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Roanoke

City of Roanoke, Texas Comprehensive Annual Financial Report Fiscal Year Ending September 30, 2014

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**City of Roanoke, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended
September 30, 2014**

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

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

City of Roanoke, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2014

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Introductory Section



March 23, 2015

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, 2014. 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 BKD, L.L.P., 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, 2014, 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, 2014, 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 8,500. Roanoke is located in Denton County in the northern part of the Dallas/Fort Worth Metropolitan area 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. The Council has the authority to enact local legislation, levy taxes, incur debt, adopt budgets, and determine policies and regulations governing the City. The City Council 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. A private contractor, through a franchise agreement, provides solid waste and recycling collections and disposal services for the city.

The financial reporting entity (the government) includes all funds of the primary government (*i.e.*, the City of Roanoke), as well as all of its component units. 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. Due to the tremendous growth experienced over the last decade, DFW has become the largest metropolitan area in Texas and the 4th largest metropolitan area by population in the U.S. DFW's strategic central location and diversified economy are the major reasons that businesses relocate to the area and propel the Metroplex to be the fastest growing Metropolitan market in the United States with one of the most stable economies. There are 18 Fortune 500 Companies, and a total labor force topping 3.4 million, employment of over 3.15 million, and an unemployment rate of 6.7%. Also located in the area are 15 major colleges with a student population of over 327,000. This diverse economy has helped the region weather economic downturns in key sectors better than other regions of the nation.

DFW Airport is the world's third largest airport in terms of operations and tenth in terms of passengers. DFW Airport serves approximately 165,580 passengers daily and over 60 million passengers a year. DFW's central North American location makes it the preeminent U.S. hub and connecting point for the entire continent. Home to 3,000 high tech firms, DFW is known as the economic engine for the North Texas region, powering a \$440 billion economy that ranks sixth in the U.S. and nineteenth overall in the world. SOURCE: DFW website www.dfwairport.com Fast Facts and DFW Airport 2014 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 400 companies, 40,000 employees, 8,750 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 \$4.75 billion annually to North Texas (SOURCE: Alliance website www.allianceairport.com, AllianceTexas Facts).

The City of Roanoke is continuing to enjoy a favorable economic environment. During FY2014, property values and sales tax collections reached an all-time high, and continue to rise as companies discover Roanoke as a prime location to establish operations. The City of Roanoke has been successful in recruiting several Fortune 50 and Fortune 500 companies, thus creating jobs and significantly expanding the local tax base. In addition, Roanoke's designation as the "Unique Dining Capital of Texas" has allowed the city to enhance the downtown area, offering several "unique" dining options, and eclectic shopping, and making it a true destination for the citizens and local communities. Management continually monitors revenue collections with expenditure patterns to ensure the City maintains a healthy financial position.

Taxable value for all residential and commercial property in the City of Roanoke totaled approximately \$1.263 billion for fiscal year 2014, a 7.13% increase from the prior year. For fiscal year 2014, sales tax collections, another significant revenue source for the City, exceeded budget expectations by close to 21% and prior year collections by over 3%.

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 4.0%. As of December 2014, the State of Texas unemployment rate was at 4.6% and the national rate was 5.6%.

Roanoke has several large tracts of undeveloped land within the City's boundaries and continues to focus on attracting quality sustainable development to the area and to renew the emphasis on business retention. Over the last several years, Roanoke has experienced single-family residential, commercial and industrial growth. The historic downtown Oak Street 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 an average home value of \$325,000.

Cinemark has begun construction on a 14 screen, all digital movie theater on a 10 acre site at the junction of highways 170 and 114. The theater is projected to open in the fall of 2015. In addition, this site will also feature several restaurants and retail pad sites. On the Border Mexican Grill and Cantina was the first of several restaurants to open at this site.

During fiscal year 2014, various capital improvement projects located throughout the city were under construction. The projects under construction included Phase III of the street overlay projects on Palm, Willow, and Ivy in the Marshall Creek subdivision; the concrete reconstruction of Main Street, and the concrete reconstruction of Pine Street. Additionally, the City completed the reconstruction of Reed Street and water and wastewater lines associated with these projects.

LONG-TERM FINANCIAL PLANNING

The City of Roanoke has developed a comprehensive capital improvement plan, as well as a multi-year financial plan for the city's major funds. In addition, the City Council is currently updating the City's strategic plan and preparing a citywide needs assessment. Such strategic planning has allowed the City to fund several major infrastructure improvements, new facilities, park additions and enhancements, and capital purchases in a systematic manner while considering the full impact to the operating budget and tax 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 18 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 Howe and Pine Street (currently under construction); expansion of Oak Street; Marshall Creek subdivision street improvements; street overlays; new trails according to the trail master plan; 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 \$5,242,046 (31%) of total General Fund operating revenues. Total General Fund balance is \$8,183,261 which includes \$90,327 of nonspendable, \$241,990 of restricted, \$10,868 committed, and \$2,598,030 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 its web site.

MAJOR INITIATIVES

For Fiscal Year 2014-15, the top priority projects for the City are: construction of a new city hall, expansion of Oak Street, concrete street improvements, Marshall Creek subdivision street improvements, and street overlays. Many of these projects are currently underway. In FY 2015, the City issued certificates of obligation to fund the majority of these projects, with additional funding from the 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, 2013. 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 8 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. The City of Roanoke staff welcomes and appreciates your comments.

Respectfully Submitted,



Scott Campbell
City Manager

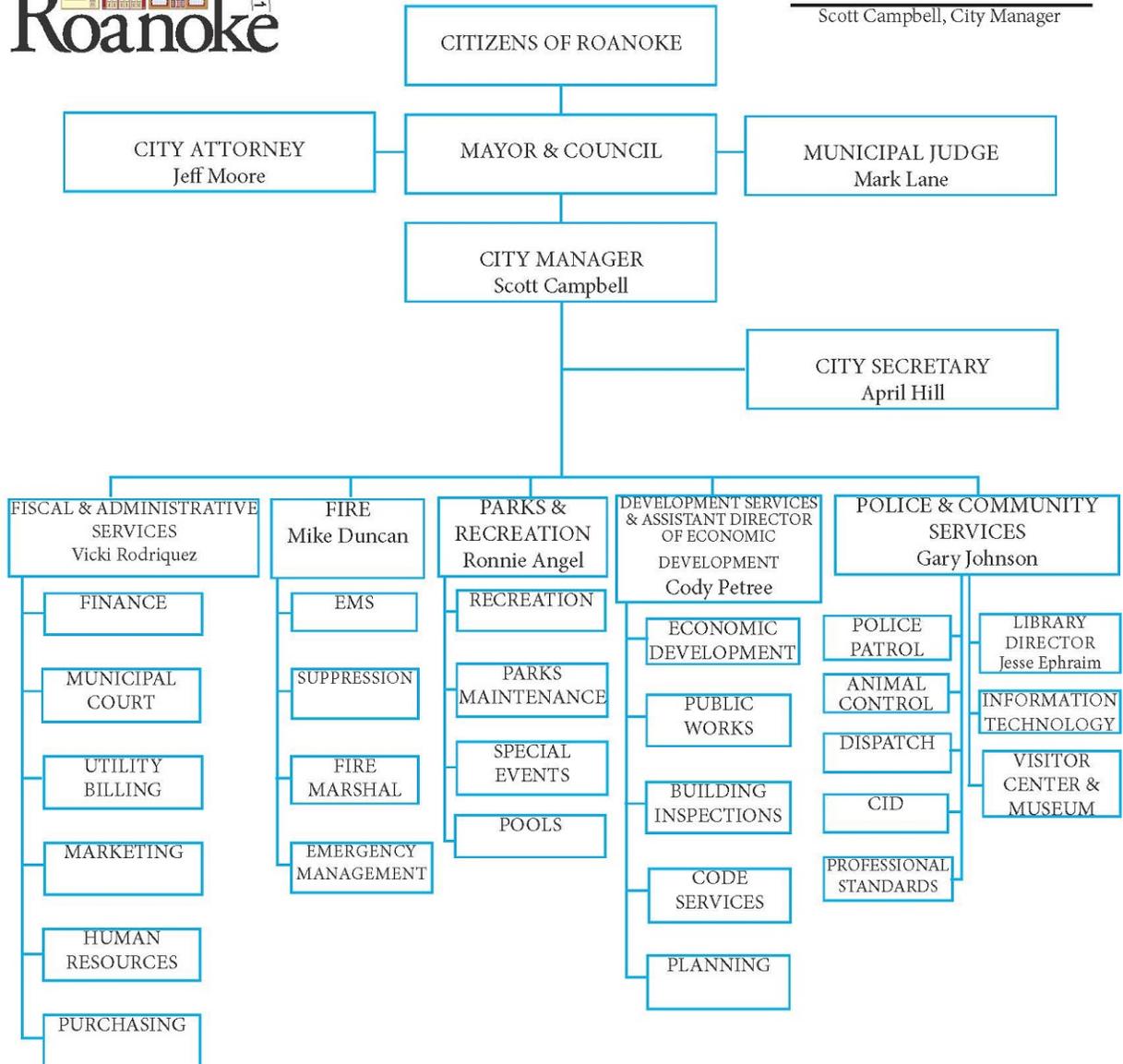


Vicki Rodriguez
Director of Fiscal and Administrative Services



Organizational Chart

Scott Campbell
 Scott Campbell, City Manager



CITY OF ROANOKE, TEXAS



CITY OFFICIALS FISCAL YEAR 2013-2014

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Roanoke
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

Financial Section

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Roanoke, Texas
Roanoke, Texas

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Roanoke, Texas (City) as of and for the year ended September 30, 2014, and the related notes to the basic 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 the amounts and disclosures in the financial statements. The procedures selected depend 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 as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, 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 the management's discussion and analysis, budgetary and pension information listed in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information including the combining fund statements and financial statements of the discretely presented component units, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying information in the introductory and statistical sections listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
March 23, 2015

CITY OF ROANOKE, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2014
(Unaudited)

Management of the City of Roanoke (City) 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, 2014. 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 76-94 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 exceeded its liabilities at the close of the most recent fiscal year by \$55,356,002 (net position). This number must be viewed in the context that the vast majority of the City's net position, \$42,791,390 or (77%), is net investment in capital assets and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The amount of net position restricted for specific purposes totaled \$1,552,426 (3%). The remaining \$11,012,186 (20%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,131,000, which represents an increase of \$3,013,768 in comparison to the prior year. Within this total, \$90,327 is nonspendable for prepaid items, \$4,639,466 is restricted for specific legal requirements, such as by debt covenants and state statute and \$5,159,161 has been committed and assigned to specific types of expenditures. The remaining \$5,242,046 is unassigned fund balance in the General Fund, which can be used for any lawful purpose.

- The City's long-term debt increased by \$1,184,539 due primarily to the issuance of bonds and capital leases for capital improvements partially offset by existing debt requirements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City'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's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities and deferred inflows/outflows of resources, with the difference 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 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 (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 14-15 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, 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 nonmajor 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 16-19 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 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 20-22 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 25-56 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 61-73 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, assets and deferred outflows of resources exceeded liabilities by \$55,356,002 as of September 30, 2014.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 17,147,042	\$ 13,557,593	\$ 2,189,019	\$ 1,799,684	\$ 19,336,061	\$ 15,357,277
Capital assets	60,721,082	59,825,340	16,076,448	16,679,842	76,797,530	76,505,182
Total assets	77,868,124	73,382,933	18,265,467	18,479,526	96,133,591	91,862,459
Deferred Outflows of resources	35,056	-	-	-	35,056	-
Long-term liabilities	30,344,081	28,853,129	4,917,318	5,394,315	35,261,399	34,247,444
Other liabilities	4,211,143	3,166,539	1,340,103	965,013	5,551,246	4,131,552
Total liabilities	34,555,224	32,019,668	6,257,421	6,359,328	40,812,645	38,378,996
Net position:						
Net investment in capital assets	31,686,704	29,503,588	11,104,686	11,213,677	42,791,390	40,717,265
Restricted	1,129,768	3,398,251	422,658	285,117	1,552,426	3,683,368
Unrestricted	10,531,484	8,461,426	480,702	621,404	11,012,186	9,082,830
Total net position	\$ 43,347,956	\$ 41,363,265	\$ 12,008,046	\$ 12,120,198	\$ 55,356,002	\$ 53,483,463

The largest portion of the City's net position \$42,791,390 (77%) 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 \$1,552,426 (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$11,012,186 (20%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

As of September 30, 2014 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 2013.

The City's unrestricted net position increased by \$1,929,356 in fiscal year 2014. Restricted net position realized a decrease of \$2,130,942 and the amount of net investment in capital assets increased by \$2,074,125. These increases (accompanying decreases in restricted) combined with the current year change in net position resulting from current year operations of \$1,872,539 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 \$1,984,691, thereby accounting for the net growth in total net position. Most revenue categories, including property tax collections, sales taxes, and gross receipts taxes, 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 \$2,032,981. Total revenue for the governmental activities (excluding transfers from business-type activities) decreased from the previous year by \$7,062,419. General revenue had a net increase of \$914,429 or 6.7%. Property tax revenue increased \$410,933 due to an overall increase in both the residential and commercial tax base. Sales tax collections increased \$199,249 as a result of new business openings and continued growth in the local economy. Other general revenues increased \$304,247 primarily due to administrative fees. Program revenues, which consist of charges for services, operating and capital grants and contributions decreased \$7,976,848, primarily resulting from decreased revenue associated with developer contributions and development activity. Total expenses for governmental activities increased by \$791,826 or 4.3% primarily due to public safety and general government activities.

