Proprietary funds. The City’s proprietary fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Unrestricted net position of the proprietary funds at the close of the fiscal year are: Water and Wastewater fund \$568,764 and Sanitation fund \$52,640. The Water and Wastewater fund realized an increase in unrestricted net position of \$432,613 and the Sanitation fund realized an increase in net position of \$21,469.

General Fund Budgetary Highlights

During FY2012-2013, the City Council of the City of Roanoke amended the budget for the General Fund expenditures three times for a total amount for \$327,395. The amendments were as follows:

\$ 26,120	Re-appropriation amendment for funds not expended in the previous fiscal year
\$ 68,000	Aesthetic improvements on Highway 114 and Highway 170 Bridge
\$ 214,000	Marshall Creek Bridge improvements
<u>\$ 19,275</u>	Public Safety expenses from red light camera funds
\$ 327,395	

Actual revenues were higher than the final budget by \$2,667,347, which was primarily related to higher than budgeted sales tax, licenses and permits, fines and fees, and other miscellaneous

revenues. Actual expenditures were \$933,942 less than the final budget primarily to a savings in salary and benefits as discussed above.

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2013, totaled \$76,505,182 (net of accumulated depreciation). The investment in capital assets includes land, improvements, buildings, vehicles, equipment, infrastructure, and construction in progress. The net increase in the City’s investment in capital assets for the current fiscal year was \$10,514,270 or just under 16%.

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

- Capital asset contributions for the year consisted of \$4,158,965 in developer contributions for street infrastructure in the Briarwyck subdivision and the Fairway Ranch subdivision.
- Walnut Street reconstruction was completed at a total cost of \$2,297,116. Street overlay projects in the Marshall Creek area, Turner Street, and other various roadways were also completed at a total cost of \$1,810,985.
- Marshall Creek Bridge was completed at a total cost to the city of \$2,712,113, with developer contributions of \$648,867.
- Construction-in-progress related to general government operations of \$1,265,567 primarily consisted of reconstruction on Main Street (\$320,000), Pine Street (\$150,000), and Reed Street (\$363,000), as well as GIS Masterplan (\$157,000), aesthetic improvements (\$119,000), and design charges for the new Skatepark (\$89,000).
- Other capital asset additions for governmental operations included playground equipment, mowers, public safety equipment and vehicles.
- Capital asset contributions for the year consisted of \$3,775,023 in developer contributions for utility infrastructure in the Briarwyck subdivision and the Fairway Ranch subdivision.
- Improvements to the City’s water towers totaled \$303,456.
- Capital asset additions for the business-type activities include, but are not limited to, a sewer camera and submergible pumps.

Capital Assets (Net of Accumulated Depreciation)

	Governmental activities		Business-type activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Land	\$ 1,362,742	\$ 1,362,742	\$ -	\$ -	\$ 1,362,742	\$ 1,362,742
Land Improvements	13,343,685	14,152,212	-	-	13,343,685	14,152,212
Buildings/Structures	15,417,311	12,259,901	-	-	15,417,311	12,259,901
Vehicles/Machinery	988,138	981,791	199,647	287,323	1,187,785	1,269,114
Equipment	735,132	881,013	73,739	-	808,871	881,013
Infrastructure	26,588,005	15,958,116	-	-	26,588,005	15,958,116
Water/Sewer system	-	-	16,406,456	13,078,644	16,406,456	13,078,644
Construction in progress	1,390,327	6,728,022	-	301,148	1,390,327	7,029,170
Total	\$ 59,825,340	\$ 52,323,797	\$ 16,679,842	\$ 13,667,115	\$ 76,505,182	\$ 65,990,912

Additional information on the City’s capital assets can be found in Note 4 on page 44 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$35,414,998. Of this amount, \$33,569,998 comprises debt backed by the full faith and credit of the government, and \$1,845,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City’s long-term obligations is comprised of capital leases.

Outstanding Bonded Debt

	Governmental activities		Business-Type activities		Total	
	2013	2012	2013	2012	2013	2012
GO Bonds	\$ 4,873,017	\$ 6,947,542	\$ 1,746,983	\$ 1,937,458	\$ 6,620,000	\$ 8,885,000
COs	23,230,816	22,765,674	3,719,182	3,869,326	26,949,998	26,635,000
Special Assessment COs	1,845,000	1,985,000	-	-	1,845,000	1,985,000
Capital Leases	372,918	490,991	144,826	166,397	517,744	657,388
Totals	\$ 30,321,751	\$ 32,189,207	\$ 5,610,991	\$ 5,973,181	\$ 35,932,742	\$ 38,162,388

In fiscal year 2013, the City issued \$3,900,000 in Certificates of Obligation to fund several street capital improvement projects. The City’s total debt decreased \$2,229,646 or 6% during fiscal year 2013 which is attributed to scheduled annual principal payments.

Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. rates the City’s general obligation debt at AA.

Additional information on the City’s long-term debt can be found in Note 4 on pages 46-49.

Economic Factors and Next Year’s Budgets and Rates

The City of Roanoke’s elected and appointed officials consider many factors when preparing the City’s budget. In the FY2013-14 budget, General Fund revenues and transfers are budgeted to increase by 3.9% from the 2012-13 budget year with property taxes accounting for 14% of budgeted revenues and sales tax comprising approximately 39% of budgeted revenues. Certified assessed valuations as of July 25, 2013, increased 7% from the preceding year. In the FY2013-14 budget, sales tax receipts are projected to increase 3% over prior year estimates.

The General Fund ended FY2012-13 with unassigned fund balance of \$5,697,784, of which the city allocated \$749,126 for one-time capital purchases in FY2013-2014.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 6% from the FY2012-13 original budget. This increase is primarily attributed to the employee compensation package and related costs, and personnel additions. Other baseline increases include cost for maintenance, supplies, and utilities as well as increased transfers for equipment and computer replacements. The City elected to use excess reserves in various funds to cash flow capital programs including city computer and technology upgrades, public safety equipment, facility upgrades, and various other equipment purchases and miscellaneous

expenses. The property tax rate remained at .37512¢ per \$100 of assessed valuation for FY2013-14.

For the Water and Wastewater Fund, the FY2013-14 budget includes the continuation of the tiered rate structure for water volume billing. Under the tiered structure, customers pay a graduated volume rate based on varying levels of monthly water consumption. Volume rates range from \$4.10 to \$7.32 per thousand gallons. Monthly water and wastewater base rates increased for both residential customers and commercial customers. A wastewater volume charge of \$6.19 per thousand gallons applies to all customer classes. Residential wastewater volume charges are based on an average of winter water consumption and are capped at a maximum of 10,000 gallons per month. The City budgeted to continue its one-time capital projects in the Water and Wastewater Fund which includes \$31,000 for meter replacements and cleaning of the water storage tank.

Request for Information

The financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the City of Roanoke's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Vicki Rodriguez, Director of Fiscal and Administrative Services, at City of Roanoke, 108 S. Oak Street, Roanoke TX 76262, call (817) 491-6075, or e-mail vrodriquez@roanoketexas.com



BASIC FINANCIAL STATEMENTS

CITY OF ROANOKE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 11,121,233	\$ 551,023	\$ 11,672,256	\$ 982,046
Investments	449,271	20,000	469,271	-
Account receivables (net, where applicable, of allowance for doubtful accounts):	1,604,219	555,578	2,159,797	1,488,926
Internal balances	28,757	(28,757)	-	-
Due from component unit	273,059	-	273,059	-
Inventories	661	-	661	-
Prepaid items	80,393	122,792	203,185	11,167
Restricted assets				
Customer deposits	-	293,931	293,931	-
Capital projects	-	62,025	62,025	-
Impact fees	-	223,092	223,092	-
Capital assets				
Non depreciable	2,753,069	-	2,753,069	50,000
Depreciable (net)	57,072,271	16,679,842	73,752,113	-
Total Assets	73,382,933	18,479,526	91,862,459	2,532,139
LIABILITIES				
Accounts payable	834,997	201,638	1,036,635	525
Other accrued liabilities	1,202	6,699	7,901	-
Deposits Payable	-	293,931	293,931	-
Accrued interest payable	136,161	25,674	161,835	55,536
Due to primary government	-	-	-	273,059
Non current liabilities				
Due within one year				
Accrued compensated absences	324,479	32,192	356,671	-
Premium/Discount, net	32,626	-	32,626	-
Notes payable	-	-	-	126,211
Capital leases payable	64,387	22,566	86,953	-
Bonds payable	1,622,687	382,313	2,005,000	-
Special assessment debt	150,000	-	150,000	-
Due in more than one year				
Premium/Discount, net	368,451	-	368,451	-
Notes payable	-	-	-	170,902
Capital leases payable	308,531	122,260	430,791	-
Bonds payable	26,481,147	5,272,055	31,753,202	7,050,000
Special assessment debt	1,695,000	-	1,695,000	-
Total Liabilities	32,019,668	6,359,328	38,378,996	7,676,233
NET POSITION				
Invested in capital assets, net of related debt	29,503,588	11,213,677	40,717,265	50,000
Restricted for:				
Debt service	669,982	-	669,982	-
Capital projects	2,647,215	62,025	2,709,240	-
Impact fees	-	223,092	223,092	-
Nonspendable	81,054	-	81,054	11,167
Unrestricted	8,461,426	621,404	9,082,830	(5,205,261)
Total Net Position	\$ 41,363,265	\$ 12,120,198	\$ 53,483,463	\$ (5,144,094)

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

CITY OF ROANOKE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Function/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 4,583,873	\$ 87,097	\$ 321,455	\$ -	\$ (4,175,321)	\$ -	\$ (4,175,321)	\$ -
Public safety	6,983,951	1,363,906	17,770	-	(5,602,275)	-	(5,602,275)	-
Cultural and recreation	3,708,246	847,805	3,252,430	1,650,000	2,041,989	-	2,041,989	-
Public works	1,525,117	1,096,788	-	6,047,743	5,619,414	-	5,619,414	-
Interest on long-term debt	1,621,281	-	-	-	(1,621,281)	-	(1,621,281)	-
Total governmental activities	<u>18,422,468</u>	<u>3,395,596</u>	<u>3,591,655</u>	<u>7,697,743</u>	<u>(3,737,474)</u>	<u>-</u>	<u>(3,737,474)</u>	<u>-</u>
Business-Type Activities:								
Water/Wastewater	5,725,076	4,304,793	-	4,300,023	-	2,879,740	2,879,740	-
Sanitation	24,541	1,010	-	-	-	(23,531)	(23,531)	-
Total business-type activities	<u>5,749,617</u>	<u>4,305,803</u>	<u>-</u>	<u>4,300,023</u>	<u>-</u>	<u>2,856,209</u>	<u>2,856,209</u>	<u>-</u>
Total primary government	<u>\$ 24,172,085</u>	<u>\$ 7,701,399</u>	<u>\$ 3,591,655</u>	<u>\$ 11,997,766</u>	<u>(3,737,474)</u>	<u>2,856,209</u>	<u>(881,265)</u>	<u>-</u>
Component units:								
Roanoke Economic Industrial Development Corporation	\$ 3,170,584	\$ -	\$ -	\$ -				(3,170,584)
Roanoke Community Economic Development Corporatio	3,289,591	-	-	-				(3,289,591)
Al & Lula Mae Slaughter Park Foundation	1,924	-	-	-				(1,924)
Total component units	<u>\$ 6,462,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(6,462,099)</u>
General revenues:								
Property taxes					4,986,506	-	4,986,506	-
Sales taxes					6,868,566	-	6,868,566	6,868,566
Gross receipt taxes					1,531,850	-	1,531,850	-
Other taxes					40,785	-	40,785	-
Impact fees					-	327,937	327,937	-
Rents and royalties					-	-	-	271,157
Investment income					11,862	802	12,664	1,330
Gain/(Loss) on sale of capital assets					5,725	-	5,725	21,490
Miscellaneous					179,406	-	179,406	6,517
Transfers					106,881	312,413	419,294	(419,294)
Total general revenues and transfers					<u>13,731,581</u>	<u>641,152</u>	<u>14,372,733</u>	<u>6,749,766</u>
Change in net position					9,994,107	3,497,361	13,491,468	287,667
Net position - beginning					31,369,158	7,893,871	39,263,029	(5,431,761)
Prior period adjustment					-	728,966	728,966	-
Net position - ending					<u>\$ 41,363,265</u>	<u>\$ 12,120,198</u>	<u>\$ 53,483,463</u>	<u>\$ (5,144,094)</u>

