

CITY OF ROUND ROCK

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2014 - 2015



ROUND ROCK
TEXAS

CITY OF ROUND ROCK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2015

ELECTED OFFICIALS

Alan McGraw, Mayor
George White, Mayor Pro-tem
Craig Morgan, Council Member
Frank Leffingwell, Council Member
Will Peckham, Council Member
Writ Baese, Council Member
Kris Whitfield, Council Member

MANAGEMENT STAFF

Laurie Hadley
City Manager

Bryan Williams
Assistant City Manager

Brooks Bennett
Assistant City Manager

OFFICIAL ISSUING REPORT

Susan L. Morgan, CPA
Chief Financial Officer



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INTRODUCTORY SECTION





Mayor
Alan McGraw

Mayor Pro-Tem
George White

Councilmembers
Craig Morgan
Frank Leffingwell
Will Peckham
Writ Baese
Kris Whitfield

City Manager
Laurie Hadley

City Attorney
Stephan L. Sheets

January 27, 2016

Honorable Mayor and Members of the
City Council
City of Round Rock, Texas

The Comprehensive Annual Financial Report of the City of Round Rock, Texas for the fiscal year ended September 30, 2015, is submitted herewith. The City's Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures rests with the City. We believe the data, as presented, is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures, necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City Charter requires an annual audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants selected by the City Council.

Brockway, Gersbach, Franklin & Niemeier, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Round Rock's financial statements for the year ended September 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) can be found immediately following the report of the independent auditors. The MD&A is a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

City of Round Rock Profile

The City of Round Rock, established in 1851, is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government with six council members and a mayor. The City Manager is appointed by the City Council and is responsible to them for managing and administering all City affairs.

The Chief Financial Officer is appointed by the City Manager and is responsible for supervising the operations of the Finance Department. This Department maintains all accounting records of the City.

The financial reporting entity (the government) includes all the funds of the primary government (the City of Round Rock as legally defined) as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services, which includes police and fire protection, parks and library, construction and maintenance of infrastructure, planning and community development, convention and tourism activities, and general administrative services. In addition, the City owns and operates a water, sewer and drainage utility system. These activities are included in the accompanying financial statements.

Blended component units, although legally separate entities, are in substance part of the primary government's operations and included as part of the primary government. Accordingly, Round Rock Transportation and Economic Development Corporation revenues are reported in a special revenue fund of the City while capital improvements are reported in a capital project fund of the City.

Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund, and the Proprietary Funds. Capital Projects Funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements.

Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available. The City had no material encumbrances as of September 30, 2015.

Significant Local Economic Events

Strategic Goals

The City of Round Rock is the largest City located within Williamson County and adjacent to the City of Austin. The City has experienced tremendous growth and this has placed pressures on resources, consequently, the City must respond to an increased demand for services. To adequately prepare for the effect of this activity on the City, much effort goes into planning and funding infrastructure and service programs. Each February, Council reviews the City's successes and challenges and refines both the short term and long term strategic goals for the City. These goals set the direction for staff and financial resources and are the basis for following year's budget development.



Economy

Round Rock ranked No. 3 for Livability.com's "10 Best Affordable Places to Live in 2015." The study conducted by NerdWallet distinguished between cheap and affordable by comparing income with cost of living. The study looked at median household income, cost of living, housing, utilities, transportation, health care index, and good and services.

The City is among the top ten fastest growing economies. According to a socioeconomic growth study by WalletHub, Round Rock has the best of everything including, jobs, schools, museums and nightlife. The study compared 515 U.S. cities of varying sizes across ten key metrics, ranging from population growth to unemployment rate decrease and Round Rock ranked No. 10 overall.

While Texas moves forward cautiously due to declining oil prices, the Central Texas area's geographic and economic distance from the oil industry has insulated it from any major impacts. Unemployment continues to be below the national average. The unemployment rate for the City is 3.2%, and remains lower than the Austin metro area rate of 3.3%, the statewide rate of 4.5% and the national rate of 4.8%. The Austin MSA has one of the lowest unemployment rates among the nation's 100 largest metro areas. Hiring continues to outpace the nation and job creation was led by professional and business services. Education and health sectors also saw an increase in jobs in the area.

Residential and commercial real estate activity in the City is continuing to grow. Residential permits are expected to grow from 327 single - family units in 2014/15 to 686 units in 2015/16. After the 2008 downturn, much of the Round Rock area residential growth occurred just outside the city limits, primarily in Municipal Utility Districts (MUDs). However, several new residential developments have opened within the incorporated city limits spurring significant residential growth.

The local hotel/motel industry continues to be a particularly vibrant industry for Round Rock. Currently, 26 hotels with 2,711 rooms are open for business maintaining solid occupancy rates of 75.8%. There are three hotel developments that are in various stages of completion and by the end of fiscal year 2016, 438 new rooms will be added. This strong industry bodes well for the hotel occupancy tax collections which support local tourism events and debt service for the Dell Diamond/Convention Center, the home of the City's Triple A Baseball team, the Round Rock Express and the Sports Center, the City's 82,800 square foot, indoor sports venue opened in January 2014. With several area sports facilities in place and statewide events being planned, Round Rock continues its marketing strategy as the "Sports Capital of Texas." Tourism is an expanded component of the City's overall economic development strategy. The City's efforts were recently recognized by the Major League Baseball as the number one "Best Minor League Baseball Towns of 2015".

Economic Development

The City understands that diversification of Round Rock's economy is a key to financial stability. The local retail market place continues to thrive. The major destination retail hubs provide continued expansion and broaden Round Rock's economy. These include Round Rock Premium Outlets, which provides over 430,000 square feet of retail space containing 125 stores in an outdoor village setting and a movie theater. Adjacent to the outlets is a shopping center featuring IKEA along with other national and regional retailers. Bass Pro Outdoor World, LLC opened a 100,000 square foot facility in June 2015 and employs approximately 175 employees.

Round Rock also continues to see significant growth in the medical industry. Round Rock is home to several hospitals offering comprehensive healthcare services. In order to keep up with population growth, these providers have expanded their facilities and services making Round Rock a major healthcare destination.

To complement the healthcare activities, Round Rock is home to several higher education facilities, many of which focus on healthcare disciplines. The City recognizes that a highly educated workforce is an important component of a well-rounded economic foundation. Several educational facilities such as Texas A&M Health Science Center, Texas State University, Austin Community College and the Art Institute call Round Rock home.

The Texas Legislature passed a tuition revenue bond in the 84th legislative session. The passage of the \$48.6 million bond bill will allow Texas State University to expand its existing health professional buildings in Round Rock. It is the goal of Texas State to move its entire health professions department to the City. The new health professional building will include 107,000 square feet and will provide space for a 35 percent enrollment increase in health professions programs. The bond bill will not fund the total cost of construction, therefore the university will rely on philanthropic gifts, and a \$5 million donation has already been received from the St. David's Foundation.

Additionally, the City Council has approved several economic development agreements in recent months. The resulting economic expansions have created new jobs, modernized work equipment and/or brought new services to Round Rock. The long standing partnership between the City and Round Rock Chamber of Commerce continues to attract new development to the City. The funding is leveraged with the Chamber of Commerce Momentum funding to create a public/private partnership for economic development priorities. This partnership continues to yield a new, inspired approach to economic development for Round Rock. The City will see new additions within the city limits in the next year.

Airco Mechanical, a commercial and residential heating, ventilation and air conditioning service provider will relocate its central Texas headquarters to Round Rock. The company will bring 400 new jobs and is investing millions of dollars in the rehabilitation of an existing facility in Round Rock. The new headquarters is revitalizing a 47,000 square foot vacant building located on the Interstate 35 frontage road.

Odyssey Technical Solutions, LLC that is currently located in the City's extraterritorial jurisdiction will be relocating their operations into a larger facility within the city limits of Round Rock. Odyssey is the leading repairer of equipment primarily used in the semiconductor manufacturing industry. They are investing \$5.4 million in land, building, and personal property and will move all current employees to the new location.

Houghton Mifflin Harcourt (HMH) is relocating its Texas regional office to Round Rock. HMH is a leading provider for pre-K-12 education content, services and cutting-edge technology solutions. The project will bring over 270 new jobs and will be the main tenant in a new 100,000 square foot Class A office building. The relocation is estimated to be complete in July 2016.

Relevant Financial Policies

Accounting System and Controls

It is the policy of the City to maintain a General Fund balance equivalent to at least 33% of operations. Working capital in the Water/Wastewater Utility Fund is also maintained at a similar level of operations. Balances in excess of the above levels are earmarked for future uses or reduced to the target levels over an appropriate length of time.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Long-Term Financial Planning

An underlying budgetary influence is that the City's business model has approximately 20.8% of total revenues provided by sales tax. A half-cent component of the two-cent local sales tax rate exists for the sole purpose of reducing the property tax rate. The result is a heavy reliance upon the sales tax as a revenue source and reduced reliance upon the property tax. The sales tax is a less stable revenue source than the property tax, but provides more discretion to the taxpayer. Because of this revenue makeup, the City tends to carry higher fund balances, estimates sales tax revenue conservatively, and introduces new programs somewhat more cautiously until projected revenue levels are attained. The City is also more attentive to the health of its economy because of the reliance upon commerce to produce the sales tax.

The City's economy is expected to generate approximately \$64.8 million in sales tax revenue for fiscal year 2016. This amount includes the one half (0.5) percent or \$16.3 million in additional sales and use tax for roads and economic development. The remaining one and one half (1.5) percent is projected to generate \$48.5 million for general operations, property tax reduction and capital projects.

The sales tax revenue source is extremely important to the City in that it reduces property taxes and makes up approximately 50% of the General Fund revenue. The sales tax revenue is subject to economic cycles and discretionary buying characteristics of the consumer and, accordingly, must be monitored and projected carefully.

Dell, Inc. continues to be a vital part of the Round Rock economy with 4 of its 5 worldwide operating divisions headquartered in Round Rock. The company has shifted from primarily a computer manufacturer and seller to a global technology services provider. While this shift has led to declining sales tax revenues for the City from Dell, the high level jobs provided by the City's largest employer has continued to provide a strong local economy. In recognition of this business shift and in order to ensure long-term economic stability for the City, the City adopted a Financial Management Policy in 2009.

The policy was directed at reducing the General Fund's operational reliance on sales tax generated from Dell, Inc. The Policy's goal was to reduce operational reliance on Dell, Inc. sales tax to 20% of total sales tax collected by 2017. The City's General Fund reliance on net sales tax revenue from Dell, Inc. is budgeted at 15% and the goal is considered met with the 2015/16 budget.

In addition to the influence of Dell, Inc. on the Round Rock economy, economic activity of the Round Rock Premium Outlets, Bass Pro Shops, IKEA, and the expansion of the medical and education sectors in the community, continue to strengthen and diversify our economic base.

The City sets utility rates based on the cost of service. This model establishes an equitable rate structure for total cost recovery. In order to fund the capital improvement program and to meet increasing system demand and operational cost pressures, multiple-year rate increases were implemented. Even with the rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

Prospects for the Future

As we look to the future, there are several key initiatives in process now that will shape the development of Round Rock for the next decade. Significant investment in the medical industry including several state-of-the-art medical facilities expansions, combined with the impact of multiple higher education centers, will provide community development and unlimited opportunities. Not only will these initiatives shape the physical development of the City but they will also influence the knowledge base and creativity in the community.

With the City's natural commercial attractiveness, a strong economic development plan and a strengthening economy, the future of the community is bright.

Awards and Acknowledgements

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 Round Rock, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the twenty-ninth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This 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. We believe that our current comprehensive annual financial report 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.

In addition, the City of Round Rock also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

The City of Round Rock earned the Texas Comptroller Leadership Circle Platinum member certificate. This award spotlights those local governments who are; opening their books to the public, providing clear, consistent pictures of spending, and sharing information in a user-friendly format that lets taxpayers easily drill down for more detail.

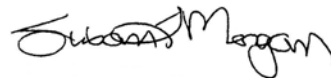
Additionally, the GFOA awarded a Certificate of Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2014. This award recognizes the City's ability to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.

The presentation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its presentation. Acknowledgement is also given to Brockway, Gersbach, Franklin & Niemeier, P. C. for their valuable assistance in production of the report. We would also like to thank the Mayor and Council members for their commitment in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



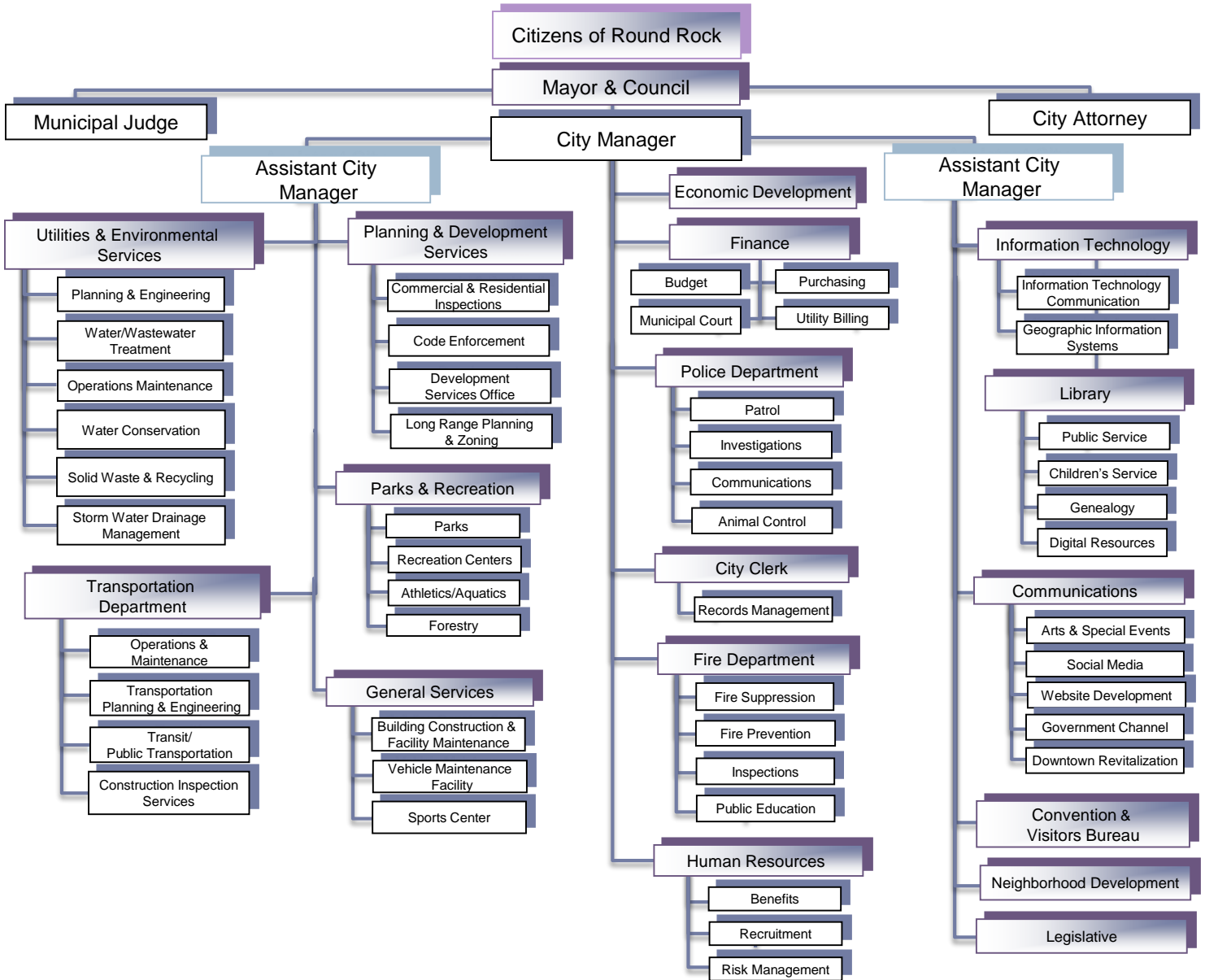
Laurie Hadley
City Manager



Susan L. Morgan, CPA
Chief Financial Officer



**CITY OF ROUND ROCK, TEXAS
CITY ORGANIZATION CHART**







Government Finance Officers Association

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

Presented to

**City of Round Rock
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
City Council
City of Round Rock, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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, each major fund, and the aggregate remaining fund information of the City of Round Rock, Texas, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Round Rock Transportation and Economic Development Corporation Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I (W) to the financial statements, in 2015 the City adopted new accounting guidance, GASB statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 33 and the schedules of funding progress, changes in the net pension liability and related ratios and contributions on pages 108 through 110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section on pages 3 through 13, combining and individual nonmajor fund financial statements and schedules on pages 112 through 150, and statistical section on pages 152 through 185, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

Other Matters

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2016, on our consideration of the City of Round Rock, Texas' internal control over financial reporting and on 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 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 City of Round Rock, Texas' internal control over financial reporting and compliance.



Temple, Texas
January 28, 2016



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

The discussion and analysis of the City of Round Rock's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2015. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Round Rock exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$824,455,615 (*net position*). Of this amount, \$163,874,639 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$19,603,062, after restatement of the beginning net position balance as disclosed in Note I (W). Most of this increase is a result of contributions from developers in both governmental and business-type activities.
- At the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$210,078,532, an increase of \$22,381,595 in comparison with the prior year. The increase is primarily due to the issuance of \$32.5 million in general obligation bonds and certificates of obligation. Approximately 23.9 percent of the total fund balance amount, \$50,277,389, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$50,277,389, or 56.1 percent of the total general fund expenditures.
- The City of Round Rock's total debt increased by \$8,942,479 during the current fiscal year. The change was primarily due to issuance of \$27.3 million in certificates of obligation, along with the offset of regularly scheduled debt principal retirement and savings from refunding certificates issuance, more fully described in Note IV (F) to the financial statements.
- For the year ended September 30, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*. The implementation of these standards resulted in a prior period adjustment to net position of \$26,891,206 to recognize the net pension liability as of the measurement period of December 31, 2013, and the deferred outflows of resources related to the City's contributions subsequent to the measurement period through September 30, 2014.

Overview of the Financial Statements

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

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015

Overview of the Financial Statements (Continued)

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Round Rock'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, liabilities, and deferred outflows (inflows) 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 of Round Rock is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent 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 flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Round Rock 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 for services (*business-type activities*). The governmental activities of the City include general government, public safety, public works and culture and recreation. The business-type activities of the City of Round Rock include water, sewer, drainage utility and a golf course.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Round Rock, like other 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 three categories: governmental funds, proprietary funds, and fiduciary 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 the *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, readers may better understand the long-term impact of the City'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*.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

Overview of the Financial Statements (Continued)

The City of Round Rock maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund debt service fund, the Round Rock Transportation and Economic Development Corporation (RRTEDC) revenue fund, the self-financed construction fund, the 2014 General Obligation Bond fund, and the 2014 Transportation Certificates of Obligation fund, all of which are considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the 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 budget.

Proprietary funds. The City of Round Rock maintains two different types of proprietary 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, sewer and drainage utility and for its golf course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-funded health insurance program and funding of OPEB liability as of September 30, 2015. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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 the water, sewer and drainage utility and for the golf course. The water, sewer and drainage utility is considered a major fund of the City. Since the golf course fund is the only remaining enterprise fund, it is being presented as a major fund even though it does not meet the criteria of a major fund established in GASB Statement No. 34. The internal service fund is a single presentation in the proprietary fund financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Public Improvement Districts agency fund is reported in the statement of fiduciary net position. The resources accounted for in this fund are excluded from the government-wide financial statements because these funds are not available to finance the City's operations. Consequently, the City is responsible for ensuring that these resources are used only for their intended purpose.

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.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and individual fund schedules are presented immediately following the notes to the financial statements.

Additional information on capital assets used in the operation of governmental funds is provided following the individual fund schedules.

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015

Government-Wide Financial Analysis

Net position is a useful indicator of a government's financial position. For the City of Round Rock, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$824,455,615 as of September 30, 2015.

The largest portion of the City's net position (61.89%) reflects its investments in capital assets (e.g., land, buildings and improvements, improvements other than buildings, machinery and equipment and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in 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 (18.23%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position \$163,874,639 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2015 and 2014, the City was able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The following table provides a comparative summary of the City's net position as of September 30, 2015 and 2014. The 2014 amounts have been restated for the impact of GASB Statement No. 68.

	Net Position (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 240,056	\$ 217,971	\$ 138,011	\$ 133,717	\$ 378,067	\$ 351,688
Capital assets	515,762	515,411	316,695	311,862	832,457	827,273
Total assets	<u>755,818</u>	<u>733,382</u>	<u>454,706</u>	<u>445,579</u>	<u>1,210,524</u>	<u>1,178,961</u>
Deferred outflows	<u>13,589</u>	<u>9,252</u>	<u>937</u>	<u>696</u>	<u>14,526</u>	<u>9,948</u>
Long term liabilities	279,970	259,234	93,797	96,577	373,767	355,811
Other liabilities	<u>23,547</u>	<u>22,276</u>	<u>3,239</u>	<u>5,970</u>	<u>26,786</u>	<u>28,246</u>
Total liabilities	<u>303,517</u>	<u>281,510</u>	<u>97,036</u>	<u>102,547</u>	<u>400,553</u>	<u>384,057</u>
Deferred inflows	<u>37</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>42</u>	<u>-</u>
Net position, as restated:						
Net investment						
in capital assets	281,422	292,532	228,867	221,063	510,289	517,934
Restricted	131,076	119,539	19,216	7,764	150,292	127,303
Unrestricted	<u>53,355</u>	<u>49,053</u>	<u>110,519</u>	<u>114,901</u>	<u>163,874</u>	<u>159,615</u>
Total net position	<u>\$ 465,853</u>	<u>\$ 461,124</u>	<u>\$ 358,602</u>	<u>\$ 343,728</u>	<u>\$ 824,455</u>	<u>\$ 804,852</u>

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015

Analysis of Changes in Net Position

The following table summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2015 with comparisons to the previous year. The 2014 amounts have been restated for the impact of GASB Statement No. 68.