The following table provides a summary of the City's operations for the fiscal year ended September 30, 2014, with comparative totals for the fiscal year ended September 30, 2013.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES:						
Program revenues:						
Charges for services	\$ 2,814,355	\$ 3,395,596	\$ 5,296,597	\$ 4,305,803	\$ 8,110,952	\$ 7,701,399
Operating grants and contributions	3,044,370	3,591,655	-	-	3,044,370	3,591,655
Capital grants and contributions	849,421	7,697,743	828,910	4,300,023	1,678,331	11,997,766
General revenues:						
Property taxes	5,397,439	4,986,506	-	-	5,397,439	4,986,506
Sales Taxes	7,067,815	6,868,566	-	-	7,067,815	6,868,566
Gross Receipt taxes	1,505,456	1,531,850	-	-	1,505,456	1,531,850
Other taxes	44,238	40,785	-	-	44,238	40,785
Gain/(loss) on sale of assets	-	5,725	1,000	-	1,000	5,725
Other revenues	524,181	191,268	881	328,739	525,062	520,007
Total revenues	21,247,275	28,309,694	6,127,388	8,934,565	27,374,663	37,244,259
EXPENSES:						
General government	4,901,738	4,583,873	-	-	4,901,738	4,583,873
Public safety	7,728,245	6,983,951	-	-	7,728,245	6,983,951
Cultural and recreation	3,618,977	3,708,246	-	-	3,618,977	3,708,246
Public works	1,720,389	1,525,117	-	-	1,720,389	1,525,117
Interest on long-term debt	1,244,945	1,621,281	-	-	1,244,945	1,621,281
Water/Wastewater	-	-	6,264,083	5,725,076	6,264,083	5,725,076
Sanitation	-	-	23,747	24,541	23,747	24,541
Total expenses	19,214,294	18,422,468	6,287,830	5,749,617	25,502,124	24,172,085
Increase (decrease) in net assets before transfers	2,032,981	9,887,226	(160,442)	3,184,948	1,872,539	13,072,174
Transfers	(48,290)	106,881	48,290	312,413	-	419,294
Increase (decrease) in net position	1,984,691	9,994,107	(112,152)	3,497,361	1,872,539	13,491,468
Net position, beginning	41,363,265	31,369,158	12,120,198	7,893,871	53,483,463	39,263,029
Prior period adjustment	-	-	-	728,966	-	728,966
Net position, ending	\$ 43,347,956	\$ 41,363,265	\$ 12,008,046	\$ 12,120,198	\$ 55,356,002	\$ 53,483,463

* Prior period adjustment is a result of revenues earned in prior periods for Water and Wastewater impact fees not being reported at the time they were collected.

- Business-type activities.** Net position from business-type activities decreased by \$112,152 or 0.9%. Net investment in capital assets decreased by \$108,991 due primarily to capital asset disposals and capital asset depreciation. Unrestricted net position decreased by \$140,702 primarily due to a net loss in the water and wastewater fund. Restricted net position increased by \$137,541 due to an increase in impact fees. Total revenue for the business-type activities decreased from the previous year by \$2,807,177 primarily due to a decrease in capital asset contributions. Overall business-type expenses increased 9.4%, 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.

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.

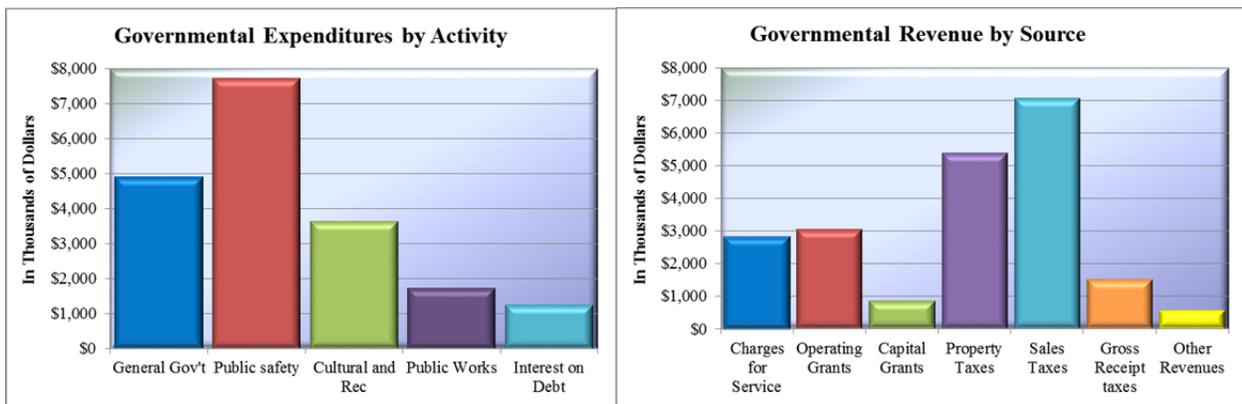
Fund Balances by Type Governmental Funds



At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,131,000, an increase of \$3,013,768 in comparison to prior year. Approximately 35% or \$5,242,046 constitutes unassigned fund balance in the general fund that is available for spending at the City's discretion. Another \$90,327 is nonspendable fund balance for prepaid items. The remainder of the fund balance is either restricted, committed, or assigned to indicate that it is (1) restricted to pay debt service (\$707,083), (2) restricted by bond covenant for specific capital projects (\$3,509,698), (3) restricted for municipal court technology and building security (\$109,636), (4) restricted for traffic safety and law enforcement (\$161,193), (5) restricted for tourism (\$151,856), (6) committed to capital projects (\$1,908,465), (7) committed to vehicle and computer replacement (\$641,798), (8) 10,868 committed for the City Manager's contract, or (9) assigned for future capital improvements (\$2,598,030). 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. In the General Fund, the City budgeted for a fund balance decrease in the current year of \$595,535. It is one of the City's financial policies to maintain a fund balance in the general fund equal to 60 days (16%) of operating revenue and when those balances significantly exceed the 60-day target to utilize these funds for capital projects and pay-as-you-go capital expenditures. Due to actual expenditures being less than originally budgeted and revenues being more than originally budgeted, total fund balance in the General Fund increased by \$2,338,484, leaving a total fund balance of \$8,183,261 or 48% of operating revenues. As a measure of the General Fund's liquidity, it may also be useful to compare unassigned fund balance to total operating revenues. Unassigned fund balance represents 31% of total general fund operating revenues, or 112 days.

Almost all General Fund revenue categories realized increases over the prior year and most surpassed budget estimates as well. Property taxes, sales tax receipts, gross receipt taxes, license and permit fees, 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 continued growth in the local economy. License and permit revenues realized a significant increase in building permits due to new home construction and increased retail development activity throughout the City. Fines and fees increased as a result of increased recreation activities and increased court collections. Strong revenue growth combined with the City's continued emphasis on expenditure control, including close monitoring of expenditures in the final days of the fiscal year, resulted in the increased fund balance. The fund balance exceeding the City's financial policy of 60 days will be addressed during the fiscal year 2016 budget deliberations.



The Debt Service fund has a total fund balance of \$694,635, all of which is restricted for the payment of debt. The fund balance increased \$24,653 primarily related to an increase in the collection of ad valorem taxes. The capital project funds realized a combined increase in fund balance of \$224,380 primarily resulting from bond proceeds partially offset by expenditures on existing capital projects. The combined net effect of these changes in governmental fund balances totals \$3,013,768.

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 \$405,912 and Sanitation fund \$74,790. The Water and Wastewater fund realized a decrease in unrestricted net position of \$162,852 and the Sanitation fund realized an increase in net position of \$22,150.

General Fund Budgetary Highlights

During FY2013-14, the City Council did not make any amendments to the General Fund budget. Actual revenues were higher than the final budget by \$2,218,414, which was primarily related to higher than budgeted property taxes, sales taxes, gross receipt taxes, licenses and permits, fines and fees, donations and other miscellaneous revenues. Actual expenditures were \$639,792 less than the final budget primarily close monitoring of expenditures throughout the year.

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, 2014, totaled \$76,797,530 (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 \$292,348 or less than 1%.

Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,362,742	\$ 1,362,742	\$ -	\$ -	\$ 1,362,742	\$ 1,362,742
Land Improvements	12,535,159	13,343,685	-	-	12,535,159	13,343,685
Buildings/Structures	14,390,100	15,417,311	-	-	14,390,100	15,417,311
Vehicles/Machinery	933,134	988,138	174,278	199,647	1,107,412	1,187,785
Equipment	764,791	735,132	68,305	73,739	833,096	808,871
Infrastructure	25,825,547	26,588,005	-	-	41,659,412	26,588,005
Water/Sewer system	-	-	15,833,865	16,406,456	-	16,406,456
Construction in progress	4,909,609	1,390,327	-	-	4,909,609	1,390,327
Total	\$ 60,721,082	\$ 59,825,340	\$ 16,076,448	\$ 16,679,842	\$ 76,797,530	\$ 76,505,182

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

- Capital asset contributions for the year consisted of \$790,068 in developer contributions for street infrastructure in the Briarwyck subdivision, as well as contributed infrastructure from commercial development.
- Reed Street reconstruction was completed at a total cost of \$451,384.
- Construction-in-progress related to general government operations of \$3,882,128 primarily consisted of reconstruction on Main Street (\$1,891,983), Pine Street (\$95,039), South Oak Street (\$314,330), Marshall Creek street overlay (\$186,878), as well as GIS Masterplan (\$88,853), aesthetic improvements (\$145,278), construction of the new Skatepark (\$1,113,650), and a needs assessment for a new City Hall (\$21,021).
- Other capital asset additions for governmental operations included new servers, video recorders, mowers, trailers, public safety equipment, street maintenance equipment and vehicles.
- Capital asset additions for the business-type activities included infrastructure contributions from developers and equipment for public works.

Additional information on the City's capital assets can be found in Note 3 on pages 43 and 44 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$37,117,282. Of this amount, \$34,924,999 comprises debt backed by the full faith and credit of the government and \$1,695,000 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	
	2014	2013	2014	2013	2014	2013
GO Bonds	\$ 6,592,827	\$ 4,873,018	\$ 1,552,174	\$ 1,746,983	\$ 8,145,001	\$ 6,620,001
COs	23,248,320	23,230,816	3,531,681	3,719,182	26,780,001	26,949,998
Special Assessment COs	1,695,000	1,845,000	-	-	1,695,000	1,845,000
Capital Leases	375,024	372,918	122,259	144,826	497,283	517,744
Totals	\$ 31,911,171	\$ 30,321,752	\$ 5,206,114	\$ 5,610,991	\$ 37,117,285	\$ 35,932,743

In fiscal year 2014, the City issued \$3,650,000 in Certificates of Obligation to 1) construct and improve street and related drainage, 2) design, construct and equip a new City Hall, and 3) to pay the legal, fiscal, architectural, and engineering fees associated with these projects. In addition the City executed a current refunding in the amount of \$2,620,000. As a result of the refunding, the City decreased total debt service payments over the next 12 years by \$238,708. The City's total debt decreased \$1,184,539 or 3% during fiscal year 2014 due to the issuance of the new Certificates of Obligation offset by existing debt retirements and the refunding of existing debt.

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 3 on pages 45-48.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials consider many factors when preparing the City's budget. In the FY2014-15 budget, General Fund revenues and transfers are budgeted to increase by 11% from the 2013-14 budget with property taxes accounting for 14% of budgeted revenues and sales tax comprising approximately 41% of budgeted revenues. Certified assessed valuations as of July 25, 2014, increased 16.2% from the preceding year. In the FY2014-15 budget, sales tax receipts are projected to increase 3% over prior year estimates.

The General Fund ended FY2013-14 with unassigned fund balance of \$5,242,046, of which the City allocated \$646,072 for one-time capital purchases in FY2014-15.

Baseline budgeted expenditures in the General Fund are projected to increase approximately 6% from the FY2014-15 original budget. This increase is primarily attributed to the employee compensation package and related costs. 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 FY2014-15.

For the Water and Wastewater Fund, the FY2014-15 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 \$4.69 to \$8.37 per thousand gallons. Monthly water and wastewater base rates remained the same 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 \$135,000 for a SCADA system upgrade, meter change out program and waterline improvements.