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

CITY OF ROANOKE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Debt Service	Facilities Improvement	Street Construction	Park Construction	Briarwyck PID	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 4,647,537	\$ 669,982	\$ 333,263	\$ 2,995,165	\$ 2,060,301	\$ 128	\$ 414,857	\$ 11,121,233
Investments	449,271	-	-	-	-	-	-	449,271
Account receivables (net, where applicable, of allowance for doubtful accounts):								-
Property taxes	16,579	15,044	-	-	-	62,899	-	94,522
Sales taxes	1,088,926	-	-	-	-	-	-	1,088,926
Gross receipts taxes	83,131	-	-	-	-	-	23,907	107,038
Accrued interest receivable	-	-	-	-	-	-	-	-
Other receivables	303,194	-	-	-	-	-	-	303,194
Intergovernmental receivable	10,539	-	-	-	-	-	-	10,539
Inventories	661	-	-	-	-	-	-	661
Prepays	80,393	-	-	-	-	-	-	80,393
Due from other funds	57,757	-	-	-	165,486	-	-	223,243
Due from component unit	265,566	-	-	-	7,493	-	-	273,059
Total assets	<u>7,003,554</u>	<u>685,026</u>	<u>333,263</u>	<u>2,995,165</u>	<u>2,233,280</u>	<u>63,027</u>	<u>438,764</u>	<u>13,752,079</u>
LIABILITIES								
Accounts payable	467,072	-	15,917	303,578	48,430	-	-	834,997
Other accrued liabilities	-	-	-	-	-	-	1,202	1,202
Due to other funds	165,486	-	-	-	-	29,000	-	194,486
Due to component unit	-	-	-	-	-	-	-	-
Total liabilities	<u>632,558</u>	<u>-</u>	<u>15,917</u>	<u>303,578</u>	<u>48,430</u>	<u>29,000</u>	<u>1,202</u>	<u>1,030,685</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue:								
Property taxes	16,579	15,044	-	-	-	62,899	-	94,522
Ambulance	172,719	-	-	-	-	-	-	172,719
Courts	71,355	-	-	-	-	-	-	71,355
Payable from component unit	265,566	-	-	-	-	-	-	265,566
Total deferred inflows of resources	<u>526,219</u>	<u>15,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,899</u>	<u>-</u>	<u>604,162</u>
FUND BALANCES								
Nonspendable	81,054	-	-	-	-	-	-	81,054
Restricted:								
Debt service	-	669,982	-	-	-	-	-	669,982
Capital projects	-	-	317,346	2,329,869	-	-	-	2,647,215
Committed	-	-	-	-	165,486	-	-	165,486
Assigned	65,939	-	-	361,718	2,019,364	(28,872)	437,562	2,855,711
Unassigned	5,697,784	-	-	-	-	-	-	5,697,784
Total fund balances (deficits)	<u>5,844,777</u>	<u>669,982</u>	<u>317,346</u>	<u>2,691,587</u>	<u>2,184,850</u>	<u>(28,872)</u>	<u>437,562</u>	<u>12,117,232</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,003,554</u>	<u>\$ 685,026</u>	<u>\$ 333,263</u>	<u>\$ 2,995,165</u>	<u>\$ 2,233,280</u>	<u>\$ 63,027</u>	<u>\$ 438,764</u>	<u>\$ 13,752,079</u>

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

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

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

Total fund balance - governmental fund	\$	12,117,232
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		59,825,340
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(136,161)
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are reported as unavailable revenue in the governmental funds balance sheet		604,162
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements		(31,047,308)
 Net position of governmental activities	 <u>\$</u>	 <u>41,363,265</u>

CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General	Debt Service	Facilities Improvement	Street Construction	Park Construction	Briarwyck PID	Other Governmental Funds	Total Governmental Funds
REVENUES								
General property tax	\$ 1,830,309	\$ 2,771,499	\$ -	\$ -	\$ -	\$ 290,176	\$ -	\$ 4,891,984
General sales tax	6,868,566	-	-	-	-	-	-	6,868,566
Gross receipts tax	1,372,199	-	-	-	-	-	159,651	1,531,850
Licenses and permits	1,096,788	-	-	-	-	-	-	1,096,788
Intergovernmental	40,785	-	-	-	-	-	-	40,785
Charges for services	1,120,448	-	-	-	-	-	-	1,120,448
Grants and contributions	3,252,430	-	-	1,239,911	1,650,000	-	17,770	6,160,111
Fines and fees	768,884	-	-	-	165,402	-	-	934,286
Investment income	4,070	-	970	5,758	664	399	-	11,861
Donations	55,889	-	-	-	-	-	-	55,889
Other revenue	512,033	6,862	19,424	10,473	-	-	17,448	566,240
Total revenues	16,922,401	2,778,361	20,394	1,256,142	1,816,066	290,575	194,869	23,278,808
EXPENDITURES								
Current:								
General government	2,543,797	-	-	-	-	-	123,135	2,666,932
Public safety	6,407,064	-	-	-	-	-	19,694	6,426,758
Cultural and recreation	2,967,554	-	28,201	-	250,770	-	-	3,246,525
Public works	997,367	-	-	25,082	-	-	-	1,022,449
Debt service:								
Principal	-	1,581,780	-	-	-	140,000	-	1,721,780
Interest & fiscal charges	-	1,254,149	-	-	-	92,519	-	1,346,668
Bond issuance cost	-	110,850	-	-	-	-	-	110,850
Capital outlay	108,294	-	638,154	4,377,311	111,627	785,926	244,516	6,265,828
Total expenditures	13,024,076	2,946,779	666,355	4,402,393	362,397	1,018,445	387,345	22,807,790
Excess (deficiency) of revenues over (under) expenditures	3,898,325	(168,418)	(645,961)	(3,146,251)	1,453,669	(727,870)	(192,476)	471,018
OTHER FINANCING SOURCES (USES)								
Bonds issued	-	-	-	-	-	-	-	-
Premiums on bonds issued	-	114,066	-	-	-	-	-	114,066
Transfers in	70,000	-	442,900	4,075,017	650,254	214,000	280,701	5,732,872
Transfers out	(1,977,368)	(3,895,000)	(102,917)	-	-	-	(70,000)	(6,045,285)
Total other financing sources (uses), net	(1,907,368)	(3,780,934)	339,983	4,075,017	650,254	214,000	210,701	(198,347)
Net changes in fund balances	1,990,957	(3,949,352)	(305,978)	928,766	2,103,923	(513,870)	18,225	272,671
Fund balances, beginning of year	3,853,820	4,619,334	623,324	1,762,821	80,927	484,998	419,337	11,844,561
Fund balances (deficits), end of year	\$5,844,777	\$ 669,982	\$ 317,346	\$ 2,691,587	\$ 2,184,850	\$ (28,872)	\$ 437,562	\$ 12,117,232

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

**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, 2013**

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

Net change in fund balance - total governmental funds	\$	272,671
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. In addition, governmental funds report cash proceeds from the disposal of capital assets as revenues, while only the net gain/loss on the transaction is reported in the statement of activities. This is the amount of capital expenditures and disposals recorded in the current period.		11,073,660
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expenses are not reported as expenditures in the governmental funds.		(3,566,157)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund.		610,059
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.		-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		2,259,148
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		(501,073)
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.		9,562
Current year changes in accrued interest payables do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		(163,763)
Change in net assets of governmental activities	<u>\$</u>	<u>9,994,107</u>

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

CITY OF ROANOKE, TEXAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	Business-Type Activities - Enterprise Funds		
	Water and Wastewater	Sanitation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 496,669	\$ 54,354	\$ 551,023
Investments	20,000	-	20,000
Receivables (net where applicable of allowance for doubtful accounts)			
Accounts receivable	552,256	236	552,492
Other miscellaneous receivables	3,086	-	3,086
Prepays	122,792	-	122,792
Restricted assets:			
Customer deposits	293,931		293,931
Capital projects	62,025		62,025
W&WW impact fees-cash and cash equivalents	223,092	-	223,092
Total current assets	1,773,851	54,590	1,828,441
Noncurrent assets:			
Capital assets:			
Infrastructure	27,311,697	-	27,311,697
Improvements	-	-	-
Machinery and equipment	292,413	-	292,413
Vehicles	460,912	-	460,912
Construction in progress	-	-	-
Accumulated depreciation	(11,385,180)	-	(11,385,180)
Total capital assets, net of accumulated depreciation)	16,679,842	-	16,679,842
Total noncurrent assets	16,679,842	-	16,679,842
Total assets	18,453,693	54,590	18,508,283
LIABILITIES			
Current liabilities:			
Accounts payable	199,679	1,959	201,638
Compensated absences	32,192	-	32,192
General obligation refunding bonds payable	194,809	-	194,809
Certificates of obligation payable	187,504	-	187,504
Lease payable	22,566	-	22,566
Accrued interest payable	25,674	-	25,674
Due to other funds	28,766	(9)	28,757
Other liabilities	6,699	-	6,699
Total current liabilities	697,889	1,950	699,839
Noncurrent liabilities:			
General obligation refunding bonds payable	1,552,174	-	1,552,174
Certificates of obligation payable	3,531,678	-	3,531,678
Premiums/discounts on bonds, net	188,203	-	188,203
Lease payable	122,260	-	122,260
Customer deposits payable	293,931	-	293,931
Total noncurrent liabilities	5,688,246	-	5,688,246
Total liabilities	6,386,135	1,950	6,388,085
NET POSITION			
Invested in capital assets, net of related debt	11,213,677	-	11,213,677
Restricted for:			
Capital projects	62,025	-	62,025
Impact fees	223,092	-	223,092
Unrestricted	568,764	52,640	621,404
Total net position	\$ 12,067,558	\$ 52,640	\$ 12,120,198

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

CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities - Enterprise Funds		
	Water and Wastewater	Sanitation	Total
Operating revenues:			
Water service	\$ 2,788,870	\$ -	\$ 2,788,870
Wastewater service	1,293,863	-	1,293,863
Other charges for services and miscellaneous	222,060	1,010	223,070
Total operating revenues	<u>4,304,793</u>	<u>1,010</u>	<u>4,305,803</u>
Operating expenses:			
Personnel services	1,036,525	-	1,036,525
Maintenance and supplies	220,395	-	220,395
Utilities	64,985	-	64,985
General and administrative	624,856	-	624,856
Water production and distribution	2,652,906	-	2,652,906
Sanitation	-	24,541	24,541
Bad debt expense	119,816	-	119,816
Depreciation	795,670	-	795,670
Total operating expenses	<u>5,515,153</u>	<u>24,541</u>	<u>5,539,694</u>
Operating income (loss)	<u>(1,210,360)</u>	<u>(23,531)</u>	<u>(1,233,891)</u>
Nonoperating revenues (expenses):			
Investment income	802	-	802
Impact fees	327,937	-	327,937
Interest expense	(209,923)	-	(209,923)
Total nonoperating revenues (expenses), net	118,816	-	118,816
Income before contributions and transfers	(1,091,544)	(23,531)	(1,115,075)
Capital contributions	4,300,023	-	4,300,023
Transfers in	267,413	45,000	312,413
Transfers out	-	-	-
Change in net position	3,475,892	21,469	3,497,361
Total net position, beginning of year	<u>7,862,700</u>	<u>31,171</u>	<u>7,893,871</u>
Prior period adjustment	728,966	-	728,966
Total net position, end of year	<u>\$ 12,067,558</u>	<u>\$ 52,640</u>	<u>\$ 12,120,198</u>

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

CITY OF ROANOKE, TEXAS
STATEMENT OF CASHFLOWS-PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities		
	Water and Wastewater	Sanitation	Total Enterprise Funds
OPERATING ACTIVITIES			
Cash received from customers	\$ 4,186,670	\$ 980	\$ 4,187,650
Cash payments to suppliers for goods and services	(4,282,653)	(25,070)	(4,307,723)
Cash payments to employees for services	(1,032,099)	-	(1,032,099)
Net cash provided by (used in) operating activities	<u>(1,128,082)</u>	<u>(24,090)</u>	<u>(1,152,172)</u>
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	267,413	44,991	312,404
Miscellaneous	(72,230)	-	(72,230)
Net cash (used in) noncapital financing activities	<u>195,183</u>	<u>44,991</u>	<u>240,174</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Impact fees	327,937	-	327,937
Impact fees - prior years	658,381	-	658,381
Capital contributions	4,300,023	-	4,300,023
Acquisition and construction of capital assets	(3,785,397)	-	(3,785,397)
Principal paid on bonds	(173,988)	-	(173,988)
Interest and fiscal charges paid on bonds	(209,923)	-	(209,923)
Net cash provided by (used for) capital and related financing activities	<u>1,117,033</u>	<u>-</u>	<u>1,117,033</u>
INVESTING ACTIVITIES			
Interest on investments	802	-	802
Net cash provided by investing activities	<u>802</u>	<u>-</u>	<u>802</u>
Net change in cash and cash equivalents	184,936	20,901	205,837
Cash and cash equivalents at beginning of year	<u>910,781</u>	<u>33,453</u>	<u>944,234</u>
Cash and cash equivalents at end of year	<u>\$ 1,095,717</u>	<u>\$ 54,354</u>	<u>\$ 1,150,071</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (1,210,360)	\$ (23,531)	\$ (1,233,891)
Adjustments to reconcile operating income (loss) to net cash provided for (used by) operating activities:			
Depreciation	795,670	-	795,670
Provision for uncollectible	119,816	-	119,816
Increases (decreases) in assets:			
Accounts receivable and unbilled revenue	(2,519)	(31)	(2,550)
Prepaid expenses	(115,603)	-	(115,603)
Deposits	19,183	-	19,183
Changes in liabilities:			
Accounts payable	(92,632)	(528)	(93,160)
Accrued liabilities	(674,829)	-	(674,829)
Due to other funds	28,766	-	28,766
Liability for accrued vacation	4,426	-	4,426
Total adjustments	<u>82,278</u>	<u>(559)</u>	<u>81,719</u>
Net cash provided by (used in) operating activities	<u>\$ (1,128,082)</u>	<u>\$ (24,090)</u>	<u>\$ (1,152,172)</u>