	Changes in Net Position (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 8,669	\$ 8,971	\$ 46,219	\$ 44,088	\$ 54,888	\$ 53,059
Operating grants and contributions	1,199	1,042	-	-	1,199	1,042
Capital grants and contributions	4,234	5,901	17,743	10,226	21,977	16,127
General revenues:						
Property taxes	39,932	36,502	-	-	39,932	36,502
Franchise taxes	7,255	6,460	-	-	7,255	6,460
Sales tax	67,621	68,462	-	-	67,621	68,462
Hotel occupancy tax	5,084	4,646	-	-	5,084	4,646
Public service taxes	516	478	-	-	516	478
Investment earnings	5,021	1,882	867	1,397	5,888	3,279
Total revenues	<u>139,531</u>	<u>134,344</u>	<u>64,829</u>	<u>55,711</u>	<u>204,360</u>	<u>190,055</u>
Expenses:						
General government	27,917	51,738	-	-	27,917	51,738
Public safety	45,237	45,284	-	-	45,237	45,284
Public works	37,074	36,079	-	-	37,074	36,079
Culture and recreation	19,253	18,074	-	-	19,253	18,074
Interest on long-term debt	8,118	8,478	-	-	8,118	8,478
Issuance costs	943	-	-	-	943	-
Water and sewer utility	-	-	46,070	47,809	46,070	47,809
Golf course	-	-	145	71	145	71
Total expenses	<u>138,542</u>	<u>159,653</u>	<u>46,215</u>	<u>47,880</u>	<u>184,757</u>	<u>207,533</u>
Increases in net position before transfers	989	(25,309)	18,614	7,831	19,603	(17,478)
Transfers	3,740	1,801	(3,740)	(1,801)	-	-
Increase in net position	<u>4,729</u>	<u>(23,508)</u>	<u>14,874</u>	<u>6,030</u>	<u>19,603</u>	<u>(17,478)</u>
Net position - beginning, as restated	<u>461,124</u>	<u>484,632</u>	<u>343,728</u>	<u>337,698</u>	<u>804,852</u>	<u>822,330</u>
Net position - ending	<u>\$ 465,853</u>	<u>\$ 461,124</u>	<u>\$ 358,602</u>	<u>\$ 343,728</u>	<u>\$ 824,455</u>	<u>\$ 804,852</u>

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

Analysis of Changes in Net Position (Continued)

Governmental activities. Governmental activities increased the City's net position by \$4,729,329 or 24.1 percent of the total increase in the net position of the City over the prior year. Key factors for the increase are as follows:

REVENUES

- Developer contributions of subdivision improvements approximated \$3.6 million and are included in program revenues of public works and culture and recreation activities. This represents an increase of \$2.9 million, or 387.8 percent over prior year.
- Amounts received for property taxes increased from last year by 9.4 percent due primarily to the addition of new property to the tax base; regularly scheduled debt service requirements on bonds and a reduced reliance on sales tax. Other factors include continued aggressive collection efforts. Property tax makes up 31.8 percent of total revenues.
- Sales tax collections of \$67.6 million decreased slightly by 1.2 percent, compared to prior year. This is a result of a shift in Dell, Inc's business model from primarily a computer manufacturer and seller to a global technology services provider. While this shift has led to declining sales tax revenues for the City from Dell, sales tax collections from sources other than Dell continue to grow, allowing sales tax revenues to hold fairly steady from year to year.
- Charges for services decreased by \$302,000 primarily due to a decrease in municipal court revenue as a result of the City of Round Rock Police Department focusing on community policing initiatives.
- Hotel occupancy tax revenues increased as a result of higher occupancy rates for area hotel/motels. The occupancy rate increased from 69.0 percent in 2014 to 75.8 percent in 2015.
- Program revenues remained fairly constant compared to prior year.

EXPENSES

Expenses for governmental activities for the City totaled \$138,542,134 for the year ended September 30, 2015. Significant factors include the following:

- General government costs decreased \$23.8 million from \$51.7 million in 2014 to \$27.9 million in 2015, or 46.0 percent. This decrease is the direct result of restating net position as of September 30, 2014 to implement GASB 68, thereby reflecting the net pension liability and expense on the financial statements. General government expense without the GASB 68 restatement decreased only \$133,455, compared to prior year.
- Public safety program costs including police and fire department activities totaled about \$45.2 million, or 32.7 percent of total expenses for governmental activities. This is a decrease of 0.1 percent compared to prior year. Most significant are personnel costs which totaled \$36.8 million.
- Public works program costs totaling \$37.1 million reflect primarily depreciation charges on infrastructure of \$24.9 million along with the City's street maintenance and improvement programs and significant personnel costs. This represents an increase of \$1.0 million, or 2.8 percent over prior year.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

Analysis of Changes in Net Position (Continued)

Business-type activities. Business-type activities increased the City's net position by \$14,873,733 or 75.9 percent of the total growth in the net position of the City over the prior year. Key factors for the increase are as follows:

REVENUES

- The City's water, sewer and drainage utility continues to show increases in the number of customers and operating revenues. Scheduled uses of impact fees received have allowed current rates to remain stable while still providing adequate times coverage of utility bonded debt service. Comparative data for the past two fiscal years are presented as follows:

	2015	2014	
Operating revenues	\$ 45,898,090	\$ 43,705,878	
Operating income	\$ 3,871,316	\$ 2,833,984	
Income available for debt service	\$ 19,413,015	\$ 17,970,483	
Annual debt service	\$ 6,894,788	\$ 6,347,632	
Coverage	2.82	2.83	

- The City sets utility rates based on the cost of service. This model establishes an equitable rate structure for total cost recovery. In order to fund the capital improvement program and to meet increasing system demand and operational cost pressures, multiple-year rate increases were implemented. Volumetric and base charge rates increased collectively 2.5 percent in January 2015. Even with the rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

EXPENSES

- Expenses of the business-type activities decreased slightly from prior year due to open positions and decreased fuel expenses.

Financial Analysis of the Governmental Funds

As noted earlier, the City of Round Rock 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 government's net resources available for spending at the end of the fiscal year.

For the fiscal year ended September 30, 2015, the City's governmental funds reported combined ending fund balances of \$210,078,532. Approximately 23.9 percent of this total amount of \$50,277,389 constitutes unassigned fund balance and is available for spending at the City's discretion. \$27,294,167 of the fund balance is committed to either construction or special revenue projects/programs. The remainder of fund balances is restricted or nonspendable to indicate that it is not available for new spending because it has already been committed to 1) pay debt service of \$2,351,780, 2) fund authorized capital projects of \$117,515,606, 3) other restricted purposes of \$12,208,769 or 4) nonspendable of \$430,821.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

Financial Analysis of the Governmental Funds (Continued)

The general fund is the chief operating fund of the City. At the close of the current fiscal year, fund balance of the general fund reached \$50,708,210, of which \$50,277,389 was unassigned. Unassigned fund balance represented 56.1 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the general fund increased by \$11,584,574. In previous years, excess fund balance was transferred during the fiscal year for one-time expenditures in the self-financed construction account. Beginning with fiscal 2015, excess funds are not allocated until the subsequent year. This change and continued revenue growth caused the higher balances.

The debt service fund had a total fund balance of \$2,351,780 at the end of the fiscal year, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was only \$73,718. Debt service expenditure requirements increased by \$321,726 during the fiscal year and were adequately funded by the debt service portion of the property tax.

The fund balance of the RRTEDC revenue fund was \$32,075,182, an increase of \$2,469,886 compared to the prior year. The increase reflects a reduction in transfers out of this fund to fund transportation system improvements and related maintenance and debt service costs. This is a result of less costs incurred for transportation projects, compared to the prior year, as well as issuance of the 2014 transportation certificates of obligation which provided an alternative source of funding for transportation system improvements during 2015.

The self-financed construction fund, the 2014 general obligation bond fund and 2014 transportation certificates of obligation had a combined total fund balance at year-end of \$107,254,690. The collective net increase of \$14,190,147 is a result of the unspent balance from the \$27,270,000 issuance in Combination Tax and Limited Revenue Certificates of Obligation in December 2014. The proceeds will be used for transportation projects.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer utility totaled \$108,709,453 at September 30, 2015. The total growth in net position for the utility was \$15,290,130. The unrestricted net position represented 30.9 percent of the utility's total net position.

General Fund Budgetary Highlights

No amendments were taken to City Council for the General Fund for the year ended September 30, 2015. Overall, actual revenues and financing sources exceeded budgetary estimates and expenditures including transfers were less than budgeted amounts, thus eliminating any need to draw upon existing fund balance.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

Capital Assets and Debt Administration

Capital Assets

The City of Round Rock's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounted to \$832,457,546 (net of accumulated depreciation). This investment includes land, buildings and improvements, improvements other than buildings (including infrastructure), machinery and equipment and construction in progress.

Major capital asset events during the year ended September 30, 2015, included the following:

- The new Brushy Creek Trail Gap project was completed in Spring 2015 at a total project cost of \$3.1 million.
- Projects underway funded by the 2014 General Obligation bonds are as follows:
 - Parks and recreation improvements at Old Settler's Park include the Rock 'N' River expansion at a cost of \$8.1 million, as well as the multipurpose field complex and soccer fields estimated at \$30 million. The Rock 'N' River expansion is to be completed and ready by summer of 2016.
 - Expansion of citywide trails began at an estimated cost of \$20.1 million with \$2.2 million incurred to date.
 - Neighborhood park improvements, ADA upgrades, and facility improvements are underway with total cost estimated at \$3.5 million.
 - Citywide trail projects are underway with \$2.2 million in costs incurred to date.
 - Design has been finalized and work is commencing on two fire stations. The total cost is estimated at \$10.8 million utilizing the current 2014 General Obligation issue and future General Obligation bond issuances for Public Safety.
- Major arterial, signal and road projects are underway and at various stages of completion. Completed projects totaled \$1.1 million while construction in progress at year-end approximated \$20.1 million.
- Major City facility improvements were completed at a cost of \$633,306 and information technology infrastructure upgrades were completed at a cost of \$575,290.
- Various street, sidewalk, fencing, drainage and traffic signal improvement projects were underway with completions totaling \$1.2 million and construction in progress \$1.7 million at year end.
- Developers contributed infrastructure improvements for governmental activities of \$3.1 million, and \$5.7 million for water, sewer and drainage system infrastructure improvements.
- Drainage assets totaling \$1.4 million were contributed from the City's general assets to the City's utility system.
- The program to replace water meters citywide with automated reading equipment is scheduled for completion by summer 2016 at a cost of \$3.8 million.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

Capital Assets and Debt Administration (Continued)

- Various water and wastewater line replacement projects were completed and placed in service at a cost of \$3.2 million and similar projects were in progress costing \$1.3 million to date.
- Construction is complete on Phases 2, 4 and 6 of the reuse treatment facility, elevated storage and water line at a total cost of \$7.0 million.
- Construction was substantially complete on Round Rock's treated water line that connects to the Brushy Creek Regional Utility Authority (BCRUA) system. Total cost as of September 30, 2015 was \$7.8 million.

	Governmental		Capital Assets (in 000's)			
	Activities		Business-Type		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 45,751	\$ 44,863	\$ 8,453	\$ 8,453	\$ 54,204	\$ 53,316
Buildings and Improvements	133,813	132,333	22,437	22,506	156,250	154,839
Improvements Other Than Buildings	649,772	638,069	423,042	389,874	1,072,814	1,027,943
Machinery and Equipment	67,539	63,563	15,032	13,960	82,571	77,523
Accumulated Depreciation	(411,287)	(377,295)	(157,585)	(143,351)	(568,872)	(520,646)
Construction in Progress	30,174	13,878	5,316	20,420	35,490	34,298
Total	<u>\$ 515,762</u>	<u>\$ 515,411</u>	<u>\$ 316,695</u>	<u>\$ 311,862</u>	<u>\$ 832,457</u>	<u>\$ 827,273</u>

Additional information on the City of Round Rock's capital assets can be found in Note IV (E) to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$308,951,624. Of this amount, \$184,600,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured solely by specified revenue sources (i.e., revenue bonds and state infrastructure bank loans).

During the current fiscal year, the City of Round Rock's total debt increased by \$8,942,479. The net increase is largely due to the issuance of \$27.3 million in debt for transportation improvements during 2015. Regularly scheduled debt principal was retired during 2015 as well.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

Long-Term Debt (Continued)

In 2015, the City refinanced various existing debt issuances to take advantage of favorable interest rates. Details of the refunding issuance can be found in Note IV (F) (4) to the financial statements.

	Governmental		Long-Term Debt (in 000's)		Total	
	Activities		Business-Type			
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 154,925	\$ 155,780	\$ -	\$ -	\$ 154,925	\$ 155,780
Certificates of obligation	29,675	11,135	-	-	29,675	11,135
Hotel tax revenue bonds	13,225	13,795	-	-	13,225	13,795
Sales tax revenue bonds	11,920	15,700	-	-	11,920	15,700
State infrastructure bank loans	13,082	14,574	-	-	13,082	14,574
Water and wastewater revenue bonds	-	-	86,125	89,025	86,125	89,025
Total	\$ 222,827	\$ 210,984	\$ 86,125	\$ 89,025	\$ 308,952	\$ 300,009

The City of Round Rock benefits substantially in reduced interest costs resulting from recently affirmed bond ratings by Moody's Investors Service of Aa1, and Standard & Poor's of AA+.

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), approved by the voters, that limits the maximum tax rate, for all City purposes to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$ 2.50 maximum tax rate for general obligation debt service. The resulting legal debt margin is \$1,461,735,702. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.15182, or 10.12%. Of \$39,792,302 levied in property taxes for the fiscal year ended September 30, 2015, 99.76% of taxes levied were collected during the fiscal year. The City is conservative in how it issues debt and has adopted a "pay as you go" philosophy by using excess cash funds to fund current projects and issuing debt only when deemed necessary.

Additional information on the City's long-term debt can be found in Note IV (F) to the financial statements.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

Economic Factors and Next Year's Budgets and Rates

The development of the City's budget is guided by several factors including the Council's Strategic Goals, prevailing economic conditions and the continuing need to provide basic and improved customer services for a growing population. The fiscal year 2015-2016 budget adopted by the City Council adheres to the City's financial policies and preserves the City's strong financial position while providing excellent levels of service. During the creation of the 2015-2016 budget process the City Manager and Executive team focused on various budget drivers in the decision making process.

- Addressing Council Strategic Goals
- Meeting the demands of growth with additions to maintain service levels
- Biennial citizen survey results
- Voter authorized general obligation debt to expand programs and services
- Transportation certificates of obligation to address roadway and traffic issues
- Debt payments for these new programs
- Competitive employee compensation and benefits
- Maintenance of parks, facilities and streets
- Compliance with financial policies

Revenue assumptions in general for fiscal year 2015-2016 are expected to follow the growth curve of job creation, population growth, retail sales activity and housing starts.

The City's economy is expected to generate approximately \$64.8 million in sales tax revenue for fiscal year 2016. This amount includes the 1/2% or \$16.3 million in additional sales and use tax for roads and economic development. The remaining 1½ % is projected to generate \$48.5 million for general operations, property tax reduction and capital projects.

The 2015/2016 taxable assessed value is \$10.5 billion, which is an increase of 8.9% over prior year. The adopted budget maintains a tax rate of \$0.41465 per \$100 of valuation. Under the 2015/2016 budget, the adopted rate is above the effective rate of \$0.38453 per \$100 which results in a tax increase of 7.8%. An important Council top strategic goal - "Financially Sound City Providing High Value Services" is to continue reasonable tax rate increases to improve the revenue stability of the General Fund while maintaining a competitive and affordable community. Round Rock continues to have a property tax rate that is among the lowest of any medium-to-large cities in the state, including those cities with an additional ½ cent sales tax for property tax reduction.

The Water and Wastewater Utility operations are funded primarily through user fees. The City's utility infrastructure and service delivery systems have been carefully planned and have sufficiently met demand for a growing customer base. Water sales are conservatively estimated using customer base projections, while at the same time taking into account changing weather conditions. Effective January 2016, residential customers will see an average increase of 3.0% for water and wastewater rates. This is the second of a two-part schedule increase adopted by Council in 2013. This increase compliments the 2.6% increase from the first phase implemented in January 2015. Water conservation and drought contingency programs continue to help the City conserve existing water sources. Round Rock water and wastewater rates continue to be among the lowest in the area. Wholesale water rates increased October 1, 2015. The City's wholesale customers made up approximately 15% of its revenues.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, City of Round Rock, 221 East Main Street, Round Rock, Texas 78664.



BASIC FINANCIAL STATEMENTS

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 27,800,057	\$ 23,098,181	\$ 50,898,238
Investments	79,545,229	69,088,233	148,633,462
Receivables (net of allowance for uncollectibles)-			
Property taxes	269,866	-	269,866
Accounts & other	6,913,576	6,552,421	13,465,997
Loans	970,130	-	970,130
Accrued interest	276,719	102,489	379,208
Intergovernmental	154,902	4,280,899	4,435,801
Interfund	(1,158,258)	1,158,258	-
Inventories	286,027	591,995	878,022
Other current assets	232,294	502,544	734,838
Restricted assets -			
Cash and cash equivalents	12,416,733	7,018,222	19,434,955
Investments	110,847,703	12,775,531	123,623,234
Property tax receivable	154,979	-	154,979
Accounts and other	1,265,159	446,563	1,711,722
Accrued interest	80,547	15,160	95,707
Investment in joint venture	-	12,380,581	12,380,581
Capital assets -			
Land and construction in progress	75,925,379	13,768,975	89,694,354
Capital asset, net of accumulated depreciation	439,837,324	302,925,868	742,763,192
Total assets	755,818,366	454,705,920	1,210,524,286
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refundings	6,961,069	-	6,961,069
Pension contributions after measurement date	5,219,335	745,208	5,964,543
Pension actuarial losses	1,408,249	192,034	1,600,283
Total deferred outflows of resources	13,588,653	937,242	14,525,895

The accompanying notes are an integral part of this financial statement.

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 16,452,385	\$ 2,006,483	\$ 18,458,868
Accrued payroll	4,057,702	595,843	4,653,545
Unearned revenue	905,367	-	905,367
Accrued interest payable	2,131,178	636,694	2,767,872
Noncurrent liabilities -			
Customer deposits	-	1,061,928	1,061,928
Due within one year	18,836,898	3,330,681	22,167,579
Due in more than one year	261,132,711	89,404,299	350,537,010
Total liabilities	<u>303,516,241</u>	<u>97,035,928</u>	<u>400,552,169</u>
DEFERRED INFLOWS OF RESOURCES			
Pension actuarial gains	<u>37,309</u>	<u>5,088</u>	<u>42,397</u>
NET POSITION			
Net investment in capital assets	281,421,954	228,866,895	510,288,849
Restricted for -			
Debt service	1,351,780	440,715	1,792,495
Capital projects	117,515,606	18,775,257	136,290,863
Hotel-motel tax	10,934,476	-	10,934,476
Public safety	1,274,293	-	1,274,293
Unrestricted	<u>53,355,360</u>	<u>110,519,279</u>	<u>163,874,639</u>
Total net position	<u>\$ 465,853,469</u>	<u>\$ 358,602,146</u>	<u>\$ 824,455,615</u>

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 27,917,481	\$ 2,168,842	\$ 1,016,477	\$ -
Public safety	45,236,987	2,461,782	57,949	-
Public works	37,074,023	749,524	-	4,126,046
Culture and recreation	19,252,557	3,288,970	125,148	107,972
Interest on long-term debt	8,118,490	-	-	-
Issuance costs	942,596	-	-	-
Total governmental activities	138,542,134	8,669,118	1,199,574	4,234,018
Business-type activities:				
Water and sewer utility	46,069,705	45,898,090	-	17,742,568
Golf course	144,993	320,846	-	-
Total business-type activities	46,214,698	46,218,936	-	17,742,568
Total primary government	\$ 184,756,832	\$ 54,888,054	\$ 1,199,574	\$ 21,976,586

The accompanying notes are an integral part of this financial statement

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (24,732,162)	\$ -	\$ (24,732,162)
Public safety	(42,717,256)	-	(42,717,256)
Public works	(32,198,453)	-	(32,198,453)
Culture and recreation	(15,730,467)	-	(15,730,467)
Interest on long-term debt	(8,118,490)	-	(8,118,490)
Issuance costs	(942,596)	-	(942,596)
Total governmental activities	(124,439,424)	-	(124,439,424)
Business-type activities:			
Water and sewer utility	-	17,570,953	17,570,953
Golf course	-	175,853	175,853
Total business-type activities	-	17,746,806	17,746,806
Total primary government	(124,439,424)	17,746,806	(106,692,618)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	25,390,182	-	25,390,182
Property taxes, levied for debt service	14,542,391	-	14,542,391
Franchise taxes	7,255,212	-	7,255,212
Sales tax	67,620,848	-	67,620,848
Hotel occupancy tax	5,083,556	-	5,083,556
Public service taxes	515,778	-	515,778
Unrestricted investment earnings	5,020,786	866,927	5,887,713
Transfers	3,740,000	(3,740,000)	-
Total general revenues and transfers	129,168,753	(2,873,073)	126,295,680
Change in net position	4,729,329	14,873,733	19,603,062
Net position-beginning, as restated	461,124,140	343,728,413	804,852,553
Net position-ending	\$ 465,853,469	\$ 358,602,146	\$ 824,455,615

**CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2015**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Revenue Fund
ASSETS			
Cash and cash equivalents	\$ 14,646,659	\$ -	\$ -
Investments	41,901,278	-	-
Receivables (net of allowance for uncollectibles) -			
Property taxes, including interest and penalties	269,866	-	-
Accounts and other	5,922,670	-	-
Loans	-	-	-
Accrued interest	63,018	-	-
Interfund	11,758	18,215	-
Intergovernmental	144,426	-	-
Inventories	286,027	-	-
Other current assets	144,794	-	-
Restricted assets -			
Cash and cash equivalents	-	2,333,566	8,645,510
Investments	-	-	24,309,070
Receivables -			
Property taxes, including interest and penalties	-	154,979	-
Sales tax	-	-	1,265,159
Accrued interest	-	-	36,430
Total assets	<u>\$ 63,390,496</u>	<u>\$ 2,506,760</u>	<u>\$ 34,256,169</u>
LIABILITIES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 8,197,302	\$ -	\$ 680,987
Accrued payroll	3,997,585	-	-
Interfund payables	88,339	-	1,500,000
Deferred revenue	399,060	154,980	-
Total liabilities	<u>12,682,286</u>	<u>154,980</u>	<u>2,180,987</u>
Fund balances -			
Nonspendable	430,821	-	-
Restricted - debt service	-	2,351,780	-
Restricted - authorized construction	-	-	32,075,182
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Committed, reported in-			
Committed	-	-	-
Capital projects funds	-	-	-
Unassigned	50,277,389	-	-
Total fund balances	<u>50,708,210</u>	<u>2,351,780</u>	<u>32,075,182</u>
Total liabilities and fund balances	<u>\$ 63,390,496</u>	<u>\$ 2,506,760</u>	<u>\$ 34,256,169</u>

The accompanying notes are an integral part of this financial statement.