Request for Information

The financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the City'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, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 14,870,997	\$ 421,958	\$ 15,292,955	\$ 3,056,964
Investments	449,271	20,000	469,271	-
Receivables (net of allowances for uncollectibles)	1,520,881	702,685	2,223,566	1,495,254
Due from component unit	215,566	-	215,566	-
Prepaid items	90,327	181,374	271,701	70,229
Restricted cash and cash equivalents:				
Customer deposits	-	328,251	328,251	-
Capital projects	-	112,093	112,093	-
Impact fees	-	422,658	422,658	-
Capital assets not being depreciated	6,272,351	-	6,272,351	50,000
Capital assets, net of accumulated depreciation	54,448,731	16,076,448	70,525,179	-
Total Assets	77,868,124	18,265,467	96,133,591	4,672,447
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	35,056	-	35,056	-
Total Deferred Outflows of Resources	35,056	-	35,056	-
LIABILITIES				
Accounts payable	1,246,143	440,785	1,686,928	370
Other accrued liabilities	264,419	44,855	309,274	-
Deposits payable	-	328,251	328,251	-
Accrued interest payable	135,884	26,762	162,646	55,536
Due to primary government	-	-	-	215,566
Noncurrent liabilities				
Due within one year				
Accrued compensated absences	364,702	40,501	405,203	-
Notes payable	-	-	-	121,859
Capital leases payable	83,362	23,608	106,970	-
Bonds payable, net	1,961,633	435,341	2,396,974	190,000
Special assessment debt	155,000	-	155,000	-
Due in more than one year				
Notes payable	-	-	-	49,043
Capital leases payable	291,662	98,651	390,313	-
Bonds payable, net	28,512,419	4,818,667	33,331,086	6,860,000
Special assessment debt	1,540,000	-	1,540,000	-
Total Liabilities	34,555,224	6,257,421	40,812,645	7,492,374
NET POSITION (DEFICIT)				
Net investment in capital assets	31,686,704	11,104,686	42,791,390	50,000
Restricted for:				
Debt service	707,083	-	707,083	-
Municipal court building security	51,218	-	51,218	-
Municipal court technology	58,418	-	58,418	-
Traffic safety	132,354	-	132,354	-
Tourism, convention centers, arts	151,856	-	151,856	-
Law enforcement	28,839	-	28,839	-
Impact fees	-	422,658	422,658	-
Unrestricted	10,531,484	480,702	11,012,186	(2,869,927)
Total Net Position (Deficit)	\$ 43,347,956	\$ 12,008,046	\$ 55,356,002	\$ (2,819,927)

City of Roanoke, Texas
Statement of Activities
For the Year Ended September 30, 2014

Function/Programs: Primary Government:	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	
Governmental Activities:								
General government	\$ 4,901,738	\$ 18,100	\$ 49,671	\$ -	\$ (4,833,967)	\$ -	\$ (4,833,967)	\$ -
Public safety	7,728,245	1,014,255	7,199	-	(6,706,791)	-	(6,706,791)	-
Cultural and recreation	3,618,977	693,895	2,987,500	-	62,418	-	62,418	-
Public works	1,720,389	1,088,105	-	849,421	217,137	-	217,137	-
Interest and fiscal charges on long-term debt	1,244,945	-	-	-	(1,244,945)	-	(1,244,945)	-
Total governmental activities	<u>19,214,294</u>	<u>2,814,355</u>	<u>3,044,370</u>	<u>849,421</u>	<u>(12,506,148)</u>	<u>-</u>	<u>(12,506,148)</u>	<u>-</u>
Business-type Activities:								
Water/Wastewater	6,264,083	5,295,707	-	828,910	-	(139,466)	(139,466)	-
Sanitation	23,747	890	-	-	-	(22,857)	(22,857)	-
Total business-type activities	<u>6,287,830</u>	<u>5,296,597</u>	<u>-</u>	<u>828,910</u>	<u>-</u>	<u>(162,323)</u>	<u>(162,323)</u>	<u>-</u>
Total primary government	<u>\$ 25,502,124</u>	<u>\$ 8,110,952</u>	<u>\$ 3,044,370</u>	<u>\$ 1,678,331</u>	<u>(12,506,148)</u>	<u>(162,323)</u>	<u>(12,668,471)</u>	<u>-</u>
Component Units:								
Roanoke Economic Industrial Development Corporation	\$ 2,833,612	\$ -	\$ -	\$ -				(2,833,612)
Roanoke Community Economic Development Corporation	2,163,299	-	-	-				(2,163,299)
Al & Lula Mae Slaughter Park Foundation	2,176	-	-	-				(2,176)
Total component units	<u>\$ 4,999,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(4,999,087)</u>
General revenues:								
Property taxes					5,397,439	-	5,397,439	-
Sales taxes					7,067,815	-	7,067,815	7,067,814
Gross receipt taxes					1,505,456	-	1,505,456	-
Other taxes					44,238	-	44,238	-
Rents and royalties					-	-	-	254,026
Investment income					8,942	881	9,823	1,414
Gain on sale of capital assets					-	1,000	1,000	-
Miscellaneous					515,239	-	515,239	-
Transfers					(48,290)	48,290	-	-
Total general revenues and transfers					<u>14,490,839</u>	<u>50,171</u>	<u>14,541,010</u>	<u>7,323,254</u>
Change in net position (deficit)					1,984,691	(112,152)	1,872,539	2,324,167
Net position (deficit) – beginning					41,363,265	12,120,198	53,483,463	(5,144,094)
Net position (deficit) – ending					<u>\$ 43,347,956</u>	<u>\$ 12,008,046</u>	<u>\$ 55,356,002</u>	<u>\$ (2,819,927)</u>

City of Roanoke, Texas
Balance Sheet – Governmental Funds
September 30, 2014

	General	Debt Service	Facilities Improvement	Street Construction	Park Construction	Briarwyck PID	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 7,059,628	\$ 694,973	\$ 1,064,004	\$ 3,748,142	\$ 1,477,740	\$ 12,448	\$ 814,062	\$ 14,870,997
Investments	449,271	-	-	-	-	-	-	449,271
Receivables (net of allowance for uncollectibles)								
Property taxes	21,477	23,910	-	-	-	83,544	-	128,931
Sales taxes	1,094,992	-	-	-	-	-	-	1,094,992
Gross receipts taxes	61,000	-	-	-	-	-	13,855	74,855
Other receivables	208,913	1,262	-	-	-	-	-	210,175
Intergovernmental receivable	11,928	-	-	-	-	-	-	11,928
Prepays	90,327	-	-	-	-	-	-	90,327
Due from component unit	215,566	-	-	-	-	-	-	215,566
Total assets	<u>\$ 9,213,102</u>	<u>\$ 720,145</u>	<u>\$ 1,064,004</u>	<u>\$ 3,748,142</u>	<u>\$ 1,477,740</u>	<u>\$ 95,992</u>	<u>\$ 827,917</u>	<u>\$ 17,147,042</u>
LIABILITIES								
Accounts payable	\$ 372,091	\$ 1,600	\$ 22,286	\$ 418,707	\$ 430,730	\$ -	\$ 729	\$ 1,246,143
Other accrued liabilities	259,724	-	-	-	-	-	4,695	264,419
Total liabilities	<u>631,815</u>	<u>1,600</u>	<u>22,286</u>	<u>418,707</u>	<u>430,730</u>	<u>-</u>	<u>5,424</u>	<u>1,510,562</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	398,026	23,910	-	-	-	83,544	-	505,480
Total deferred inflows of resources	<u>398,026</u>	<u>23,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,544</u>	<u>-</u>	<u>505,480</u>
FUND BALANCES								
Nonspendable	90,327	-	-	-	-	-	-	90,327
Restricted:								
Debt service	-	694,635	-	-	-	12,448	-	707,083
Capital projects	-	-	791,718	2,717,980	-	-	-	3,509,698
Municipal court building security	51,218	-	-	-	-	-	-	51,218
Municipal court technology	58,418	-	-	-	-	-	-	58,418
Traffic safety	132,354	-	-	-	-	-	-	132,354
Tourism, convention centers, arts	-	-	-	-	-	-	151,856	151,856
Law enforcement	-	-	-	-	-	-	28,839	28,839
Committed	10,868	-	250,000	611,455	1,047,010	-	641,798	2,561,131
Assigned	2,598,030	-	-	-	-	-	-	2,598,030
Unassigned	5,242,046	-	-	-	-	-	-	5,242,046
Total fund balances	<u>8,183,261</u>	<u>694,635</u>	<u>1,041,718</u>	<u>3,329,435</u>	<u>1,047,010</u>	<u>12,448</u>	<u>822,493</u>	<u>15,131,000</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,213,102</u>	<u>\$ 720,145</u>	<u>\$ 1,064,004</u>	<u>\$ 3,748,142</u>	<u>\$ 1,477,740</u>	<u>\$ 95,992</u>	<u>\$ 827,917</u>	<u>\$ 17,147,042</u>

City of Roanoke, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2014

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

Total fund balance – governmental funds	\$	15,131,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.		60,721,082
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.		(135,884)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.		505,480
Long-term liabilities and related deferred outflows of resources (deferred charge on refunding), including notes payable, capital leases payable, bonds payable, special assessment debt and compensated absences are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		<u>(32,873,722)</u>
Net position of governmental activities	\$	<u><u>43,347,956</u></u>

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
For the Year Ended September 30, 2014

	General	Debt Service	Facilities Improvement	Street Construction	Park Construction	Briarwyck PID	Other Governmental Funds	Total Governmental Funds
REVENUES								
General property tax	\$ 2,159,469	\$ 2,926,290	\$ -	\$ -	\$ -	\$ 277,271	\$ -	\$ 5,363,030
General sales tax	7,067,815	-	-	-	-	-	-	7,067,815
Gross receipts tax	1,350,465	-	-	-	-	-	154,991	1,505,456
Licenses and permits	1,088,105	-	-	-	-	-	-	1,088,105
Intergovernmental	44,238	-	-	-	-	-	-	44,238
Charges for services	1,067,727	-	-	-	-	-	-	1,067,727
Grants and contributions	2,987,500	-	-	350,000	-	-	7,199	3,344,699
Fines and fees	791,614	-	-	-	-	-	-	791,614
Investment income	4,578	-	330	2,261	1,658	86	29	8,942
Donations	49,671	-	-	-	-	-	-	49,671
Other revenue	430,785	8,100	-	-	30,000	67	30,465	499,417
Total revenues	<u>17,041,967</u>	<u>2,934,390</u>	<u>330</u>	<u>352,261</u>	<u>31,658</u>	<u>277,424</u>	<u>192,684</u>	<u>20,830,714</u>
EXPENDITURES								
Current:								
General government	2,833,381	-	-	-	-	-	96,245	2,929,626
Public safety	7,133,486	-	-	-	-	-	1,622	7,135,108
Cultural and recreation	2,889,775	-	-	-	55,850	-	-	2,945,625
Public works	841,282	-	-	92,683	-	-	-	933,965
Debt service:								
Principal	70,004	1,892,687	-	-	-	150,000	-	2,112,691
Interest and fiscal charges	15,674	1,024,115	-	-	-	86,104	-	1,125,893
Bond issuance cost	-	173,253	-	-	-	-	-	173,253
Capital outlay	169,402	-	165,958	2,681,730	1,113,648	-	250,385	4,381,123
Total expenditures	<u>13,953,004</u>	<u>3,090,055</u>	<u>165,958</u>	<u>2,774,413</u>	<u>1,169,498</u>	<u>236,104</u>	<u>348,252</u>	<u>21,737,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,088,963</u>	<u>(155,665)</u>	<u>(165,628)</u>	<u>(2,422,152)</u>	<u>(1,137,840)</u>	<u>41,320</u>	<u>(155,568)</u>	<u>(906,570)</u>
OTHER FINANCING SOURCES (USES)								
Issuance of long-term debt	-	-	640,000	3,010,000	-	-	-	3,650,000
Issuance of refunding bonds	-	2,600,000	-	-	-	-	-	2,600,000
Premium on issuance of debt	-	237,301	-	50,000	-	-	-	287,301
Payment to refunded bond escrow agent	-	(2,656,983)	-	-	-	-	-	(2,656,983)
Capital lease	72,110	-	-	-	-	-	-	72,110
Sale of general capital assets	-	-	-	-	-	-	16,200	16,200
Transfers in	70,000	-	250,000	-	-	-	594,299	914,299
Transfers out	(892,589)	-	-	-	-	-	(70,000)	(962,589)
Total other financing sources (uses), net	<u>(750,479)</u>	<u>180,318</u>	<u>890,000</u>	<u>3,060,000</u>	<u>-</u>	<u>-</u>	<u>540,499</u>	<u>3,920,338</u>
Net changes in fund balances	2,338,484	24,653	724,372	637,848	(1,137,840)	41,320	384,931	3,013,768
Fund balances (deficits), beginning of year	5,844,777	669,982	317,346	2,691,587	2,184,850	(28,872)	437,562	12,117,232
Fund Balances, End of Year	<u>\$ 8,183,261</u>	<u>\$ 694,635</u>	<u>\$ 1,041,718</u>	<u>\$ 3,329,435</u>	<u>\$ 1,047,010</u>	<u>\$ 12,448</u>	<u>\$ 822,493</u>	<u>\$ 15,131,000</u>

City of Roanoke, Texas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014

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

Net change in fund balance – total governmental funds	\$	3,013,768
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$4,381,123 exceeded depreciation of \$3,984,802 in the current year.		396,321
The net effect of various transactions involving capital assets (<i>i.e.</i> sales and donations) is to increase net position.		483,221
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental fund. This amount is the net change in deferred inflows of resources.		(82,860)
The issuance of long-term debt (bonds and related premium and capital leases) provides current financial resources to governmental funds, but has no effect on net position.		(6,609,411)
The repayment of the principal of long-term debt, including amounts provided to bond escrow agent, consumes the current financial resources of governmental funds, but has no effect on net position.		4,769,674
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		53,924
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.		(40,223)
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.		277
		277
Change in net position of governmental activities	\$	1,984,691

City of Roanoke, Texas
Statement of Net Position – Proprietary Funds
September 30, 2014