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

CITY OF ROANOKE, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2013

	Governmental Activities			
	REIDC	RCEDC	Slaughter Park Foundation	Total
ASSETS				
Cash and cash equivalents	\$ 407,657	\$ 192,834	\$ 381,555	\$ 982,046
Receivables	-	-	-	-
Due from other governments	544,463	544,463	-	1,088,926
Due from developer	400,000	-	-	400,000
Prepays	-	11,167	-	11,167
Capital assets not being depreciated				
Land	50,000	-	-	50,000
Capital assets, net of accumulated depreciation				
Buildings	-	-	-	-
Total Assets	<u>1,402,120</u>	<u>748,464</u>	<u>381,555</u>	<u>2,532,139</u>
LIABILITIES				
Accounts payable	525	-	-	525
Due to primary government	273,059	-	-	273,059
Interest payable	55,536	-	-	55,536
Noncurrent liabilities				
Due within one year	-	126,211	-	126,211
Due in more than one year	7,050,000	170,902	-	7,220,902
Total Liabilities	<u>7,379,120</u>	<u>297,113</u>	<u>-</u>	<u>7,676,233</u>
NET POSITION				
Invested in capital assets, net of related debt	50,000	-	-	50,000
Nonspendable	-	11,167	-	11,167
Unrestricted	(6,027,000)	440,184	381,555	(5,205,261)
Total Net Position	<u>\$ (5,977,000)</u>	<u>\$ 451,351</u>	<u>\$ 381,555</u>	<u>\$ (5,144,094)</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, 2013**

Function/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units			Total
					REIDC	RCEDC	Slaughter Park Foundation	
Governmental Activities:								
Roanoke Economic Industrial Development Corporation	\$ 3,170,584	\$ -	\$ -	\$ -	\$ (3,170,584)	\$ -	\$ -	\$ (3,170,584)
Roanoke Community Economic Development Corporation	3,289,591	-	-	-	-	(3,289,591)	-	(3,289,591)
Al & Lula Mae Slaughter Park Foundation	1,924	-	-	-	-	-	(1,924)	(1,924)
Total component units	\$ 6,460,175	\$ -	\$ -	\$ -	(3,170,584)	(3,289,591)	(1,924)	(6,462,099)
			General revenues:					
			Sales taxes		3,434,283	3,434,283	-	6,868,566
			Rents and royalties		237,000	-	34,157	271,157
			Investment income		572	556	202	1,330
			Gain (loss) on sale of asset		21,490	-	-	21,490
			Miscellaneous		6,517	-	-	6,517
			Transfers		-	(419,294)	-	(419,294)
			Total general revenues and transfers		3,699,862	3,015,545	34,359	6,749,766
			Change in net position		529,278	(274,046)	32,435	287,667
			Net position - beginning		(6,506,278)	725,397	349,120	(5,431,761)
			Net position - ending		\$ (5,977,000)	\$ 451,351	\$ 381,555	\$ (5,144,094)

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



CITY OF ROANOKE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

The City of Roanoke (“City”) was incorporated in 1933. The City operates under a Council-Manager form of government and provides the following services: general government, police and fire protection, emergency ambulance service, road and traffic signal maintenance, water and wastewater operations, parks and recreational facilities, courts, library services, building inspection, and development services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to state and local governments, as established by the Governmental Accounting Standards Board (“GASB”), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (“FASB”), when applicable. The more significant accounting policies of the City are described as follows:

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is governed by an elected mayor and six-member council.

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City.

Discretely Presented Component Units

The Roanoke Economic Industrial Development Corporation (“REIDC”) is a discretely presented component unit 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.

CITY OF ROANOKE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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 (“Slaughter Park”) 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 whose purpose is to benefit and accomplish public projects 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.

C. Basis of presentation

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

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. As a general rule, the effect of inter-fund activity, with the exception of interfund services provided or used, within the governmental or business-type activities columns, has been eliminated from these statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the

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primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid in financial management and to demonstrate compliance with various legal provisions. Separate fund based financial statements are provided for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements, all non-major funds are aggregated and presented in a single column on the fund financial statements. The non-major funds are detailed in the combining section of the statements.

Governmental funds are those funds through which most government functions are typically financed. The measurement focus of government funds is on the sources, uses, and balances of current financial resources. 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 City has presented the following major governmental funds:

General Fund –

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

Debt Service Fund –

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

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Facilities Improvement Fund –

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

Street Construction Fund–

The Street Construction Fund is used to account for street construction, street reconstruction, and street overlay projects and the means of financing such improvements.

Parks Construction Fund –

The Parks Construction Fund is used to account for various park land acquisition, park improvements, and recreation projects throughout the city and the means for financing such projects.

Briarwyck Public Improvement District (“PID”) Fund –

The Briarwyck PID Fund is used to account for the accumulation of resources from a special assessment levied upon properties within the district boundaries. The resources are utilized for the repayment of debt issued to fund the construction of the Marshall Creek Bridge.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the statement of net position. The City has presented the following major proprietary funds:

Water and Wastewater Fund –

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

Sanitation Fund –

The Sanitation Fund is used to account for billing, collection, and payment for solid waste collection and disposal services.

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

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D. Measurement Focus and Basis of Accounting

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

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

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

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government, as they are deemed immaterial.

The proprietary fund types are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or

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services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Amounts reported as program revenues include 1) charges to customers for goods and services, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues

E. Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles of the general fund. The capital project funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g. grant awards) and sometimes span a period of more than one year.

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager submits a budget of estimated expenditures and revenues to the City Council by August 1.

Upon receipt of the budget estimates, the City Council holds a public hearing on the proposed budget. 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 the passage of an ordinance. The appropriated budget is prepared by fund and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

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

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are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

F. Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three month or less from the date of acquisition. Related interest is allocated to various funds based on primary ownership by each fund. For the purpose of the statement of cash flows, the City considers all highly liquid investments to be cash equivalents.

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

G. Inventories and Prepaid Items

Inventories, which are recognized as expenditures/expenses as consumed, are valued at cost using the first-in/first-out (FIFO) method for the General Fund and consist of merchandise for resale at the Roanoke Visitor's Center and Museum. Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. The reserve for inventory and prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Capital Assets

Capital assets, which include property, plant, vehicle, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical costs or estimated historical cost if actual historical costs is not available. Donated assets are valued at the fair market value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenses. Major outlays for improvements are capitalized. Outlays for capital are capitalized as projects are constructed. Infrastructure assets begin depreciating at the end of the year in which cost are incurred. Other constructed capital assets begin depreciating when the asset is placed in service.

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Capital assets, not including infrastructure, 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 one year. Depreciation has been calculated on each class of depreciable property 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
Street Infrastructure	10 to 20 Years
Water and Wastewater System	10 to 50 Years
Vehicles, Machinery and Equipment	5 to 20 Years
Parks Improvements	20 Years

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows to report at the end of the fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unearned revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, ambulance revenues, court revenues, and loan payments from the component unit. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Interfund Receivables and Payables

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

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

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K. Transactions Between Funds

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

The city allocates to the proprietary funds and the discretely presented component units an indirect cost percentage of administrative services for those funds but paid through the General fund along with other indirect costs deemed necessary for their operations. During the fiscal year ended September 30, 2013, the city allocated \$298,592 as a transfer for these services.

L. Restricted Assets

Certain cash and investment balances are restricted by various legal and contractual obligations. Customer deposits, capital projects, and impact fees are, by law, to be considered restricted assets. These activities are included in the Water and Wastewater Fund. The City recorded the following restricted assets at the end of the fiscal year:

Business-type activities:	
Customer deposits	\$ 293,931
Capital projects	\$ 62,025
Water and wastewater impact fees	<u>\$ 223,092</u>
Total Restricted Assets	\$ 579,048

M. 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 30 days per year for employees with 10 years or more of service.

All regular full-time employees earn and accrue sick leave based on the service an employee has attained during each calendar year. Any accrued but unused sick leave shall be carried to the employee's credit for the following year up to 90 days (720 hours). Employees can have up to 40 hours of sick leave "bought back" from the City each year. Each day that is sold back to the City is subtracted from the employee's accrued sick time balance. Accrued sick leave is not paid to any City employee upon separation from employment with the City; however, if an employee retires from the City, that employee will be compensated for any accrued sick leave, not to exceed 720 hours.

Vacation pay accrued in the proprietary funds financial statements are reported as accrued compensated absences (a current liability). Compensated absences are recorded

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in governmental funds as they mature (i.e., as taken). The liability for governmental fund compensated absences is typically liquidated in the General Fund.

N. Long-term Obligations

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

O. Fund Balance Policies and Classifications

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

Nonspendable: This classification include amounts that cannot be spent because they are either (a) not in a spendable form, or (b) are legally or contractually required to remain intact. The City has classified prepaid items and inventory as being nonspendable.

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

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

- Restricted for debt service represents the portion of fund equity legally restricted for retirement of bond principal and payment if interest and related charges.
- Restricted for capital projects represent the portion of fund equity legally restricted by debt covenants for capital projects.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) by the highest level of decision making authority, namely the City Council, prior to the end of the reporting period. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of formal action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. At the end of fiscal year 2013, the City had \$165,486 committed for parkland dedication.

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Assigned: This classification includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The city has recorded the following assignments at year-end:

- Assigned for capital projects represents revenue sources that are to be used for capital improvement projects within the City.
- Assigned for tourism represents funds to promote the city through tourism and historical preservation.
- Assigned for computer replacement and vehicle replacement represents revenue sources set aside for future computer, vehicle, and equipment replacements.
- Assigned for public safety grants, donations, and seizures are funds from police and fire grants, citizen donations, and sale of assets seized in connection with arrests in the police department which are to be used solely for public safety related expenditures.
- Assigned for cultural and recreation donations are funds donated by individuals and businesses to be used for any parks, library, or recreation activity.
- Assigned for other are funds donated to the city that can be used for special events within the city.

Unassigned: This classification represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance.

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

	Reported in							Total Governmental Funds
	General Fund	Debt Service Fund	Facilities Improvement	Street Construction	Parks Construction	Brianwyck PID	Nonmajor Governmental Funds	
Nonspendable	\$ 81,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,054
Restricted for								
Debt service	-	669,982	-	-	-	-	-	669,982
Capital projects	-	-	317,346	2,329,869	-	-	-	2,647,215
Committed								
Parkland dedication	-	-	-	-	165,486	-	-	165,486
Assigned								
Capital projects	-	-	-	361,718	2,019,365	(28,872)	-	2,352,211
Tourism	-	-	-	-	-	-	91,838	91,838
Computer replacement	-	-	-	-	-	-	29,237	29,237
Vehicle replacement	-	-	-	-	-	-	293,227	293,227
Public Safety Grants/Donations/Seizures	22,785	-	-	-	-	-	23,259	46,044
Cultural and Recreation Donations	19,030	-	-	-	-	-	-	19,030
Other	24,124	-	-	-	-	-	-	24,124
Unassigned	5,697,784	-	-	-	-	-	-	5,697,784
Total	\$ 5,844,777	\$ 669,982	\$ 317,346	\$ 2,691,587	\$ 2,184,851	\$ (28,872)	\$ 437,561	\$ 12,117,232

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When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed resources would be considered spent first (if available), followed by assigned resources (if available), and then unassigned resources, as appropriate opportunities arise. However, the City reserves the right to selectively spend unassigned resources to defer the use of these other classified funds.

It is the desire of the City to maintain adequate fund balance to maintain liquidity in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 60 days (16%) of budgeted revenues.

P. Net Position

Net position represents the difference between assets and liabilities of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as 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 position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

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

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

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

Q. Prior Period Adjustment

The beginning net position of the business-type activities as been restated on both the government-wide statement of activities and the Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position as a result of revenues earned in prior

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periods for water and wastewater impact fees not being reported at the time they were collected.