Self-Financed Construction	2014 General Obligation Bonds Fund	2014 Transportation Certificates of Obligation	Other Governmental Funds	Total Governmental Funds
\$ 6,703,115	\$ -	\$ -	\$ 3,959,934	\$ 25,309,708
19,187,636	-	-	11,327,705	72,416,619
-	-	-	-	269,866
-	-	-	990,906	6,913,576
912,130	-	-	58,000	970,130
196,957	-	-	16,744	276,719
-	-	-	1,570,124	1,600,097
10,476	-	-	-	154,902
-	-	-	-	286,027
-	-	-	-	144,794
-	440,667	748,172	248,818	12,416,733
-	62,509,301	22,779,578	1,249,754	110,847,703
-	-	-	-	154,979
-	-	-	-	1,265,159
-	32,343	-	1,165	69,938
<u>\$ 27,010,314</u>	<u>\$ 62,982,311</u>	<u>\$ 23,527,750</u>	<u>\$ 19,423,150</u>	<u>\$ 233,096,950</u>
\$ 2,314,192	\$ 1,262,773	\$ 2,688,720	\$ 886,432	\$ 16,030,406
-	-	-	60,117	4,057,702
-	-	-	11,758	1,600,097
-	-	-	776,173	1,330,213
<u>2,314,192</u>	<u>1,262,773</u>	<u>2,688,720</u>	<u>1,734,480</u>	<u>23,018,418</u>
-	-	-	-	430,821
-	-	-	-	2,351,780
-	61,719,538	20,839,030	2,881,856	117,515,606
-	-	-	10,934,476	10,934,476
-	-	-	1,274,293	1,274,293
-	-	-	2,598,045	2,598,045
24,696,122	-	-	-	24,696,122
-	-	-	-	50,277,389
<u>24,696,122</u>	<u>61,719,538</u>	<u>20,839,030</u>	<u>17,688,670</u>	<u>210,078,532</u>
<u>\$ 27,010,314</u>	<u>\$ 62,982,311</u>	<u>\$ 23,527,750</u>	<u>\$ 19,423,150</u>	<u>\$ 233,096,950</u>



CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds \$ 210,078,532

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 45,751,142	
Construction in progress	30,174,237	
Building and improvements	783,585,613	
Equipment	67,538,831	
Accumulated depreciation	<u>(411,287,120)</u>	
Total capital assets	<u>\$ 515,762,703</u>	515,762,703

Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds. 6,961,069

Contributions to the pension plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 5,219,335

Pension actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. 1,370,940

Property tax revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. 424,846

Internal service funds are used by management to charge the costs of self-funded insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 8,136,831

Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end. (2,131,178)

Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. They are detailed in Note III (A). (279,969,609)

Net Position of Governmental Activities \$ 465,853,469

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2015**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Revenue Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 83,719,817	\$ 14,619,593	\$ 16,905,212
Licenses, permits and fees	1,648,274	-	-
Charges for services	4,245,310	-	-
Fines and forfeitures	2,021,086	-	-
Intergovernmental	549,079	-	-
Hotel occupancy tax	-	-	-
Investment and other	4,493,086	6,152	383,806
Contributions	-	-	-
Total revenues	<u>96,676,652</u>	<u>14,625,745</u>	<u>17,289,018</u>
Expenditures -			
Current -			
General government	23,183,599	-	-
Public safety	42,765,289	-	-
Public works	10,849,152	-	1,479,132
Culture and recreation	12,841,404	-	-
Debt service -			
Principal retirement	-	13,919,366	-
Interest and fiscal charges	-	7,847,372	-
Issuance costs	-	472,675	-
Capital projects	-	-	-
Total expenditures	<u>89,639,444</u>	<u>22,239,413</u>	<u>1,479,132</u>
Excess (deficiency) of revenues over expenditures	<u>7,037,208</u>	<u>(7,613,668)</u>	<u>15,809,886</u>
Other financing sources (uses) -			
Issuance of debt	-	-	-
Issuance of lease	1,327,490	-	-
Issuance of refunding bonds	-	43,395,000	-
Issuance of premium	-	5,164,877	-
Payment to refunding agent	-	(48,955,991)	-
Transfers in	3,290,000	8,114,500	-
Transfers out	(70,124)	(31,000)	(13,340,000)
Total other financing sources (uses)	<u>4,547,366</u>	<u>7,687,386</u>	<u>(13,340,000)</u>
Net change in fund balances	11,584,574	73,718	2,469,886
Fund balances, October 1, 2014	<u>39,123,636</u>	<u>2,278,062</u>	<u>29,605,296</u>
Fund balances, September 30, 2015	<u>\$ 50,708,210</u>	<u>\$ 2,351,780</u>	<u>\$ 32,075,182</u>

The accompanying notes are an integral part of this financial statement.

		2014		
Self-	2014 General	Transportation	Other	Total
Financed	Obligation	Certificates of	Governmental	Governmental
Construction	Bonds Fund	Obligation	Funds	Funds
\$ -	\$ -	\$ -	\$ 263,884	\$ 115,508,506
-	-	-	56,100	1,704,374
-	-	-	268,118	4,513,428
-	-	-	430,230	2,451,316
105,567	-	-	1,025,347	1,679,993
-	-	-	5,083,556	5,083,556
1,173,321	259,127	27,659	864,327	7,207,478
344,201	-	-	256,718	600,919
<u>1,623,089</u>	<u>259,127</u>	<u>27,659</u>	<u>8,248,280</u>	<u>138,749,570</u>
-	-	-	654,921	23,838,520
-	-	-	301,983	43,067,272
-	-	-	-	12,328,284
-	-	-	1,924,636	14,766,040
-	-	-	-	13,919,366
-	-	-	-	7,847,372
-	-	469,921	-	942,596
10,762,347	6,475,965	7,192,851	9,045,391	33,476,554
<u>10,762,347</u>	<u>6,475,965</u>	<u>7,662,772</u>	<u>11,926,931</u>	<u>150,186,004</u>
<u>(9,139,258)</u>	<u>(6,216,838)</u>	<u>(7,635,113)</u>	<u>(3,678,651)</u>	<u>(11,436,434)</u>
-	-	27,270,000	-	27,270,000
672,510	-	-	-	2,000,000
-	-	-	-	43,395,000
-	-	1,204,143	-	6,369,020
-	-	-	-	(48,955,991)
8,034,703	-	-	7,631,662	27,070,865
-	-	-	(9,889,741)	(23,330,865)
<u>8,707,213</u>	<u>-</u>	<u>28,474,143</u>	<u>(2,258,079)</u>	<u>33,818,029</u>
(432,045)	(6,216,838)	20,839,030	(5,936,730)	22,381,595
25,128,167	67,936,376	-	23,625,400	187,696,937
<u>\$ 24,696,122</u>	<u>\$ 61,719,538</u>	<u>\$ 20,839,030</u>	<u>\$ 17,688,670</u>	<u>\$ 210,078,532</u>

**CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

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

Net Change in Fund Balances-Total Governmental Funds	\$	22,381,595
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.		(614,186)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.		965,988
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(184,095)
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(16,187,300)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These include:		
Interest expense		(1,427,326)
Pension expense		(6,609,487)
Contributions to the pension plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds.		7,159,333
Internal service funds are used to charge the costs of self-funded insurance to the individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.		<u>(755,193)</u>
Change in Net Position of Governmental Activities	\$	<u>4,729,329</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise, including interest and penalties	\$ 80,828,000	\$ 80,828,000	\$ 83,719,817	\$ 2,891,817
Licenses, permits and fees	871,700	871,700	1,648,274	776,574
Charges for services	3,885,000	3,885,000	4,245,310	360,310
Fines and forfeitures	2,569,000	2,569,000	2,021,086	(547,914)
Intergovernmental	345,515	345,515	549,079	203,564
Investment and other	2,803,200	2,803,200	4,493,086	1,689,886
Total revenues	<u>91,302,415</u>	<u>91,302,415</u>	<u>96,676,652</u>	<u>5,374,237</u>
Expenditures -				
Current -				
General government	25,150,140	25,150,140	23,183,524	1,966,616
Public safety	44,723,375	44,723,375	42,765,364	1,958,011
Public works	12,702,562	12,702,562	10,849,152	1,853,410
Culture and recreation	12,871,118	12,871,118	12,841,404	29,714
Total expenditures	<u>95,447,195</u>	<u>95,447,195</u>	<u>89,639,444</u>	<u>5,807,751</u>
Excess (deficiency) of revenues over expenditures	<u>(4,144,780)</u>	<u>(4,144,780)</u>	<u>7,037,208</u>	<u>11,181,988</u>
Other financing sources (uses) -				
Issuance of lease	850,000	850,000	1,327,490	477,490
Transfers in	3,290,000	3,290,000	3,290,000	-
Transfers out	-	-	(70,124)	(70,124)
Total other financing sources, net	<u>4,140,000</u>	<u>4,140,000</u>	<u>4,547,366</u>	<u>407,366</u>
Net change in fund balance	<u>\$ (4,780)</u>	<u>\$ (4,780)</u>	<u>11,584,574</u>	<u>\$ 11,589,354</u>
Fund balance, October 1, 2014			<u>39,123,636</u>	
Fund balance, September 30, 2015			<u>\$ 50,708,210</u>	

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
ROUND ROCK TRANSPORTATION AND ECONOMIC DEVELOPMENT CORPORATION
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Sales tax	\$ 16,466,666	\$ 16,466,666	\$ 16,905,212	\$ 438,546
Investment and other	151,000	151,000	383,806	232,806
Total revenues	<u>16,617,666</u>	<u>16,617,666</u>	<u>17,289,018</u>	<u>671,352</u>
Expenditures -				
Public works	1,403,700	1,403,700	1,479,132	(75,432)
Total expenditures	<u>1,403,700</u>	<u>1,403,700</u>	<u>1,479,132</u>	<u>(75,432)</u>
Excess of revenues over expenditures	<u>15,213,966</u>	<u>15,213,966</u>	<u>15,809,886</u>	<u>595,920</u>
Other financing uses -				
Transfers in	140,000	140,000	-	(140,000)
Transfers out	(6,590,000)	(6,590,000)	(13,340,000)	(6,750,000)
Total other financing sources (uses)	<u>(6,450,000)</u>	<u>(6,450,000)</u>	<u>(13,340,000)</u>	<u>(6,890,000)</u>
Net change in fund balances	<u>\$ 8,763,966</u>	<u>\$ 8,763,966</u>	2,469,886	<u>\$ (6,294,080)</u>
Fund balance, October 1, 2014			<u>29,605,296</u>	
Fund balance, September 30, 2015			<u>\$ 32,075,182</u>	

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015**

	Business-Type Activities Enterprise Funds		Total	Governmental Activities
	Water and Sewer Fund	Golf Course Fund		Internal Service
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 22,927,778	\$ 170,403	\$ 23,098,181	\$ 2,490,349
Investments	68,600,452	487,781	69,088,233	7,128,610
Receivables (net of allowance for uncollectibles of \$ 1,645,815) - accounts	6,552,421	-	6,552,421	-
Accrued interest	101,791	698	102,489	10,609
Intergovernmental	4,280,899	-	4,280,899	-
Inventories	591,995	-	591,995	-
Other current assets	502,544	-	502,544	87,500
Total current assets	<u>103,557,880</u>	<u>658,882</u>	<u>104,216,762</u>	<u>9,717,068</u>
Noncurrent assets:				
Restricted cash, cash equivalents and investments:				
Impact fees	6,527,440	-	6,527,440	-
Construction	11,786,094	-	11,786,094	-
Customer deposits	1,039,504	-	1,039,504	-
Revenue bond covenant accounts	440,715	-	440,715	-
Restricted accounts and accrued interest receivable:				
Restricted impact fees	336,041	-	336,041	-
Restricted accrued interest	15,160	-	15,160	-
Loans receivable	110,522	-	110,522	-
Investment in joint venture	12,380,581	-	12,380,581	-
Capital assets:				
Land and construction in progress	11,870,486	1,898,489	13,768,975	-
Capital assets being depreciated	300,064,627	2,861,241	302,925,868	-
Total capital assets (net of accumulated depreciation of \$157,584,539)	<u>311,935,113</u>	<u>4,759,730</u>	<u>316,694,843</u>	<u>-</u>
Total noncurrent assets	<u>344,571,170</u>	<u>4,759,730</u>	<u>349,330,900</u>	<u>-</u>
Total assets	<u>448,129,050</u>	<u>5,418,612</u>	<u>453,547,662</u>	<u>9,717,068</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions after measurement date	745,208	-	745,208	-
Pension actuarial losses	192,034	-	192,034	-
Total deferred outflows of resources	<u>937,242</u>	<u>-</u>	<u>937,242</u>	<u>-</u>

The accompanying notes are an integral part of this financial statement.

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (CONTINUED)
 SEPTEMBER 30, 2015**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,999,169	\$ 7,314	\$ 2,006,483	\$ 421,979
Accrued payroll	595,843	-	595,843	-
Accrued interest	636,694	-	636,694	-
Current portion of bonds payable	2,860,000	-	2,860,000	-
Current portion of premiums on bonds	71,946	-	71,946	-
Accrued benefit obligations	398,735	-	398,735	-
Total current liabilities	6,562,387	7,314	6,569,701	421,979
Noncurrent liabilities:				
Bonds payable	83,265,000	-	83,265,000	-
Premiums on bonds payable	1,631,002	-	1,631,002	-
Noncurrent accrued benefit obligations	454,525	-	454,525	-
Net pension liability	4,053,772	-	4,053,772	-
Customer deposits	1,061,928	-	1,061,928	-
Total noncurrent liabilities	90,466,227	-	90,466,227	-
Total liabilities	97,028,614	7,314	97,035,928	421,979
DEFERRED INFLOWS OF RESOURCES				
Pension actuarial gains	5,088	-	5,088	-
NET POSITION				
Net investment in capital assets	224,107,165	4,759,730	228,866,895	-
Restricted for:				
Debt service	440,715	-	440,715	-
Capital projects	18,775,257	-	18,775,257	-
Committed:				
Other post employment benefits	-	-	-	2,711,424
Unrestricted	108,709,453	651,568	109,361,021	6,583,665
Total net position	\$ 352,032,590	\$ 5,411,298	357,443,888	\$ 9,295,089
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			1,158,258	
Change in net position of business-type activities			\$ 358,602,146	

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 YEAR ENDED SEPTEMBER 30, 2015**

	Business-Type Activities Enterprise Funds		Total	Governmental Activities
	Water and Sewer Fund	Golf Course Fund		Other Internal Service
Operating revenues -				
Charges for services	\$ 41,880,906	\$ 320,846	\$ 42,201,752	\$ 9,704,113
Licenses, permits, and fees	4,017,184	-	4,017,184	-
Total revenues	<u>45,898,090</u>	<u>320,846</u>	<u>46,218,936</u>	<u>9,704,113</u>
Operating expenses -				
Personnel services	9,228,272	-	9,228,272	-
Contractual services	14,500,269	14,460	14,514,729	2,370,623
Supplies	1,005,655	-	1,005,655	15,092
Materials	831,371	-	831,371	-
Heat, light and power	1,783,408	-	1,783,408	-
Claims expense	-	-	-	8,351,468
Depreciation	14,677,799	130,533	14,808,332	-
Total operating expenses	<u>42,026,774</u>	<u>144,993</u>	<u>42,171,767</u>	<u>10,737,183</u>
Operating income (loss)	<u>3,871,316</u>	<u>175,853</u>	<u>4,047,169</u>	<u>(1,033,070)</u>
Nonoperating revenues (expenses) -				
Investment and other revenues	863,900	3,027	866,927	132,600
Interest and fiscal charges	(3,897,654)	-	(3,897,654)	-
Total nonoperating revenues (expenses)	<u>(3,033,754)</u>	<u>3,027</u>	<u>(3,030,727)</u>	<u>132,600</u>
Income before contributions and transfers	<u>837,562</u>	<u>178,880</u>	<u>1,016,442</u>	<u>(900,470)</u>
Contributions and transfers -				
Contributions - impact fees	7,933,508	-	7,933,508	-
Contributions - infrastructure	7,066,261	-	7,066,261	-
Contributions - other	2,742,799	-	2,742,799	-
Transfers out	(3,290,000)	(450,000)	(3,740,000)	-
Total contributions and transfers	<u>14,452,568</u>	<u>(450,000)</u>	<u>14,002,568</u>	<u>-</u>
Change in net position	<u>15,290,130</u>	<u>(271,120)</u>	<u>15,019,010</u>	<u>(900,470)</u>
Net position, October 1, 2014, as restated	<u>336,742,460</u>	<u>5,682,418</u>		<u>10,195,559</u>
Net position, September 30, 2015	<u>\$ 352,032,590</u>	<u>\$ 5,411,298</u>		<u>\$ 9,295,089</u>

Reconciliation to government-wide statement of activities:

Adjustment to reflect the net profit of the internal service fund that was allocated to enterprise fund functions

(145,277)

Change in net position of business-type activities

\$ 14,873,733

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED SEPTEMBER 30, 2015**

	Business Type Activities- Enterprise Funds		Total	Governmental Activities
	Water and Sewer Fund	Golf Course		Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 45,179,353	\$ 325,551	\$ 45,504,904	\$ 1,037,576
Cash paid to other funds for services provided	-	-	-	9,633,187
Cash payments to suppliers for goods and services	(18,243,658)	(7,146)	(18,250,804)	(10,921,116)
Cash payments to employees for services	(9,102,597)	-	(9,102,597)	-
Cash payments to other funds for services	(85,080)	-	(85,080)	-
Net cash provided (used) by operating activities	<u>17,748,018</u>	<u>318,405</u>	<u>18,066,423</u>	<u>(250,353)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	-	-
Transfers to other funds	(3,290,000)	(450,000)	(3,740,000)	-
Net cash used for noncapital financing activities	<u>(3,290,000)</u>	<u>(450,000)</u>	<u>(3,740,000)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Receipts of capital contributions	10,410,268	-	10,410,268	-
Acquisition and construction of capital assets	(17,149,701)	-	(17,149,701)	-
Investment in joint venture	1,605,005	-	1,605,005	-
Principal paid on revenue bonds	(2,900,000)	-	(2,900,000)	-
Collection of loans	422,998	-	422,998	-
Interest and fiscal charges paid	(3,995,539)	-	(3,995,539)	-
Net cash used by capital and related financing activities	<u>(11,606,969)</u>	<u>-</u>	<u>(11,606,969)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(144,571,256)	(975,586)	(145,546,842)	(14,164,067)
Proceeds from sale of investments	159,515,922	1,068,793	160,584,715	14,766,554
Investment and other income	800,056	3,027	803,083	132,600
Net cash provided by investing activities	<u>15,744,722</u>	<u>96,234</u>	<u>15,840,956</u>	<u>735,087</u>
Net increase (decrease) in cash and cash equivalents	18,595,771	(35,361)	18,560,410	484,734
Cash and cash equivalents at beginning of year	<u>11,350,229</u>	<u>205,764</u>	<u>11,555,993</u>	<u>2,005,615</u>
Cash and cash equivalents at end of year	<u>\$ 29,946,000</u>	<u>\$ 170,403</u>	<u>\$ 30,116,403</u>	<u>\$ 2,490,349</u>

The accompanying notes are an integral part of this financial statement.

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2015**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course	Total	Internal Service
<u>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Assets</u>				
Cash and cash equivalents	\$ 22,927,778	\$ 170,403	\$ 23,098,181	\$ 2,490,349
Restricted assets -				
Cash and cash equivalents	<u>7,018,222</u>	<u>-</u>	<u>7,018,222</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 29,946,000</u>	<u>\$ 170,403</u>	<u>\$ 30,116,403</u>	<u>\$ 2,490,349</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income	\$ 3,871,316	\$ 175,853	\$ 4,047,169	\$ (1,033,070)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	14,677,799	130,533	14,808,332	-
Provision for bad debts	116,478	-	116,478	-
(Increase) decrease in:				
Receivables	(721,937)	4,705	(717,232)	-
Interfund receivables	2,920	-	2,920	966,650
Inventory	(241,150)	-	(241,150)	-
Other assets	(61,488)	-	(61,488)	-
(Increase) decrease in:				
Accounts payable	63,205	7,314	70,519	(183,933)
Accrued payroll	90,420	-	90,420	-
Interfund payables	(88,000)	-	(88,000)	-
Customer deposits	3,200	-	3,200	-
Compensated absences	35,255	-	35,255	-
Total adjustments	<u>13,876,702</u>	<u>142,552</u>	<u>14,019,254</u>	<u>782,717</u>
Net cash provided (used) by operations	<u>\$ 17,748,018</u>	<u>\$ 318,405</u>	<u>\$ 18,066,423</u>	<u>\$ (250,353)</u>

NOTES:

- (1) Noncash capital and related financing activities:
 In fiscal year 2015, the Water and Sewer Fund had \$7,066,261 in capital assets contributed, recognized \$111,635 in unrealized investment losses, and loss on joint venture of \$2,683,973.

The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
 FIDUCIARY FUND
 STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2015**

	<u>AGENCY FUND</u>
	<u>Public Improvement Districts</u>
ASSETS	
Cash and cash equivalents	\$ <u>17,132</u>
Total assets	\$ <u><u>17,132</u></u>
LIABILITIES	
Liabilities -	
Due to participants	\$ <u>17,132</u>
Total liabilities	\$ <u><u>17,132</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS



CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Round Rock, Texas (the City) is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government. The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. REPORTING ENTITY

The City provides various services and performs many different functions. These include a police force, a fire fighting and protection force, emergency medical services, a park and recreation system, a municipal golf course, a public library, convention and tourism support, planning and zoning and a waterworks and sewer utility system. The City's staff provides the necessary support for the services provided. All are responsible to the Citizens of Round Rock and are therefore included within the reporting entity.

As required by generally accepted accounting principles, these financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the City.

Blended component unit

The Round Rock Transportation and Economic Development Corporation (Corporation), an entity legally separate from the City, is governed by a seven-member board appointed by the City Council. The City Council maintains budgetary control of the Corporation. For financial reporting purposes, the Round Rock Transportation and Economic Development Corporation is presented as a part of the City's operations because its sole purpose is to utilize sales tax revenues for the improvement of the City's transportation system. The revenues of the Corporation and its administrative expenditures are accounted for in a special revenue fund, while the capital improvements are accounted for in a capital projects fund.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. GASB Statement No. 34 requires certain supplementary information. Management's Discussion and Analysis includes an analytical overview of the City's financial activities. In addition, budgetary comparison statements are presented that compare the adopted and amended budgets of the General Fund and the Round Rock Transportation and Economic Development Corporation Special Revenue Fund with their actual results.

Government-Wide Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component unit. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are funded by fees and charges for services.

The City's statement of net position includes both non-current assets and non-current liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or franchise taxes, intergovernmental revenues, interest income, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, and the component unit. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION - GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements:

Separate fund based financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. GASB Statement No. 34 sets 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 major governmental funds are the general fund, the debt service fund, the Round Rock Transportation and Economic Development Corporation's special revenue fund, the self-financed construction fund, the 2014 General Obligation Bond capital projects fund, and the 2014 Transportation Certificates of Obligation fund. The nonmajor funds are combined in a separate column in the fund financial statements.

The internal service fund, which provides services to the other funds of the government, is presented as part of the proprietary fund financial statements. Because the principal users are the City's governmental activities, financial statements of the internal service fund are consolidated into the governmental column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (general government, public safety, public works, etc.).

The City's fiduciary fund is presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, this fund is not incorporated into the government-wide statements.