	Business-type Activities – Enterprise Funds		
	Water and Wastewater	Sanitation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 345,680	\$ 76,278	\$ 421,958
Investments	20,000	-	20,000
Receivables (net where applicable of allowance for doubtful accounts)			
Accounts receivable	701,084	89	701,173
Other miscellaneous receivables	1,512	-	1,512
Prepays	181,374	-	181,374
Restricted cash and cash equivalents:			
Customer deposits	328,251	-	328,251
Capital projects	112,093	-	112,093
Impact fees	422,658	-	422,658
Total current assets	<u>2,112,652</u>	<u>76,367</u>	<u>2,189,019</u>
Noncurrent assets:			
Capital assets:			
Infrastructure	27,615,607	-	27,615,607
Machinery and equipment	303,566	-	303,566
Vehicles	437,869	-	437,869
Accumulated depreciation	<u>(12,280,594)</u>	<u>-</u>	<u>(12,280,594)</u>
Total capital assets, net of accumulated depreciation	<u>16,076,448</u>	<u>-</u>	<u>16,076,448</u>
Total noncurrent assets	<u>16,076,448</u>	<u>-</u>	<u>16,076,448</u>
Total assets	<u>\$ 18,189,100</u>	<u>\$ 76,367</u>	<u>\$ 18,265,467</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 439,208	\$ 1,577	\$ 440,785
Accrued liabilities	30,033	-	30,033
Compensated absences	40,501	-	40,501
General obligation refunding bonds payable	202,222	-	202,222
Certificates of obligation payable	215,070	-	215,070
Premiums/discounts on bonds, net	18,049	-	18,049
Lease payable	23,608	-	23,608
Accrued interest payable	26,762	-	26,762
Other liabilities	<u>14,822</u>	<u>-</u>	<u>14,822</u>
Total current liabilities	<u>1,010,275</u>	<u>1,577</u>	<u>1,011,852</u>
Noncurrent liabilities:			
General obligation refunding bonds payable	1,349,952	-	1,349,952
Certificates of obligation payable	3,316,611	-	3,316,611
Premiums/discounts on bonds, net	152,104	-	152,104
Lease payable	98,651	-	98,651
Customer deposits payable	<u>328,251</u>	<u>-</u>	<u>328,251</u>
Total noncurrent liabilities	<u>5,245,569</u>	<u>-</u>	<u>5,245,569</u>
Total liabilities	<u>6,255,844</u>	<u>1,577</u>	<u>6,257,421</u>
NET POSITION			
Net investment in capital assets	11,104,686	-	11,104,686
Restricted for:			
Impact fees	422,658	-	422,658
Unrestricted	<u>405,912</u>	<u>74,790</u>	<u>480,702</u>
Total net position	<u>\$ 11,933,256</u>	<u>\$ 74,790</u>	<u>\$ 12,008,046</u>

City of Roanoke, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities – Enterprise Funds		
	Water and Wastewater	Sanitation	Total
Operating revenues:			
Charges for services:			
Water service	\$ 2,992,823	\$ -	\$ 2,992,823
Wastewater service	1,490,303	-	1,490,303
Impact fees	542,203	-	542,203
Other charges for services and miscellaneous	270,378	890	271,268
Total operating revenues	<u>5,295,707</u>	<u>890</u>	<u>5,296,597</u>
Operating expenses:			
Personnel services	1,149,018	-	1,149,018
Maintenance and supplies	217,607	-	217,607
Utilities	657	-	657
General and administrative	698,209	-	698,209
Water production and distribution	3,085,509	-	3,085,509
Sanitation	-	23,747	23,747
Depreciation	918,456	-	918,456
Total operating expenses	<u>6,069,456</u>	<u>23,747</u>	<u>6,093,203</u>
Operating loss	<u>(773,749)</u>	<u>(22,857)</u>	<u>(796,606)</u>
Nonoperating revenues (expenses):			
Investment income	874	7	881
Interest expense	(194,627)	-	(194,627)
Gain on disposal of assets	1,000	-	1,000
Total nonoperating revenues (expenses), net	<u>(192,753)</u>	<u>7</u>	<u>(192,746)</u>
Loss before capital contributions and transfers	(966,502)	(22,850)	(989,352)
Capital contributions	828,910	-	828,910
Transfers in	313,377	45,000	358,377
Transfers out	(310,087)	-	(310,087)
Change in net position	(134,302)	22,150	(112,152)
Net position, beginning of year	<u>12,067,558</u>	<u>52,640</u>	<u>12,120,198</u>
Net position, end of year	<u>\$ 11,933,256</u>	<u>\$ 74,790</u>	<u>\$ 12,008,046</u>

City of Roanoke, Texas
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities		
	Water and Wastewater	Sanitation	Total Enterprise Funds
OPERATING ACTIVITIES			
Cash received from customers and users	\$ 5,148,453	\$ 1,037	\$ 5,149,490
Cash received from customer deposits	108,855	-	108,855
Cash received from other funds	-	9	9
Cash payments to suppliers for goods and services	(3,799,218)	(24,129)	(3,823,347)
Cash payments to employees for services	(1,124,370)	-	(1,124,370)
Cash payments to other funds	(28,766)	-	(28,766)
Cash payments to return customer deposits	(74,535)	-	(74,535)
Net cash provided by (used for) operating activities	<u>230,419</u>	<u>(23,083)</u>	<u>207,336</u>
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	313,377	45,000	358,377
Transfers to other funds	(310,087)	-	(310,087)
Net cash used for noncapital financing activities	<u>3,290</u>	<u>45,000</u>	<u>48,290</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	828,910	-	828,910
Acquisition and construction of capital assets	(315,062)	-	(315,062)
Principal paid on debt	(422,927)	-	(422,927)
Interest and fiscal charges paid on bonds	(193,539)	-	(193,539)
Proceeds from the sale of assets	1,000	-	1,000
Net cash used for capital and related financing activities	<u>(101,618)</u>	<u>-</u>	<u>(101,618)</u>
INVESTING ACTIVITIES			
Interest on investments	874	7	881
Net cash provided by investing activities	<u>874</u>	<u>7</u>	<u>881</u>
Net change in cash and cash equivalents	132,965	21,924	154,889
Cash and Cash Equivalents, Beginning of Year	<u>1,075,717</u>	<u>54,354</u>	<u>1,130,071</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,208,682</u>	<u>\$ 76,278</u>	<u>\$ 1,284,960</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:			
Operating loss	\$ (773,749)	\$ (22,857)	\$ (796,606)
Adjustment to reconcile operating loss to net cash provided for (used for) operating activities:			
Depreciation	918,456	-	918,456
(Increases) decreases in assets:			
Accounts receivable and unbilled revenue	(147,254)	147	(147,107)
Prepaid expenses	(58,582)	-	(58,582)
Due from other funds	-	9	9
Deposits	34,320	-	34,320
Increases (decreases) in liabilities:			
Accounts payable	278,500	(382)	278,118
Due to other funds	(28,766)	-	(28,766)
Accrued liabilities	(815)	-	(815)
Liability for accrued vacation	8,309	-	8,309
Total adjustments	<u>1,004,168</u>	<u>(226)</u>	<u>1,003,942</u>
Net cash provided by (used for) operating activities	<u>\$ 230,419</u>	<u>\$ (23,083)</u>	<u>\$ 207,336</u>

City of Roanoke, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2014

	Governmental Activities			
	REIDC	RCEDC	Slaughter Park Foundation	Total
ASSETS				
Cash and cash equivalents	\$ 1,284,569	\$ 1,376,077	\$ 396,318	\$ 3,056,964
Receivables	547,496	547,496	262	1,095,254
Due from developer	400,000	-	-	400,000
Prepaid items	-	70,229	-	70,229
Capital assets not being depreciated				
Land	50,000	-	-	50,000
Total assets	<u>2,282,065</u>	<u>1,993,802</u>	<u>396,580</u>	<u>4,672,447</u>
LIABILITIES				
Accounts payable	-	370	-	370
Due to primary government	215,566	-	-	215,566
Accrued interest payable	55,536	-	-	55,536
Noncurrent liabilities				
Due within one year	190,000	121,859	-	311,859
Due in more than one year	6,860,000	49,043	-	6,909,043
Total liabilities	<u>7,321,102</u>	<u>171,272</u>	<u>-</u>	<u>7,492,374</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	50,000	-	-	50,000
Unrestricted	(5,089,037)	1,822,530	396,580	(2,869,927)
Total Net Position (Deficit)	<u>\$ (5,039,037)</u>	<u>\$ 1,822,530</u>	<u>\$ 396,580</u>	<u>\$ (2,819,927)</u>

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

Note 1: Summary of Significant Accounting Policies

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 more significant accounting policies of the City are described as follows:

Financial Reporting Entity

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

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

Discretely Presented Component Units

The Roanoke Economic Industrial Development Corporation (REIDC) is a discretely presented component unit. The REIDC is governed by a five-member board appointed by the City Council. The City does not have a voting majority of the corporation. The purpose of the REIDC is to aid, promote, and further the economic development within the City. The REIDC is financed with a voter approved half-cent city sales tax; therefore, the organization is fiscally dependent upon the City. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The REIDC is presented as a governmental fund type and has a September 30 year-end. The REIDC does not issue separate financial statements. For more information about the REIDC, refer to *Note 9*.

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

The Roanoke Community Economic Development Corporation (“RCEDC”) is a discretely presented component unit. The RCEDC is governed by a seven-member board appointed by the City Council. The City does not have a voting majority of the corporation. The purpose of the RCEDC is to identify and fund public projects to maintain or enhance the quality of life for current and future residents, visitors and businesses of our community. The RCEDC is financed with a voter approved half-cent city sales tax; therefore, the organization is fiscally dependent upon the City. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City’s financial statements to be misleading or incomplete. The RCEDC is presented as a governmental fund type and has a September 30 year-end. The RCEDC does not issue separate financial statements. For more information about the RCEDC, refer to *Note 10*.

The Al & Lula Mae Slaughter Park Foundation (Slaughter Park) is also a discretely presented component unit. The Slaughter Park Foundation is governed by a five-member board, of which two directors are represented by the Al and Lula Mae Slaughter family, and three are appointed by the City Council. The Slaughter Park Foundation is a 501(3) (c) corporation whose purpose is to benefit and accomplish public projects related to the city-owned Al & Lula Mae Slaughter Park facilities. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City’s financial statements to be misleading or incomplete. The Slaughter Park Foundation is presented as a governmental fund type and has a September 30 year-end. The Slaughter Park Foundation does not issue separate financial statements. For more information about the Slaughter Park Foundation, refer to *Note 11*.

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

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

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.

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.

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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.

Park Construction Fund –

The Park 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. This has been designated as a major fund by City management.

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 proprietary funds:

Water and Wastewater Fund –

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

Sanitation Fund –

The Sanitation Fund is used to account for billing, collection and payment for solid waste collection and disposal services. This has been designated as a major fund by City management.

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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Measurement Focus and Basis of Accounting

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

The government-wide 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 accompanying Statement of Net Position and the operating statement presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, including water and wastewater services, which are accrued. Expenses are recognized at the time a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual; *i.e.*, when they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 services, 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.

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

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

Budgetary Information

Budgetary Basis of Accounting

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

The City Charter establishes the fiscal year as the 12-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager submits a budget of estimated expenditures and revenues to the City Council by August 1.

Upon receipt of the budget estimates, the City Council holds a public hearing on the proposed budget. 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) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three month or less from the date of acquisition. Substantially all operating deposits are maintained in pooled deposits accounts. Interest income relating to pooled deposits is allocated to the participating individual funds based on each fund's pro rata share of total pooled deposits and investments. For the purpose of the statement of cash flows, the City considers all highly liquid investments to be cash equivalents.

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

Prepaid Items

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 prepaid items has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

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 the assets lives are recorded as expenses. Major outlays for improvements are capitalized. Outlays for capital items are capitalized as projects are constructed. Infrastructure assets begin depreciating at the end of the year in which costs are incurred. Other constructed capital assets begin depreciating when the asset is placed in service.

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Capital assets are defined by the 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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 only one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 item that qualifies for reporting in this category. Accordingly, 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. In the General Fund, deferred inflows of resources consists of property taxes of \$21,477, ambulance revenues of \$29,191, court revenues of \$131,792 and loan payments from the component unit of \$215,566. Both the Debt Service Fund and the Briarwyck PID Fund deferred revenues consist of property taxes in the amount of \$23,910 and \$83,544, respectively. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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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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, 2014, the city allocated \$344,206 as a transfer for these services.

Restricted Assets

Certain cash and cash equivalent 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	\$ 328,251
Capital projects	112,093
Water and wastewater impact fees	<u>422,658</u>
Total Restricted Assets	<u><u>\$ 863,002</u></u>

Compensated Absences

The City allows employees to accumulate up to 30 days of vacation time. Carryover of earned vacation time is limited to 240 hours. Upon termination, the City pays all accumulated vacation time not yet taken. Employees may sell back up to five vacation days to the City during June and December each year. If vacation time is sold back, each day bought back is deducted from the employee's accrued vacation balance. Vacation is earned in varying amounts up to a maximum of 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 in governmental funds as they mature (*i.e.*, as taken). The liability for governmental fund compensated absences is typically liquidated in the General Fund.

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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.

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 includes amounts that cannot be spent because they are either (a) not in a spendable form, or (b) are legally or contractually required to remain intact. The City has classified prepaid items 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 of interest and related charges.
- Restricted for capital projects represents the portion of fund equity legally restricted by debt covenants for capital projects.
- Restricted for municipal court building security represents the portion of fund equity derived from municipal court security fees, legally restricted for the purpose of providing security services for buildings housing the municipal court of record.
- Restricted for municipal court building technology represents the portion of fund equity derived from municipal court technology fees, legally restricted to finance the purchase of or to maintain technological enhancements for the municipal court of record.
- Restricted for traffic safety represents the portion of fund equity derived from certain traffic penalties, legally restricted to fund traffic safety programs.
- Restricted for tourism represents funds to promote the City through tourism and historical preservation.
- Restricted for law enforcement 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.

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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 2014, the City had \$195,486 committed for parkland dedication, \$10,868 committed for the City manager's contract, \$1,712,979 committed for capital projects, \$37,683 committed for computer replacement and \$604,115 committed for vehicle replacement.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager. The city has recorded 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 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.