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 position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.” The details of the \$31,183,469 difference are as follows:

Bonds payable	\$ 28,103,833
Special assessment debt	1,845,000
Unamortized premium/discounts on bonds	401,077
Capital leases	372,918
Compensated absences	324,479
Interest payable	<u>136,161</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 31,183,469</u>

Another element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$59,825,340 are as follows:

Land	\$ 1,362,742
Construction in progress	1,390,327
Buildings	22,112,352
Improvements	16,170,537
Vehicles, machinery, and equipment	5,808,397
Infrastructure	33,192,798
Less accumulated depreciation	<u>(20,211,813)</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 59,825,340</u>

Another element of that reconciliation explains that “other long-term assets are not available to pay for current period expenditures, and therefore, are reported as unavailable revenue in the governmental funds balance sheet.” The details of this \$604,162 are as follows:

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Property taxes	\$ 94,522
Ambulance	172,719
Courts	71,355
Loan payable from component unit	<u>265,566</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 604,162</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 position 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. In addition governmental funds report cash proceeds from the disposal of capital assets as revenues, while only the net gain/loss on the transaction is reported in the statement of activities. Depreciation expense on capital assets is reported in the statement of activities but does not require current financial resources. Therefore depreciation expenses is not reported as expenditures in the governmental funds.” The details of this \$7,507,503 difference are as follows:

Capital outlay	\$ 11,073,660
Depreciation expense	<u>(3,566,157)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	<u>\$ 7,507,503</u>

Another element of that reconciliation states that “certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.” The details of this \$610,059 difference is as follows:

Property taxes	\$ 94,522
Ambulance	172,719
Courts	71,355
Other	5,897
Loan payable from component unit	<u>265,566</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	<u>\$ 610,059</u>

Another element of that reconciliation states “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of

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long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net position. 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 \$ 1,758,075 difference are as follows:

Debt issued:	
G.O. Bonds, C.O.’s, plus premiums	\$ (501,073)
Principal repayments	
G.O. Bonds, C.O.’s	1,581,779
Special assessment debt	140,000
Capital Leases	118,073
Notes Payable transferred to component unit	<u>419,296</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position – governmental activities	<u>\$1,758,075</u>

Another element of that reconciliation states “current changes in long-term liabilities for compensated absences do not require the use of current financial resources” and “current changes in accrued interest payables do not require the use of current financial resources”, therefore neither are not reported as expenditures in governmental funds. The details of this (\$154,201) difference are as follows:

Compensated absences	\$ 9,652
Accrued interest	<u>(163,763)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>(\$ 154,201)</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

For the year ended September 30, 2013, the Briarwyck Public Improvement District, a major fund, has a deficit fund balance of \$28,872. The Briarwyck PID Fund is used to account for the receipt of funds for special assessment collections for the repayment of debt service on obligations issued to pay the costs of the capital improvements. It is unusual for this fund to report a deficit. The deficit is expected to be eliminated as resources are obtained (e.g., revenues) to make the scheduled debt service principal and interest payments.

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4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits – State statutes require that all deposits in financial institutions or fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a fair market value of not less than the principal amount of the deposits. At September 30, 2013, the carrying amount of the City’s deposits was \$12,251,304 and the respective bank balances totaled \$12,958,529.

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

For fiscal year 2013, 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 Denton County Appraisal District at 100% of its estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2013, were 99.84% of the adjusted tax levy. Allocations of property tax levy by purpose for 2013 and the preceding year are as follows (amounts per \$100 assessed value):

CITY OF ROANOKE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Property Tax Rates:

	<u>2013</u>	<u>2012</u>
General Fund	\$.14913	\$.14887
Debt Service	<u>.22599</u>	<u>.22625</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:

Receivables	General	Debt Service	Briarwyck PID	Nonmajor Governmental	Water and Wastewater	Sanitation	Total
Taxes	\$ 1,188,636	\$ 15,044	\$ 62,899	\$ 23,907	\$ -	\$ -	\$ 1,290,486
Accounts	313,733	-	-	-	555,342	236	869,311
Net total receivables	\$ 1,502,369	\$ 15,044	\$ 62,899	\$ 23,907	\$ 555,342	\$ 236	\$ 2,159,797

CITY OF ROANOKE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

D. Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,362,742	\$ -	\$ -	\$ -	\$ 1,362,742
Construction in progress	6,728,022	1,265,567	(6,603,262)		1,390,327
Total capital assets not being depreciated	8,090,764	1,265,567	(6,603,262)	-	2,753,069
Capital assets being depreciated					
Buildings/Structures	18,124,982	3,983,119	-	4,251	22,112,352
Improvements other than buildings	16,170,537				16,170,537
Vehicles	4,305,277	243,962	(53,171)	(568,462)	3,927,606
Machinery and equipment	1,220,627	128,171	(20,943)	552,936	1,880,791
Infrastructure	21,124,979	12,056,544		11,275	33,192,798
Total capital assets being depreciated	60,946,402	16,411,796	(74,114)	-	77,284,084
Less accumulated depreciation					
Buildings/Structures	(5,865,081)	(828,055)		(1,905)	(6,695,041)
Improvements other than buildings	(2,018,325)	(808,527)			(2,826,852)
Vehicles	(3,323,486)	(311,331)	46,771	648,578	(2,939,468)
Machinery and equipment	(339,614)	(185,066)	20,943	(641,922)	(1,145,659)
Infrastructure	(5,166,863)	(1,433,179)		(4,751)	(6,604,793)
Total accumulated depreciation	(16,713,369)	(3,566,158)	67,714	-	(20,211,813)
Total capital assets being depreciated, net	44,233,033	12,845,638	(6,401)	-	57,072,271
Governmental activities capital assets, net	52,323,797	14,111,205	(6,609,663)	-	59,825,340
Business-type activities					
Capital assets not being depreciated					
Land	-	-	-	-	-
Construction in progress	301,148	-	(301,148)	-	-
Total capital assets not being depreciated	301,148	-	(301,148)	-	-
Capital assets being depreciated					
Utility System	23,233,218	4,078,479	-	-	27,311,697
Vehicles	722,259	-	-	(261,347)	460,912
Machinery and equipment	-	31,066	-	261,347	292,413
Total capital assets being depreciated	23,955,477	4,109,545	-	-	28,065,022
Less accumulated depreciation					
Utility System	(10,154,574)	(750,667)	-	-	(10,905,241)
Vehicles	(434,936)	(32,867)	-	206,538	(261,265)
Machinery and equipment	-	(12,136)	-	(206,538)	(218,674)
Total accumulated depreciation	(10,589,510)	(795,670)	-	-	(11,385,180)
Total capital assets being depreciated, net	13,365,967	3,313,875	-	-	16,679,842
Business-type activities capital assets, net	\$ 13,667,115	\$ 3,313,875	\$ (301,148)	\$ -	\$ 16,679,842

CITY OF ROANOKE, TEXAS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,930,552
Public safety	671,898
Cultural and recreation	461,853
Public works	<u>501,855</u>
Total depreciation expense – governmental activities	<u>\$ 3,566,158</u>
Business-type activities:	
Water and Sewer	<u>\$ 795,670</u>
Total depreciation expense – business-type activities	<u>\$ 795,670</u>

Construction Commitments

Outstanding commitments at September 30, 2013 under authorized construction contracts were approximately \$2,001,859. The outstanding commitments for the projects were funded primarily from bond proceeds.

E. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

A summary of due to/from other funds for the year ended September 30, 2013 is as follows:

<u>Fund/Component Unit</u>	<u>Due to</u>	<u>Due from</u>
General Fund	\$ -	\$ 273,059
Component Unit	<u>273,059</u>	<u>-</u>
Total	<u>\$ 273,059</u>	<u>\$ 273,059</u>

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

Loan Payable

A summary of advance to/from component units for the year ended September 30, 2013 is as follows:

<u>Fund/Component Unit</u>	<u>Advance to</u>	<u>Advance from</u>
General Fund	\$ 265,566	\$ -
REIDC	<u>-</u>	<u>265,566</u>
Total	<u>\$ 265,566</u>	<u>\$ 326,566</u>

CITY OF ROANOKE, TEXAS
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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

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

Transfers between funds for the year ended September 30, 2013 were as follows:

	Transfers in							Subtotal
	<i>Major Governmental</i>					Non-major	Governmental	
	General	Facilities CIP	Streets CIP	Parks CIP	Briarwyck PID			
Transfers out								
General	\$ -	\$ -	\$ 520,000	\$ 650,254	\$ 214,000	\$ 280,701	\$ -	\$ 1,664,955
Debt Service	-	442,900	3,452,100	-	-	-	-	3,895,000
Facilities CIP	-	-	102,917	-	-	-	-	102,917
Non-major governmental	70,000	-	-	-	-	-	-	70,000
Total transfers in	\$ 70,000	\$ 442,900	\$ 4,075,017	\$ 650,254	\$ 214,000	\$ 280,701	\$ -	\$ 5,732,872

	Transfers in			
	<i>Major Enterprise</i>			Total
	Water and Wastewater	Sanitation	Subtotal Proprietary	
Transfers out				
General	\$ 267,413	\$ 45,000	\$ 312,413	\$ 1,977,368
Debt Service	-	-	-	3,895,000
Facilities CIP	-	-	-	102,917
Non-major governmental	-	-	-	70,000
Total transfers in	\$ 267,413	\$ 45,000	\$ 312,413	\$ 6,045,285

All transfers were routine budgeted transfers done in the course of normal City operations. Transfers are used to 1) transfer funds to the computer and equipment replacement funds for computer, vehicle, and equipment purchases, 2) transfer funds to the Water and Wastewater fund for expenses related to the streets department, 3) transfer funds to the capital project funds for various facility, street, and park projects, 4) transfer funds to the Briarwyck PID for the Marshall Creek Bridge project, 5) transfer funds to the Sanitation Fund to cover a portion of the operating costs associated with this service, and 6) transfer funds to the General Fund to cover costs associated with the Roanoke Visitor's Center and Museum.

F. 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.

CITY OF ROANOKE, TEXAS
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The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

	Governmental	Business-Type	Total
2014	\$ 78,696	\$ 28,756	\$ 107,452
2015	78,696	28,757	107,453
2016	72,722	28,757	101,479
2017	54,802	28,757	83,558
2018	54,802	28,757	83,558
2019	54,802	21,567	76,369
2020	27,401	-	27,401
Total	421,921	165,350	587,271
Less interest	(49,003)	(20,525)	(69,528)
Present value of remaining payments	\$ 372,918	\$ 144,825	\$ 517,743

G. Long-term Debt

A summary of long-term debt transactions, including current portion, for the year September 30, 2013, is as follows:

	Balance Beginning of Year	Increases	Decreases	Adjustments	Balance End of Year	Due within One Year
Governmental activities						
General obligation bonds	\$ 6,947,542	\$ -	\$ (654,526)	\$(1,419,998)	\$ 4,873,018	\$ 665,191
Certificates of obligation	22,765,674	-	(927,253)	1,392,395	23,230,816	957,496
Special assessment bonds	1,985,000	-	(140,000)	-	1,845,000	150,000
Capital leases	490,991	-	(118,073)	-	372,918	64,387
Premium on bonds	-	501,895	(100,211)	-	401,684	32,669
Discount on bonds	-	(823)	216	-	(607)	(43)
Compensated absences	334,040	369,436	(378,997)	-	324,479	324,479
Total governmental activities	32,523,247	870,508	(2,318,844)	(27,603)	31,047,308	2,194,178
Business-type activities						
General obligation refunding bonds	1,937,458	-	(190,475)	-	1,746,983	194,809
Certificates of obligation	3,869,326	-	(177,747)	27,603	3,719,182	187,504
Capital leases	166,397	-	(21,571)	-	144,826	22,566
Premium on bonds	-	252,165	(61,767)	-	190,398	18,206
Discount on bonds	-	(2,979)	784	-	(2,195)	(157)
Compensated absences	27,766	47,181	(42,755)	-	32,192	32,192
Total business-type activities	6,000,947	296,367	(493,531)	27,603	5,831,386	455,120
Total primary government	\$38,524,194	\$1,166,875	\$(2,812,375)	\$ -	\$36,878,694	\$2,649,299

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

CITY OF ROANOKE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

General Obligation Bonds and Certificates of Obligation

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.