C. GOVERNMENTAL FUND TYPES

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

The **General Fund** accounts for financial resources in use for general types of operations, which are not encompassed within other funds. The general fund is considered a major fund in the fund financial statements.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. GOVERNMENTAL FUND TYPES (CONTINUED)

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

There are ten groups of funds within the Special Revenue Funds which account for the activities related to grant programs, hotel-motel room taxes, transportation system improvement sales tax and funds designated for specific service programs. They are as follows:

Major Fund

- *Round Rock Transportation and Economic Development Corporation Revenue Fund*

Nonmajor Funds

- *Hotel-Motel Occupancy Tax Fund*
- *Hotel-Motel Occupancy Venue Tax Fund*
- *Police Fund*
- *Municipal Court Fund*
- *Landscape Fund*
- *Community Development Block Grant Fund*
- *Library Fund*
- *Public Education & Government Fund*
- *Traffic Safety Program Fund*

The Round Rock Transportation and Economic Development Corporation special revenue fund is considered a major fund in the fund financial statements. It accounts for sales tax monies received for streets, drainage and other transportation system improvements, including maintenance costs associated with such authorized projects.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal, interest and related costs. The debt service fund is considered a major fund in the fund financial statements.

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by proprietary funds). There are thirteen groups of funds within the Capital Projects Fund which account for the activities related to various capital improvements projects as follows:

Major Funds

- *Self-Financed Construction*
- *2014 Series General Obligation Bond Fund*
- *2014 Series Certificates of Obligation*

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. GOVERNMENTAL FUND TYPES (CONTINUED)

Nonmajor Funds

- *Streets and Drainage*
- *2007 General Obligation Bonds*
- *2004 General Obligation Bonds*
- *Park Development*
- *2007 Series Certificates of Obligation*
- *2002 Series General Obligation Bonds*
- *Round Rock Transportation and Economic Development Corporation Project Fund*
- *Convention Center Complex Fund*
- *Transit Fund*
- *Tourism Development Fund*
- *Venue Tax Projects Fund*

The Self-Financed construction fund, the 2014 Series General Obligation Bonds, and the 2014 Series Certificates of Obligation are considered major funds in the fund financial statements. The Self-Financed Construction fund accounts for the costs of authorized general capital improvements and facilities. Financing is provided by general government resources. The 2014 Series General Obligation Bonds fund accounts for projects related to fire department facilities, parks and recreational purposes, library facilities and police and fire training facilities. The 2014 Series Certificates of Obligation Bonds fund accounts for transportation improvements, payments of costs, and issuance of the bond funds.

D. PROPRIETARY FUND TYPES

The **Proprietary Funds** are used to account for the City's ongoing organizations and activities that are similar to those found in the private sector. The measurement focus is upon capital maintenance and upon determination of net income, financial position and cash flows. The City maintains the following Proprietary Fund types.

The **Enterprise Fund** is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's Enterprise Fund consists of the Water and Sewer Utility Fund, which includes the City's storm water drainage program, and the Golf Course Fund. These funds are primarily supported by user charges.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. OTHER FUND TYPES

The **Internal Service Fund** is used to account for the financing of goods or services provided by one department or agency to other City departments or agencies on a cost-plus basis. The City's Internal Service Fund is the Self-Funded Health Insurance Fund, which is used to account for the activities of the City's self-funded health insurance program.

The **Agency Fund** is purely custodial (assets equal liabilities) and thus does not involve measurement of results of operations. The Agency Fund is the Public Improvement Districts Fund.

F. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

GASB Statement No. 34 eliminated the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide statement of net position.

G. BASIS OF ACCOUNTING

Government-Wide Statements

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

Fund Financial Statements

In the fund financial statements, all governmental funds are accounted for using a modified accrual basis of accounting. Governmental funds use the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Governmental Funds

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis of accounting, revenues are recorded when deemed both measurable and available. Measurable means that the amount of the transaction can be determined. Available means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

Governmental Funds (Continued)

Revenue Recognition (Continued)

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred revenue.

Hotel taxes, franchise fees, and special assessments are recorded when susceptible to accrual, both measurable and available. Sales taxes collected and held by the State at year-end on behalf of the City are also recognized as revenue. Licenses and permits, charges for services, fines and forfeitures and other revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Earnings on investments are recorded on the accrual basis in all funds. Unrealized gains or losses on investments are also recognized in accordance with GASB Statement No. 31.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual grant programs are used for guidance. Monies received are generally unrestricted as to purpose of expenditure and are revocable only for failure to comply with prescribed compliance requirements. These resources are recognized as revenues at the time of receipt, or sooner, if the susceptible to accrual criteria are met.

The City reports deferred revenue on its fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on governmental long-term debt which are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds' fund financial statements.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

Proprietary and Agency Funds

In the fund financial statements and the government-wide statements, proprietary and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, the golf course fund and the internal service fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The proprietary funds follow GAAP prescribed by GASB and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its proprietary funds as prescribed by the GASB.

H. CASH AND CASH EQUIVALENTS

In accordance with GASB Statement No. 9, for reporting purposes, the City has developed a definition of cash equivalents. Cash equivalents are demand deposit account balances, investments with the State Investment Pool, repurchase agreements, obligations of the United States government and its agencies, commercial paper and certificates of deposit with original maturities of three months or less.

I. INVESTMENTS

All investments are presented at fair value. The fair value of U.S. Government Securities is based upon discounted future cash flows. The fair value of the positions in the state investment pools is the same as the value of the pool shares.

J. INVENTORIES AND PREPAID ITEMS

Inventories of supplies for all funds are valued at cost. The consumption method is used to account for inventories. Under the consumption method, an expenditure is recognized when inventory items are used. Cost is determined for inventories of supplies on the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (other current assets) in both the government-wide and fund financial statements.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. JOINT VENTURE

Joint venture represents the City's equity interest calculated in accordance with the agreement for Brushy Creek Regional Utility Authority (BCRUA). The City's initial investment in this joint venture was recorded at cost. The City shares in the operating results in this joint venture so the City adjusts its equity interest by the amount of its participating share of the joint venture's change in net position.

L. CAPITAL ASSETS

Capital assets are stated at historical cost. Maintenance and repairs are charged to operations as incurred. Improvements and betterments, which extend the useful lives of assets, are capitalized.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by the fund's measurement focus. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000 and a useful life of at least 5 years. Contributed assets are recorded at the estimated fair market value at the time received.

Public domain capital assets (infrastructure) have been capitalized. Infrastructure consists of certain improvements other than buildings, including roads, curbing, gutters, streets and sidewalks and drainage systems.

In the government-wide statements, depreciation of plant and equipment classified by functional components is provided by the straight-line method over their estimated useful lives. Estimated useful lives are as follows:

<i>Buildings</i>	<i>30 – 50 years</i>
<i>Improvements other than buildings</i>	<i>10 – 40 years</i>
<i>Machinery and equipment</i>	<i>5 – 10 years</i>

When capital assets are retired or otherwise disposed of, a gain or loss on disposal of assets is recognized.

In the fund financial statements, because of the application of the current financial resources focus and the use of modified accrual accounting for governmental funds, depreciation is only recognized for the Enterprise Funds.

For the Enterprise Fund's capital assets, interest is capitalized on construction costs. The amount of interest cost capitalized for assets constructed with tax-exempt borrowings is equal to the cost of borrowing, less interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings. The total amount of interest expense incurred and expensed was \$3,897,654.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. LONG-TERM DEBT

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Deferred amounts related to refundings are reported as deferred outflow of resources and amortized over the shorter of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Hotel Occupancy Tax Revenue Bonds were issued to fund the City's portion of the construction of a convention center complex. The project costs were shared with a private corporation in accordance with the Master Agreement Regarding Convention Center Development. Venue Tax and Hotel Occupancy Revenue Bonds were issued to fund a portion of the construction of a sports center. The Hotel Occupancy Tax Revenue Bonds and Venue Tax and Hotel Occupancy Tax Revenue Bonds are to be repaid from the hotel tax revenues.

Loans from the State Infrastructure Bank have been received to fund transportation improvements. The loans are to be repaid from revenues of the Round Rock Transportation and Economic Development Corporation.

Revenue bonds, which have been issued to fund capital projects of the Enterprise Fund, are to be repaid from net revenues of the utility systems.

Sales tax revenue bonds have been issued to fund transportation improvements. The bonds are to be repaid from revenues of the Round Rock Transportation and Economic Development Corporation.

N. ACCRUED BENEFIT OBLIGATIONS

Unpaid Compensated Absences

Each employee may accumulate a total of two years vacation eligibility. Employees are paid for the accumulated vacation upon termination. Effective January 1, 1994, a liability for sick pay is not recorded since sick pay does not vest.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. ACCRUED BENEFIT OBLIGATIONS (CONTINUED)

Unpaid Compensated Absences (Continued)

The City accrues a liability for accumulated vacation and sick leave benefits, which meet the following criteria:

- *The City's obligation to fund accumulated vacation and sick leave benefits is attributable to employees' services already rendered.*
- *The obligation relates to rights that vest or accumulate.*
- *Payment of the compensation is probable.*
- *The amount can be reasonably estimated.*

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Other Post-employment Benefits

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self-insurance plan. The City accrues a liability for the annual required contribution, as determined by an actuary, less the actual cost incurred on a pay as you go basis on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees.

O. TRANSACTIONS BETWEEN FUNDS

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds – for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds - are accounted for as transfers.

As a rule, the effect of interfund activity has been eliminated from the government-wide statement of net position. Exceptions to this rule are cost reimbursement transactions between the enterprise fund and various other functions of the government for utilities and for reimbursement of personnel costs for employees administering grant programs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. NET POSITION

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Net position classified as restricted are balances with constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Certain bond proceeds, as well as resources set aside for their repayment, are classified as restricted assets because their use is limited by bond covenants. Other assets are restricted due to City Ordinance restrictions on their use.

Net position has been restricted for the excess of restricted assets over related liabilities to the extent such restricted assets were accumulated from revenues (i.e., in some cases, restricted assets were obtained in total or in part from the proceeds of bond sales or grants).

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Q. CLASSIFICATION OF FUND EQUITY

Governmental funds fund balances classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – Nonspendable fund balances are amounts that are not in spendable form or are required to be maintained intact.

Restricted fund balance – Restricted fund balances are amounts that are constrained to specific purposes by creditors, grantors, contributors, or laws or regulations of other governments.

Committed fund balance – Committed fund balances are amounts that are committed to specific purposes by City Council through an ordinance. Amounts cannot be used for other purposes unless the City Council takes the same action to remove or change the constraint. The most significant commitment in the special revenue funds is for public education and government fund activities.

Assigned fund balance – Assigned fund balances are amounts that the City intends to use for a specific purpose but are neither restricted nor committed. Assignments are made by City management based on Council direction.

Unassigned fund balance – Unassigned fund balances are amounts that are available for any legal purposes. The general fund is the only fund that reports an unassigned fund balance amount.

For the classification of governmental fund balances, the City considers the expenditure to be made from the most restrictive first when more than one classification is available.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. MINIMUM FUND BALANCE POLICY

It is the desire of the City to maintain an adequate fund balance in the General Fund to maintain liquidity and 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 120 days of budgeted expenditures.

S. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/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 the following items that qualify for reporting in this category:

- Deferred charges on refundings - 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. The deferred charge on refundings is reported in the government-wide statement of net position.
- Pension contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets - This difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position and/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 one item that qualifies for reporting in this category. The difference in expected and actual pension experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

T. TAP-IN (CONNECTION FEES) AND IMPACT FEES

Water and sewer tap-in fees (connection fees) represent reimbursement of the costs incurred to perform the connection of the respective utilities. These fees are recorded as operating revenue at the time of service. The impact fee substantially exceeds the cost of connection to the water and sewer system, and is therefore viewed as a contribution. Effective with the implementation of GASB Statement No. 33, impact fees are recorded as contributions in the Enterprise Fund.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations to determine the annual required contributions of the retirement and other post-employment benefits are based on assumptions about events far into the future. Accordingly, actual results could differ from those estimates.

V. PENSIONS

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

W. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following which became effective for fiscal year 2015.

Statement No. 68 changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS (CONTINUED)

The implementation of Statement No. 68 resulted in restatement of beginning net position for the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying this change results in the adjustment below:

	<i>Government- Wide Statement of Activities</i>	<i>Fund Level</i>	
		<i>Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund</i>	
		<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position at September 30, 2014, as previously reported	\$ 484,811,366	\$ 346,932,393	\$ 339,946,440
Recording of net pension liability as of the measurement date	(28,600,077)	(3,900,011)	(3,900,011)
Deferral for pension contributions made after the measurement date	<u>4,912,851</u>	<u>696,031</u>	<u>696,031</u>
Net position at September 30, 2014, as restated	<u>\$ 461,124,140</u>	<u>\$ 343,728,413</u>	<u>\$ 336,742,460</u>

The GASB has issued the following statements which will become effective in future years.

Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*” – This statement changes the focus of accounting of postemployment benefits other than pension from whether they are responsibly funding the benefits over time to a point-in-time liability that is reflected on the employer's financial statements for any actuarially underfunded portion of benefits earned to date. This statement will become effective for the City in fiscal year 2018.

Statement No. 77, “*Tax Abatement Disclosures*” – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the City in fiscal year 2017.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY ACCOUNTING

The City follows these procedures in establishing the appropriated budget as reflected in the accompanying financial statements:

- (1) At least sixty days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted at which all interested persons' comments concerning the budget may be heard.
- (3) The budget is legally enacted by the City Council through passage of an appropriation ordinance and tax-levying ordinance not later than the final day of the last month of the fiscal year.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Proprietary Funds. Management control for the operating budget is maintained at the individual office, department, or agency level.
- (5) Annual budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and the Proprietary Funds. Capital Projects Funds have no binding annual budget. Project-length financial plans are adopted for all capital projects; accordingly, no comparison of budget to actual is presented in the financial statements.
- (6) Amendments that alter total expenditures of any fund must be approved by the City Council. Although costs are monitored on a departmental basis, the level of control at which expenditures may not exceed the budget is at the fund level. The reported budgetary data has been revised for amendments authorized.
- (7) Any appropriation balances in the General Fund and Special Revenue Funds lapse or revert to the undesignated fund balances at the close of each fiscal year.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. BUDGETARY ACCOUNTING (CONTINUED)

The budgets of the various funds are prepared on a basis consistent with generally accepted accounting principles as described above. The following table compares original to final budgets for the General Fund. No amendments were taken to City Council for the General Fund for the year ended September 30, 2015.

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 80,828,000	\$ -	\$ 80,828,000
Licenses, permits and fees	871,700	-	871,700
Charges for services	3,885,000	-	3,885,000
Fines and forfeitures	2,569,000	-	2,569,000
Intergovernmental	345,515	-	345,515
Investment and other	2,803,200	-	2,803,200
Total revenues	91,302,415	-	91,302,415
Expenditures -			
Current -			
General government	25,150,140	-	25,150,140
Public safety	44,723,375	-	44,723,375
Public works	12,702,562	-	12,702,562
Culture and recreation	12,871,118	-	12,871,118
Total expenditures	95,447,195	-	95,447,195
Excess (deficiency) of revenues over expenditures	(4,144,780)	-	(4,144,780)
Other financing sources -			
Issuance of lease	850,000	-	850,000
Transfers in	3,290,000	-	3,290,000
Total other financing sources	4,140,000	-	4,140,000
Net change in fund balances	\$ (4,780)	\$ -	\$ (4,780)

B. ENCUMBRANCES

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. For budgetary purposes, encumbrances lapse at fiscal year-end.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

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

Bonds payable	\$ 209,745,000
Plus: Issuance premium (amortized against interest expense)	15,099,111
Less: Issuance discount (amortized against interest expense)	(129,427)
Bank loans	13,081,624
Capital leases payable	3,505,510
Net pension liability	29,727,655
Compensated absences	6,165,182
Other post-employment benefits	<u>2,774,954</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 279,969,609</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

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

Capital outlay	\$ 35,385,140
Depreciation expense	<u>(35,999,326)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (614,186)</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (CONTINUED)

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

Donations	\$ 3,152,680
Reclassifications, disposals, and transfers	<u>(2,186,692)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 965,988</u>

Another element of the reconciliation states that “The issuance of long-term debt (e.g. bonds, 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Issuance of lease	\$ (2,000,000)
Issuance of debt	(70,665,000)
Premiums received on issuance of debt	(6,369,020)
Deferred amount on refunding	3,240,991
Debt payments/refundings	58,822,521
Capital leases payments	<u>783,208</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (16,187,300)</u>

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015**

**III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (CONTINUED)**

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

Amortization of bond premium/discount	\$	1,005,207
Change in compensated absences		(796,583)
Increase in OPEB liability		(388,263)
Change in accrued interest		(628,723)
Amortization of deferred amount on refunding		<u>(618,964)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>		<u>\$ (1,427,326)</u>

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2015, the carrying amount of deposits was a debit balance of \$36,703,389, including \$1,927,754 in outstanding checks, and the respective bank balances totaled \$34,775,634. The City’s bank balances were fully insured or collateralized with securities held by the City’s agent in the City’s name.

Investments –

All investments are presented at fair value. The fair value of U.S. Government Securities is based upon discounted future cash flows. The fair value of the positions in the state investment pools is the same as the value of the pool shares. The change in the fair value of investments during the year ended September 30, 2015 is as follows:

Fair value at September 30, 2015	\$	305,886,500
Add: Proceeds of investments matured this fiscal year		483,852,379
Less: Cost of investments purchased this fiscal year		(478,978,880)
Less: Fair value at September 30, 2014		<u>(311,038,798)</u>
Change in fair value of investments		<u>\$ (278,799)</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

Reconciliation of cash and investments to the statement of net position amounts for cash and cash equivalents and investments is as follows:

Cash in banks	\$ 36,703,389
Investments	<u>305,886,500</u>
 Total cash and investments	 <u><u>\$ 342,589,889</u></u>
 Statement of net position presentation:	
Cash and cash equivalents	\$ 50,898,238
Investments	148,633,462
Restricted assets -	
Cash and cash equivalents	19,434,955
Investments	<u>123,623,234</u>
 Total cash and cash equivalents and investments	 <u><u>\$ 342,589,889</u></u>

Investments are classified as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
U. S. Government Securities	\$ 228,044,832	\$ 228,044,832	357
Certificates of Deposit	12,245,000	12,245,000	234
Investments in State Investment Pools	<u>65,596,668</u>	<u>65,596,668</u>	1
	<u><u>\$ 305,886,500</u></u>	<u><u>\$ 305,886,500</u></u>	
 Portfolio weighted average maturity			 276

In accordance with its investment policy, the City manages its interest rate risk by limiting the weighted average maturity of its portfolio to less than 540 days.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Additional contractual provisions governing deposits and investments are as follows:

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Policies Governing Deposits and Investments

1. Foreign Currency Risk – The City's deposits and investments are not exposed to foreign currency risk.
2. Custodial Credit Risk – The City's policy is to be collateralized. The City was fully collateralized during the year.
3. Interest Rate Risk – The City has no debt securities which have interest rate risk.
4. Other Credit Risk Exposure – The City does not invest in debt securities directly; however, there are some in the pools the City invests in.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

5. Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2015, the City minimized credit risk losses due to default of security issuer or backer by:

- a) Limiting investments to the safest rated securities. All the City’s purchased investments in U. S. Agencies were rated AAA, AAA, and Aaa by Standard & Poors, Fitch and Moody’s respectively;
- b) Using a registered investment advisor to provide investment and market advice; and
- c) Diversifying the investment portfolio so that potential losses on individual securities were minimized.

The City invests on a short term basis in three investment pools. At September 30, 2015, \$55,414,096 was invested in Texpool. The Comptroller of Public Accounts is the sole officer and director of the Texas Treasury Safekeeping Trust Company, which is authorized to operate the state investment pool. The Comptroller maintains oversight of all operations of the pool. The state investment pool is rated AAAM by Standard and Poor’s.

In addition, \$5,180,221 was invested in the Texas Short Term Asset Reserve Program (TexSTAR) and \$5,002,351 in TexasDAILY. Both are an investment pool that is authorized under Chapters 791 (Cooperation Act) and 2256 (Investment Act) of the Texas Government Code. These investment pools are managed by board of directors and member advisory boards. Participants have representation on the board. TexSTAR and TexasDAILY are rated AAAM by Standard & Poors.

Concentration Risk – The City invests in pools, certificates of deposit, money market funds, municipal bonds and U. S. Government Securities. State law authorizes the City to invest in obligations of the United States government and its agencies, commercial paper, money market funds, certificates of deposit of any state or federally chartered bank, obligations of states, agencies, counties, cities and other political subdivisions of any state not rated less than A or equivalent. All investments made in 2015 were in the aforementioned categories.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. PROPERTY TAXES AND RECEIVABLES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson and Travis Central Appraisal Districts established appraisal values in accordance with requirements of the Texas Legislature.

The City Council levies taxes based upon the appraised values. Williamson County and Travis County bills and collects the City's property taxes.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real and personal property within the City on the 2014 tax roll. The tax rate, based on total taxable assessed valuation of \$9,634,156,426 was \$0.41465 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.26283 and \$0.15182, respectively.

	General Fund	Debt Service Fund	Total
Current year levy	\$ 94,160	\$ 46,377	\$ 140,537
Prior years' levies	178,432	110,167	288,599
	272,592	156,544	429,136
Less - allowance for uncollectible taxes	(2,726)	(1,565)	(4,291)
	\$ 269,866	\$ 154,979	\$ 424,845

Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2015 were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
General	Nonmajor Governmental Funds	\$ 11,758	\$ 11,758
Debt Service	General Fund	18,215	18,215
Round Rock Transportation Development Corporation Project Fund	Round Rock Transportation Development Corporation Revenue Fund	1,500,000	1,500,000
Nonmajor Governmental Funds	General Fund	70,124	70,124
		<u>\$ 1,600,097</u>	<u>\$ 1,600,097</u>
Governmental Funds		<u>\$ 1,600,097</u>	<u>\$ 1,600,097</u>

Remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

The City reports interfund transfers between many of its funds. These routine transfers are consistent with the activities of the funds.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. A summary of transfers between funds is on the next page.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

	Transfers In	Transfers Out
General Fund -		
Water and Sewer Fund	\$ 3,290,000	\$ -
Self-financed Construction	-	70,124
	<u>3,290,000</u>	<u>70,124</u>
Debt Service Fund -		
Golf Course Fund	450,000	-
Round Rock Transportation Development Corporation		
Revenue Fund	6,590,000	-
Nonmajor Governmental Funds	1,074,500	31,000
	<u>8,114,500</u>	<u>31,000</u>
Round Rock Transportation Development Corporation		
Revenue Fund -		
Debt Service Fund	-	6,590,000
Nonmajor Governmental Funds	-	6,750,000
	<u>-</u>	<u>13,340,000</u>
Self-Financed Construction -		
Nonmajor Governmental Funds	8,034,703	-
	<u>8,034,703</u>	<u>-</u>
Other Governmental Funds -		
General Fund	70,124	-
Debt Service Fund	31,000	1,074,500
Round Rock Transportation Development Corporation		
Revenue Fund	6,750,000	-
Self-financed Construction	-	8,034,703
Nonmajor Governmental Funds	780,538	780,538
	<u>7,631,662</u>	<u>9,889,741</u>
Subtotal of Governmental Funds	<u>27,070,865</u>	<u>23,330,865</u>
Water and Sewer Fund-		
General Fund	-	3,290,000
	<u>-</u>	<u>3,290,000</u>
Golf Course Fund-		
Debt Service Fund	-	450,000
	<u>-</u>	<u>450,000</u>
Subtotal of Proprietary Funds	<u>-</u>	<u>3,740,000</u>
	<u>\$ 27,070,865</u>	<u>\$ 27,070,865</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. JOINT VENTURE

The City entered into a partnership with the cities of Leander and Cedar Park and formed Brushy Creek Regional Utility Authority (BCRUA). The BCRUA has the responsibility to provide reliable, cost effective sources of water. The City accounts for this partnership as a joint venture. Condensed financial statements for BCRUA are shown below. Financial statements may be obtained at the BCRUA, 221 East Main St, Round Rock, Texas, 78664.