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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	Briarwyck PID	Nonmajor Governmental Funds	
Nonspendable	\$ 90,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,327
Restricted for								
Debt service	-	694,635	-	-	-	12,448	-	707,083
Capital projects	-	-	791,718	2,717,980	-	-	-	3,509,698
Municipal court building security	51,218	-	-	-	-	-	-	51,218
Municipal court technology	58,418	-	-	-	-	-	-	58,418
Traffic safety	132,354	-	-	-	-	-	-	132,354
Tourism, convention centers, arts	-	-	-	-	-	-	151,856	151,856
Law enforcement	-	-	-	-	-	-	28,839	28,839
Committed								
Parkland dedication	-	-	-	-	195,486	-	-	195,486
City manager contract	10,868	-	-	-	-	-	-	10,868
Capital projects	-	-	250,000	611,455	851,524	-	-	1,712,979
Computer replacement	-	-	-	-	-	-	37,683	37,683
Vehicle replacement	-	-	-	-	-	-	604,115	604,115
Assigned								
Capital projects	2,500,000	-	-	-	-	-	-	2,500,000
Public safety grants/donations/seizures	24,046	-	-	-	-	-	-	24,046
Cultural and recreation donations	30,339	-	-	-	-	-	-	30,339
Other	43,645	-	-	-	-	-	-	43,645
Unassigned	5,242,046	-	-	-	-	-	-	5,242,046
Total	\$ 8,183,261	\$ 694,635	\$ 1,041,718	\$ 3,329,435	\$ 1,047,010	\$ 12,448	\$ 822,493	\$ 15,131,000

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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, 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.

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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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City’s management to make estimates and assumptions that effect reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

Note 2: Reconciliation of Government-Wide And Fund Financial Statements

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 “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$60,721,082 are as follows:

Land	\$ 1,362,742
Construction in progress	4,909,609
Buildings	22,112,352
Improvements	16,170,537
Machinery, equipment and vehicles	5,812,784
Infrastructure	34,130,339
Less accumulated depreciation	<u>(23,777,281)</u>
Net adjustment to increase fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 60,721,082</u>

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Another element of that reconciliation explains that “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.” Accrued interest payable at September 30, 2014 is \$135,884.

Another element of that reconciliation explains that “Certain revenue earned but unavailable and long-term receivables are deferred in the funds.” The details of the \$505,480 difference are as follows:

Receivables		
Property taxes	\$	128,931
Ambulance		29,191
Courts		131,792
Loan payable from component unit		<u>215,566</u>
Net adjustment to increase fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>505,480</u>

Another element of that reconciliation explains that “long-term liabilities and related deferred outflows of resources (deferred charge on refunding), including notes payable, capital leases payable, bonds payable, special assessment debt, and compensated absences are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements. The details of the \$32,873,772 difference are as follows:

Bonds Payable	\$	29,841,147
Special assessment debt		1,695,000
Unamortized premiums/discounts on bonds		632,905
Deferred charge on refunding (to be amortized as interest expense)		(35,056)
Capital leases		375,024
Compensated absences		<u>364,702</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	\$	<u>32,873,722</u>

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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. This is the amount by which capital outlays of \$4,381,123 exceeded depreciation of \$3,984,802 in the current year.” The details of the \$396,321 difference are as follows:

Capital outlay	\$ 4,381,123
Depreciation expense	<u>(3,984,802)</u>
Net adjustment to increase net changes in fund balances total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 396,321</u>

Another element of that reconciliation states, “the net effect of various transactions involving capital assets (*i.e.* sales and donations) is to increase net position.” The details of the \$324,946 difference are as follows:

Donations of capital assets	\$ 499,421
Proceeds from sale of capital assets	<u>(16,200)</u>
Net adjustment to increase net changes in fund balances total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 483,221</u>

Another element of that reconciliation states, “certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This amount is the net change in deferred inflows of resources.” The details of this difference are as follows:

Property taxes	\$ 34,409
Ambulance	(143,528)
Courts	60,437
Loan Payable from Component unit	(50,000)
Other	<u>15,822</u>
Net adjustment to decrease fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ (82,860)</u>

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Other elements of that reconciliation states, “the issuance of long-term debt (bonds and related premium and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” Neither transaction, however, has any effect on net position. The details of these differences are as follows:

Debt issued or incurred:	
Capital lease	\$ 72,110
General obligation bonds	2,600,000
Certificates of obligation bonds	3,650,000
plus premiums, less discounts	<u>287,301</u>
	6,609,411
Principal repayment	
General obligations, certificate of obligation bonds	(1,892,687)
Special assessment bonds	(150,000)
Capital leases	(70,004)
Payment to escrow agent for refunding	<u>(2,656,983)</u>
	<u>(4,769,674)</u>
Net adjustment to decrease net changes in fund balances	
total governmental funds to arrive at changes in net position	
governmental activities	<u>\$ 1,839,737</u>

Another element of that reconciliation states “governmental funds report the effect of 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 the \$53,924 difference are as follows:

Amortization of bond premiums	\$ 53,967
Amortization of bond discount	<u>(43)</u>
Net adjustment to increase net changes in fund balances	
total governmental funds to arrive at changes in net position	
of governmental activities	<u>\$ 53,924</u>

Other elements of that reconciliation states “current year changes in long-term liabilities for compensated absences do not require the use of current financial resources” and “current year 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 these differences are as follows:

Net change in compensated absences	\$ (40,223)
Net change in accrued interest	<u>277</u>
Net adjustment to decrease net changes in fund balances	
total governmental funds to arrive at changes in net position of	
governmental activities	<u>\$ (39,946)</u>

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Note 3: Detailed Notes on All Funds

Deposits and Investments

Deposits – State statutes require that all deposits in financial institutions be 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, 2014, the carrying amount of the City’s deposits, including component units, was \$19,212,921 and the respective bank balances totaled \$19,947,139.

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At September 30, 2014, the carrying amount of the City’s demand deposits and certificates of deposit was \$19,947,139. The value of the City’s deposits not covered by FDIC depository insurance has been fully collateralized and meets the requirements of state statutes.

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 2014, 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. As of September 30, 2014, the carrying amount of the City’s certificates of deposits totaled \$469,271.

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.

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

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, 2014, were 99.83% of the adjusted tax levy. Allocations of property tax levy by purpose for 2014 and the preceding year are as follows (amounts per \$100 assessed value):

Property Tax Rates:

<u>Fund Type</u>	<u>2014</u>	<u>2013</u>
General Fund	\$ 0.159310	\$ 0.149130
Debt Service Fund	\$ 0.215810	\$ 0.225990
Total	<u>\$ 0.375120</u>	<u>\$ 0.375120</u>

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

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. 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.

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:

<u>Receivables</u>	<u>General</u>	<u>Debt Service</u>	<u>Briarwyck PID</u>	<u>Nonmajor Governmental</u>	<u>Water and Wastewater</u>	<u>Sanitation</u>	<u>Total</u>
Taxes	\$ 1,177,469	\$ 23,910	\$ 83,544	\$ 13,855	\$ -	\$ -	\$ 1,298,778
Accounts	1,670,773	1,262	-	-	833,222	89	2,505,346
Less allowance for uncollectibles	<u>(1,461,860)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,626)</u>	<u>-</u>	<u>(1,592,486)</u>
Net receivables	<u>\$ 1,386,382</u>	<u>\$ 25,172</u>	<u>\$ 83,544</u>	<u>\$ 13,855</u>	<u>\$ 702,596</u>	<u>\$ 89</u>	<u>\$ 2,211,638</u>

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance Beginning of Year	Additions	Sales/ Disposals	Adjustment/ Transfers	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 1,362,742	\$ -	\$ -	\$ -	\$ 1,362,742
Construction in progress	1,390,334	3,882,128	-	(362,853)	4,909,609
Total capital assets not being depreciated	<u>2,753,076</u>	<u>3,882,128</u>	<u>-</u>	<u>(362,853)</u>	<u>6,272,351</u>
Capital assets being depreciated					
Buildings/structures	22,112,352	-	-	-	22,112,352
Improvements other than buildings	16,170,537	-	-	-	16,170,537
Vehicles	3,927,606	169,419	(212,286)	21,043	3,905,782
Machinery and equipment	1,880,791	254,309	(228,098)	-	1,907,002
Infrastructure	33,192,798	574,688	-	362,853	34,130,339
Total capital assets being depreciated	<u>77,284,084</u>	<u>998,416</u>	<u>(440,384)</u>	<u>383,896</u>	<u>78,226,012</u>
Less accumulated depreciation					
Buildings/structures	(6,695,041)	(1,027,211)	-	-	(7,722,252)
Improvements other than buildings	(2,826,851)	(808,527)	-	-	(3,635,378)
Vehicles	(2,939,468)	(224,423)	212,286	(21,043)	(2,972,648)
Machinery and equipment	(1,145,659)	(224,650)	228,098	-	(1,142,211)
Infrastructure	(6,604,801)	(1,699,991)	-	-	(8,304,792)
Total accumulated depreciation	<u>(20,211,820)</u>	<u>(3,984,802)</u>	<u>440,384</u>	<u>(21,043)</u>	<u>(23,777,281)</u>
Total capital assets being depreciated, net	<u>57,072,264</u>	<u>(2,986,386)</u>	<u>-</u>	<u>362,853</u>	<u>54,448,731</u>
Governmental activities capital assets, net	<u>\$ 59,825,340</u>	<u>\$ 895,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,721,082</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated					
Utility System	27,311,697	303,910	-	-	27,615,607
Vehicles	460,912	-	(2,000)	(21,043)	437,869
Machinery and equipment	292,413	11,152	-	-	303,565
Total capital assets being depreciated	<u>28,065,022</u>	<u>315,062</u>	<u>(2,000)</u>	<u>(21,043)</u>	<u>28,357,041</u>
Less accumulated depreciation					
Utility system	(10,905,241)	(876,500)	-	-	(11,781,741)
Vehicles	(261,265)	(25,369)	2,000	21,043	(263,591)
Machinery and equipment	(218,674)	(16,587)	-	-	(235,261)
Total accumulated depreciation	<u>(11,385,180)</u>	<u>(918,456)</u>	<u>2,000</u>	<u>21,043</u>	<u>(12,280,593)</u>
Total capital assets being depreciated, net	<u>16,679,842</u>	<u>(603,394)</u>	<u>-</u>	<u>-</u>	<u>16,076,448</u>
Business-type activities capital assets, net	<u>\$ 16,679,842</u>	<u>\$ (603,394)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,076,448</u>

City of Roanoke, Texas
Notes to the Basic Financial Statements
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities

General government	\$ 1,931,889
Public safety	593,137
Culture and recreation	673,352
Public works	<u>786,424</u>
Total depreciation expense – governmental activities	<u><u>\$ 3,984,802</u></u>

Business-type activities

Water and Wastewater	<u>\$ 918,456</u>
Total depreciation expense – business-type activities	<u><u>\$ 918,456</u></u>

Construction Commitments

Outstanding commitments at September 30, 2014, under authorized construction contracts were approximately \$1,240,000. The outstanding commitments for the projects were funded primarily from bond proceeds.

Loan Payable and Transfers

Loan Payable

A summary of advance to/from component units for the year ended September 30, 2014, is as follows:

Fund/Component Unit	Advance to	Advance from
General Fund	\$ 215,566	\$ -
REIDC	<u>-</u>	<u>215,566</u>
Total	<u><u>\$ 215,566</u></u>	<u><u>\$ 215,566</u></u>

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

Transfers

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

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

Transfers between funds for the year ended September 30, 2014, were as follows:

	Transfers in			
	Major Governmental		Nonmajor Governmental	Total Governmental
	General	Facilities CIP		
<u>Transfers out</u>				
General	\$ -	250,000	\$ 284,212	\$ 534,212
Nonmajor governmental	70,000	-	-	70,000
Water and Wastewater	-	-	310,087	310,087
Total transfers in	<u>\$ 70,000</u>	<u>\$ 250,000</u>	<u>\$ 594,299</u>	<u>\$ 914,299</u>

	Transfers in			
	Major Enterprise		Total Proprietary	Total Transfers Out
	Water and Wastewater	Sanitation		
<u>Transfers out</u>				
General	\$ 313,377	\$ 45,000	\$ 358,377	\$ 892,589
Water and Wastewater	-	-	-	310,087
Total transfers in	<u>\$ 313,377</u>	<u>\$ 45,000</u>	<u>\$ 358,377</u>	<u>\$ 1,202,676</u>

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 vehicle 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 Facilities CIP Fund for the design of a new city hall, (4) transfer funds to the Sanitation Fund to cover a portion of the operating costs associated with this service and (5) transfer funds to the General Fund to cover costs associated with the Roanoke Visitor's Center and Museum.

Capital Leases

The City has entered into various capital lease agreements to finance the acquisition of various vehicles, equipment and machinery original valued at \$964,603. In the year ended September 30, 2014, the City entered into a four-year lease agreement as lessee for financing the acquisition of computers valued at \$72,110.

As of September 30, 2014, property and equipment under capital leases is carried at \$557,438, with \$407,165 in accumulated depreciation.