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2013 are as follows:

General Obligation Bonds:

Fiscal Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2014	\$ 665,191	\$ 171,635	\$ 194,809	\$ 50,265	\$ 1,081,900
2015	412,778	137,391	202,222	67,309	819,700
2016	426,460	125,084	208,540	61,166	821,250
2017	436,849	112,371	213,151	54,829	817,200
2018	450,617	99,338	219,383	48,362	817,700
2019	461,039	85,881	223,961	41,719	812,600
2020	480,561	67,346	234,439	32,854	815,200
2021	504,521	47,846	250,479	23,754	826,600
2022	510,000	41,400	-	-	551,400
2023	525,000	21,000	-	-	546,000
	<u>\$ 4,873,017</u>	<u>\$ 909,291</u>	<u>\$ 1,746,983</u>	<u>\$ 380,259</u>	<u>\$ 7,909,550</u>

Certificates of Obligation:

Fiscal Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2014	\$ 957,496	\$ 831,669	\$ 187,504	\$ 155,133	\$ 2,131,803
2015	1,279,931	796,943	215,070	146,784	2,438,728
2016	1,323,027	752,740	221,974	137,288	2,435,028
2017	1,372,205	703,466	232,796	127,486	2,435,953
2018	1,421,175	654,528	243,825	118,175	2,437,703
2019	1,474,271	603,756	250,729	108,422	2,437,178
2020	1,528,242	551,135	261,759	98,392	2,439,528
2021	1,576,784	496,254	273,217	87,878	2,434,133
2022	1,630,326	441,555	284,675	76,858	2,433,413
2023	1,693,868	384,560	296,133	65,328	2,439,888
2024	2,301,981	324,238	308,019	53,284	2,987,523
2025	2,384,459	237,849	320,542	40,321	2,983,170
2026	2,352,365	145,175	332,636	26,775	2,856,950
2027	1,934,690	63,575	290,310	12,548	2,301,123
	<u>\$ 23,230,816</u>	<u>\$ 6,987,443</u>	<u>\$ 3,719,185</u>	<u>\$ 1,254,672</u>	<u>\$ 35,192,115</u>

CITY OF ROANOKE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, 2013 are as follows:

Special Assessment Bonds:

Fiscal Year	Principal	Interest	Total
2014	\$ 150,000	\$ 85,977	\$ 235,977
2015	155,000	78,987	233,987
2016	165,000	71,764	236,764
2017	170,000	64,075	234,075
2018	180,000	56,153	236,153
2019	185,000	47,765	232,765
2020	195,000	39,144	234,144
2021	205,000	30,057	235,057
2022	215,000	20,504	235,504
2023	225,000	10,485	235,485
	<u>\$ 1,845,000</u>	<u>\$ 504,911</u>	<u>\$ 2,349,911</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, 2013, are as follows:

CITY OF ROANOKE, TEXAS
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Texas Leverage Funds:

Fiscal Year	Principal	Interest	Total
2014	\$ 126,211	\$ 7,787	\$ 133,998
2015	121,859	3,624	125,483
2016	30,680	1,140	31,820
2017	18,363	198	18,561
	\$ 297,113	\$ 12,749	\$ 309,862

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. EMPLOYEE RETIREMENT SYSTEM

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

CITY OF ROANOKE, TEXAS
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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 TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on the TMRS website at www.TMRS.com.

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

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
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.

CITY OF ROANOKE, TEXAS
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The annual pension cost and net pension obligation/(asset) are as follows:

Annual pension cost (APC)	\$ 921,791
Contributions made	921,791
Increase (decrease) in net pension obligation (NPO)	-
Net pension obligation (asset) - beginning of year	-
Net pension obligation - end of year	\$ -

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

<u>Valuation Date</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
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
Remaining amortization period	27.3 years - closed	26.5 years - closed	25.7 years-closed
Amortization for new 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/svc	Varies by age/svc	Varies by age/svc
Inflation	3.00%	3.00%	3.00%
Cost-of-Living adjustments	2.1%	2.1%	2.1%

For cities with repeating features in their plans, changes in valuation methodology would likely result initially in higher contributions and lower funded ratios. However the funded ratio should show steady improvement over time. The City has adopted the updated service credit and annuity increase provisions on an annually repeating basis. The schedule of funding progress, presented as Required Supplementary Information immediately 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 for benefits.

The funded status of the plan is presented as follows as of the actuarial valuation dated December 31:

<u>Valuation Dated</u> <u>December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
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%
12/31/2012	\$ 12,984,017	\$ 17,022,480	76.3%	\$ 4,038,463	\$ 7,141,777	56.5%

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.

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

The City has an agreement with the Trinity River Authority 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 legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

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, 2013 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	<u>\$ 407,657</u>
Total cash investments	<u>\$ 407,657</u>

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

CITY OF ROANOKE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

B. Cash and Investments

A summary of long-term debt transactions, including current portion, for the year September 30, 2013, is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Component unit activities					
Sales tax revenue bonds	\$ 7,050,000	\$ -	\$ -	\$ 7,050,000	\$ -
Notes Payable	419,294	-	(122,181)	297,113	126,211
Premium on bonds	-	-	-	-	-
Discount on bonds	-	-	-	-	-
Total component units	<u>\$ 7,469,294</u>	<u>\$ -</u>	<u>\$ (122,181)</u>	<u>\$ 7,347,113</u>	<u>\$ 126,211</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, 2013 are as follows:

Fiscal Year	Component Units		Total
	Principal	Interest	
2014	\$ -	\$ 444,284	\$ 444,284
2015	190,000	444,284	634,284
2016	195,000	438,128	633,128
2017	205,000	431,046	636,046
2018	215,000	422,677	637,677
2019	220,000	413,475	633,475
2020	235,000	402,959	637,959
2021	245,000	391,374	636,374
2022	255,000	378,560	633,560
2023	270,000	364,714	634,714
2024	285,000	348,514	633,514
2025	305,000	331,414	636,414
2026	320,000	313,114	633,114
2027	340,000	293,914	633,914
2028	365,000	269,777	634,777
2029	390,000	243,866	633,866
2030	420,000	216,180	636,180
2031	450,000	186,364	636,364
2032	480,000	154,419	634,419
2033	515,000	119,863	634,863
2034	555,000	82,789	637,789
2035	595,000	42,834	637,834
	<u>\$ 7,050,000</u>	<u>\$ 6,734,549</u>	<u>\$ 13,784,549</u>

CITY OF ROANOKE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

C. Capital Assets

Capital asset activity for the year ended September 30, 2013 was as follows:

Component Unit	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Total capital assets not being depreciated	50,000	-	-	-	50,000
Capital assets being depreciated					
Buildings/Structures	420,566	-	(420,566)	-	-
Total capital assets being depreciated	420,566	-	(420,566)	-	-
Less accumulated depreciation					
Buildings/Structures	(42,056)	-	42,056	-	-
Total accumulated depreciation	(42,056)	-	42,056	-	-
Total capital assets being depreciated, net	378,510	-	(378,510)	-	-
Governmental activities capital assets, net	\$ 428,510	\$ -	\$ (378,510)	\$ -	\$ 50,000

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, 2013, consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ <u>192,834</u>
Total cash investments	\$ <u>192,834</u>

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

CITY OF ROANOKE, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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, 2013 consist of and are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and cash equivalents	<u>\$ 349,120</u>
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.

13. SUBSEQUENT EVENTS

Early in FY2014, the City executed a current refunding in the amount of \$2,620,000 of series 2005 combination tax and revenue certificates of obligation. The bonds were refunded with \$2,600,000 Series 2013 General Obligation Refunding Bonds dated December 1, 2013 bearing interest rates ranging from 2.00% to 3.75%. The refunding was undertaken to reduce total debt service payments over the next 12 years by \$238,708.

The City also issued Series 2013 Combination Tax and Revenue Certificates of Obligation in the amount of \$3,650,000 dated December 1, 2013 bearing interest rates of 2.00% to 4.00%. These bonds were issued to 1) construct and improve streets, roads, including related drainage, landscaping, lighting, and signage; 2) constructing and equipping a new city hall, including parking and landscaping; and 3) for paying for legal, fiscal, architectural, and engineering and other professional services in connection with these project.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

CITY OF ROANOKE TEXAS
 SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION IN
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SEPTEMBER 30, 2013

<u>Valuation Dated December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
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%
12/31/2012	\$ 12,984,017	\$ 7,022,480	76.3%	\$ 4,038,463	\$ 7,141,777	56.5%

CITY OF ROANOKE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	Amounts	Positive(Negative)
REVENUES				
General property tax	\$ 1,748,787	\$ 1,748,787	\$ 1,830,309	\$ 81,522
General sales tax	5,500,000	5,500,000	6,868,566	1,368,566
Gross receipts tax	1,507,842	1,507,842	1,372,199	(135,643)
Licenses and permits	597,000	597,000	1,096,788	499,788
Intergovernmental	30,000	30,000	40,785	
Charges for services	1,113,000	1,113,000	1,120,448	7,448
Grants and awards	3,252,430	3,252,430	3,252,430	-
Fines and Fees	409,710	409,710	768,884	359,174
Investment income	7,000	7,000	4,070	(2,930)
Donations	3,500	3,500	55,889	52,389
Other revenue	75,000	75,000	512,033	437,033
Total revenues	14,244,269	14,244,269	16,922,401	2,667,347
EXPENDITURES				
Current:				
General government	2,661,965	2,686,965	2,543,797	143,168
Public safety	6,915,986	6,936,381	6,407,064	529,317
Cultural and recreation	3,293,791	3,293,791	2,967,554	326,237
Public works	972,881	1,040,881	997,367	43,514
Capital outlay	-	-	108,294	(108,294)
Total expenditures	13,844,623	13,958,018	13,024,076	933,942
Excess (deficiency) of revenues over (under) expenditures	399,646	286,251	3,898,325	3,601,289
OTHER FINANCING SOURCES (USES)				
Transfers in	70,000	70,000	70,000	-
Transfers out	(1,763,368)	(1,977,368)	(1,977,368)	-
Total other financing sources (uses), net	(1,693,368)	(1,907,368)	(1,907,368)	-
Net changes in fund balances	(1,293,722)	(1,621,117)	1,990,957	3,601,289
Fund balances, beginning of year	3,853,820	3,853,820	3,853,820	-
Fund balances (deficits), end of year	\$ 2,560,098	\$ 2,232,703	\$ 5,844,777	\$ 3,601,289

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

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
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013**

	Special Revenue						Total Nonmajor Governmental Funds
	Hotel Motel	Vehicle Replacement	Fire Grants	Computer Replacement	Police Grants	Police Seizure	
ASSETS							
Cash and cash equivalents	\$ 67,931	\$ 293,227	\$ 6,879	\$ 29,237	\$ 1,507	\$ 16,076	\$ 414,857
Investments	-	-	-	-	-	-	-
Accounts receivable	23,907	-	-	-	-	-	23,907
Prepays	-	-	-	-	-	-	-
Total assets	<u>91,838</u>	<u>293,227</u>	<u>6,879</u>	<u>29,237</u>	<u>1,507</u>	<u>16,076</u>	<u>438,764</u>
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	1,202	1,202
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,202</u>	<u>1,202</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Assigned	91,838	293,227	6,879	29,237	1,507	14,874	437,562
Total fund balances	<u>91,838</u>	<u>293,227</u>	<u>6,879</u>	<u>29,237</u>	<u>1,507</u>	<u>14,874</u>	<u>437,562</u>
Total liabilities and fund balances	<u>\$ 91,838</u>	<u>\$ 293,227</u>	<u>\$ 6,879</u>	<u>\$ 29,237</u>	<u>\$ 1,507</u>	<u>\$ 16,076</u>	<u>\$ 438,764</u>

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

CITY OF ROANOKE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Hotel Motel	Vehicle Replacement	Fire Grants	Computer Replacement	Police Grants	Police Seizure	
REVENUES							
Occupancy tax	\$ 159,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,651
Grants	-	-	17,334	-	436	-	17,770
Donations	-	-	-	-	-	-	-
Other Revenue	-	6,600	-	-	-	10,848	17,448
Investment income	-	-	-	-	-	-	-
Total revenues	<u>159,651</u>	<u>6,600</u>	<u>17,334</u>	<u>-</u>	<u>436</u>	<u>10,848</u>	<u>194,869</u>
EXPENDITURES							
General government	24,500	56,014	-	42,621	-	-	123,135
Public safety	-	-	17,334	-	1,760	600	19,694
Cultural and recreation	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Capital outlay	-	244,516	-	-	-	-	244,516
Total expenditures	<u>24,500</u>	<u>300,530</u>	<u>17,334</u>	<u>42,621</u>	<u>1,760</u>	<u>600</u>	<u>387,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>135,151</u>	<u>(293,930)</u>	<u>-</u>	<u>(42,621)</u>	<u>(1,324)</u>	<u>10,248</u>	<u>(192,476)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	238,876	-	41,825	-	-	280,701
Transfers out	(70,000)	-	-	-	-	-	(70,000)
Total other financing sources (uses)	<u>(70,000)</u>	<u>238,876</u>	<u>-</u>	<u>41,825</u>	<u>-</u>	<u>-</u>	<u>210,701</u>
Net change in fund balances	65,151	(55,054)	-	(796)	(1,324)	10,248	18,225
Fund balances, beginning of year	<u>26,687</u>	<u>348,281</u>	<u>6,879</u>	<u>30,033</u>	<u>2,831</u>	<u>4,626</u>	<u>419,337</u>
Fund balances, end of year	<u>\$ 91,838</u>	<u>\$ 293,227</u>	<u>\$ 6,879</u>	<u>\$ 29,237</u>	<u>\$ 1,507</u>	<u>\$ 14,874</u>	<u>\$ 437,562</u>

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

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, 2013**

		REIDC
ASSETS		
Cash and cash equivalents	\$	407,657
Investments		-
Receivables:		-
Due from other governments		544,463
Due from developer		400,000
Total assets		1,352,120
DEFERRED OUTFLOW OF RESOURCES		
Payable to primary government		265,566
Total deferred outflows of resources		265,566
LIABILITIES		
Accounts payable		525
Due to primary government		273,059
Unavailable revenue		400,000
Other liabilities		-
Total liabilities		673,584
FUND BALANCES		
Assigned		944,102
Total fund balances		944,102
Total liabilities and fund balances	\$	1,617,686