STATEMENT OF NET POSITION
As of September 30, 2015

	Total	City's Interest
ASSETS		
Cash and cash equivalents	\$ 11,498,844	\$ 4,443,547
Receivables, other current assets	171,485	62,047
Restricted investments	25,327,238	11,392,471
Capital assets	160,746,875	58,651,411
Total Assets	197,744,442	74,549,476
LIABILITIES		
Accounts payable	1,181,474	298,989
Retainage payable	1,582,268	542,984
Accrued bond interest payable	1,341,828	471,922
Total current liabilities	4,105,570	1,313,895
Bonds payable	172,885,000	60,855,000
Total Liabilities	176,990,570	62,168,895
NET POSITION	\$ 20,753,872	\$ 12,380,581

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2015

	Total	City's Interest
Operating revenues	\$ 821,883	\$ 252,471
Interest expense	(8,099,147)	(2,855,871)
Other operating expenses	(841,553)	(151,372)
Other income	192,985	70,799
Changes in Net Position	(7,925,832)	(2,683,973)
Net position, October 1, 2014	17,408,439	10,775,576
Contribution of capital, net	11,271,265	4,288,978
Net position, September 30, 2015	\$ 20,753,872	\$ 12,380,581

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	October 1, 2014	Additions/ Completions	Retirements/ Adjustments	September 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 44,863,340	\$ 1,495,523	\$ (607,721)	\$ 45,751,142
Construction in progress	13,877,726	32,423,921	(16,127,410)	30,174,237
Total capital assets not being depreciated	<u>58,741,066</u>	<u>33,919,444</u>	<u>(16,735,131)</u>	<u>75,925,379</u>
Capital assets being depreciated:				
Buildings and improvements	770,401,996	14,408,100	(1,224,483)	783,585,613
Equipment	63,562,469	5,519,604	(1,543,242)	67,538,831
Total capital assets being depreciated	<u>833,964,465</u>	<u>19,927,704</u>	<u>(2,767,725)</u>	<u>851,124,444</u>
Less accumulated depreciation for:				
Buildings and improvements	331,304,391	29,714,404	(508,298)	360,510,497
Equipment	45,990,239	6,284,922	(1,498,538)	50,776,623
Total accumulated depreciation	<u>377,294,630</u>	<u>35,999,326</u>	<u>(2,006,836)</u>	<u>411,287,120</u>
Total capital assets being depreciated, net	<u>456,669,835</u>	<u>(16,071,622)</u>	<u>(760,889)</u>	<u>439,837,324</u>
Governmental activities capital assets, net	<u>\$ 515,410,901</u>	<u>\$ 17,847,822</u>	<u>\$ (17,496,020)</u>	<u>\$ 515,762,703</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 8,452,956	\$ -	\$ -	\$ 8,452,956
Construction in progress	20,419,931	11,379,815	(26,483,727)	5,316,019
Total capital assets not being depreciated	<u>28,872,887</u>	<u>11,379,815</u>	<u>(26,483,727)</u>	<u>13,768,975</u>
Capital assets being depreciated:				
Buildings and improvements	412,380,692	32,186,697	910,615	445,478,004
Equipment	13,959,837	1,646,032	(573,466)	15,032,403
Total capital assets being depreciated	<u>426,340,529</u>	<u>33,832,729</u>	<u>337,149</u>	<u>460,510,407</u>
Less accumulated depreciation for:				
Building and improvements	133,112,555	13,342,270	(1,250)	146,453,575
Equipment	10,238,368	1,466,062	(573,466)	11,130,964
Total accumulated depreciation	<u>143,350,923</u>	<u>14,808,332</u>	<u>(574,716)</u>	<u>157,584,539</u>
Total capital assets being depreciated, net	<u>282,989,606</u>	<u>19,024,397</u>	<u>911,865</u>	<u>302,925,868</u>
Business-type activities capital assets, net	<u>\$ 311,862,493</u>	<u>\$ 30,404,212</u>	<u>\$ (25,571,862)</u>	<u>\$ 316,694,843</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:

General government	\$ 3,436,151
Public safety	2,785,729
Public works	24,943,275
Culture and recreation	4,834,171
Total depreciation expense-governmental activities	<u>\$ 35,999,326</u>

Business-type activities:

Water and sewer utility	\$ 14,677,799
Golf course	130,533
Total depreciation expense-business-type activities	<u>\$ 14,808,332</u>

Major construction contracts in progress from inception to September 30, 2015, consisted of the following:

	<u>Project Authorization</u>	<u>Expended to September 30, 2015</u>	<u>Committed</u>	<u>Future Financing</u>
Projects funded principally by general obligation debt-				
Parks and recreation facilities	\$ 15,044,947	\$ 15,044,947	\$ -	None
Parks, public safety, streets and public service facilities	71,089,629	71,052,301	37,328	None
Parks, public safety and library	71,161,003	9,558,231	61,602,772	None
Municipal complex, public safety and street improvements	21,752,945	21,281,723	471,222	None
Self-financed construction	37,469,911	30,201,477	7,268,434	None
Round Rock Transportation System-				
road improvements	96,902,908	48,063,800	48,839,108	
Sports venue complex	22,588,212	22,010,944	577,268	None
	<u>\$ 336,009,555</u>	<u>\$ 217,213,423</u>	<u>\$ 118,796,132</u>	
Projects funded by revenue bonds and developer contributions-				
Drainage system improvements	\$ 5,249,159	\$ 949,524	\$ 4,299,635	None
Utility line improvements	2,619,938	63,387	2,556,551	None
Self-financed construction	64,695,486	49,485,032	15,210,454	None
	<u>\$ 72,564,583</u>	<u>\$ 50,497,943</u>	<u>\$ 22,066,640</u>	

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT

The following is a summary of long-term debt transactions, including current portion of the City for the year ended September 30, 2015:

	Balance October 1, 2014 (restated)	Additions	Refundings/ Retirements	Balance September 30, 2015	Due within one year
Governmental Activities					
General obligation bonds	\$ 155,780,000	\$ 32,465,000	\$ (33,320,000)	\$ 154,925,000	\$ 6,835,000
Certificates of obligation	11,135,000	27,270,000	(8,730,000)	29,675,000	860,000
Hotel tax revenue bonds	13,795,000	-	(570,000)	13,225,000	590,000
Sales tax revenue bonds	15,700,000	10,930,000	(14,710,000)	11,920,000	2,740,000
State infrastructure bank loans	14,574,145	-	(1,492,521)	13,081,624	1,554,237
Plus deferred amount:					
For issuance premium	9,748,977	6,369,020	(1,018,886)	15,099,111	1,131,187
For issuance discount	(143,106)	-	13,679	(129,427)	(13,679)
Lease purchase payable	2,288,718	2,000,000	(783,208)	3,505,510	1,009,481
Net pension liability	28,600,077	1,127,578	-	29,727,655	-
Compensated absences	5,368,599	4,719,594	(3,923,011)	6,165,182	4,130,672
Other post-employment benefits	2,386,691	824,678	(436,415)	2,774,954	-
Total governmental activities	<u>259,234,101</u>	<u>85,705,870</u>	<u>(64,970,362)</u>	<u>279,969,609</u>	<u>18,836,898</u>
Business-Type Activities					
Revenue bonds	89,025,000	-	(2,900,000)	86,125,000	2,860,000
Plus deferred amount:					
For issuance premium	1,774,894	-	(71,946)	1,702,948	71,946
Net pension liability	3,900,011	153,761	-	4,053,772	-
Compensated absences	522,418	439,159	(456,849)	504,728	398,735
Other post-employment benefits	295,587	112,456	(59,511)	348,532	-
Total business-type activities	<u>95,517,910</u>	<u>705,376</u>	<u>(3,488,306)</u>	<u>92,734,980</u>	<u>3,330,681</u>
Total government	<u>\$ 354,752,011</u>	<u>\$ 86,411,246</u>	<u>\$ (68,458,668)</u>	<u>\$ 372,704,589</u>	<u>\$ 22,167,579</u>

The General Fund and Hotel/Motel Fund are responsible for liquidating the liability for compensated absences and other post-employment benefits in the governmental activities and the Water and Sewer Fund and Drainage Fund are responsible for liquidating the liability for compensated absences and other post-employment benefits in the business-type activities.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2015 is comprised of the following:

	Governmental Activities	Business-type Activities
General Obligation Bonds:		
\$44,770,000 2007 GO and refunding bonds due in annual installments of \$250,000 to \$3,455,000 through 2032; interest at 4.0% to 5.0%	\$ 8,040,000	\$ -
\$18,575,000 2010 refunding bonds due in annual installments of \$140,000 to \$1,940,000 through 2027; interest at 2.0% to 4.0%	16,645,000	-
\$19,580,000 2011 refunding bonds due in annual installments of \$405,000 to \$1,885,000 through 2027; interest at 2.0% to 4.0%	15,340,000	-
\$8,615,000 2013 refunding bonds due in annual installments of \$455,000 to \$925,000 through 2024; interest at 1.00% to 1.65%	6,755,000	-
\$10,465,000 2014A GO and refunding bonds due in annual installments of \$270,000 to \$1,740,000 through 2021; interest at 2.0% to 5.0%	8,795,000	-
\$66,885,000 2014 GO and refunding bonds due in annual installments of \$ -0- to \$4,790,000 through 2038; interest at 3.0% to 5.0%	66,885,000	-
\$32,465,000 2015 refunding bonds due in annual installments of \$-0- to \$3,445,000 through 2032; interest at 4.0% to 5.0%	32,465,000	-
Total General Obligation Bonds	154,925,000	-
Certificates of Obligation:		
\$14,915,000 2007 Combination tax and revenue certificates of obligation due in installments of \$375,000 to \$1,100,000 through 2027; interest at 4.0% to 4.625%	2,405,000	-
\$27,270,000 2014 Combination tax and revenue certificates of obligation due in installments of \$175,000 to \$1,700,000 through 2039; interest at 2.0% to 4.0%	27,270,000	-
Total Certificates of Obligation	29,675,000	-
Hotel Tax Revenue Bonds:		
\$8,920,000 2007 refunding bonds due in annual installments of \$345,000 to \$690,000 through 2025; interest at 4.0% to 4.5%	5,730,000	-
\$7,715,000 2012 venue tax and hotel bonds due in annual installments of \$110,000 to \$590,000 through 2038; interest at 2.0% to 4.0%	7,495,000	-
Total Hotel Tax Revenue Bonds	13,225,000	-
Sales Tax Revenue Bonds:		
\$10,650,000 2011 refunding bonds due in annual installments of \$1.0 to \$2.5 million through 2016 including interest at 1.25%	990,000	-
\$10,930,000 2015 refunding bonds due in annual installments of \$1.75 to \$1.89 million through 2021 including interest at 1.56%	10,930,000	-
Total Sales Tax Revenue Bonds	11,920,000	-

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

	Governmental Activities	Business-type Activities
State Infrastructure Bank Loans:		
\$7,000,000 2006 note due in annual installments of \$557,759 through 2021 including interest at 4%	\$ 3,337,466	\$ -
\$16,000,000 2008 note due in annual installments of \$1,459,255 through 2023 including interest at 4.2%	9,744,158	-
Total State Infrastructure Bank Loans	13,081,624	-
Utility System Revenue Bonds:		
\$12,000,000 2006 bonds due in annual installments of 365,000 to \$835,000 through 2026; interest at 2.2 to 2.95%	-	8,035,000
78,785,000 2009 bonds due in annual installments of \$645,000 to \$4,455,000 through 2039; interest at 2.0 to 5.0%	-	70,090,000
\$8,000,000 2014 bonds due in annual installments of \$ -0- to \$585,000 through 2034; interest at 2.0 to 4.0%	-	8,000,000
Total Utility System Revenue Bonds	-	86,125,000
Issuance premium	15,099,111	1,702,948
Issuance discount	(129,427)	-
Lease purchases payable:		
\$4,950,000 leases due in semi annual installments including interest ranging from 1.02% - 1.619% due in 2020. The lease obligation is funded with general revenue sources. Equipment under capital lease totaled \$3,055,510 at 9/30/2015.	3,505,510	-
Net pension liability	29,727,655	4,053,772
Compensated absences	6,165,182	504,728
Other post-employment benefits	2,774,954	348,532
Total primary government debt	\$ 279,969,609	\$ 92,734,980

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2015, including interest, are as follows:

Governmental Activities:

<u>Year Ending September 30,</u>	<u>General and Certificates of Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,520,000	\$ 8,392,676	\$ 15,912,676
2017	8,245,000	7,453,625	15,698,625
2018	8,560,000	7,142,458	15,702,458
2019	10,850,000	6,846,293	17,696,293
2020	11,260,000	6,439,163	17,699,163
2021-2025	48,890,000	25,390,863	74,280,863
2026-2030	35,565,000	15,867,161	51,432,161
2031-2035	29,255,000	8,716,338	37,971,338
2036-2040	24,455,000	2,600,631	27,055,631
	<u>\$ 184,600,000</u>	<u>\$ 88,849,208</u>	<u>\$ 273,449,208</u>

<u>Year Ending September 30,</u>	<u>Hotel Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 590,000	\$ 482,366	\$ 1,072,366
2017	615,000	460,716	1,075,716
2018	635,000	438,166	1,073,166
2019	660,000	414,716	1,074,716
2020	685,000	390,019	1,075,019
2021-2025	3,855,000	1,507,934	5,362,934
2026-2030	2,060,000	944,100	3,004,100
2031-2035	2,425,000	582,295	3,007,295
2036-2040	1,700,000	103,800	1,803,800
	<u>\$ 13,225,000</u>	<u>\$ 5,324,112</u>	<u>\$ 18,549,112</u>

<u>Year Ending September 30,</u>	<u>Sales Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,740,000	\$ 182,883	\$ 2,922,883
2017	1,780,000	143,208	1,923,208
2018	1,810,000	115,440	1,925,440
2019	1,840,000	87,204	1,927,204
2020	1,860,000	58,500	1,918,500
2021-2025	1,890,000	29,484	1,919,484
	<u>\$ 11,920,000</u>	<u>\$ 616,719</u>	<u>\$ 12,536,719</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued):

<u>Year Ending September 30,</u>	<u>State Infrastructure Bank Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,554,237	\$ 542,753	\$ 2,096,990
2017	1,618,507	478,484	2,096,991
2018	1,685,435	411,555	2,096,990
2019	1,755,133	341,858	2,096,991
2020	1,827,714	269,277	2,096,991
2021-2025	4,640,598	367,777	5,008,375
	<u>\$ 13,081,624</u>	<u>\$ 2,411,704</u>	<u>\$ 15,493,328</u>

<u>Year Ending September 30,</u>	<u>Lease Purchases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,009,481	\$ 50,157	\$ 1,059,638
2017	683,432	36,908	720,340
2018	694,284	26,069	720,353
2019	705,309	15,058	720,367
2020	413,004	5,025	418,029
	<u>\$ 3,505,510</u>	<u>\$ 133,217</u>	<u>\$ 3,638,727</u>

Business-type Activities:

<u>Year Ending September 30,</u>	<u>Utility System Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,860,000	\$ 3,820,204	\$ 6,680,204
2017	2,950,000	3,718,234	6,668,234
2018	3,030,000	3,627,429	6,657,429
2019	3,130,000	3,515,274	6,645,274
2020	3,250,000	3,377,994	6,627,994
2021-2025	17,795,000	14,909,951	32,704,951
2026-2030	17,425,000	11,206,870	28,631,870
2031-2035	19,095,000	6,935,531	26,030,531
2036-2039	16,590,000	2,124,250	18,714,250
	<u>\$ 86,125,000</u>	<u>\$ 53,235,737</u>	<u>\$ 139,360,737</u>

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Business-type Activities (Continued):

In prior years, the City defeased certain revenue and general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2015, there are no bonds outstanding which have been reported as defeased.

Bond ordinances also provide for other limitations and restrictions. The City is in compliance with all significant limitations and restrictions contained in the various bond ordinances.

In November 2013, the voters authorized the issuance of general obligation bonds to fund capital assets of the general government. The full faith and credit of the City as well as the City's ad valorem taxing authority back general obligation bonds.

Purpose	Date Authorized	Amount Authorized	Amount Issued (*)	Unissued Balance
Fire Department	11/5/2013	\$ 16,500,000	\$ 7,000,000	\$ 9,500,000
Parks & Recreation	11/5/2013	56,500,000	46,225,000	10,275,000
Library	11/5/2013	23,200,000	1,500,000	21,700,000
Police & Fire	11/5/2013	27,400,000	16,300,000	11,100,000
		<u>\$ 123,600,000</u>	<u>\$ 71,025,000</u>	<u>\$ 52,575,000</u>

(*) "Amount issued" column is adjusted pursuant to rules used by the Texas Attorney General.

The City may incur non-voted debt payment from or secured by its levy and collection of ad valorem taxes and other sources of revenue, including tax notes, public property finance contractual obligations, and leases for various purposes.

(1) UTILITY REVENUE BONDS

The City is required by bond ordinances to pledge the net revenues of the waterworks and sewer system for the retirement of its outstanding revenue bonds, including interest thereon, and is required for such purposes to maintain debt service funds and bond reserve funds for all outstanding revenue bonds.

The debt service funds are restricted within the Enterprise Fund and require that net revenues of the City's waterworks and sewer system, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments which will accumulate to the semi-annual principal and interest requirements as they become due.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

(1) UTILITY REVENUE BONDS (CONTINUED)

The bond reserve funds for revenue bond retirement are also restricted within the Enterprise Fund. The City is in compliance with the requirement to maintain a combined reserve fund containing cash and investments in an amount equal to the average annual principal and interest requirements of all bonds then outstanding. The City also covenants under the bond indentures that reserve funds shall be invested in time deposits, certificates of deposit and direct or guaranteed obligations of the United States of America.

(2) HOTEL TAX REVENUE BONDS

The debt service fund for the hotel tax revenue bonds, aggregating \$867,185 at September 30, 2015, is reported in the governmental funds. Bond covenants require that the hotel tax revenues be irrevocably pledged by providing quarterly installments, which will accumulate to the semi-annual principal and interest requirements as they become due.

The bond reserve fund for hotel tax revenue bond retirement aggregates \$807,358 at September 30, 2015. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires ½ of the average annual debt service requirements of the bonds in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

(3) SALES TAX REVENUE BONDS

The Round Rock Transportation and Economic Development Corporation issued the sales tax revenue bonds. The Corporation is a blended component unit of the City of Round Rock, which collects ½ of 1% of the sales tax collected by the State on its behalf. Although the Corporation is presented as a blended component unit, none of the City's assets are pledged to payment of the bonds. The bonds are secured solely by a pledge of the revenues of the Round Rock Transportation and Economic Development Corporation.

The debt service fund for the sales tax revenue bonds, aggregating \$137,577 at September 30, 2015, is reported in the governmental funds. Bond covenants require that the Corporation's share of the sales tax is pledged as security for the bonds. The Corporation provides monthly installments that accumulate to the semi-annual principal and interest requirements as they become due.

A reserve fund was not established for these bonds. The Corporation purchased bond insurance to provide for payment of the principal and interest requirements in the event that pledged revenues are not sufficient.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

(4) 2015 REFUNDING/ISSUANCE

In December 2014, the City issued \$27,270,000 in Combination Tax and Limited Revenue Certificates of Obligation, Series 2014. The proceeds along with a reoffering premium will be used for transportation improvements and payment of costs to issue the bonds.

In January 2015, the City advance refunded portions of General Obligation Bonds and Combination Tax and Revenue Certificates of Obligation. The net proceeds of \$32,465,000 of general obligation refunding bonds plus the reoffering premium (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into irrevocable trusts with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. As a result, the refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements.

This advance refunding will reduce the total debt service payments over the next 17 years by \$4,068,603, and will result in an economic gain (i.e., the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$3,146,470.

Additionally, in May 2015 the City advance refunded portions of Sales Tax Revenue Bonds. The net proceeds of \$10,930,000 of Sales Tax Revenue Bonds (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into irrevocable trusts with an escrow agent for the purpose of generating resources for all future debt service payments for the refunded debt. As a result, the refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements.

This advance refunding will reduce the total debt service payments over the next 6 years by \$935,313, and will result in an economic gain (i.e., the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$881,552.

The City does not plan to issue any new debt until fiscal year 2017 - 2018.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2015, were as follows:

	Governmental Activities	Business-type Activities
Balance, October 1, 2014	\$ 5,368,599	\$ 522,418
Additions	4,719,594	439,159
Reductions	(3,923,011)	(456,849)
Balance, September 30, 2015	<u>\$ 6,165,182</u>	<u>\$ 504,728</u>

Accrued compensated absences due within one year were \$4,130,672 for governmental activities and \$398,735 for business-type activities. Liabilities for accrued compensated absences are funded from general fund revenue for the governmental activities and water and sewer fund and drainage fund program revenues for the business-type activities.

H. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2015:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service fund	\$ 2,333,566	\$ -	\$ 154,979	\$ -	\$ -
Restricted by debt covenants- Round Rock Transportation System Development Corp.	8,645,510	24,309,070	-	1,265,159	36,430
2014 General Obligation Bond Fund	440,667	62,509,301	-	-	32,343
2014 Certificates of Obligation Bond	748,172	22,779,578	-	-	-
Nonmajor capital projects funds	248,818	1,249,754	-	-	1,165
Total Governmental Activities	<u>\$ 12,416,733</u>	<u>\$ 110,847,703</u>	<u>\$ 154,979</u>	<u>\$ 1,265,159</u>	<u>\$ 69,938</u>
	Cash & Cash Equivalents	Investments	Accounts Receivable	Accrued Interest Receivable	Loans Receivable
Business-Type Activities:					
Water and sewer fund-					
Impact fees	\$ 1,689,954	\$ 4,837,486	\$ 336,041	\$ -	\$ -
Construction	3,848,049	7,938,045	-	-	-
Customer deposits	1,039,504	-	-	-	-
Revenue bond debt service	440,715	-	-	-	-
Accrued interest receivable	-	-	-	15,160	-
Loans receivable	-	-	-	-	110,522
Total Business-Type Activities	<u>\$ 7,018,222</u>	<u>\$ 12,775,531</u>	<u>\$ 336,041</u>	<u>\$ 15,160</u>	<u>\$ 110,522</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Tax Collections

The City has a contract with Williamson and Travis counties tax offices to collect City taxes and deposit monies to the City's accounts. For this service, Williamson County was paid \$8,143 and Travis County was paid \$467 for the fiscal year ended September 30, 2015.