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, were as follows:

	Governmental Activities	Business-type Activities	Total
2015	\$ 99,645	\$ 28,757	\$ 128,402
2016	93,672	28,757	122,429
2017	75,751	28,757	104,508
2018	68,768	28,757	97,525
2019	54,802	21,567	76,369
2020	27,401	-	27,401
Total	420,039	136,595	556,634
Less interest	<u>(45,015)</u>	<u>(14,336)</u>	<u>(59,351)</u>
Present value of remaining payments	<u>\$ 375,024</u>	<u>\$ 122,259</u>	<u>\$ 497,283</u>

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2014, is as follows:

	Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Adjustments/ Refundings	Balance End of Year	Due within One Year
Governmental activities						
General obligation bonds	\$ 4,873,018	\$ 2,600,000	\$ (880,191)	\$ -	\$ 6,592,827	\$ 602,778
Certificates of obligation	23,230,816	3,650,000	(1,012,496)	(2,620,000)	23,248,320	1,304,931
Special assessment bonds	1,845,000	-	(150,000)	-	1,695,000	155,000
Capital leases	372,918	72,110	(70,004)	-	375,024	83,362
Premium on bonds	401,684	287,301	(53,967)	(1,550)	633,468	53,967
Discount on bonds	(607)	-	44	-	(563)	(43)
Compensated absences	324,479	435,088	(394,865)	-	364,702	364,702
Total governmental activities	<u>31,047,308</u>	<u>7,044,499</u>	<u>(2,561,479)</u>	<u>(2,621,550)</u>	<u>32,908,778</u>	<u>2,564,697</u>
Business-type activities						
General obligation refunding bonds	1,746,983	-	(194,809)	-	1,552,174	202,222
Certificates of obligation	3,719,182	-	(187,504)	-	3,531,678	215,070
Capital leases	144,826	-	(22,567)	-	122,259	23,608
Premium on bonds	190,398	-	(18,206)	-	172,192	18,206
Discount on bonds	(2,195)	-	159	-	(2,036)	(157)
Compensated absences	32,192	48,926	(40,617)	-	40,501	40,501
Total business-type activities	<u>5,831,386</u>	<u>48,926</u>	<u>(463,544)</u>	<u>-</u>	<u>5,416,768</u>	<u>499,450</u>
Total primary government	<u>\$ 36,878,694</u>	<u>\$ 7,093,425</u>	<u>\$ (3,025,023)</u>	<u>\$ (2,621,550)</u>	<u>\$ 38,325,546</u>	<u>\$ 3,064,147</u>

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, 2014

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 2028. Interest for these bonds is payable semi-annually. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. They are payable from property taxes and water/wastewater revenues.

Early in fiscal year 2014, 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 Bonds were issued at a premium of \$136,473 and incurred issuance costs of \$79,868. As a result of the current refunding, the City decreased total debt service payments over the next 12 years by \$238,708, which resulted in a deferred loss on refunding of \$35,056.

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%. The Certificates were issued at a premium of \$150,828 and incurred issuance cost of \$99,746. 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.

The annual debt service requirements to maturity for each bond type for the years subsequent to September 30, 2014 are as follows:

General Obligation Bonds:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 602,778	\$ 206,191	\$ 202,222	\$ 67,309	\$ 1,078,500
2016	621,460	190,084	208,540	61,166	1,081,250
2017	636,849	173,471	213,151	54,829	1,078,300
2018	655,617	156,438	219,383	48,362	1,079,800
2019	666,039	136,831	223,961	41,719	1,068,550
2020-2024	3,160,084	335,441	484,917	56,608	4,037,050
2025-thereafter	250,000	9,375	-	-	259,375
	<u>\$ 6,592,827</u>	<u>\$ 1,207,831</u>	<u>\$ 1,552,174</u>	<u>\$ 329,993</u>	<u>\$ 9,682,825</u>

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

Certificates of Obligation:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 1,304,931	\$ 801,881	\$ 215,070	\$ 146,784	\$ 2,468,666
2016	1,343,027	760,777	221,974	137,288	2,463,066
2017	1,392,205	714,904	232,796	127,486	2,467,391
2018	1,431,175	669,465	243,825	118,175	2,462,640
2019	1,489,271	620,443	250,729	108,422	2,468,865
2020-2024	8,761,201	2,309,630	1,423,803	381,740	12,876,374
2025-2028	7,526,510	541,461	943,484	79,644	9,091,099
	<u>\$ 23,248,320</u>	<u>\$ 6,418,561</u>	<u>\$ 3,531,681</u>	<u>\$ 1,099,539</u>	<u>\$ 34,298,101</u>

Special Assessment bonds

In September 2008, the City issued \$2,500,000 in special assessment debt to provide funds for improvements in the Briarwyck Public Improvement district. These bonds will be repaid from amounts levied against the property owners benefited by the improvements. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time that the debt service is due, the government must provide resources to cover the deficit until the assessments are received. The special assessment bonds have interest rates ranging from 4.00% to 4.8% maturing annually in varying amounts through 2023. Debt service requirements of the special assessment bonds for the years subsequent to September 30, 2014, are as follows:

Special Assessment Bonds:

Fiscal Year	Principal	Interest	Total
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
2020-2023	<u>840,000</u>	<u>100,190</u>	<u>940,190</u>
	<u>\$ 1,695,000</u>	<u>\$ 418,934</u>	<u>\$ 2,113,934</u>

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

Note 4: 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.

Note 5: 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.

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.

Note 6: 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 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.

City of Roanoke, Texas
Notes to the Basic Financial Statements
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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 2014</u>	<u>Plan Year 2013</u>
Employee deposit rate	7.00%	7.00%
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 Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013, valuation; previously, the Projected Unit Credit actuarial cost method had been used). 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 for an employee is the contribution rate, which if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. 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 contribute monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation are as follows:

Annual pension cost (APC)	\$ 1,100,637
Contributions made	<u>(1,100,637)</u>
Increase (decrease) in net pension obligation (NPO)	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u><u>\$ -</u></u>

For cities that contribute at the level of the Annual Required Contribution (ARC), which is the Full Retirement Rate, the Net Pension Obligation (NPO) is \$0 and the Annual Pension Cost (APC) is equal to the actual contributions made for the fiscal year.

City of Roanoke, Texas
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The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	26.5 years-closed	25.7 years-closed	30.0 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	7.00%	7.00%	7.00%
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	2.10%	2.10%	2.10%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013, actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013, TMRS Comprehensive Annual Financial Report (CAFR).

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 as of December 31, 2013, the most recent actuarial valuation date, and Schedule of Funding Progress are presented as follows:

Valuation Dated	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
12/31/2013	\$ 15,254,989	\$ 20,469,007	74.5%	\$ 5,214,018	\$ 7,682,798	67.9%

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
Notes to the Basic Financial Statements
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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.

Note 7: Water Purchase and Wastewater Treatment Contracts

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

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

Note 8: Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position. The amount of ultimate loss, if any, could differ materially.

Note 9: Roanoke Economic Industrial Development Corporation

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

Cash and Investments

Cash and investments for the REIDC as of September 30, 2014, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	\$ 1,284,569
Total cash and cash equivalents	<u>\$ 1,284,569</u>

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

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.

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2014, 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	\$ 190,000
Total component units	<u>\$ 7,050,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,050,000</u>	<u>\$ 190,000</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, 2014, are as follows:

Fiscal Year	Component Units		Total
	Principal	Interest	
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
2020-2024	1,290,000	1,886,121	3,176,121
2025-2029	1,720,000	1,452,085	3,172,085
2030-2034	2,420,000	759,615	3,179,615
2035	595,000	42,834	637,834
	<u>\$ 7,050,000</u>	<u>\$ 6,290,265</u>	<u>\$ 13,340,265</u>

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

Capital Assets

Capital asset activity for the year ended September 30, 2014, is 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
Governmental activities capital assets, net	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

Note 10: 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.

Cash and Investments

Cash and investments for the RCEDC as of September 30, 2014, consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	<u>\$ 1,376,077</u>
Total cash and cash equivalents	<u>\$ 1,376,077</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.

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2014, is as follows:

Component unit activities	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Notes payable	\$ 297,113	\$ -	\$ (126,211)	\$ 170,902	\$ 121,859
Total component units	<u>\$ 297,113</u>	<u>\$ -</u>	<u>\$ (126,211)</u>	<u>\$ 170,902</u>	<u>\$ 121,859</u>

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

Notes Payable – Texas Leverage Fund

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

This debt bears interest at a variable rate, which was approximately at 3.25% during fiscal year 2014. The primary source of repayment of this note is from the RCEDC. 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, 2014, are as follows:

Texas Leverage Funds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 121,859	\$ 3,624	\$ 125,483
2016	30,680	1,140	31,820
2017	<u>18,363</u>	<u>198</u>	<u>18,561</u>
	<u>\$ 170,902</u>	<u>\$ 4,962</u>	<u>\$ 175,864</u>

Note 11: 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.

Cash and Investments

Cash and investments for the Slaughter Park Foundation as of September 30, 2014, consist of and are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and cash equivalents	<u>\$ 396,318</u>
Total cash and cash equivalents	<u>\$ 396,318</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. yes The Slaughter Park Foundation does not have any investments at this time.

City of Roanoke, Texas
Notes to the Basic Financial Statements
September 30, 2014

Note 12: Subsequent Events

Early in fiscal year 2015, the City executed a current refunding in the amount of \$3,695,000 of series 2006 combination tax and revenue certificates of obligation. The bonds were refunded with \$3,595,000 Series 2014 General Obligation Refunding Bonds dated November 15, 2014, bearing interest rates ranging from 2.00% to 4.00%. The refunding was undertaken to achieve debt service savings.

The City also issued Series 2014 Combination Tax and Revenue Certificates of Obligation in the amount of \$5,470,000 dated November 15, 2014, bearing interest rates of 2.00% to 4.00%. These bonds were issued to (1) construct and improve streets, roads, including related drainage and required utility lines, landscaping, lighting, and signage;(2) constructing and improving a public parking lot; (3) purchasing a radio communication system for the public safety department, (4) purchasing a new fire apparatus and related equipment for the fire department and (5) for paying fees for legal, fiscal, engineering, architectural, and other professional services in connection with these project and to pay the costs of issuance of the Certificates.

Required Supplementary Information

City of Roanoke, Texas
Schedule of Funding Progress For Participation in
Texas Municipal Retirement System
September 30, 2014

Valuation Dated	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
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%
12/31/2013	\$ 15,254,989	\$ 20,469,007	74.5%	\$ 5,214,018	\$ 7,682,798	67.9%

City of Roanoke, Texas
Schedule of Revenues, Expenditures and Changes In Fund Balances
Budget to Actual – General Fund
For the Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive(Negative)
	Original	Final		
REVENUES				
General property tax	\$ 2,003,984	\$ 2,003,984	\$ 2,159,469	\$ 155,485
General sales tax	5,863,192	5,863,192	7,067,815	1,204,623
Gross receipts tax	1,300,750	1,300,750	1,350,465	49,715
Licenses and permits	644,000	644,000	1,088,105	444,105
Intergovernmental	30,000	30,000	44,238	14,238
Charges for services	1,079,000	1,079,000	1,067,727	(11,273)
Grants and contributions	3,032,500	3,032,500	2,987,500	(45,000)
Fines and fees	483,000	483,000	791,614	308,614
Investment income	5,000	5,000	4,578	(422)
Donations	3,500	3,500	49,671	46,171
Other revenue	378,627	378,627	430,785	52,158
Total revenues	<u>14,823,553</u>	<u>14,823,553</u>	<u>17,041,967</u>	<u>2,218,414</u>
EXPENDITURES				
Current:				
General government	2,992,944	2,992,944	2,833,381	159,563
Public safety	7,062,975	7,062,975	7,133,486	(70,511)
Cultural and recreation	3,206,031	3,206,031	2,889,775	316,256
Public works	903,122	903,122	841,282	61,840
Debt service:				
Principal	64,387	64,387	70,004	(5,617)
Interest and fiscal charges	14,311	14,311	15,674	(1,363)
Capital outlay	349,026	349,026	169,402	179,624
Total expenditures	<u>14,592,796</u>	<u>14,592,796</u>	<u>13,953,004</u>	<u>639,792</u>
Excess of revenues over expenditures	<u>230,757</u>	<u>230,757</u>	<u>3,088,963</u>	<u>2,858,206</u>
OTHER FINANCING SOURCES (USES)				
Capital lease	-	-	72,110	(72,110)
Transfers in	70,000	70,000	70,000	-
Transfers out	(896,292)	(896,292)	(892,589)	(3,703)
Total other financing sources (uses), net	<u>(826,292)</u>	<u>(826,292)</u>	<u>(750,479)</u>	<u>(75,813)</u>
Net changes in fund balances	(595,535)	(595,535)	2,338,484	2,782,393
Fund Balances, Beginning of Year	<u>5,844,777</u>	<u>5,844,777</u>	<u>5,844,777</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,249,242</u>	<u>\$ 5,249,242</u>	<u>\$ 8,183,261</u>	<u>\$ 2,782,393</u>

Nonmajor Governmental Funds

Special Revenue Funds

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

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.