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

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF THE ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

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

Total fund balance - governmental fund	\$	944,102
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		478,510
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(55,536)
Gain on sale of capital assets		21,490
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements		(7,365,566)
Net position of governmental activities	<u>\$</u>	<u>(5,977,000)</u>

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

CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ROANOKE ECONOMIC INDUSTRIAL DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	REIDC
REVENUES	
Sales and use tax	\$ 3,434,283
Investment income	572
Rental income	237,000
Miscellaneous income	6,517
Total revenues	3,678,372
EXPENDITURES	
Economic development	2,670,364
Debt service	
Principal	-
Interest & fiscal charges	494,684
Total expenditures	3,165,048
Excess (deficiency) of revenues over (under) expenditures	513,324
OTHER FINANCING SOURCES (USES)	
Transfers in	-
Transfers out	-
Total other financing sources (uses), net	-
Net changes in fund balances	513,324
Fund balances, beginning of year	430,778
Fund balances, end of year	\$ 944,102

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

**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, 2013**

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

Net change in Fund Balance - total governmental funds	\$	513,324
 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. In addition, governmental funds report cash proceeds from the disposal of capital assets as revenues, while only the net gain/loss on the transaction is reported in the statement of activities. This is the amount of capital expenditures and disposals recorded in the current period.		 (420,566)
 Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expenses are not reported as expenditures in the governmental funds.		 42,056
 Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund.		 400,000
 The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.		 -
 The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		 50,000
 Governmental funds report the effect of debt premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		 -
 Current year changes in accrued interest payables do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		 (55,536)
 Change in net position of governmental activities	 <u>\$</u>	 <u>529,278</u>

The notes to the basic financial statements are an integral part of these statements.

**CITY OF ROANOKE, TEXAS
BALANCE SHEET
ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2013**

		RCEDC
ASSETS		
Cash and cash equivalents	\$	192,834
Investments		-
Receivables:		
Due from other governments		544,463
Prepays		11,167
Total assets		748,464
 LIABILITIES		
Accounts payable		-
Other liabilities		-
Total liabilities		-
 FUND BALANCES		
Nonspendable		11,167
Assigned		737,297
Total fund balances		748,464
 Total liabilities and fund balances	 \$	 748,464

The notes to the basic financial statements are an integral part of these statements.

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF THE ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

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

Total fund balance - governmental fund	\$	748,464
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		-
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		-
Other long-term assets are not available to pay for current-period expenditures, and, therefore, are reported as unavailable revenue in the governmental funds balance sheet		-
Long-term liabilities, including bonds payable, are not due and payable in the current period, therefore are not reported in the governmental fund financial statements		(297,113)
Net position of governmental activities	\$	451,351

The notes to the basic financial statements are an integral part of these statements.

CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	RCEDC
REVENUES	
Sales and use tax	\$ 3,434,283
Investment income	556
Total revenues	3,434,839
EXPENDITURES	
Economic development	3,411,772
Total expenditures	3,411,772
Excess (deficiency) of revenues over (under) expenditures	23,067
OTHER FINANCING SOURCES (USES)	
Transfers in	-
Transfers out	-
Total other financing sources (uses), net	-
Net changes in fund balances	23,067
Fund balances, beginning of year	725,397
Fund balances, end of year	\$ 748,464

The notes to the basic financial statements are an integral part of these statements.

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE
ROANOKE COMMUNITY ECONOMIC DEVELOPMENT CORPORATION
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

Net change in fund balance - total governmental funds	\$	23,067
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, governmental funds report cash proceeds from the disposal of capital assets as revenues, while only the net gain/loss on the transaction is reported in the statement of activities. This is the amount of capital expenditures and disposals recorded in the current period.</p>		
		-
<p>Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expenses are not reported as expenditures in the governmental funds.</p>		
		-
<p>Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund.</p>		
		-
<p>The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.</p>		
		(419,294)
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.</p>		
		122,181
<p>Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.</p>		
		-
<p>Current year changes in accrued interest payables do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.</p>		
		-
Change in net position of governmental activities	\$	(274,046)

The notes to the basic financial statements are an integral part of these statements.

**CITY OF ROANOKE, TEXAS
BALANCE SHEET
AL AND LULA MAE SLAUGHTER PARK FOUNDATION
SEPTEMBER 30, 2013**

	Slaughter Park
ASSETS	
Cash and cash equivalents	\$ 381,555
Total assets	381,555
 LIABILITIES	
Liabilities	
Accounts Payable	-
Other liabilities	-
Total liabilities	-
 FUND BALANCES	
Assigned	381,555
Total fund balances	381,555
Total liabilities and fund balances	\$ 381,555

The notes to the basic financial statements are an integral part of these statements.

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF AL & LULA MAE SLAUGHTER PARK FOUNDATION
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013**

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

Total fund balance	\$	381,555
Net position of governmental activities	<u>\$</u>	<u>381,555</u>

The notes to the basic financial statements are an integral part of these statements.

CITY OF ROANOKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AL AND LULA MAE SLAUGHTER PARK FOUNDATION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Slaughter Park
REVENUES	
Rents and royalties	\$ 34,157
Investment income	202
	34,359
Total revenues	34,359
EXPENDITURES	
General government	1,924
	1,924
Total expenditures	1,924
Excess (deficiency) of revenues over (under) expenditures	32,435
OTHER FINANCING SOURCES (USES)	
Transfers in	-
Transfers out	-
	-
Total other financing sources (uses)	-
Net changes in fund balances	32,435
Fund balances, beginning of year	349,120
Fund balances, end of year	\$ 381,555

The notes to the basic financial statements are an integral part of these statements.

**CITY OF ROANOKE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE AL & LULA MAE SLAUGHTER PARK
FOUNDATION TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

Net change in fund balance - total governmental funds	\$	32,435
Change in net position of governmental activities	<u>\$</u>	<u>32,435</u>

The notes to the basic financial statements are an integral part of these statements.



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	78-82
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	83-86
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	87-91
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	92-93
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	94-96
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

CITY OF ROANOKE, TEXAS
NET POSITION BY COMPONENT-LAST TEN FISCAL YEARS
(Accrual basis of accounting - unaudited)

TABLE 1

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,656,197	\$ 4,695,973	\$ 6,936,783	\$ 1,469,813	\$ 2,811,859	\$ 7,361,797	\$ 12,611,396	\$ 20,484,900	\$ 21,700,296	\$ 29,503,588
Restricted	3,937,380	1,667,555	3,160,803	10,177,592	13,257,088	9,116,153	5,309,986	8,991,311	7,612,427	3,398,251
Unrestricted	588,511	340,581	284,757	133,180	497,056	1,676,328	1,320,173	1,320,336	2,056,435	8,461,426
Total governmental activities net position	\$ 6,182,088	\$ 6,704,109	\$ 10,382,343	\$ 11,780,585	\$ 16,566,003	\$ 18,154,278	\$ 19,241,555	\$ 30,796,547	\$ 31,369,158	\$ 41,363,265
Business-type activities										
Invested in capital assets, net of related debt	\$ 9,673,631	\$ 10,136,610	\$ 6,929,702	\$ 5,516,230	\$ 5,467,955	\$ 7,978,558	\$ 8,249,596	\$ 7,994,245	\$ 7,693,934	\$ 11,213,677
Restricted	641,938	-	114,393	912,705	2,727,722	493,436	74,448	7,549	32,615	285,117
Unrestricted	256,009	(18,615)	(78,213)	(104,897)	523,962	(361,379)	(762,150)	(370,229)	167,322	621,404
Total business-type activities net position	\$ 10,571,578	\$ 10,117,995	\$ 6,965,882	\$ 6,324,038	\$ 8,719,639	\$ 8,110,615	\$ 7,561,894	\$ 7,631,565	\$ 7,893,871	\$ 12,120,198
Primary government activities										
Invested in capital assets, net of related debt	\$ 11,329,828	\$ 14,832,583	\$ 13,866,485	\$ 6,986,043	\$ 8,279,814	\$ 15,340,355	\$ 20,860,992	\$ 28,479,145	\$ 29,394,230	\$ 40,717,265
Restricted	4,579,318	1,667,555	3,275,196	11,090,297	15,984,810	9,609,589	5,384,434	8,998,860	7,645,042	3,683,368
Unrestricted	844,520	321,966	206,544	28,283	1,021,018	1,314,949	558,023	950,107	2,223,757	9,082,830
Total primary governmental activities net position	\$ 16,753,666	\$ 16,822,104	\$ 17,348,225	\$ 18,104,623	\$ 25,285,642	\$ 26,264,893	\$ 26,803,449	\$ 38,428,112	\$ 39,263,029	\$ 53,483,463

Source: Comprehensive Annual Financial Reports

CITY OF ROANOKE, TEXAS
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(Accrual basis of accounting-unaudited)

TABLE 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 1,397,476	\$ 1,366,560	\$ 1,617,067	\$ 1,723,626	\$ 2,239,034	\$ 2,151,342	\$ 2,362,257	\$ 2,371,123	\$ 2,701,075	\$ 4,583,873
Public Safety	3,632,108	3,983,140	4,513,411	5,103,669	5,565,576	5,890,444	6,237,787	6,249,662	7,056,489	6,983,951
Cultural and recreation	701,173	1,130,927	2,288,182	2,493,625	2,833,632	3,090,806	3,192,716	3,229,804	4,010,026	3,708,246
Public works	273,006	627,854	839,798	885,933	952,068	1,237,478	1,319,586	1,363,265	1,814,679	1,525,117
Interest on long-term debt	548,801	554,832	788,801	1,109,311	862,460	1,321,133	1,211,878	1,100,821	1,125,864	1,621,281
Total governmental activities expenses	<u>6,552,564</u>	<u>7,663,313</u>	<u>10,047,259</u>	<u>11,316,164</u>	<u>12,452,770</u>	<u>13,691,203</u>	<u>14,324,224</u>	<u>14,314,675</u>	<u>16,708,133</u>	<u>18,422,468</u>
Business-type activities										
Water/Wastewater	2,287,498	2,610,310	3,345,463	3,422,882	3,804,238	4,084,247	4,341,602	4,834,989	4,775,631	5,725,076
Sanitation	-	-	-	31,920	32,569	40,834	59,364	34,168	26,440	24,541
Total business-type activities expenses	<u>2,287,498</u>	<u>2,610,310</u>	<u>3,345,463</u>	<u>3,454,802</u>	<u>3,836,807</u>	<u>4,125,081</u>	<u>4,400,966</u>	<u>4,869,157</u>	<u>4,802,071</u>	<u>5,749,617</u>
Total primary government expenses	<u>\$ 8,840,062</u>	<u>\$ 10,273,623</u>	<u>\$ 13,392,722</u>	<u>\$ 14,770,966</u>	<u>\$ 16,289,577</u>	<u>\$ 17,816,284</u>	<u>\$ 18,725,190</u>	<u>\$ 19,183,832</u>	<u>\$ 21,510,204</u>	<u>\$ 24,172,085</u>
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	\$ 1,414,450	\$ 1,087,103	\$ 1,013,062	\$ 972,566	\$ 1,469,128	\$ 1,279,678	\$ 1,298,060	\$ 1,313,572	\$ 1,526,045	\$ 87,097
Public Safety	216,046	230,464	254,156	312,589	333,190	380,195	389,440	444,612	413,941	1,363,906
Cultural and recreation	50,013	70,287	353,031	510,724	609,799	702,883	627,221	609,625	656,096	847,805
Public works	-	-	-	-	-	-	6,285	-	9,596	1,096,788
Operating grants and contributions	150,666	133,716	146,760	147,663	87,799	373,390	437,531	478,518	379,991	3,591,655
Capital grants and contributions	854,557	1,504,165	1,563,291	2,458,161	4,564,206	2,157,763	2,988,451	13,290,690	2,983,606	7,697,743
Total governmental activities program revenues	<u>2,685,732</u>	<u>3,025,735</u>	<u>3,330,300</u>	<u>4,401,703</u>	<u>7,064,122</u>	<u>4,893,909</u>	<u>5,746,988</u>	<u>16,137,017</u>	<u>5,969,275</u>	<u>14,684,994</u>
Business-type activities										
Charges for Services:										
Water/Wastewater	1,670,124	2,215,105	2,498,590	2,204,357	3,293,431	2,818,752	2,660,458	3,836,029	3,942,610	4,304,793
Sanitation	-	-	-	-	-	-	2,230	1,690	1,705	1,010
Capital grants and contributions	-	660,000	500,000	340,000	2,597,804	900,000	800,000	798,087	828,087	4,300,023
Total business-type activities program revenues	<u>1,670,124</u>	<u>2,875,105</u>	<u>2,998,590</u>	<u>2,544,357</u>	<u>5,891,235</u>	<u>3,718,752</u>	<u>3,462,688</u>	<u>4,635,806</u>	<u>4,772,402</u>	<u>8,605,826</u>
Total primary government program revenues	<u>\$ 4,355,856</u>	<u>\$ 5,900,840</u>	<u>\$ 6,328,890</u>	<u>\$ 6,946,060</u>	<u>\$ 12,955,357</u>	<u>\$ 8,612,661</u>	<u>\$ 9,209,676</u>	<u>\$ 20,772,823</u>	<u>\$ 10,741,677</u>	<u>\$ 23,290,820</u>
Net (Expenses) Revenue										
Governmental activities	\$ (3,866,832)	\$ (4,637,578)	\$ (6,716,959)	\$ (6,914,461)	\$ (5,388,648)	\$ (8,797,294)	\$ (8,577,236)	\$ 1,822,342	\$ (10,738,858)	\$ (3,737,474)
Business-type activities	(617,374)	264,795	(346,873)	(910,445)	2,054,429	(406,329)	(938,278)	(233,351)	(29,669)	2,856,209
Total primary government net expense	<u>\$ (4,484,206)</u>	<u>\$ (4,372,783)</u>	<u>\$ (7,063,832)</u>	<u>\$ (7,824,906)</u>	<u>\$ (3,334,219)</u>	<u>\$ (9,203,623)</u>	<u>\$ (9,515,514)</u>	<u>\$ 1,588,991</u>	<u>\$ (10,768,527)</u>	<u>\$ (881,265)</u>