Commitments for Road Construction

The City's component unit, the Round Rock Transportation and Economic Development Corporation has entered into various commitments with the State of Texas' Department of Transportation relative to the construction of roadways.

Water Supply Agreements

On May 2, 1978, the City entered into the "Water Supply Contract" with the Brazos River Authority ("the Authority"), providing the City the right to purchase 6,720 acre-feet of water per year from Lake Georgetown. A new agreement, "System Water Availability Agreement for Lake Georgetown" dated September 1, 2001, replaced that agreement. The new agreement revised the rate methodology from a tiered system rate, wherein rates change based upon the City's consumption, to a level system rate. For the fiscal year ended September 30, 2015, the City's cost under this contract was \$467,040.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the Authority, wherein it received the right to purchase 8,134 acre-feet of water per year from Lake Stillhouse Hollow. Rights for an additional 10,000 acre-feet of water were acquired in the November 13, 1996 "System Water Supply Agreement". These agreements were replaced with the "System Water Availability Agreement for Lake Stillhouse Hollow" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet per year at the new system rate. For the fiscal year ended September 30, 2015, the City's cost under this contract was \$1,260,313.

Effective September 1, 2001, the City entered into a "System Water Availability Agreement for Colorado River Basin Water" with the Authority, wherein it received reserved water rights for an additional 6,944 acre-feet of water. Two subsequent agreements granted Round Rock rights to 13,984 additional acre-feet of water per year from the Colorado River Basin. For the fiscal year ended September 30, 2015, the City's cost under these contracts was \$1,908,474.

Future annual charges under the Water Supply Agreements will be based upon the system rate periodically set by the Authority.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Regional Sewer Project

In October 1996, as part of a plan for a regional wastewater collection, treatment and disposal system, the City and the City of Cedar Park entered into agreements with an alliance (“Alliance”) formed by the Brazos River Authority (“BRA”) and the Lower Colorado River Authority (“LCRA”). In 1998, LCRA acquired the treatment facilities of the City (these facilities were repurchased from the LCRA in 2009, as described below). BRA contracted with the cities to operate and maintain the regional system.

In September 2009, the cities of Round Rock, Austin and Cedar Park entered into a Purchase Agreement with the LCRA wherein they agreed to buy the Brushy Creek Regional Wastewater System (“BCRWWS”) from the LCRA. The agreement outlined the proportional share that each city would purchase of the wastewater transportation and treatment system. On December 8, 2009, the three cities purchased the BCRWWS assets; and entered into a Master Contract for the Financing, Construction, Ownership and Operation of the BCRWWS. The Master Contract provided for the terms and conditions by which the cities would jointly own and operate the BCRWWS.

The system currently has a total treatment capacity of 24.5 MGD which is sufficient to meet future projected flows through 2017. The City of Round Rock’s current wastewater capacity in the system is 20.1 MGD.

The BRA is contracted to provide operation of the system; for which each of the cities is invoiced relative to their system usage. For the fiscal year ended September 30, 2015, expenditures for operation of the regional facilities were \$3,893,784.

In June, 2010 the Cities of Round Rock, Austin and Cedar Park sold a share of the BCRWWS assets to the City of Leander, and all parties entered into the Amended and Restated Master Contract for the Financing, Construction, Ownership and Operation of the Brushy Creek Regional Wastewater System.

Other

The City is a defendant in a number of lawsuits arising principally from claims against the City for alleged improper actions by City employees. Total damages claimed are substantial; however, it has been the City’s experience that such actions are usually dismissed or settled for amounts substantially less than the claimed amounts. The City Attorney estimates that the potential claims against the City not covered by various insurance policies would not materially affect the financial condition of the City.

Arbitrage Rebate

Due to requirements of the Tax Reform Act of 1986, the City annually contracts for the computations of arbitrage rebate requirements for the City’s various bond issues. At September 30, 2015, the potential rebate was calculated at \$0.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Deferred Compensation Plan

The City offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of the Internal Revenue Code, are not available to employees until termination of employment, retirement, death or an unforeseen emergency. A third party administrator, Nationwide Retirement Solutions, administers contributions to the plan. Effective January 1997, and in compliance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plans' participants and beneficiaries. In accordance with GASB Statement No. 32, the City provides neither administrative services nor investment advice to the plans and therefore, no fiduciary relationship exists between the City and the deferred compensation plan.

Economic Development Agreement

The City has entered into an economic development agreement with a computer manufacturer. Under the terms of the agreement, the City refunds approximately 31% of sales tax collections on sales made by the computer manufacturer in the State of Texas. The computer manufacturer represents approximately 32% of the City's sales tax collections for the year ended September 30, 2015.

B. RISK MANAGEMENT

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage and all billed premiums upon the coverage have been paid. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide reinsurance contracts through commercial companies. The Pool agrees to handle all liability, property and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

Self-Funded Health Insurance Fund

The City is self-insured for medical and dental claims. The self-insurance program is maintained in the Self-Funded Health Insurance Internal Service Fund. This program provides health benefit coverage in accordance with a pre-approved plan that establishes coverage limits per employee per year with unlimited health coverage benefits. The City purchases commercial insurance for claims in excess of a contractual City liability limit.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

B. RISK MANAGEMENT (CONTINUED)

Additionally, commercial insurance covers claims in excess of an aggregate amount for the City up to \$1,000,000 per plan year. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. The liability is estimated based upon claims settled within the next month. An analysis of claims activities is presented below:

Fiscal Year	Beginning Liability	Claims and Changes in Estimates	Actual Claim Payments	Balance at Year-End
2013	\$ 551,484	\$ 6,235,153	\$ 6,317,787	\$ 468,850
2014	\$ 468,850	\$ 7,118,789	\$ 6,981,727	\$ 605,912
2015	\$ 605,912	\$ 8,351,468	\$ 8,535,401	\$ 421,979

C. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates as one of 860 plans in the non-traditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015**

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	227
Inactive employees entitled to but not yet receiving benefits	286
Active employees	<u>826</u>
Total	<u>1,339</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Since the City needs to know its contribution rates 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.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The City elected to contribute the full rate of 15.87% for fiscal year 2015. Accordingly, contributions to TMRS for the year ended September 30, 2015, were \$8,193,478, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.80%
International equity	17.5%	6.05%
Core fixed income	30.0%	1.50%
Non-core fixed		
Income	10.0%	3.50%
Real return	5.0%	1.75%
Real estate	10.0%	5.25%
Absolute return	5.0%	4.25%
Private equity	5.0%	8.50%
Total	100.0%	

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.0%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). A single discount rate of 7.0% was used to measure the total pension liability as of December 31, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. Based on the stated assumptions and the projection of cash flows, the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Under this funding policy, the City will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals (i.e., the employer normal cost).

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2013	\$ 189,013,034	\$ 156,512,946	\$ 32,500,088
Changes for the year:			
Service cost	8,066,254	-	8,066,254
Interest	13,330,143	-	13,330,143
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(50,055)	-	(50,055)
Changes of assumptions	-	-	-
Contributions - employer	-	7,787,328	(7,787,328)
Contributions - employee	-	3,423,287	(3,423,287)
Net investment income	-	8,955,552	(8,955,552)
Benefit payments, including refunds of employee contributions	(5,231,094)	(5,231,094)	-
Administrative expense	-	(93,479)	93,479
Other	-	(7,685)	7,685
Net changes	16,115,248	14,833,909	1,281,339
Balance at December 31, 2014	\$ 205,128,282	\$ 171,346,855	\$ 33,781,427

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
City's net pension liability	\$ 68,293,934	\$ 33,781,427	\$ 5,901,232

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2015, the City recognized pension expense of \$7,510,781. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ (42,397)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,600,283	-
Contributions subsequent to the measurement date	5,964,543	-
Total	<u>\$ 7,564,826</u>	<u>\$ (42,397)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$5,964,543 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 (i.e., recognized in the City's financial statements September 30, 2016). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Year ended Dec 31</u>	<u>Net deferred outflows (inflows) of resources</u>
2015	\$ 392,413
2016	392,413
2017	392,413
2018	392,412
2019	(7,658)
Thereafter	(4,107)
Total	<u>\$ 1,557,886</u>

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in this fund by adopting an ordinance before November 1, of any year to be effective the following January 1.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. The City offers supplemental death benefits to both active employees and retirees for plan years 2015 and 2014.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance and represents 0.13% of required contributions. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City also provides basic life and accidental death and dismemberment insurance for all eligible employees at no cost. The benefit is equal to the employee's annual base earnings up to a maximum of \$100,000. This benefit is paid out to the beneficiaries in the event of the employee's death.

D. OTHER POST-EMPLOYMENT BENEFITS

In addition to the contributions made to the pension system as previously described, the City provides a single employer plan for certain other post-employment benefits (OPEB) to its retirees. Other post-employment benefits include access to medical and dental insurance for the retiree and the retiree's family.

All retirees who are eligible to receive pension benefits under any of the City's pension system are eligible for other post-employment benefits. Retirees may also enroll eligible dependents under the medical and dental plan(s) in which they participate. Eligible dependents of the retiree include a legally married spouse and unmarried children dependent on the retiree for support. The children covered include children under age 25 and eligible disabled children beyond 25 years of age, if covered prior to age 25. A surviving spouse of a deceased retiree may continue medical coverage until the date the surviving spouse remarries. A surviving spouse of a deceased retiree may continue dental coverage for 36 months by paying the entire premium plus a 2 percent administrative fee. Other surviving dependents of a deceased retiree may continue medical and dental coverage for 36 months by paying the entire premium plus a 2 percent administrative fee.

The City is under no obligation, statutory or otherwise, to offer other post-employment benefits or to pay any portion of the cost of other post-employment benefits to any retirees or their dependents. Allocation of city funds to pay other post-employment benefits or to make other post-employment benefits available is determined on an annual basis by the City Council as part of the budget approval process.

Group dental coverage is available to retirees and their eligible dependents. The retiree pays the full cost of the dental premium.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015**

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

Other post-employment benefits are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense and corresponding revenue in the Internal Service Fund (self-funded health insurance). Medical, dental and life insurance claims and premiums are reported in the Internal Service Fund. On September 30, 2015 this fund had adequate resources to fund the net OPEB obligation. On September 30, 2014 this fund had adequate resources to fund the OPEB obligation. A designation of committed fund balance for the annual net OPEB obligation was established and reported on the Statement of Net Position.

The City recognized the following liability in the financial statements at September 30, 2015. The City performed an actuarial study during fiscal year 2013. The annual required contribution and OPEB liability for fiscal year 2015 is based upon the September 30, 2014 biennial actuarial study.

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2015, is as follows:

	2014 Total	2015 Amounts		
		Governmental	Proprietary	Total
Annual required contribution	\$ 805,787	\$ 814,734	\$ 111,100	\$ 925,834
Interest on net OPEB obligation	98,534	106,219	14,484	120,703
Adjustment to annual required contribution	(89,311)	(96,275)	(13,128)	(109,403)
Annual OPEB cost	815,010	824,678	112,456	937,134
Contributions made	(322,367)	(436,415)	(59,511)	(495,926)
Change in net OPEB obligation	492,643	388,263	52,945	441,208
Beginning net OPEB obligation	2,189,635	2,386,691	295,587	2,682,278
Net OPEB obligation	<u>\$ 2,682,278</u>	<u>\$ 2,774,954</u>	<u>\$ 348,532</u>	<u>\$ 3,123,486</u>
Percentage of annual OPEB cost contributed	<u>39.55%</u>			<u>52.92%</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years is as follows:

Fiscal Year Ending	Annual OPEB Cost	Three-Year Trend Information		
		Actual Contribution Made	% of Annual Cost Contributed	Net OPEB Obligation
2013	\$ 762,527	\$ 228,450	30.0%	\$ 2,189,635
2014	\$ 815,010	\$ 322,367	39.6%	\$ 2,682,278
2015	\$ 937,133	\$ 495,926	52.9%	\$ 3,123,486

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The funded status as of September 30, 2015, the most recent actuarial valuation date, is as follows:

Year Ended September 30	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL(1)	Funded Ratio	Estimated Annual Covered Payroll	Percentage of UAAL to Covered Payroll
2013	\$ -	\$ 8,647,524	\$ 8,647,524	0.0%	\$46,982,319	18.4%
2014	\$ -	\$ 9,092,582	\$ 9,092,582	0.0%	\$48,391,789	18.8%
2015	\$ -	\$ 11,162,966	\$11,162,966	0.0%	\$52,956,052	21.1%

(1) UAAL – Unfunded Actuarial Accrued Liability (Excess)

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. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations 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 actuarial cost method and significant assumptions underlying the actuarial calculation are as follows:

Schedule of Actuarial Valuations

Actuarial Valuation Date	October 1, 2012	October 1, 2013	October 1, 2014
Actuarial Cost Methods	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent Open	Level Percent Open	Level Percent Open
Remaining Amortization Period	30 years	30 years	30 years
Inflation rate	3.5%	3.5%	3.5%
Assumed Rate of			
Return on Investments	4.5%	4.5%	4.5%
Projected salary increases	3.0%	3.0%	3.0%
Post-retirement benefit increases	10% in 2011, decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021	10% in 2011, decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021	10% in 2011, decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

V. OTHER INFORMATION (CONTINUED)

E. MUNICIPAL GOLF COURSE

Management Agreement

Management of the City's golf course has been performed by a private operator in accordance with the terms of a management agreement since 1989. On May 1, 2010, the City entered into a new management agreement with the operator for a period of five years. Under conditions set forth in the New Management Agreement, the operator shall be paid a monthly base management fee. Additionally, the operator may earn a variable fee based upon gross receipts of the golf course. Gross receipts from operations are agreed to be used, in order, for monthly scheduled debt payments, payments to a capital reserve account, current operating expenses, an operating reserve, the base management fee, repayment of any City capital improvements, a 1% distribution to the City, the variable fee and any unpaid obligations limited by available gross receipts. Any remaining gross receipts are to be distributed to the City.

**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2015
(UNAUDITED)**

Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
Other Post-employment benefits							
	9/30/2013	\$ -	\$ 8,647,524	\$ 8,647,524	0.0%	\$ 46,982,319	18.4%
	9/30/2014	\$ -	\$ 9,092,582	\$ 9,092,582	0.0%	\$ 48,391,789	18.8%
	9/30/2015	\$ -	\$ 11,162,966	\$ 11,162,966	0.0%	\$ 52,956,052	21.1%

See independent auditors' report.

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2015
(UNAUDITED)

Measurement period ending December 31,	<u>2014</u>
Total pension liability	
Service cost	\$ 8,066,254
Interest (on the Total Pension Liability)	13,330,143
Changes of benefit terms	-
Difference between expected and actual experience	(50,055)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(5,231,094)
Net change in total pension liability	<u>16,115,248</u>
Total pension liability - beginning	189,013,034
Total pension liability - ending (a)	<u>\$ 205,128,282</u>
Plan fiduciary net position	
Contributions - employer	7,787,328
Contributions - employee	3,423,287
Net investment income	8,955,552
Benefit payments, including refunds of employee contributions	(5,231,094)
Administrative expense	(93,479)
Other	(7,685)
Net change in plan fiduciary net position	<u>14,833,909</u>
Plan fiduciary net position - beginning	156,512,946
Plan fiduciary net position - ending (b)	<u>171,346,855</u>
City net pension liability - ending (a) - (b)	\$ 33,781,427
Plan fiduciary net position as a percentage of total pension liability	83.53%
Covered employee payroll	48,839,040
City net pension liability as a percentage of covered employee payroll	69.17%

Notes to Schedule:

- 1) No significant factors noted to disclose.
- 2) No significant methods and assumptions to disclose.
- 3) Schedule will be built out to 10 years.

See independent auditors' report.

**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2015
(UNAUDITED)**

Fiscal year ending September 30,	2014
Actuarially Determined Contribution	\$ 8,077,742
Contributions in relation to the actuarially determined contribution	8,193,478
Contribution deficiency (excess)	\$ (115,736)
Covered employee payroll	\$ 51,159,783
Contributions as a percentage of covered employee payroll	16.02%

Notes to Schedule of Contributions

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 12 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year. Schedule will be built out to ten years.

See independent auditors' report.

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific resources, other than major capital projects that are restricted to expenditures for specified purposes.

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for major capital projects (other than those financed by the proprietary fund). General obligation bonds are the primary funding source for capital projects.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 3,388,021	\$ 571,913	\$ 3,959,934
Investments	9,690,609	1,637,096	11,327,705
Receivables -			
Accounts and other	442,992	547,914	990,906
Loans	-	58,000	58,000
Accrued interest	14,281	2,463	16,744
Interfund	70,124	1,500,000	1,570,124
Restricted assets -			
Cash and cash equivalents	-	248,818	248,818
Restricted investments	-	1,249,754	1,249,754
Restricted accrued interest	-	1,165	1,165
Total assets	\$ 13,606,027	\$ 5,817,123	\$ 19,423,150
LIABILITIES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 194,084	\$ 692,348	\$ 886,432
Accrued payroll	60,117	-	60,117
Interfund payables	-	11,758	11,758
Deferred revenue	-	776,173	776,173
Total liabilities	254,201	1,480,279	1,734,480
Fund balances -			
Restricted - authorized construction	-	2,881,856	2,881,856
Restricted - hotel-motel tax	10,934,476	-	10,934,476
Restricted - public safety	1,274,293	-	1,274,293
Committed	1,143,057	1,454,988	2,598,045
Total fund balances	13,351,826	4,336,844	17,688,670
Total liabilities and fund balances	\$ 13,606,027	\$ 5,817,123	\$ 19,423,150

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues -			
Taxes and franchise	\$ 263,884	\$ -	\$ 263,884
Licenses, permits and fees	56,100	-	56,100
Charges for services	268,118	-	268,118
Fines and forfeitures	430,230	-	430,230
Intergovernmental	525,347	500,000	1,025,347
Hotel occupancy tax	5,083,556	-	5,083,556
Investment and other	803,744	60,583	864,327
Contributions	74,653	182,065	256,718
Total revenues	<u>7,505,632</u>	<u>742,648</u>	<u>8,248,280</u>
Expenditures -			
Current -			
General government	654,921	-	654,921
Public safety	301,983	-	301,983
Culture and recreation	1,924,636	-	1,924,636
Capital projects	-	9,045,391	9,045,391
Total expenditures	<u>2,881,540</u>	<u>9,045,391</u>	<u>11,926,931</u>
Excess (deficiency) of revenues over expenditures	<u>4,624,092</u>	<u>(8,302,743)</u>	<u>(3,678,651)</u>
Other financing sources /(uses) -			
Transfers in	501,124	7,130,538	7,631,662
Transfers out	(4,958,803)	(4,930,938)	(9,889,741)
Total other financing sources (uses)	<u>(4,457,679)</u>	<u>2,199,600</u>	<u>(2,258,079)</u>
Net change in fund balances	166,413	(6,103,143)	(5,936,730)
Fund balances, October 1, 2014	<u>13,185,413</u>	<u>10,439,987</u>	<u>23,625,400</u>
Fund balances, September 30, 2015	<u>\$ 13,351,826</u>	<u>\$ 4,336,844</u>	<u>\$ 17,688,670</u>



NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific resources, other than major capital projects that are restricted to expenditures for specified purposes.

Hotel – Motel Occupancy Tax Fund – To account for the levy and use of the hotel – motel bed tax received. Proceeds from this tax are to be used toward tourism, community events, cultural enhancements and promotion of the City.

Hotel – Motel Occupancy Venue Tax Fund – To account for the levy and use of the hotel – motel bed venue tax received. Proceeds from this tax are to be used toward the construction and maintenance of a sports venue that will prompt tourism and promotion of the City.

Police Fund – To account for amounts received through drug enforcement actions.

Municipal Court Fund – To account for amounts received through child safety fines, court security, and court technology fees.

Landscape Fund – To account for amounts received through the City’s landscape ordinance.

Community Development Block Grant Fund – To account for grant monies received for programs benefiting persons of low to moderate income.

Library Fund – To account for contributions received designated to specific programs for the City’s library.

Public Education & Government Fund – To account for amounts received for programs to provide public education in government.