City of Roanoke, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2014

	Special Revenue						Total Nonmajor Governmental Funds
	Hotel Motel	Vehicle Replacement	Fire Grants	Computer Replacement	Police Grants	Police Seizure	
ASSETS							
Cash and cash equivalents	\$ 138,001	\$ 604,115	\$ 6,879	\$ 38,412	\$ 7,084	\$ 19,571	\$ 814,062
Accounts receivable	13,855	-	-	-	-	-	13,855
Total assets	<u>151,856</u>	<u>604,115</u>	<u>6,879</u>	<u>38,412</u>	<u>7,084</u>	<u>19,571</u>	<u>827,917</u>
LIABILITIES							
Accounts payable	-	-	-	729	-	-	729
Other accrued liabilities	-	-	-	-	-	4,695	4,695
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>729</u>	<u>-</u>	<u>4,695</u>	<u>5,424</u>
FUND BALANCES							
Restricted:							
Tourism, convention centers, arts	151,856	-	-	-	-	-	151,856
Law enforcement	-	-	6,879	-	7,084	14,876	28,839
Committed	-	604,115	-	37,683	-	-	641,798
Total fund balances	<u>151,856</u>	<u>604,115</u>	<u>6,879</u>	<u>37,683</u>	<u>7,084</u>	<u>14,876</u>	<u>822,493</u>
Total liabilities and fund balances	<u>\$ 151,856</u>	<u>\$ 604,115</u>	<u>\$ 6,879</u>	<u>\$ 38,412</u>	<u>\$ 7,084</u>	<u>\$ 19,571</u>	<u>\$ 827,917</u>

City of Roanoke, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2014

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Hotel Motel	Vehicle Replacement	Fire Grants	Computer Replacement	Police Grants	Police Seizure	
REVENUES							
Gross receipts tax	\$ 154,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,991
Grants	-	-	-	-	7,199	-	7,199
Other revenue	-	30,465	-	-	-	-	30,465
Investment income	27	-	-	-	-	2	29
Total revenues	<u>155,018</u>	<u>30,465</u>	<u>-</u>	<u>-</u>	<u>7,199</u>	<u>2</u>	<u>192,684</u>
EXPENDITURES							
General government	25,000	31,295	-	39,950	-	-	96,245
Public safety	-	-	-	-	1,622	-	1,622
Capital outlay	-	250,385	-	-	-	-	250,385
Total expenditures	<u>25,000</u>	<u>281,680</u>	<u>-</u>	<u>39,950</u>	<u>1,622</u>	<u>-</u>	<u>348,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>130,018</u>	<u>(251,215)</u>	<u>-</u>	<u>(39,950)</u>	<u>5,577</u>	<u>2</u>	<u>(155,568)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	545,903	-	48,396	-	-	594,299
Transfers out	(70,000)	-	-	-	-	-	(70,000)
Sale of general capital assets	-	16,200	-	-	-	-	16,200
Total other financing sources (uses)	<u>(70,000)</u>	<u>562,103</u>	<u>-</u>	<u>48,396</u>	<u>-</u>	<u>-</u>	<u>540,499</u>
Net change in fund balances	60,018	310,888	-	8,446	5,577	2	384,931
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 151,856</u>	<u>\$ 604,115</u>	<u>\$ 6,879</u>	<u>\$ 37,683</u>	<u>\$ 7,084</u>	<u>\$ 14,876</u>	<u>\$ 822,493</u>

DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

City of Roanoke, Texas
Balance Sheet
Roanoke Economic Industrial Development Corporation
September 30, 2014

	REIDC
ASSETS	
Cash and cash equivalents	\$ 1,284,569
Investments	-
Receivables:	
Sales taxes	547,496
Due from developer	400,000
Total assets	2,232,065
LIABILITIES	
	-
FUND BALANCES	
Assigned	2,232,065
Total fund balances	2,232,065
Total liabilities and fund balances	\$ 2,232,065

City of Roanoke, Texas
Reconciliation of the Balance Sheet
to the Statement of Net Position
Roanoke Economic Industrial Development Corporation
September 30, 2014

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

Total fund balance – governmental fund	\$	2,232,065
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet		50,000
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)
Due to primary government is not due and payable in the current period, and, therefore, is not reported in the governmental funds balance sheet		(215,566)
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		<u>(7,050,000)</u>
Net position of governmental activities	\$	<u><u>(5,039,037)</u></u>

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Roanoke Economic Industrial Development Corporation
For the Year Ended September 30, 2014

	REIDC
REVENUES	
Sales and use tax	\$ 3,533,907
Investment income	668
Rental income	237,000
Miscellaneous income	400,000
Total revenues	4,171,575
 EXPENDITURES	
Economic development	2,389,328
Debt service	
Repayment of due to primary government	50,000
Interest & fiscal charges	444,284
Total expenditures	2,883,612
Excess of revenues over (under) expenditures	1,287,963
 OTHER FINANCING SOURCES (USES)	
Net changes in fund balances	1,287,963
 Fund Balances, Beginning of Year	944,102
 Fund Balances, End of Year	\$ 2,232,065

City of Roanoke, Texas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
to the Statement of Activities
Roanoke Economic Industrial Development Corporation
For the Year Ended September 30, 2014

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

Net change in Fund Balance – total governmental funds	\$	1,287,963
Certain revenues in the statement of revenues, expenditures, and changes in fund balance that provide current financial resources are reported as revenue in the governmental fund, but has no effect on change in net position		(400,000)
The repayment of due to primary government consumes the current financial resources of governmental funds, but has no effect on net position		50,000
Change in net position of governmental activities	\$	937,963

City of Roanoke, Texas
Balance Sheet
Roanoke Community Economic Development Corporation
September 30, 2014

	RCEDC
ASSETS	
Cash and cash equivalents	\$ 1,376,077
Sales tax receivable	547,496
Prepaid items	70,229
Total assets	1,993,802
LIABILITIES	
Accounts payable	370
Total liabilities	370
FUND BALANCES	
Nonspendable	70,229
Assigned	1,923,203
Total fund balances	1,993,432
Total liabilities and fund balances	\$ 1,993,802

City of Roanoke, Texas
Reconciliation of the Balance Sheet
to the Statement of Net Position
Roanoke Community Economic Development Corporation
September 30, 2014

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

Total fund balance – governmental fund	\$ 1,993,432
Long-term liabilities, including notes payable, are not due and payable in the current period, therefore are not reported in the governmental fund financial statements	<u>(170,902)</u>
Net position of governmental activities	<u><u>\$ 1,822,530</u></u>

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Roanoke Community Economic Development Corporation
For the Year Ended September 30, 2014

	RCEDC
REVENUES	
Sales and use tax	\$ 3,533,907
Investment income	571
Total revenues	3,534,478
EXPENDITURES	
Economic development	2,155,512
Debt service	
Principal	126,211
Interest & fiscal charges	7,787
Total expenditures	2,289,510
Excess of revenues over expenditures	1,244,968
Net changes in fund balances	1,244,968
Fund Balances, Beginning of Year	748,464
Fund Balances, End of Year	\$ 1,993,432

City of Roanoke, Texas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
to the Statement of Activities
Roanoke Community Economic Development Corporation
For the Year Ended September 30, 2014

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

Net change in fund balance – total governmental funds	\$	1,244,968
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position		126,211
Change in net position of governmental activities	\$	1,371,179

City of Roanoke, Texas
Balance Sheet
AI and Lula Mae Slaughter Park Foundation
September 30, 2014

	Slaughter Park
ASSETS	
Cash and cash equivalents	\$ 396,318
Receivables:	
Other receivables	262
Total assets	396,580
LIABILITIES	
	-
FUND BALANCES/NET POSITION	
Assigned/Unrestricted	396,580
Total fund balances/net position	396,580
Total liabilities and fund balances/net position	\$ 396,580

City of Roanoke, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances/Net Position
AI and Lula Mae Slaughter Park Foundation
For the Year Ended September 30, 2014

	Slaughter Park
REVENUES	
Rents and royalties	\$ 17,026
Investment income	175
	17,201
Total revenues	17,201
EXPENDITURES	
General government	2,176
	2,176
Total expenditures	2,176
Excess of revenues over expenditures	15,025
Net changes in fund balances/net position	15,025
Fund Balances/Net Position, Beginning of Year	381,555
Fund Balances/Net Position, End of Year	\$ 396,580



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	Page
Financial Trends	77-81
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	82-85
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
Debt Capacity	86-90
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	91-92
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	93-95
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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 31,686,704
Restricted	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	1,129,768
Unrestricted	340,581	284,757	133,180	497,056	1,676,328	1,320,173	1,320,336	2,056,435	8,461,426	10,531,484
Total governmental activities net position	<u>\$ 6,704,109</u>	<u>\$ 10,382,343</u>	<u>\$ 11,780,585</u>	<u>\$ 16,566,003</u>	<u>\$ 18,154,278</u>	<u>\$ 19,241,555</u>	<u>\$ 30,796,547</u>	<u>\$ 31,369,158</u>	<u>\$ 41,363,265</u>	<u>\$ 43,347,956</u>
Business-type Activities										
Net investment in capital assets	\$ 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	\$ 11,104,686
Restricted	-	114,393	912,705	2,727,722	493,436	74,448	7,549	32,615	285,117	422,658
Unrestricted	(18,615)	(78,213)	(104,897)	523,962	(361,379)	(762,150)	(370,229)	167,322	621,404	480,702
Total business-type activities net position	<u>\$ 10,117,995</u>	<u>\$ 6,965,882</u>	<u>\$ 6,324,038</u>	<u>\$ 8,719,639</u>	<u>\$ 8,110,615</u>	<u>\$ 7,561,894</u>	<u>\$ 7,631,565</u>	<u>\$ 7,893,871</u>	<u>\$ 12,120,198</u>	<u>\$ 12,008,046</u>
Primary Government Activities										
Net investment in capital assets	\$ 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	\$ 42,791,390
Restricted	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	1,552,426
Unrestricted	321,966	206,544	28,283	1,021,018	1,314,949	558,023	950,107	2,223,757	9,082,830	11,012,186
Total primary governmental activities net position	<u>\$ 16,822,104</u>	<u>\$ 17,348,225</u>	<u>\$ 18,104,623</u>	<u>\$ 25,285,642</u>	<u>\$ 26,264,893</u>	<u>\$ 26,803,449</u>	<u>\$ 38,428,112</u>	<u>\$ 39,263,029</u>	<u>\$ 53,483,463</u>	<u>\$ 55,356,002</u>

Source: Comprehensive Annual Financial Reports

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

Table 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
General government	\$ 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	\$ 4,901,738
Public Safety	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	7,728,245
Cultural and recreation	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	3,618,977
Public works	627,854	839,798	885,933	952,068	1,237,478	1,319,586	1,363,265	1,814,679	1,525,117	1,720,389
Interest on long-term debt	554,832	788,801	1,109,311	862,460	1,321,133	1,211,878	1,100,821	1,125,864	1,621,281	1,244,945
Total governmental activities expenses	7,663,313	10,047,259	11,316,164	12,452,770	13,691,203	14,324,224	14,314,675	16,708,133	18,422,468	19,214,294
Business-type activities										
Water/Wastewater	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	6,264,083
Sanitation	-	-	31,920	32,569	40,834	59,364	34,168	26,440	24,541	23,747
Total business-type activities expenses	2,610,310	3,345,463	3,454,802	3,836,807	4,125,081	4,400,966	4,869,157	4,802,071	5,749,617	6,287,830
Total primary government expenses	\$ 10,273,623	\$ 13,392,722	\$ 14,770,966	\$ 16,289,577	\$ 17,816,284	\$ 18,725,190	\$ 19,183,832	\$ 21,510,204	\$ 24,172,085	\$ 25,502,124
Program Revenues										
Governmental activities										
Charges for Services:										
General government	\$ 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	\$ 18,100
Public Safety	230,464	254,156	312,589	333,190	380,195	389,440	444,612	413,941	1,363,906	1,014,255
Cultural and recreation	70,287	353,031	510,724	609,799	702,883	627,221	609,625	656,096	847,805	693,895
Public works	-	-	-	-	-	6,285	-	9,596	1,096,788	1,088,105
Operating grants and contributions	133,716	146,760	147,663	87,799	373,390	437,531	478,518	379,991	3,591,655	3,044,370
Capital grants and contributions	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	849,421
Total governmental activities program revenues	3,025,735	3,330,300	4,401,703	7,064,122	4,893,909	5,746,988	16,137,017	5,969,275	14,684,994	6,708,146
Business-type activities										
Charges for Services										
Water/Wastewater	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	5,295,707
Sanitation	-	-	-	-	-	2,230	1,690	1,705	1,010	890
Capital grants and contributions	660,000	500,000	340,000	2,597,804	900,000	800,000	798,087	828,087	4,300,023	828,910
Total business-type activities program revenues	2,875,105	2,998,590	2,544,357	5,891,235	3,718,752	3,462,688	4,635,806	4,772,402	8,605,826	6,125,507
Total primary government program revenues	\$ 5,900,840	\$ 6,328,890	\$ 6,946,060	\$ 12,955,357	\$ 8,612,661	\$ 9,209,676	\$ 20,772,823	\$ 10,741,677	\$ 23,290,820	\$ 12,833,653
Net (Expenses) Revenue										
Governmental activities	\$ (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)	\$ (12,506,148)
Business-type activities	264,795	(346,873)	(910,445)	2,054,429	(406,329)	(938,278)	(233,351)	(29,669)	2,856,209	(162,323)
Total primary government net expense	\$ (4,372,783)	\$ (7,063,832)	\$ (7,824,906)	\$ (3,334,219)	\$ (9,203,623)	\$ (9,515,514)	\$ 1,588,991	\$ (10,768,527)	\$ (881,265)	\$ (12,668,471)