CITY OF ROANOKE, TEXAS
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(Accrual basis of accounting-unaudited)-Continued

TABLE 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues										
and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,351,327	\$ 2,802,015	\$ 3,046,689	\$ 3,517,747	\$ 4,765,642	\$ 5,023,619	\$ 4,997,327	\$ 4,472,864	\$ 4,721,841	\$ 4,986,506
Sales taxes	1,613,070	2,406,350	3,390,989	3,637,391	4,377,361	3,984,894	3,925,739	4,339,834	5,557,572	6,868,566
Gross receipt taxes	417,347	541,246	686,930	753,838	889,660	1,050,036	1,078,191	1,169,773	1,276,645	1,531,850
Other taxes	6,863	8,676	13,716	15,096	16,957	17,514	21,787	30,911	30,867	40,785
Investment income	48,550	109,881	252,601	606,707	314,143	92,044	30,054	21,904	15,963	11,862
Extraordinary item - Marshall Creek	-	-	-	-	11,626	-	-	-	-	-
Gain/(loss) on sale of assets	-	-	-	-	-	-	-	-	-	5,725
Miscellaneous	-	-	-	-	-	-	-	-	-	179,406
Transfers	306,000	725,958	(7,108)	(218,076)	(201,323)	217,462	(388,585)	(302,636)	(291,419)	106,881
Total governmental activities	<u>4,743,157</u>	<u>6,594,126</u>	<u>7,383,817</u>	<u>8,312,703</u>	<u>10,174,066</u>	<u>10,385,569</u>	<u>9,664,513</u>	<u>9,732,650</u>	<u>11,311,469</u>	<u>13,731,581</u>
Business-type activities										
Impact Fees	-	-	-	-	-	-	-	-	-	327,937
Investment income	7,903	7,580	9,942	48,025	88,202	14,767	972	386	556	802
Extraordinary item - Marshall Creek	-	-	-	-	51,647	-	-	-	-	-
Transfers	(306,000)	(725,958)	7,108	218,076	201,323	(217,462)	388,585	302,636	291,419	312,413
Total business-type activities	<u>(298,097)</u>	<u>(718,378)</u>	<u>17,050</u>	<u>266,101</u>	<u>341,172</u>	<u>(202,695)</u>	<u>389,557</u>	<u>303,022</u>	<u>291,975</u>	<u>641,152</u>
Total primary government	<u>\$ 4,445,060</u>	<u>\$ 5,875,748</u>	<u>\$ 7,400,867</u>	<u>\$ 8,578,804</u>	<u>\$ 10,515,238</u>	<u>\$ 10,182,874</u>	<u>\$ 10,054,070</u>	<u>\$ 10,035,672</u>	<u>\$ 11,603,444</u>	<u>\$ 14,372,733</u>
Change in Net Position										
Governmental activities	\$ 876,325	\$ 1,956,548	\$ 666,858	\$ 1,398,242	\$ 4,785,418	\$ 1,588,275	\$ 1,087,277	\$ 11,554,992	\$ 572,611	\$ 9,994,107
Business-type activities	(915,471)	(453,583)	(329,823)	(644,344)	2,395,601	(609,024)	(548,721)	69,671	262,306	3,497,361
Total primary government	<u>\$ (39,146)</u>	<u>\$ 1,502,965</u>	<u>\$ 337,035</u>	<u>\$ 753,898</u>	<u>\$ 7,181,019</u>	<u>\$ 979,251</u>	<u>\$ 538,556</u>	<u>\$ 11,624,663</u>	<u>\$ 834,917</u>	<u>\$ 13,491,468</u>

Source: Comprehensive Annual Financial Reports

CITY OF ROANOKE, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS
(Modified accrual basis of accounting - Unaudited)

TABLE 3

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ -	\$ 39,830	\$ 53,990	\$ 24,165	\$ 91,214	\$ 80,847	\$ 61,128	\$ 155,730	\$ 37,056	\$ 81,054
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	65,939
Unassigned	520,353	789,695	803,048	827,523	3,043,511	4,526,217	3,345,456	2,777,860	3,816,764	5,697,784
Total general fund	<u>\$ 520,353</u>	<u>\$ 829,525</u>	<u>\$ 857,038</u>	<u>\$ 851,688</u>	<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>	<u>\$ 5,844,777</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,078,592	1,867,672	3,296,061	10,339,622	13,408,469	8,918,751	5,309,986	6,089,515	5,938,841	3,317,197
Committed	-	-	-	-	-	-	-	3,293,740	1,673,586	165,486
Assigned	-	1,571,398	172,328	170,677	113,374	143,033	233,805	267,953	378,314	2,789,772
Total all other governmental funds	<u>\$ 4,078,592</u>	<u>\$ 3,439,070</u>	<u>\$ 3,468,389</u>	<u>\$ 10,510,299</u>	<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>	<u>\$ 6,272,455</u>

Source: Comprehensive Annual Financial Reports

CITY OF ROANOKE, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS
(Modified accrual basis of accounting-unaudited)

TABLE 4

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
General property tax	\$ 2,351,327	\$ 2,802,015	\$ 3,004,001	\$ 3,517,747	\$ 4,765,642	\$ 5,023,619	\$ 4,997,327	\$ 4,472,773	\$ 4,721,841	\$ 4,891,984
General sales tax	1,613,070	2,406,350	3,390,989	3,637,391	4,377,361	3,984,894	3,925,739	4,339,834	5,557,572	6,868,566
Gross receipts tax	424,210	549,922	700,646	768,934	906,617	1,067,550	1,099,978	1,200,684	1,307,512	1,531,850
Licenses and permits	811,648	407,412	213,790	309,548	634,119	541,148	679,342	493,096	738,546	1,096,788
Intergovernmental	-	-	-	-	-	-	-	-	-	40,785
Charges for services	254,586	449,840	789,853	1,029,202	1,181,591	1,341,420	1,252,511	1,408,448	1,377,016	1,120,448
Grants and contributions	860,001	1,608,059	1,643,942	2,582,215	2,590,306	2,307,749	3,173,806	9,975,956	3,254,366	6,160,111
Fines and fees	574,707	492,004	483,084	405,399	439,558	396,251	338,211	413,983	435,748	934,286
Investment income	48,550	109,881	252,601	606,707	314,143	92,044	30,054	21,904	15,963	11,861
Donations	140,626	22,694	56,717	23,609	44,831	18,343	55,624	136,434	40,953	55,889
Other revenue	44,164	45,725	58,008	65,018	168,475	83,937	46,741	102,281	54,368	566,240
Total revenues	7,122,889	8,893,902	10,593,631	12,945,770	15,422,643	14,856,955	15,599,333	22,565,393	17,503,885	23,278,808
EXPENDITURES										
General government	1,146,013	1,456,901	1,606,246	1,698,848	2,176,979	2,070,739	2,309,722	2,262,399	2,593,559	2,666,932
Public safety	3,388,359	3,815,345	4,450,986	5,271,340	5,278,614	5,952,481	6,005,300	5,918,552	6,790,657	6,426,758
Cultural and recreation	698,681	1,002,720	1,952,874	1,984,221	2,211,828	2,480,706	2,562,665	2,530,201	2,824,185	3,246,525
Public works	71,389	335,772	675,264	611,407	577,679	730,965	764,109	788,898	859,262	1,022,449
Debt service:										
Principal	365,000	475,000	665,000	872,094	945,731	1,133,953	8,367,095	1,334,622	1,560,625	1,721,780
Interest & fiscal charges	548,801	554,832	788,801	812,017	863,763	1,321,133	1,185,513	1,116,078	1,103,317	1,346,668
Bond issuance cost	-	-	-	-	-	-	-	-	-	110,850
Capital outlay	2,003,155	3,723,899	2,321,261	2,256,061	6,541,874	4,510,421	6,802,180	13,164,901	6,116,098	6,265,828
Total expenditures	8,221,398	11,364,469	12,460,432	13,505,988	18,596,468	18,200,398	27,996,584	27,115,651	21,847,703	22,807,790
Excess (deficiency) of revenues over (under) expenditures	<u>(1,098,509)</u>	<u>(2,470,567)</u>	<u>(1,866,801)</u>	<u>(560,218)</u>	<u>(3,173,825)</u>	<u>(3,343,443)</u>	<u>(12,397,251)</u>	<u>(4,550,258)</u>	<u>(4,343,818)</u>	<u>471,018</u>
OTHER FINANCING SOURCES (USES)										
Bonds issued	-	-	3,345,000	7,814,854	7,224,559	-	1,390,000	4,945,000	3,895,000	-
Refunding bonds issued	-	-	-	-	-	-	7,092,929	-	-	-
Premiums on bonds issued	-	-	-	-	-	-	-	-	-	114,066
Capital leases	-	-	-	-	543,864	138,261	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	3,542,317	-	-
Transfers in	467,070	1,335,069	628,625	711,614	1,607,152	6,794,000	2,580,806	1,214,812	856,740	5,732,872
Transfers out	(77,206)	(609,111)	(635,733)	(929,690)	(1,808,475)	(6,576,538)	(3,384,957)	(1,517,448)	(1,148,159)	(6,045,285)
Total other financing sources	389,864	725,958	3,337,892	7,596,778	7,567,100	355,723	7,678,778	8,184,681	3,603,581	(198,347)
Net change in fund balances	\$ (708,645)	\$ (1,744,609)	\$ 1,471,091	\$ 7,036,560	\$ 4,393,275	\$ (2,987,720)	\$ (4,718,473)	\$ 3,634,423	\$ (740,237)	\$ 272,671
Debt service as a percentage of noncapital expenditures	15%	13%	14%	15%	15%	18%	45%	18%	17%	19%

Source: Comprehensive Annual Financial Reports

CITY OF ROANOKE, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (Unaudited)

TABLE 5

Fiscal Year	Real 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	Land and Property					
2004	\$ 92,766,685	\$ 181,750,485	\$ 436,283,140	\$ (161,858,584)	\$ 548,941,726	0.37512	\$ 548,941,726	100%
2005	92,395,884	203,104,834	550,412,663	(217,136,274)	628,777,107	0.37512	628,777,107	100%
2006	93,260,333	225,514,919	719,019,304	(265,249,046)	772,545,510	0.37512	772,545,510	100%
2007	97,263,339	270,989,617	876,857,349	(314,799,070)	930,311,235	0.37512	930,311,235	100%
2008	96,167,599	290,573,653	1,228,448,645	(403,790,871)	1,211,399,026	0.37512	1,211,399,026	100%
2009	100,696,430	314,695,952	1,224,687,859	(410,215,074)	1,229,865,167	0.37512	1,229,865,167	100%
2010	121,914,441	310,763,191	1,281,484,190	(606,445,156)	1,107,716,666	0.37512	1,107,716,666	100%
2011	132,825,158	278,591,403	1,082,850,845	(526,770,172)	967,497,234	0.37512	967,497,234	100%
2012	145,779,023	309,972,066	1,102,134,690	(450,713,717)	1,107,172,062	0.37512	1,107,172,062	100%
2013	155,728,169	316,936,378	1,297,816,119	(589,117,345)	1,181,363,321	0.37512	1,181,363,321	100%

Source: Denton County Appraisal District and Tarrant Appraisal District (includes taxable values of frozen properties)

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

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

TABLE 6

Fiscal Year	City Direct Rates			Overlapping Rates		
	Operating/ General	Debt Service	Total Direct	Northwest Independent School District	Denton County	Tarrant County
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	1.35500	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
2013	0.14913	0.22599	0.37512	1.37500	0.28287	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 was redistributed to Tarrant County.