Traffic Safety Program – To account for amounts received to promote traffic safety programs.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015**

	<u>Hotel-Motel Occupancy Tax</u>	<u>Hotel-Motel Occupancy Venue Tax</u>	<u>Police</u>	<u>Municipal Court</u>
ASSETS				
Cash and cash equivalents	\$ 2,072,927	\$ 671,310	\$ 174,496	\$ 116,097
Investments	5,933,743	1,914,037	499,497	332,328
Receivables -				
Accounts and other	340,650	97,327	-	-
Accrued interest	8,831	2,803	754	497
Interfund	-	-	-	-
Total assets	<u>\$ 8,356,151</u>	<u>\$ 2,685,477</u>	<u>\$ 674,747</u>	<u>\$ 448,922</u>
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ 19,653	\$ 27,382	\$ 31,166	\$ 3,419
Accrued payroll	10,307	49,810	-	-
Total liabilities	<u>29,960</u>	<u>77,192</u>	<u>31,166</u>	<u>3,419</u>
Fund balances -				
Restricted - hotel-motel tax	8,326,191	2,608,285	-	-
Restricted - public safety	-	-	643,581	445,503
Committed	-	-	-	-
Total fund balances	<u>8,326,191</u>	<u>2,608,285</u>	<u>643,581</u>	<u>445,503</u>
Total liabilities and fund balances	<u>\$ 8,356,151</u>	<u>\$ 2,685,477</u>	<u>\$ 674,747</u>	<u>\$ 448,922</u>

<u>Landscape</u>	<u>Community Development Block Grant</u>	<u>Library</u>	<u>Public Education & Government</u>	<u>Traffic Safety Program</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 78,364	\$ -	\$ 3,469	\$ 241,562	\$ 29,796	\$ 3,388,021
224,315	-	9,930	691,470	85,289	9,690,609
-	5,015	-	-	-	442,992
337	-	15	1,044	-	14,281
-	-	-	-	70,124	70,124
<u>\$ 303,016</u>	<u>\$ 5,015</u>	<u>\$ 13,414</u>	<u>\$ 934,076</u>	<u>\$ 185,209</u>	<u>\$ 13,606,027</u>

\$ 30,350	\$ 5,015	\$ -	\$ 77,099	\$ -	\$ 194,084
-	-	-	-	-	60,117
<u>30,350</u>	<u>5,015</u>	<u>-</u>	<u>77,099</u>	<u>-</u>	<u>254,201</u>
-	-	-	-	-	10,934,476
-	-	-	-	185,209	1,274,293
<u>272,666</u>	<u>-</u>	<u>13,414</u>	<u>856,977</u>	<u>-</u>	<u>1,143,057</u>
<u>272,666</u>	<u>-</u>	<u>13,414</u>	<u>856,977</u>	<u>185,209</u>	<u>13,351,826</u>
<u>\$ 303,016</u>	<u>\$ 5,015</u>	<u>\$ 13,414</u>	<u>\$ 934,076</u>	<u>\$ 185,209</u>	<u>\$ 13,606,027</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2015**

	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Police	Municipal Court
Revenues -				
Taxes and franchise	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Charges for services	-	268,118	-	-
Fines and forfeitures	-	-	349,733	80,497
Intergovernmental	-	-	-	-
Hotel occupancy tax	3,953,903	1,129,653	-	-
Investment and other	34,023	759,121	3,425	1,916
Contributions	-	66,848	-	-
Total revenues	<u>3,987,926</u>	<u>2,223,740</u>	<u>353,158</u>	<u>82,413</u>
Expenditures -				
Current -				
General government	-	-	-	74,781
Public safety	-	-	207,061	-
Culture and recreation	663,818	1,259,334	-	-
Total expenditures	<u>663,818</u>	<u>1,259,334</u>	<u>207,061</u>	<u>74,781</u>
Excess of revenues over expenditures	<u>3,324,108</u>	<u>964,406</u>	<u>146,097</u>	<u>7,632</u>
Other financing sources /(uses) -				
Transfers in	11,780	419,220	-	-
Transfers out	(4,595,303)	(363,500)	-	-
Total other financing sources/(uses)	<u>(4,583,523)</u>	<u>55,720</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,259,415)</u>	<u>1,020,126</u>	<u>146,097</u>	<u>7,632</u>
Fund balances, October 1, 2014	<u>9,585,606</u>	<u>1,588,159</u>	<u>497,484</u>	<u>437,871</u>
Fund balances, September 30, 2015	<u>\$ 8,326,191</u>	<u>\$ 2,608,285</u>	<u>\$ 643,581</u>	<u>\$ 445,503</u>

Landscape	Community Development Block Grant	Library	Public Education & Government	Traffic Safety Program	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 263,884	\$ -	\$ 263,884
56,100	-	-	-	-	56,100
-	-	-	-	-	268,118
-	-	-	-	-	430,230
-	525,347	-	-	-	525,347
-	-	-	-	-	5,083,556
1,297	-	55	3,816	91	803,744
5,400	-	2,405	-	-	74,653
<u>62,797</u>	<u>525,347</u>	<u>2,460</u>	<u>267,700</u>	<u>91</u>	<u>7,505,632</u>
54,793	525,347	-	-	-	654,921
-	-	-	94,922	-	301,983
-	-	1,484	-	-	1,924,636
<u>54,793</u>	<u>525,347</u>	<u>1,484</u>	<u>94,922</u>	<u>-</u>	<u>2,881,540</u>
<u>8,004</u>	<u>-</u>	<u>976</u>	<u>172,778</u>	<u>91</u>	<u>4,624,092</u>
-	-	-	-	70,124	501,124
-	-	-	-	-	(4,958,803)
-	-	-	-	70,124	(4,457,679)
<u>8,004</u>	<u>-</u>	<u>976</u>	<u>172,778</u>	<u>70,215</u>	<u>166,413</u>
<u>264,662</u>	<u>-</u>	<u>12,438</u>	<u>684,199</u>	<u>114,994</u>	<u>13,185,413</u>
<u>\$ 272,666</u>	<u>\$ -</u>	<u>\$ 13,414</u>	<u>\$ 856,977</u>	<u>\$ 185,209</u>	<u>\$ 13,351,826</u>



NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for major capital projects (other than those financed by the proprietary fund). General obligation bonds are the primary funding source for capital projects.

Streets and Drainage Fund - To account for street and drainage improvements in the Arterial II section of the City. Financing is provided by general government resources.

2007 General Obligation Bonds Fund – To account for street, traffic safety and sidewalk improvement projects, improvements and equipment for police, fire and municipal office facilities.

2004 General Obligation Bonds Fund – To account for street, traffic safety and sidewalk improvement projects, improvements and equipment for police, fire and municipal office facilities.

Park Development Fund – To account for the development of and improvements to various neighborhood parks. Financing is provided by general government resources.

2007 Certificates of Obligation Fund – To account for street, traffic safety and sidewalk improvement projects, parks and recreation facilities, public safety facilities and improvements, municipal office facilities and public works improvements.

2002 General Obligation Bonds Fund – To account for costs of public service and public safety facilities and streets and related improvements.

Convention Center Complex Fund – To account for construction and expansion of convention center complex. Funding is provided by the 1999 Series Hotel Tax Revenue Bonds, hotel tax revenues and private contributions.

Round Rock Transportation and Economic Development Corporation Project Fund – To account for construction and expansion of the City's transportation system. Funding is provided by the 2015 Series Sales Tax Revenue Refunding Bonds, sales tax revenue, and private contributions.

Transit Fund – To account for construction of improvements related to delivering transit services to the City. Funding is provided by intergovernmental revenues and general government resources.

Tourism Development Fund – To account for the development of tourism. Funding is provided by hotel tax revenues.

Venue Tax Projects Fund – To account for the development of a multi-purpose sports venue. Funding is provided by hotel tax revenues.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015**

	Streets and Drainage	2007 General Obligation Bonds	2004 General Obligation Bonds	Park Development	2007 Series CO
ASSETS					
Cash and cash equivalents	\$ 287,247	\$ -	\$ -	\$ 284,666	\$ -
Investments	822,241	-	-	814,855	-
Receivables -					
Accounts and other	47,914	-	-	-	-
Loans	-	-	-	-	-
Accrued interest	1,238	-	-	1,225	-
Interfund	-	-	-	-	-
Restricted assets -					
Cash and cash equivalents	-	63,751	8,658	-	234
Restricted investments	-	18,912	700,027	-	-
Restricted accrued interest	-	-	-	-	-
Total assets	<u>\$ 1,158,640</u>	<u>\$ 82,663</u>	<u>\$ 708,685</u>	<u>\$ 1,100,746</u>	<u>\$ 234</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	\$ 1,056	\$ 53,150	\$ 247,653	\$ 15,411	\$ 234
Interfund payables	11,758	-	-	-	-
Deferred revenue	-	-	-	776,173	-
Total liabilities	<u>12,814</u>	<u>53,150</u>	<u>247,653</u>	<u>791,584</u>	<u>234</u>
Fund balances -					
Restricted - authorized construction	-	29,513	461,032	-	-
Committed	1,145,826	-	-	309,162	-
Total fund balances	<u>1,145,826</u>	<u>29,513</u>	<u>461,032</u>	<u>309,162</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,158,640</u>	<u>\$ 82,663</u>	<u>\$ 708,685</u>	<u>\$ 1,100,746</u>	<u>\$ 234</u>

2002 General Obligation Bonds	Convention Center Complex	Round Rock Transportation and Economic Development Corporation Project Fund	Transit	Tourism Development	Venue Tax Projects	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 571,913
-	-	-	-	-	-	1,637,096
-	-	500,000	-	-	-	547,914
-	-	58,000	-	-	-	58,000
-	-	-	-	-	-	2,463
-	-	1,500,000	-	-	-	1,500,000
-	46,598	31,307	-	98,270	-	248,818
26,513	133,388	89,616	-	281,298	-	1,249,754
-	250	490	-	425	-	1,165
<u>\$ 26,513</u>	<u>\$ 180,236</u>	<u>\$ 2,179,413</u>	<u>\$ -</u>	<u>\$ 379,993</u>	<u>\$ -</u>	<u>\$ 5,817,123</u>
\$ 19,197	\$ 30,697	\$ 324,950	\$ -	\$ -	\$ -	\$ 692,348
-	-	-	-	-	-	11,758
-	-	-	-	-	-	776,173
<u>19,197</u>	<u>30,697</u>	<u>324,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,480,279</u>
7,316	149,539	1,854,463	-	379,993	-	2,881,856
-	-	-	-	-	-	1,454,988
<u>7,316</u>	<u>149,539</u>	<u>1,854,463</u>	<u>-</u>	<u>379,993</u>	<u>-</u>	<u>4,336,844</u>
<u>\$ 26,513</u>	<u>\$ 180,236</u>	<u>\$ 2,179,413</u>	<u>\$ -</u>	<u>\$ 379,993</u>	<u>\$ -</u>	<u>\$ 5,817,123</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Streets and Drainage</u>	<u>2007 General Obligation Bonds</u>	<u>2004 General Obligation Bonds</u>	<u>Park Development</u>	<u>2007 Series CO</u>
Revenues -					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment and other	6,208	(996)	-	6,923	-
Contributions	-	-	-	58,300	-
Total revenues	<u>6,208</u>	<u>(996)</u>	<u>-</u>	<u>65,223</u>	<u>-</u>
Expenditures -					
Capital projects	-	299,795	640,446	58,300	35,321
Total expenditures	<u>-</u>	<u>299,795</u>	<u>640,446</u>	<u>58,300</u>	<u>35,321</u>
Excess (deficiency) of revenues over expenditures	<u>6,208</u>	<u>(300,791)</u>	<u>(640,446)</u>	<u>6,923</u>	<u>(35,321)</u>
Other financing sources /(uses) -					
Transfers in	-	30,538	-	-	-
Transfers out	-	(4,557,272)	(30,538)	-	(15)
Total other financing sources (uses)	<u>-</u>	<u>(4,526,734)</u>	<u>(30,538)</u>	<u>-</u>	<u>(15)</u>
Net change in fund balances	<u>6,208</u>	<u>(4,827,525)</u>	<u>(670,984)</u>	<u>6,923</u>	<u>(35,336)</u>
Fund balances, October 1, 2014	<u>1,139,618</u>	<u>4,857,038</u>	<u>1,132,016</u>	<u>302,239</u>	<u>35,336</u>
Fund balances, September 30, 2015	<u>\$ 1,145,826</u>	<u>\$ 29,513</u>	<u>\$ 461,032</u>	<u>\$ 309,162</u>	<u>\$ -</u>

2002 General Obligation Bonds	Convention Center Complex	Round Rock Transportation and Economic Development Corporation Project Fund	Transit	Tourism Development	Venue Tax Projects	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
(8)	1,031	45,740	67	1,616	2	60,583
-	-	123,765	-	-	-	182,065
(8)	1,031	669,505	67	1,616	2	742,648
1,335,575	263,086	6,366,866	30,203	1,177	14,622	9,045,391
1,335,575	263,086	6,366,866	30,203	1,177	14,622	9,045,391
(1,335,583)	(262,055)	(5,697,361)	(30,136)	439	(14,620)	(8,302,743)
-	350,000	6,750,000	-	-	-	7,130,538
(261,488)	-	-	(81,625)	-	-	(4,930,938)
(261,488)	350,000	6,750,000	(81,625)	-	-	2,199,600
(1,597,071)	87,945	1,052,639	(111,761)	439	(14,620)	(6,103,143)
1,604,387	61,594	801,824	111,761	379,554	14,620	10,439,987
\$ 7,316	\$ 149,539	\$ 1,854,463	\$ -	\$ 379,993	\$ -	\$ 4,336,844



**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

**GENERAL, DEBT SERVICE
AND NONMAJOR SPECIAL REVENUE FUNDS**

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance -</u>	<u>2014</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>	<u>Actual</u>
Revenues -					
Taxes and franchise -					
Property tax	\$ 25,150,000	\$ 25,150,000	\$ 25,416,409	\$ 266,409	\$ 24,241,012
Penalty and interest	75,000	75,000	80,666	5,666	89,097
Sales tax	49,400,000	49,400,000	50,715,636	1,315,636	51,346,720
Franchise	6,175,000	6,175,000	6,991,328	816,328	6,225,285
Bingo tax	28,000	28,000	37,250	9,250	35,480
Mixed drink tax	-	-	478,528	478,528	442,126
Total taxes and franchise	<u>80,828,000</u>	<u>80,828,000</u>	<u>83,719,817</u>	<u>2,891,817</u>	<u>82,379,720</u>
Licenses, permits and fees -					
Building permits	360,000	360,000	531,993	171,993	391,161
Other permits	30,000	30,000	50,625	20,625	34,373
Fees	481,700	481,700	1,065,656	583,956	549,411
Total licenses, permits, and fees	<u>871,700</u>	<u>871,700</u>	<u>1,648,274</u>	<u>776,574</u>	<u>974,945</u>
Charges for services -					
Trash collection fees	1,303,000	1,303,000	1,335,075	32,075	1,772,014
Swimming pool fees	574,000	574,000	449,066	(124,934)	521,514
Recreation program fees	1,864,000	1,864,000	2,253,399	389,399	2,039,979
Filing and reproduction fees	22,000	22,000	26,450	4,450	24,103
Other	122,000	122,000	181,320	59,320	141,457
Total charges for services	<u>3,885,000</u>	<u>3,885,000</u>	<u>4,245,310</u>	<u>360,310</u>	<u>4,499,067</u>
Fines and forfeitures	<u>2,569,000</u>	<u>2,569,000</u>	<u>2,021,086</u>	<u>(547,914)</u>	<u>2,472,760</u>
Intergovernmental	<u>345,515</u>	<u>345,515</u>	<u>549,079</u>	<u>203,564</u>	<u>577,841</u>
Investment and other -					
Investment income	301,000	301,000	265,991	(35,009)	203,406
Other	<u>2,502,200</u>	<u>2,502,200</u>	<u>4,227,095</u>	<u>1,724,895</u>	<u>3,412,349</u>
Total investment and other	<u>2,803,200</u>	<u>2,803,200</u>	<u>4,493,086</u>	<u>1,689,886</u>	<u>3,615,755</u>
Total revenues	<u>91,302,415</u>	<u>91,302,415</u>	<u>96,676,652</u>	<u>5,374,237</u>	<u>94,520,088</u>

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance -</u>	<u>2014</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>	<u>Actual</u>
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 9,842,286	\$ 9,852,785	\$ 9,678,944	\$ 173,841	\$ 9,493,694
Contractual services	4,665,505	4,643,006	3,805,586	837,420	3,998,472
Supplies and materials	645,838	662,738	608,013	54,725	727,811
Other services and charges	9,027,376	9,022,476	8,192,627	829,849	8,833,477
Capital outlay	93,000	93,000	102,155	(9,155)	79,699
Total executive	<u>24,274,005</u>	<u>24,274,005</u>	<u>22,387,325</u>	<u>1,886,680</u>	<u>23,133,153</u>
Judicial -					
Personnel services	774,607	774,607	724,868	49,739	733,668
Contractual services	70,853	70,853	53,357	17,496	56,796
Supplies and materials	19,570	19,570	11,103	8,467	13,623
Other services and charges	11,105	11,105	6,946	4,159	8,182
Total judicial	<u>876,135</u>	<u>876,135</u>	<u>796,274</u>	<u>79,861</u>	<u>812,269</u>
Total general government	<u>25,150,140</u>	<u>25,150,140</u>	<u>23,183,599</u>	<u>1,966,541</u>	<u>23,945,422</u>
Public safety					
Police -					
Personnel services	23,493,083	23,493,083	22,329,995	1,163,088	21,510,364
Contractual services	1,561,256	1,550,256	1,291,709	258,547	1,472,889
Supplies and materials	1,728,833	1,708,233	1,329,215	379,018	1,617,797
Other services and charges	1,133,009	1,128,109	973,392	154,717	939,880
Capital outlay	690,604	727,104	806,849	(79,745)	532,886
Total police	<u>28,606,785</u>	<u>28,606,785</u>	<u>26,731,160</u>	<u>1,875,625</u>	<u>26,073,816</u>
Fire -					
Personnel services	14,623,983	14,623,983	14,452,908	171,075	13,968,433
Contractual services	366,985	341,985	335,017	6,968	308,769
Supplies and materials	819,988	853,798	970,663	(116,865)	969,941
Other services and charges	175,634	175,634	150,003	25,631	141,031
Capital outlay	130,000	121,190	125,538	(4,348)	111,530
Total fire	<u>16,116,590</u>	<u>16,116,590</u>	<u>16,034,129</u>	<u>82,461</u>	<u>15,499,704</u>
Total public safety	<u>44,723,375</u>	<u>44,723,375</u>	<u>42,765,289</u>	<u>1,958,086</u>	<u>41,573,520</u>

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance -</u>	<u>2014</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>	<u>Actual</u>
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 3,292,551	\$ 3,292,551	\$ 3,253,278	\$ 39,273	\$ 2,880,489
Contractual services	179,425	179,425	141,442	37,983	149,323
Supplies and materials	768,578	768,578	731,880	36,698	617,943
Other services and charges	570,999	570,999	829,378	(258,379)	654,115
Capital outlay	-	-	9,146	(9,146)	269,420
Total administration	<u>4,811,553</u>	<u>4,811,553</u>	<u>4,965,124</u>	<u>(153,571)</u>	<u>4,571,290</u>
Streets -					
Personnel services	2,050,392	2,050,392	1,815,908	234,484	1,870,250
Contractual services	3,419,211	3,419,211	1,406,278	2,012,933	1,348,611
Supplies and materials	800,637	785,037	783,108	1,929	707,348
Other services and charges	45,153	30,153	12,557	17,596	8,530
Capital outlay	296,500	327,100	560,931	(233,831)	433,552
Total streets	<u>6,611,893</u>	<u>6,611,893</u>	<u>4,578,782</u>	<u>2,033,111</u>	<u>4,368,291</u>
Maintenance shop -					
Personnel services	1,132,710	1,132,710	1,134,414	(1,704)	1,015,957
Contractual services	33,728	33,728	36,489	(2,761)	36,954
Supplies and materials	86,862	86,862	107,384	(20,522)	86,834
Other services and charges	25,816	25,816	26,959	(1,143)	9,326
Capital outlay	-	-	-	-	29,120
Total maintenance shop	<u>1,279,116</u>	<u>1,279,116</u>	<u>1,305,246</u>	<u>(26,130)</u>	<u>1,178,191</u>
Total public works	<u>12,702,562</u>	<u>12,702,562</u>	<u>10,849,152</u>	<u>1,853,410</u>	<u>10,117,772</u>

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance -</u>	<u>2014</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>	
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 1,871,979	\$ 1,871,979	\$ 1,896,201	\$ (24,222)	\$ 1,771,007
Contractual services	154,195	151,810	144,391	7,419	138,474
Supplies and materials	363,566	344,378	326,195	18,183	368,895
Other services and charges	135,533	157,106	157,793	(687)	170,525
Total library	<u>2,525,273</u>	<u>2,525,273</u>	<u>2,524,580</u>	<u>693</u>	<u>2,448,901</u>
Parks and recreation -					
Personnel services	6,415,498	6,415,498	6,424,785	(9,287)	6,052,986
Contractual services	1,784,482	1,784,482	1,717,010	67,472	1,656,913
Supplies and materials	1,368,955	1,368,955	1,441,706	(72,751)	1,407,107
Other services and charges	245,185	245,185	280,480	(35,295)	248,791
Capital outlay	531,725	531,725	452,843	78,882	236,008
Total parks and recreation	<u>10,345,845</u>	<u>10,345,845</u>	<u>10,316,824</u>	<u>29,021</u>	<u>9,601,805</u>
Total culture and recreation	<u>12,871,118</u>	<u>12,871,118</u>	<u>12,841,404</u>	<u>29,714</u>	<u>12,050,706</u>
Total expenditures	<u>95,447,195</u>	<u>95,447,195</u>	<u>89,639,444</u>	<u>5,807,751</u>	<u>87,687,420</u>
Excess (deficiency) of revenues over expenditures	<u>(4,144,780)</u>	<u>(4,144,780)</u>	<u>7,037,208</u>	<u>11,181,988</u>	<u>6,832,668</u>
Other financing sources (uses) -					
Issuance of lease	850,000	850,000	1,327,490	477,490	727,699
Transfers in	3,290,000	3,290,000	3,290,000	-	2,930,783
Transfers out	-	-	(70,124)	(70,124)	(10,347,382)
Total other financing sources (uses)	<u>4,140,000</u>	<u>4,140,000</u>	<u>4,547,366</u>	<u>407,366</u>	<u>(6,688,900)</u>
Net change in fund balances	<u>\$ (4,780)</u>	<u>\$ (4,780)</u>	<u>11,584,574</u>	<u>\$ 11,589,354</u>	<u>143,768</u>
Fund balance, October 1, 2014			<u>39,123,636</u>		<u>38,979,868</u>
Fund balance, September 30, 2015			<u>\$ 50,708,210</u>		<u>\$ 39,123,636</u>

**CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise	\$ 14,565,000	\$ 14,565,000	\$ 14,619,593	\$ 54,593
Investment and other	5,000	5,000	6,152	1,152
Total revenues	<u>14,570,000</u>	<u>14,570,000</u>	<u>14,625,745</u>	<u>55,745</u>
Expenditures				
Debt service -				
Principal retirement	13,362,821	13,362,821	13,919,366	(556,545)
Interest and fiscal charges	8,269,451	8,269,451	7,847,372	422,079
Issuance costs	472,675	472,675	472,675	-
Total expenditures	<u>22,104,947</u>	<u>22,104,947</u>	<u>22,239,413</u>	<u>(134,466)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,534,947)</u>	<u>(7,534,947)</u>	<u>(7,613,668)</u>	<u>(78,721)</u>
Other financing sources (uses) -				
Issuance of refunding bonds	43,395,000	43,395,000	43,395,000	-
Issuance of premium	5,164,877	5,164,877	5,164,877	-
Payment to refunding agent	(48,955,991)	(48,955,991)	(48,955,991)	-
Transfers in	7,040,000	7,040,000	8,114,500	1,074,500
Transfers out	(31,000)	(31,000)	(31,000)	-
Total other financing sources (uses)	<u>6,612,886</u>	<u>6,612,886</u>	<u>7,687,386</u>	<u>1,074,500</u>
Net change in fund balances	<u>\$ (922,061)</u>	<u>\$ (922,061)</u>	73,718	<u>\$ 995,779</u>
Fund balance, October 1, 2014			<u>2,278,062</u>	
Fund balance, September 30, 2015			<u>\$ 2,351,780</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
HOTEL-MOTEL OCCUPANCY TAX FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Hotel occupancy tax	\$ 3,200,000	\$ 3,200,000	\$ 3,953,903	\$ 753,903
Investment and other	20,000	20,000	34,023	14,023
Total revenues	<u>3,220,000</u>	<u>3,220,000</u>	<u>3,987,926</u>	<u>767,926</u>
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	267,337	267,337	262,380	4,957
Contractual services	279,287	279,287	237,830	41,457
Supplies and materials	20,780	20,780	9,749	11,031
Other services and charges	314,750	314,750	153,859	160,891
Total expenditures	<u>882,154</u>	<u>882,154</u>	<u>663,818</u>	<u>218,336</u>
Excess of revenues over expenditures	<u>2,337,846</u>	<u>2,337,846</u>	<u>3,324,108</u>	<u>986,262</u>
Other financing sources/(uses) -				
Transfers in	-	-	11,780	11,780
Transfers out	(1,461,000)	(4,595,303)	(4,595,303)	-
Total other financing sources/(uses)	<u>(1,461,000)</u>	<u>(4,595,303)</u>	<u>(4,583,523)</u>	<u>11,780</u>
Net change in fund balances	<u>\$ 876,846</u>	<u>\$ (2,257,457)</u>	<u>(1,259,415)</u>	<u>\$ 998,042</u>
Fund balance, October 1, 2014			<u>9,585,606</u>	
Fund balance, September 30, 2015			<u>\$ 8,326,191</u>	