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

Table 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues										
and Other Changes in Net Position										
Governmental activities										
Taxes										
Property taxes	\$ 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	\$5,397,439
Sales taxes	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	7,067,815
Gross receipt taxes	541,246	686,930	753,838	889,660	1,050,036	1,078,191	1,169,773	1,276,645	1,531,850	1,505,456
Other taxes	8,676	13,716	15,096	16,957	17,514	21,787	30,911	30,867	40,785	44,238
Investment income	109,881	252,601	606,707	314,143	92,044	30,054	21,904	15,963	11,862	8,942
Extraordinary item – Marshall Creek	-	-	-	11,626	-	-	-	-	-	-
Gain/(loss) on sale of assets	-	-	-	-	-	-	-	-	5,725	-
Miscellaneous	-	-	-	-	-	-	-	-	179,406	515,239
Transfers	725,958	(7,108)	(218,076)	(201,323)	217,462	(388,585)	(302,636)	(291,419)	106,881	(48,290)
Total governmental activities	<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>	<u>14,490,839</u>
Business-type activities										
Impact Fees	-	-	-	-	-	-	-	-	327,937	-
Investment income	7,580	9,942	48,025	88,202	14,767	972	386	556	802	881
Extraordinary item – Marshall Creek	-	-	-	51,647	-	-	-	-	-	1,000
Transfers	(725,958)	7,108	218,076	201,323	(217,462)	388,585	302,636	291,419	312,413	48,290
Total business-type activities	<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>	<u>50,171</u>
Total primary government	<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>	<u>\$ 14,541,010</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 1,984,691
Business-type activities	(453,583)	(329,823)	(644,344)	2,395,601	(609,024)	(548,721)	69,671	262,306	3,497,361	(112,152)
Total primary government	<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>	<u>\$ 1,872,539</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ 39,830	\$ 53,990	\$ 24,165	\$ 91,214	\$ 80,847	\$ 61,128	\$ 155,730	\$ 37,056	\$ 81,054	\$90,327
Restricted	-	-	-	-	-	-	-	-	-	241,990
Committed	-	-	-	-	-	-	-	-	-	10,868
Assigned	-	-	-	-	-	-	-	-	65,939	2,598,030
Unassigned	789,695	803,048	827,523	3,043,511	4,526,217	3,345,456	2,777,860	3,816,764	5,697,784	5,242,046
Total general fund	<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>	<u>\$ 8,183,261</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	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	4,397,476
Committed	-	-	-	-	-	-	3,293,740	1,673,586	165,486	2,550,263
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>\$ 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>	<u>\$ 6,947,739</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
General property tax	\$ 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	5,363,030
General sales tax	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	7,067,815
Gross receipts tax	549,922	700,646	768,934	906,617	1,067,550	1,099,978	1,200,684	1,307,512	1,531,850	1,505,456
Licenses and permits	407,412	213,790	309,548	634,119	541,148	679,342	493,096	738,546	1,096,788	1,088,105
Intergovernmental	-	-	-	-	-	-	-	-	40,785	44,238
Charges for services	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	1,067,727
Grants and contributions	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	3,344,699
Fines and fees	492,004	483,084	405,399	439,558	396,251	338,211	413,983	435,748	934,286	791,614
Investment income	109,881	252,601	606,707	314,143	92,044	30,054	21,904	15,963	11,861	8,942
Donations	22,694	56,717	23,609	44,831	18,343	55,624	136,434	40,953	55,889	49,671
Other revenue	45,725	58,008	65,018	168,475	83,937	46,741	102,281	54,368	566,240	499,417
Total revenues	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	20,830,714
EXPENDITURES										
General government	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	2,929,626
Public safety	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	7,135,108
Cultural and recreation	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	2,945,625
Public works	335,772	675,264	611,407	577,679	730,965	764,109	788,898	859,262	1,022,449	933,965
Debt service:										
Principal	475,000	665,000	872,094	945,731	1,133,953	8,367,095	1,334,622	1,560,625	1,721,780	2,112,691
Interest & fiscal charges	554,832	788,801	812,017	863,763	1,321,133	1,185,513	1,116,078	1,103,317	1,346,668	1,125,893
Bond issuance cost	-	-	-	-	-	-	-	-	110,850	173,253
Capital outlay	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	4,381,123
Total expenditures	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	21,737,284
Excess (deficiency) of revenues over (under) expenditures	(2,470,567)	(1,866,801)	(560,218)	(3,173,825)	(3,343,443)	(12,397,251)	(4,550,258)	(4,343,818)	471,018	(906,570)
OTHER FINANCING SOURCES (USES)										
Bonds issued	-	3,345,000	7,814,854	7,224,559	-	1,390,000	4,945,000	3,895,000	-	3,650,000
Refunding bonds issued	-	-	-	-	-	7,092,929	-	-	-	2,600,000
Premiums on bonds issued	-	-	-	-	-	-	-	-	114,066	287,301
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	(2,656,983)
Capital leases	-	-	-	543,864	138,261	-	-	-	-	72,110
Sale of general capital assets	-	-	-	-	-	-	-	-	-	16,200
Capital contributions	-	-	-	-	-	-	3,542,317	-	-	-
Transfers in	1,335,069	628,625	711,614	1,607,152	6,794,000	2,580,806	1,214,812	856,740	5,732,872	914,299
Transfers out	(609,111)	(635,733)	(929,690)	(1,808,475)	(6,576,538)	(3,384,957)	(1,517,448)	(1,148,159)	(6,045,285)	(962,589)
Total other financing sources	725,958	3,337,892	7,596,778	7,567,100	355,723	7,678,778	8,184,681	3,603,581	(198,347)	3,920,338
Net change in fund balances	\$ (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	\$ 3,013,768
Debt service as a percentage of noncapital expenditures	13%	14%	15%	15%	18%	45%	18%	17%	19%	20%

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		Land and Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
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%
2014	170,872,779	342,424,026	1,355,629,283	(605,015,164)	1,263,910,924	0.37512	1,263,910,924	100%

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
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
2014	0.15931	0.21581	0.37512	1.45250	0.27220	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 Ten Years Ago (Unaudited)

Table 7

Fiscal Year 2014			Fiscal Year 2005		
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	\$119,030,688	9.42%	Randall Food Markets	\$45,068,823	7.17%
Bell Helicopter Textron	102,138,689	8.08%	Alliance Gateway 50 LTD	29,981,520	4.77%
Mid America Apartments, LP	46,925,475	3.71%	Bridgestone/Firestone	19,630,797	3.12%
WW Grainger Inc.	46,416,148	3.55%	Alliance Gateway 60 LTD	18,574,920	2.95%
AT Industrial Owner 4, LLC	44,827,927	3.67%	Roanoke GP Inc.	18,157,126	2.89%
Citicorp Technology Inc.	44,145,409	3.49%	GM Facilities Trust	18,092,398	2.88%
AT Industrial Owner 7, LLC	17,746,028	1.40%	WW Grainger Inc.	17,930,943	2.85%
IBM Credit, LLC	36,990,237	2.93%	300 Gateway Parkway LTD	16,840,710	2.68%
Behr Process Corp	32,356,693	2.56%	General Motors Corporation	16,800,006	2.67%
Cardinal Health 411 Inc	31,370,417	2.48%	Alliance Gateway 61 LTD	16,550,770	2.63%
Totals	<u>\$ 521,947,711</u>	<u>31.88%</u>	Totals	<u>\$ 217,628,013</u>	<u>27.44%</u>

Source: Denton County Appraisal District

Note:

(1) Total taxable assessed value including real and personal property for tax year 2013 (fiscal year 2014) is \$1,263,910,924.

(2) Total taxable assessed value including real and personal property for tax year 2004 (fiscal year 2005) is \$628,777,107.

City of Roanoke, Texas
Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Table 8

Fiscal Year	Taxes Levied within the Fiscal Year of the levy		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	Amount	Percentage of levy	
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		12,024	5,035,129	5,007,204	99.45%	25,013	5,032,217	99.94%	2,912	0.06%
2010	4,639,556		12,017	4,651,573	4,618,124	99.28%	28,731	4,646,855	99.90%	4,718	0.10%
2011	4,176,330		10,751	4,187,081	4,137,018	98.80%	45,103	4,182,121	99.88%	4,960	0.12%
2012	4,370,727		9,473	4,380,200	4,363,079	99.61%	11,786	4,374,865	99.88%	5,335	0.12%
2013	4,591,041		6,324	4,597,365	4,583,877	99.71%	6,602	4,590,479	99.85%	6,887	0.15%
2014	5,070,797		-	5,070,797	5,062,406	99.83%	-	5,062,406	99.83%	8,391	0.17%

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			
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
2014	6,592,827	23,248,320	1,695,000	375,024	5,083,852	122,259	37,117,282	15.98%	4,367

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

(a) See Table 14 for personal income and population data

(b) Revenue supported portion of certificates of obligation and general obligation bonds

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

Table 10

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Estimated Population (1)	Taxable Assessed Value (2)	Debt to Taxable Assessed Value	Debt Per Capita
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
2014	6,592,827	23,248,320	29,841,147	8,500	1,263,910,924	2.36%	3,511

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Tax Rate Limit	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000	\$ 2.50000
Current Tax Rate	<u>0.37512</u>									
Available Tax Rate	<u>\$ 2.12488</u>									

City of Roanoke, Texas
Direct And Overlapping Governmental Activities Debt
September 30, 2014 (Unaudited)

Table 12

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable (a)	Roanoke Share of Overlapping Debt
Debt Repaid with Property Taxes			
Denton County	\$614,975,000	2.21%	\$ 13,589,558
Tarrant County	317,820,000	1.03%	3,264,676
Northwest Independent School District	<u>737,438,319</u>	11.98%	<u>88,356,187</u>
Subtotal, overlapping debt	<u>1,670,233,319</u>		<u>105,210,421</u>
City of Roanoke (Direct Debt)	\$ 29,841,147	100.00%	<u>29,841,147</u>
Total Direct and Overlapping Debt			<u><u>\$ 135,051,568</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 the Municipal Advisory Council as of September 30, 2014.

(a) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

City of Roanoke, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years (Unaudited)

Table 13

<u>Water and Sewer Revenue Bonds</u>					
Fiscal Year	Less:				
	Total Revenues (a)	Operating Expenses (b)	Net Available Revenue	Annual Requirement (c)	Times Coverage
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
2014	5,297,581	5,151,000	146,581	631,385 (d)	0.23

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

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

Table 14

Fiscal Year	Estimated Population (a)	Per Capita Personal Income (b)	Personal Income	Median Age (b)	Median Household Income (b)	School Enrollment (c)	Unemployment Rate (d)
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%
2014	8,500	27,327	232,279,500	32.0	65,942	18,893	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 and Ten Years Ago (Unaudited)

Table 15

2014		2005	
Employer	Employees	Employer	Employees
WW Grainger	250-500	WW Grainger	250-500
Martin Brower	250-500	Randalls/Tom Thumb	250-500
Randalls/Tom Thumb	250-500	Walmart	200-400
Walmart	200-400	Home Depot	200-400
Home Depot	200-400	General Motors	200-400
Bridgestone/Firestone	100-250	Applied Industrial Tech Inc.	100-250
Excel/Lego Systems Inc.	100-250	Ryder Logistics	100-250
Saddle Creek Logistics	100-250	Honeywell Aviation	100-250
Heritage Bag	100-250	Bridgestone/Firestone	100-250
Amerisource Bergen	100-250	Albertson's	100-250

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>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>	<u>2014</u>
Administration	8.0	9.0	10.0	9.0	9.5	10.5	10.5	11.0	12.5	12.5
Visitor Center and Museum	0.0	0.0	0.0	2.5	2.5	3.3	3.3	3.3	3.8	3.8
Building Inspection	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Fire & EMS	17.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Municipal Court	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Streets	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Police	30.0	35.0	36.0	38.0	38.0	39.0	39.0	39.0	39.0	39.0
Library	5.0	5.5	6.0	7.0	7.5	7.5	7.5	7.5	7.5	7.5
Parks and Recreation	9.0	20.0	22.0	24.0	24.5	25.3	25.3	25.3	25.3	25.3
Water/wastewater	8.0	8.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0
Total	<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>	<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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Number of police personnel	33	36	38	39	39	39	39	39	39	39
Number of citations	3,970	3,971	5,220	4,818	3,933	4,834	5,124	6,731	5,924	7,134
Fire										
Number of fire personnel	17	19	19	19	19	19	19	19	19	19
Number of fire suppression runs	379	388	493	492	572	737	705	631	705	665
Number of EMS runs	552	825	759	686	674	595	652	671	626	687
Development										
Construction permits issued (a)	90	72	47	195	189	186	201	193	193	327
Estimated valuation	\$ 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	\$ 92,898,206
Public Works										
Streets paved (miles)	12.50	12.50	12.50	18.68	18.68	18.68	18.68	18.68	18.68	19.60
Parks Maintenance										
Number of acres maintained	49	49	49	49	58	58	51	51	56	56
Public parks	6	6	6	6	6	6	7	7	10	10
Library										
Number of volumes (b)	41,433	42,339	50,659	53,300	42,047	44,539	47,675	51,503	38,011	37,348
Annual circulation	54,301	56,876	65,252	82,764	54,830	60,586	63,133	86,729	100,899	110,382
Water and wastewater										
Number of water customers	1,359	1,356	1,381	1,651	1,749	1,805	1,900	1,961	2,127	2,297
Daily average consumption (million gallons)	0.91	1.17	0.94	1.13	1.15	1.23	1.35	1.79	1.79	1.69
Storage capacity (gallons)	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	3,500,000

Source: City Departments

(a) includes residential, commercial and miscellaneous permits

(b) includes books and media

City of Roanoke, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

Table 18

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	18.68	18.68	18.68	18.68	18.68	18.68	19.60
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	211	211	211	211	211	211	230
Parks and Recreation										
Park Acreage	42	42	42	42	42	177	191	191	210	210
Public parks	6	6	6	6	6	6	7	7	10	10
Community center	1	1	1	1	1	1	1	1	1	1
Recreation center	0	1	1	1	1	1	1	1	1	1
Public swimming pools	1	1	1	1	1	1	1	1	1	1
Baseball fields	4	4	4	4	4	4	4	4	4	4
Soccer fields	1	1	1	1	1	1	1	1	3	3
Tennis courts	2	2	2	2	2	2	2	2	2	2
Sand volleyball courts	0	0	0	0	0	0	0	0	0	2
Skatepark	0	0	1	1	1	1	1	1	1	1
Splashparks	0	0	1	2	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	22.10	22.10	22.10	22.10	22.10	22.10	22.51
Fire Hydrants	265	265	265	282	282	282	282	282	282	293
Stormsewer (miles)	0.25	0.25	0.25	0.75	0.75	0.75	0.75	0.75	0.75	1.87
Sanitary sewer (miles)	12.75	12.75	12.75	17.25	17.25	17.25	17.25	17.25	17.25	18.49

Source: City Departments

**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and Members of the City Council
City of Roanoke, Texas
Roanoke, Texas

We have audited, 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, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Roanoke, Texas (City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2015.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the City's management in a separate letter dated March 23, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
March 23, 2015