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

TABLE 7

Fiscal Year 2013			Fiscal Year 2004		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Amerisource Bergen	\$ 105,676,012	8.95%	WW Grainger	\$ 49,981,018	9.10%
Bell Helicopter Textron	92,765,987	7.85%	Alliance Gateway 50 Ltd	32,542,190	5.93%
Cardinal Health 411 Inc	81,263,541	6.88%	Cardinal Health, Inc.	22,678,295	4.13%
WW Grainger Inc.	56,354,577	3.79%	300 Gateway Parkway LTD P/S	20,345,578	3.71%
AT Industrial Owner 4, LLC	44,827,927	4.77%	Alliance Gateway 60 LTD	19,630,154	3.58%
IBM Credit, LLC	30,747,352	2.60%	Roanoke I LTD P/S	18,042,812	3.29%
Mid America Apartments, LP	24,002,749	2.03%	GM Facilities Trust 1999-1	17,743,440	3.23%
Behr Process Corp	20,986,709	1.78%	Alliance Gateway 61 LTD	16,614,436	3.03%
300 Gateway Parkway LTD P/S	17,746,028	1.50%	Vought Aircraft Industries INC.	12,896,000	2.35%
Citicorp Technology Inc.	17,677,049	1.50%	Specified Properties XXXI LP	11,999,969	2.19%
Totals	<u>\$386,371,919</u>	<u>32.71%</u>	Totals	<u>\$172,492,874</u>	<u>31.42%</u>

Source: Denton County Appraisal District

Note:

(1) Total taxable assessed value including real and personal property for tax year 2012 (fiscal year 2013) is \$1,181,363,321.

(2) Total taxable assessed value including real and personal property for tax year 2003 (fiscal year 2004) is \$548,941,726.

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

TABLE 8

Fiscal Year	Taxes Levied within the Fiscal of the levy	Adjustments to levy in subsequent years	Adjusted taxes levied for the fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections		Delinquent Taxes	
				Amount	Percentage of levy		Amount	Percentage of levy	Amount	Percentage of levy
2004	\$ 2,319,412	\$ 7,423	\$ 2,326,835	\$ 2,289,989	98.42%	\$ 35,513	\$ 2,325,502	99.94%	\$ 1,333	0.06%
2005	2,752,570	11,453	2,764,023	2,734,955	98.95%	26,746	2,761,701	99.92%	2,322	0.08%
2006	2,982,819	17,491	3,000,310	2,970,893	99.02%	26,761	2,997,654	99.91%	2,656	0.09%
2007	3,530,095	289,189	3,819,284	3,477,088	91.04%	340,363	3,817,451	99.95%	1,833	0.05%
2008	4,382,386	7,115	4,389,501	4,375,002	99.67%	12,166	4,387,168	99.95%	2,333	0.05%
2009	5,023,105	10,437	5,033,542	5,007,204	99.48%	23,096	5,030,300	99.94%	3,242	0.06%
2010	4,639,556	4,908	4,644,464	4,618,124	99.43%	23,968	4,642,092	99.95%	2,372	0.05%
2011	4,176,330	3,723	4,180,053	4,137,018	98.97%	40,232	4,177,250	99.93%	2,803	0.07%
2012	4,370,727	2,800	4,373,526	4,363,079	99.76%	7,177	4,370,256	99.93%	3,271	0.07%
2013	4,591,041	-	4,591,041	4,583,877	99.84%	-	4,583,877	99.84%	7,165	0.16%

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 (b)	Other Obligations			
2004	\$ 3,070,000	\$ 7,007,203	\$ -	\$ 1,606,612	\$ 3,122,797	\$ 129,171	\$ 14,935,783	12.54%	\$ 2,766
2005	2,955,000	10,795,658	-	1,761,521	1,654,342	147,438	17,313,959	14.41%	3,177
2006	3,325,000	17,138,543	-	1,891,161	3,591,457	56,625	26,002,786	20.87%	4,602
2007	2,955,000	17,537,755	-	1,641,598	6,687,245	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	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	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	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	187,017	36,899,804	16.98%	4,641
2012	6,947,542	22,765,674	1,985,000	910,285	5,806,784	166,397	38,581,682	17.22%	4,705
2013	4,873,018	23,230,816	1,845,000	372,918	5,466,165	144,826	35,932,743	15.65%	4,278

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 bond

**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	Total	Estimated Population (1)	Taxable Assessed Value (2)	Debt to Taxable Assessed Value	Debt Per Capita
2004	\$ 3,070,000	\$ 7,007,203	\$ 10,077,203	5,400	\$ 548,941,726	1.84%	\$ 1,866
2005	2,955,000	10,795,658	13,750,658	5,450	628,777,107	2.19%	2,523
2006	3,325,000	17,138,543	20,463,543	5,650	772,545,510	2.65%	3,622
2007	2,955,000	17,537,755	20,492,755	5,800	930,311,235	2.20%	3,533
2008	2,535,000	21,736,583	24,271,583	6,200	1,211,399,026	2.00%	3,915
2009	2,065,000	21,192,630	23,257,630	6,950	1,229,865,167	1.89%	3,346
2010	8,517,455	14,981,010	23,498,465	7,900	1,107,716,666	2.12%	2,974
2011	7,758,091	19,480,750	27,238,841	7,950	967,497,234	2.82%	3,426
2012	6,947,542	22,765,674	29,713,216	8,200	1,107,172,062	2.68%	3,624
2013	4,873,018	23,230,816	28,103,834	8,400	1,181,363,321	2.38%	3,346

Source: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Total does not include enterprise debt.

Note: (1) City of Roanoke
(2) Denton County Appraisal District and Tarrant Appraisal District

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

TABLE 11

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Tax Rate Limit	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
Current Tax Rate	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512	0.37512
Available Tax Rate	<u>\$ 2.12488</u>									

**CITY OF ROANOKE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 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	\$ 608,564,898	2.06%	\$ 12,537,204
Tarrant County	373,845,000	0.90%	3,348,239
Northwest Independent School District	<u>629,896,442</u>	10.55%	<u>66,434,181</u>
Subtotal, overlapping debt	<u>1,612,306,340</u>		<u>82,319,624</u>
City of Roanoke (direct debt)	\$ 28,103,834	100.00%	28,103,834
Total direct and overlapping debt			<u><u>\$ 110,423,458</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

Fiscal Year	Water and Sewer Revenue Bonds		Net Available Revenue	Annual Requirement (c)	Times Coverage
	Total Revenues (a)	Less: Operating Expenses (b)			
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
2013	8,991,045	4,719,483	4,271,562	587,712 (d)	7.27

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

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

TABLE 14

<u>Fiscal Year</u>	<u>Estimated Population (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Personal Income</u>	<u>Median Age (b)</u>	<u>Median Household Income (b)</u>	<u>School Enrollment (c)</u>	<u>Unemployment Rate (d)</u>
2004	5,400	\$ 22,051	\$ 119,075,400	30.6	\$ 48,107	6,870	3.6%
2005	5,450	22,051	120,177,950	30.6	48,107	7,563	4.2%
2006	5,650	22,051	124,588,150	30.6	48,107	8,705	3.7%
2007	5,800	22,051	127,895,800	30.6	48,107	10,334	4.0%
2008	6,200	22,051	136,716,200	30.6	48,107	11,824	4.8%
2009	6,950	22,051	153,254,450	30.6	48,107	12,935	7.7%
2010	7,900	22,051	174,202,900	30.6	48,107	14,088	7.1%
2011	7,950	27,327	217,249,650	32.0	65,942	15,293	7.5%
2012	8,200	27,327	224,081,400	32.0	65,942	16,556	6.5%
2013	8,400	27,327	229,546,800	32.0	65,942	17,752	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

Employer	Product or Service	2013 Employees
General Motors Corp.	Parts distribution	460
WW Grainger	Parts distribution	450
Walmart	Retail	405
Home Depot	Retail and Distribution	400
Randalls/Tom Thumb	Grocery distribution	360
Oscar Renda Contracting	Construction	315
Amerisource Bergens	Pharmaceutical distribution	250
Behr Processing	Paint manufacturer	250
Applied Industrial Tech Inc.	Aviation bearing distribution	230
Bell Helicopter	Vertical lift aviation manufacturer	225
	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)**

TABLE 16

<u>Function/Program</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>	<u>2013</u>
Administration	6.0	8.0	9.0	10.0	9.0	9.5	10.5	10.5	11.0	12.5
Visitor Center and Museum	0.0	0.0	0.0	0.0	2.5	2.5	3.3	3.3	3.3	3.8
Building Inspection	2.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Fire & EMS	16.0	17.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Municipal Court	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Streets	0.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Police	26.0	30.0	35.0	36.0	38.0	38.0	39.0	39.0	39.0	39.0
Library	4.0	5.0	5.5	6.0	7.0	7.5	7.5	7.5	7.5	7.5
Parks and Recreation	5.0	9.0	20.0	22.0	24.0	24.5	25.3	25.3	25.3	25.3
Water/wastewater	12.0	8.0	8.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0
Total	<u>73.0</u>	<u>86.0</u>	<u>106.5</u>	<u>113.0</u>	<u>119.5</u>	<u>123.0</u>	<u>126.5</u>	<u>126.5</u>	<u>127.0</u>	<u>129.0</u>

Source: City payroll records and budget book

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

TABLE 17

<u>Function/Program</u>	<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>	<u>2013</u>
Police										
Number of police personnel	30	33	36	38	39	39	39	39	39	39
Number of citations	3,923	3,970	3,971	5,220	4,818	3,933	4,834	5,124	6,731	5,924
Fire										
Number of fire personnel	16	17	19	19	19	19	19	19	19	19
Number of fire suppression runs	293	379	388	493	492	572	737	705	631	705
Number of EMS runs	573	552	825	759	686	674	595	652	671	626
Development										
Construction permits issued (a)	117	90	72	47	195	189	186	201	193	193
Estimated valuation	\$ 98,589,889	\$ 33,501,116	\$ 15,297,198	\$ 18,700,608	\$ 37,605,599	\$ 30,036,191	\$ 55,321,621	\$ 22,928,476	\$ 45,216,571	\$ 45,216,571
Public Works										
Streets paved (miles)	12.50	12.50	12.50	12.50	18.68	18.68	18.68	18.68	18.68	18.68
Parks Maintenance										
Number of acres maintained	46	49	49	49	49	58	58	51	51	56
Public parks	6	6	6	6	6	6	6	7	7	10
Library										
Number of volumes (b)	40,431	41,433	42,339	50,659	53,300	42,047	44,539	47,675	51,503	38,011
Annual circulation	45,527	54,301	56,876	65,252	82,764	54,830	60,586	63,133	86,729	100,899
Water and wastewater										
Number of water customers	1,318	1,359	1,356	1,381	1,651	1,749	1,805	1,900	1,961	2,127
Daily average consumption (million gallons)	1.09	0.91	1.17	0.94	1.13	1.15	1.23	1.35	1.79	1.79
Storage capacity (gallons)	625,000	625,000	2,400,000	2,400,000	2,400,000	2,400,000	3,500,000	3,500,000	3,500,000	3,500,000

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Source: City Departments

(a) includes residential, commercial and miscellaneous permits

(b) includes books and media

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

TABLE 18

<u>Function/Program</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>	<u>2013</u>
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets paved (miles)	12.50	12.50	12.50	12.50	18.68	18.68	18.68	18.68	18.68	18.68
Streets graded (miles)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Streetlights	163	163	163	163	211	211	211	211	211	211
Parks and Recreation										
Park Acreage	46	42	42	42	42	42	177	191	191	210
Public parks	6	6	6	6	6	6	6	7	7	10
Community center	1	1	1	1	1	1	1	1	1	1
Recreation center	0	0	1	1	1	1	1	1	1	1
Public swimming pools	1	1	1	1	1	1	1	1	1	1
Baseball fields	4	4	4	4	4	4	4	4	4	4
Soccer fields	1	1	1	1	1	1	1	1	1	3
Tennis courts	0	2	2	2	2	2	2	2	2	2
Skatepark	0	0	0	1	1	1	1	1	1	1
Splashparks	0	0	0	1	2	2	2	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Water and Wastewater										
Water lines (miles)	16.50	16.50	16.50	16.50	22.10	22.10	22.10	22.10	22.10	22.10
Fire Hydrants	265	265	265	265	282	282	282	282	282	282
Stormsewer (miles)	0.25	0.25	0.25	0.25	0.75	0.75	0.75	0.75	0.75	0.75
Sanitary sewer (miles)	12.75	12.75	12.75	12.75	17.25	17.25	17.25	17.25	17.25	17.25

Source: City Departments

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, 2013, and have issued our report thereon dated May 1, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

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

Internal Control Over Financial Reporting

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

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

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

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

J. Charles Hayes, CPA
for Hayes and Associates PC

Haynes and Associates, P.C.

May 1, 2014