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
HOTEL-MOTEL OCCUPANCY VENUE TAX FUND
YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Charges for services	\$ 245,180	\$ 245,180	\$ 268,118	\$ 22,938
Hotel occupancy tax	925,000	925,000	1,129,653	204,653
Investment and other	471,000	471,000	759,121	288,121
Contributions	51,000	51,000	66,848	15,848
Total revenues	<u>1,692,180</u>	<u>1,692,180</u>	<u>2,223,740</u>	<u>531,560</u>
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	797,388	797,388	758,401	38,987
Contractual services	468,875	468,875	252,518	216,357
Supplies and materials	242,900	242,900	197,082	45,818
Other services and charges	91,327	91,327	30,448	60,879
Capital outlay	50,000	50,000	20,885	29,115
Total expenditures	<u>1,650,490</u>	<u>1,650,490</u>	<u>1,259,334</u>	<u>391,156</u>
Excess of revenues over expenditures	<u>41,690</u>	<u>41,690</u>	<u>964,406</u>	<u>922,716</u>
Other financing sources/(uses) -				
Transfers in	400,000	400,000	419,220	19,220
Transfers out	(363,500)	(363,500)	(363,500)	-
Total other financing sources/(uses)	<u>36,500</u>	<u>36,500</u>	<u>55,720</u>	<u>19,220</u>
Net change in fund balances	<u>\$ 78,190</u>	<u>\$ 78,190</u>	<u>1,020,126</u>	<u>\$ 941,936</u>
Fund balance, October 1, 2014			<u>1,588,159</u>	
Fund balance, September 30, 2015			<u>\$ 2,608,285</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
POLICE FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Fines and forfeitures	\$ -	\$ -	\$ 349,733	\$ 349,733
Investment and other	15,000	15,000	3,425	(11,575)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>353,158</u>	<u>338,158</u>
Expenditures -				
Current -				
Public safety-				
Supplies and materials	49,550	49,550	35,050	14,500
Capital outlay	<u>338,700</u>	<u>338,700</u>	<u>172,011</u>	<u>166,689</u>
Total expenditures	<u>388,250</u>	<u>388,250</u>	<u>207,061</u>	<u>181,189</u>
Net change in fund balances	<u>\$ (373,250)</u>	<u>\$ (373,250)</u>	146,097	<u>\$ 519,347</u>
Fund balance, October 1, 2014			<u>497,484</u>	
Fund balance, September 30, 2015			<u>\$ 643,581</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
MUNICIPAL COURT FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Fines and forfeitures	\$ 99,000	\$ 99,000	\$ 80,497	\$ (18,503)
Investment and other	100	100	1,916	1,816
Total revenues	<u>99,100</u>	<u>99,100</u>	<u>82,413</u>	<u>(16,687)</u>
Expenditures -				
Current -				
General government-				
Supplies and materials	99,550	99,550	74,689	24,861
Other services and charges	<u>2,400</u>	<u>2,400</u>	<u>92</u>	<u>2,308</u>
Total expenditures	<u>101,950</u>	<u>101,950</u>	<u>74,781</u>	<u>27,169</u>
Net change in fund balances	<u>\$ (2,850)</u>	<u>\$ (2,850)</u>	7,632	<u>\$ 10,482</u>
Fund balance, October 1, 2014			<u>437,871</u>	
Fund balance, September 30, 2015			<u>\$ 445,503</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
LANDSCAPE FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Licenses, permits and fees	\$ 35,000	\$ 35,000	\$ 56,100	\$ 21,100
Investment and other	100	100	1,297	1,197
Contributions	1,000	1,000	5,400	4,400
Total revenues	<u>36,100</u>	<u>36,100</u>	<u>62,797</u>	<u>26,697</u>
Expenditures -				
Current -				
General government-				
Supplies and materials	<u>197,200</u>	<u>197,200</u>	<u>54,793</u>	<u>142,407</u>
Total expenditures	<u>197,200</u>	<u>197,200</u>	<u>54,793</u>	<u>142,407</u>
Net change in fund balances	<u>\$ (161,100)</u>	<u>\$ (161,100)</u>	8,004	<u>\$ 169,104</u>
Fund balance, October 1, 2014			<u>264,662</u>	
Fund balance, September 30, 2015			<u>\$ 272,666</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Intergovernmental	\$ 525,347	\$ 525,347	\$ 525,347	\$ -
Total revenues	<u>525,347</u>	<u>525,347</u>	<u>525,347</u>	<u>-</u>
Expenditures -				
Current -				
General government-				
Supplies and materials	29,776	29,776	29,776	-
Other services and charges	495,571	110,757	110,757	-
Capital outlay	-	384,814	384,814	-
Total expenditures	<u>525,347</u>	<u>525,347</u>	<u>525,347</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, October 1, 2014			<u>-</u>	
Fund balance, September 30, 2015			<u>\$ -</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Investment and other	\$ 10	\$ 10	\$ 55	\$ 45
Contributions	3,000	3,000	2,405	(595)
Total revenues	<u>3,010</u>	<u>3,010</u>	<u>2,460</u>	<u>(550)</u>
Expenditures -				
Current -				
General government-				
Supplies and materials	<u>2,400</u>	<u>2,400</u>	<u>1,484</u>	<u>916</u>
Total expenditures	<u>2,400</u>	<u>2,400</u>	<u>1,484</u>	<u>916</u>
Net change in fund balances	<u>\$ 610</u>	<u>\$ 610</u>	976	<u>\$ 366</u>
Fund balance, October 1, 2014			<u>12,438</u>	
Fund balance, September 30, 2015			<u>\$ 13,414</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
PUBLIC EDUCATION & GOVERNMENT FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise	\$ 240,000	\$ 240,000	\$ 263,884	\$ 23,884
Investment and other	50	50	3,816	3,766
Total revenues	<u>240,050</u>	<u>240,050</u>	<u>267,700</u>	<u>27,650</u>
Expenditures -				
Current -				
Public safety-				
Capital outlay	<u>250,000</u>	<u>250,000</u>	<u>94,922</u>	<u>155,078</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>94,922</u>	<u>155,078</u>
Net change in fund balances	<u>\$ (9,950)</u>	<u>\$ (9,950)</u>	172,778	<u>\$ 182,728</u>
Fund balance, October 1, 2014			<u>684,199</u>	
Fund balance, September 30, 2015			<u>\$ 856,977</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEUDLE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
TRAFFIC SAFETY PROGRAM FUND
YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Investment and other	\$ -	\$ -	\$ 91	\$ 91
Total revenues	-	-	91	91
Expenditures -				
Other financing sources/(uses) -				
Transfers in	-	-	70,124	70,124
Total other financing sources/(uses)	-	-	70,124	70,124
Net change in fund balances	\$ -	\$ -	70,215	\$ 70,215
Fund balance, October 1, 2014			114,994	
Fund balance, September 30, 2015			\$ 185,209	



STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**CITY OF ROUND ROCK, TEXAS
 AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 PUBLIC IMPROVEMENT DISTRICTS
 YEAR ENDED SEPTEMBER 30, 2015**

	<u>Balances October 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances September 30, 2015</u>
Assets				
Cash and cash equivalents	\$ 17,986	\$ 106,568	\$ 107,422	\$ 17,132
Total assets	<u>\$ 17,986</u>	<u>\$ 106,568</u>	<u>\$ 107,422</u>	<u>\$ 17,132</u>
Liabilities				
Due to participants	\$ 17,986	\$ 106,568	\$ 107,422	\$ 17,132
Total liabilities	<u>\$ 17,986</u>	<u>\$ 106,568</u>	<u>\$ 107,422</u>	<u>\$ 17,132</u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**



CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS – BY SOURCES
SEPTEMBER 30, 2015

Capital assets -	
Land	\$ 45,751,142
Buildings and improvements	783,585,613
Equipment	67,538,831
Construction in progress	<u>30,174,237</u>
	<u>\$ 927,049,823</u>
Investment in capital assets from -	
Capital Projects Funds -	
General obligation bonds	\$ 245,053,251
Federal grants	4,325,713
State grants	1,008,753
General Fund revenues	141,928,954
Special Revenue Fund revenues	220,510,350
Hotel Occupancy Tax revenues	36,195,635
Gifts	277,310,258
Special assessments	<u>716,909</u>
	<u>\$ 927,049,823</u>

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2015**

Function and Activity	<u>Total</u>	<u>Land</u>
General Government -		
Control -		
Executive	\$ 1,092,044	\$ -
Staff agencies -		
Public works	15,420,766	293,740
Finance	13,537,473	-
Law	59,134	-
Planning and zoning	1,910,843	-
General government	<u>42,579,613</u>	<u>13,373,756</u>
Total staff agencies	<u>73,507,829</u>	<u>13,667,496</u>
Total general government	<u>74,599,873</u>	<u>13,667,496</u>
Public safety -		
Police protection	34,222,408	2,544,953
Fire protection	20,997,945	2,392,200
Inspection	170,880	-
Total public safety	<u>55,391,233</u>	<u>4,937,153</u>
Public works -		
City shop	2,590,772	-
Streets and drainage	<u>615,182,457</u>	<u>2,885,886</u>
Total public works	<u>617,773,229</u>	<u>2,885,886</u>
Culture and recreation -		
Library	8,300,836	1,506,429
Recreation	<u>140,810,415</u>	<u>22,754,178</u>
Total culture and recreation	<u>149,111,251</u>	<u>24,260,607</u>
Total capital assets allocated to functions	896,875,586	<u>\$ 45,751,142</u>
Construction in progress	<u>30,174,237</u>	
Total capital assets	<u>\$ 927,049,823</u>	

<u>Buildings and Improvements</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>
\$ 36,289	\$ -	\$ 1,055,755
3,035,343	2,748,881	9,342,802
280,667	1,239,834	12,016,972
-	-	59,134
31,230	1,734,794	144,819
19,408,734	6,203,096	3,594,027
<u>22,755,974</u>	<u>11,926,605</u>	<u>25,157,754</u>
<u>22,792,263</u>	<u>11,926,605</u>	<u>26,213,509</u>
18,742,747	79,569	12,855,139
7,615,386	420,187	10,570,172
-	-	170,880
<u>26,358,133</u>	<u>499,756</u>	<u>23,596,191</u>
333,817	1,332,663	924,292
4,071,071	605,179,721	3,045,779
<u>4,404,888</u>	<u>606,512,384</u>	<u>3,970,071</u>
4,208,093	21,939	2,564,375
76,049,514	30,812,038	11,194,685
<u>80,257,607</u>	<u>30,833,977</u>	<u>13,759,060</u>
<u>\$ 133,812,891</u>	<u>\$ 649,772,722</u>	<u>\$ 67,538,831</u>

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
YEAR ENDED SEPTEMBER 30, 2015**

Function and Activity	Capital Assets October 1, 2014	Additions	Retirements/ Adjustments	Capital Assets September 30, 2015
General Government - Control - Executive	\$ 1,028,705	\$ 88,300	\$ (24,961)	\$ 1,092,044
Staff Agencies - Public works	15,415,549	363,586	(358,369)	15,420,766
Finance	12,845,506	741,723	(49,756)	13,537,473
Law	59,134	-	-	59,134
Planning and zoning	1,910,843	-	-	1,910,843
General government	42,068,822	522,072	(11,281)	42,579,613
Total staff agencies	<u>72,299,854</u>	<u>1,627,381</u>	<u>(419,406)</u>	<u>73,507,829</u>
Total general government	<u>73,328,559</u>	<u>1,715,681</u>	<u>(444,367)</u>	<u>74,599,873</u>
Public safety - Police protection	34,426,229	1,500,372	(1,704,193)	34,222,408
Fire protection	20,649,333	899,285	(550,673)	20,997,945
Inspection	173,677	18,758	(21,555)	170,880
Total public safety	<u>55,249,239</u>	<u>2,418,415</u>	<u>(2,276,421)</u>	<u>55,391,233</u>
Public works - City shop	2,543,951	51,084	(4,263)	2,590,772
Streets and drainage	605,687,418	10,413,877	(918,838)	615,182,457
Total public works	<u>608,231,369</u>	<u>10,464,961</u>	<u>(923,101)</u>	<u>617,773,229</u>
Culture and recreation - Library	7,075,860	1,250,756	(25,780)	8,300,836
Recreation	134,942,778	5,573,414	294,223	140,810,415
Total culture and recreation	<u>142,018,638</u>	<u>6,824,170</u>	<u>268,443</u>	<u>149,111,251</u>
Construction in progress	<u>13,877,726</u>	<u>32,423,921</u>	<u>(16,127,410)</u>	<u>30,174,237</u>
Total capital assets	<u>\$ 892,705,531</u>	<u>\$ 53,847,148</u>	<u>\$ (19,502,856)</u>	<u>\$ 927,049,823</u>

**CITY OF ROUND ROCK, TEXAS
STATISTICAL SECTION
(UNAUDITED)**

This part of the City of Round Rock’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the City’s overall financial health. This information has not been audited by the independent auditors.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	152
Revenue Capacity	
These schedules contain information to help the reader assess the City’s significant local revenue sources, the property and sales tax.	162
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City’s currently outstanding debt and the City’s ability to issue additional debt in the future.	170
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader Understand the environment within which the City’s financial activities take place.	177
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information contained in the City’s financial report relates to the services the City provides and the activities it performs.	180

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

CITY OF ROUND ROCK, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities-				
Net investment in capital assets	\$ 220,430,450	\$ 211,264,167	\$ 235,614,955	\$ 269,226,207
Restricted	77,194,520	122,586,350	112,917,770	98,598,163
Unrestricted	<u>72,112,442</u>	<u>76,791,880</u>	<u>77,912,630</u>	<u>74,490,409</u>
Total governmental activities net position	<u>\$ 369,737,412</u>	<u>\$ 410,642,397</u>	<u>\$ 426,445,355</u>	<u>\$ 442,314,779</u>
Business-type activities-				
Net investment in capital assets	\$ 184,270,630	\$ 203,541,558	\$ 219,607,998	\$ 217,990,010
Restricted	17,534,251	21,938,288	14,376,789	15,571,119
Unrestricted	<u>44,027,327</u>	<u>46,122,809</u>	<u>53,228,109</u>	<u>66,770,620</u>
Total business-type activities net position	<u>\$ 245,832,208</u>	<u>\$ 271,602,655</u>	<u>\$ 287,212,896</u>	<u>\$ 300,331,749</u>
Primary government-				
Net investment in capital assets	\$ 404,701,080	\$ 414,805,725	\$ 455,222,953	\$ 487,216,217
Restricted	94,728,771	144,524,638	127,294,559	114,169,282
Unrestricted	<u>116,139,769</u>	<u>122,914,689</u>	<u>131,140,739</u>	<u>141,261,029</u>
Total primary government activities net position	<u>\$ 615,569,620</u>	<u>\$ 682,245,052</u>	<u>\$ 713,658,251</u>	<u>\$ 742,646,528</u>

2010	2011	2012	2013	2014	2015
\$ 278,095,970	\$ 286,638,406	\$ 305,864,208	\$ 354,157,695	\$ 296,871,209	\$ 281,421,954
96,271,490	98,064,518	92,310,664	55,641,097	119,539,523	131,076,155
76,111,460	77,864,804	76,870,782	74,833,175	68,400,634	53,355,360
<u>\$ 450,478,920</u>	<u>\$ 462,567,728</u>	<u>\$ 475,045,654</u>	<u>\$ 484,631,967</u>	<u>\$ 484,811,366</u>	<u>\$ 465,853,469</u>
\$ 210,960,047	\$ 213,536,543	\$ 212,883,311	\$ 214,178,908	\$ 221,062,599	\$ 228,866,895
9,125,932	11,984,130	13,994,028	6,868,062	7,764,750	19,215,972
85,930,757	95,693,542	104,985,805	116,650,981	118,105,044	110,519,279
<u>\$ 306,016,736</u>	<u>\$ 321,214,215</u>	<u>\$ 331,863,144</u>	<u>\$ 337,697,951</u>	<u>\$ 346,932,393</u>	<u>\$ 358,602,146</u>
\$ 489,056,017	\$ 500,174,949	\$ 518,747,519	\$ 568,336,603	\$ 517,933,808	\$ 510,288,849
105,397,422	110,048,648	106,304,692	62,509,159	127,304,273	150,292,127
162,042,217	173,558,346	181,856,587	191,484,156	186,505,678	163,874,639
<u>\$ 756,495,656</u>	<u>\$ 783,781,943</u>	<u>\$ 806,908,798</u>	<u>\$ 822,329,918</u>	<u>\$ 831,743,759</u>	<u>\$ 824,455,615</u>

**CITY OF ROUND ROCK, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses:				
Governmental activities-				
General government	\$ 21,634,710	\$ 21,823,415	\$ 24,154,706	\$ 24,856,934
Public safety	27,724,273	28,879,882	34,541,169	37,104,418
Public works	24,804,177	27,114,039	28,727,136	27,608,721
Culture and recreation	11,714,066	11,905,643	12,842,679	14,433,602
Interest on long-term debt	7,856,260	8,733,873	9,353,621	9,410,388
Issuance costs	-	-	-	-
Total governmental activities expenses	<u>93,733,486</u>	<u>98,456,852</u>	<u>109,619,311</u>	<u>113,414,063</u>
Business-type activities-				
Water and sewer utility	27,783,218	29,275,204	33,032,588	37,178,011
Golf course	150,029	167,906	185,659	182,521
Total business-type activities expenses	<u>27,933,247</u>	<u>29,443,110</u>	<u>33,218,247</u>	<u>37,360,532</u>
Total primary government expenses	<u>121,666,733</u>	<u>127,899,962</u>	<u>142,837,558</u>	<u>150,774,595</u>
Program revenues:				
Governmental activities-				
Charges for services-				
General government	2,021,621	1,766,153	1,941,519	3,820,455
Public safety	2,371,379	2,851,787	3,197,900	3,646,892
Public works	1,139,836	1,337,371	1,295,783	877,676
Culture and recreation	2,408,710	2,489,438	2,721,570	2,503,925
Operating grants and contributions	1,057,821	931,269	1,097,733	1,064,411
Capital grants and contributions	12,548,335	17,322,551	3,825,335	14,083,063
Total governmental activities program revenues	<u>21,547,702</u>	<u>26,698,569</u>	<u>14,079,840</u>	<u>25,996,422</u>
Business-type activities-				
Charges for services-				
Water and sewer utility	30,566,103	30,968,868	35,060,024	37,802,909
Golf course	476,082	476,025	474,353	485,972
Capital grants and contributions	19,706,224	24,381,521	13,967,314	12,490,491
Total business-type activities program revenues	<u>50,748,409</u>	<u>55,826,414</u>	<u>49,501,691</u>	<u>50,779,372</u>
Total primary government program revenues	<u>72,296,111</u>	<u>82,524,983</u>	<u>63,581,531</u>	<u>76,775,794</u>
Net (expense) revenue-				
Governmental activities	(72,185,784)	(71,758,283)	(95,539,471)	(87,417,641)
Business-type activities	22,815,162	26,383,304	16,283,444	13,418,840
Total primary government net expense	<u>(49,370,622)</u>	<u>(45,374,979)</u>	<u>(79,256,027)</u>	<u>(73,998,801)</u>

	2010	2011	2012	2013	2014	2015
\$	27,064,905	\$ 28,487,648	\$ 30,406,768	\$ 27,923,780	\$ 28,050,936	\$ 27,917,481
	36,688,203	39,140,352	40,944,978	41,842,363	45,283,826	45,236,987
	29,053,781	28,285,749	29,373,310	32,574,926	36,079,228	37,074,023
	14,260,057	14,514,561	15,069,456	15,702,435	18,074,001	19,252,557
	9,394,116	8,608,399	7,144,755	6,915,772	8,478,700	8,118,490
	-	-	-	-	-	942,596
	<u>116,461,062</u>	<u>119,036,709</u>	<u>122,939,267</u>	<u>124,959,276</u>	<u>135,966,691</u>	<u>138,542,134</u>
	37,623,591	38,602,875	38,842,107	42,657,792	44,605,155	46,069,705
	192,595	174,149	157,135	141,153	71,090	144,993
	<u>37,816,186</u>	<u>38,777,024</u>	<u>38,999,242</u>	<u>42,798,945</u>	<u>44,676,245</u>	<u>46,214,698</u>
	<u>154,277,248</u>	<u>157,813,733</u>	<u>161,938,509</u>	<u>167,758,221</u>	<u>180,642,936</u>	<u>184,756,832</u>
	3,927,379	3,519,857	3,104,355	2,822,715	2,559,380	2,168,842
	4,150,577	4,295,283	4,215,243	3,248,867	2,652,480	2,461,782
	836,169	2,032,530	2,760,386	2,942,382	726,785	749,524
	2,531,989	3,136,422	2,737,969	2,844,842	3,032,109	3,288,970
	932,879	1,130,628	1,135,386	829,367	1,042,301	1,199,574
	7,634,857	9,257,876	9,782,214	5,310,541	5,901,038	4,234,018
	<u>20,013,850</u>	<u>23,372,596</u>	<u>23,735,553</u>	<u>17,998,714</u>	<u>15,914,093</u>	<u>14,102,710</u>
	37,512,213	44,922,715	43,327,656	43,094,185	43,705,878	45,898,090
	349,424	431,413	480,116	522,169	382,081	320,846
	6,014,265	9,518,890	7,533,264	6,514,369	10,226,302	17,742,568
	<u>43,875,902</u>	<u>54,873,018</u>	<u>51,341,036</u>	<u>50,130,723</u>	<u>54,314,261</u>	<u>63,961,504</u>
	<u>63,889,752</u>	<u>78,245,614</u>	<u>75,076,589</u>	<u>68,129,437</u>	<u>70,228,354</u>	<u>78,064,214</u>
	(96,447,212)	(95,664,113)	(99,203,714)	(106,960,562)	(120,052,598)	(124,439,424)
	6,059,716	16,095,994	12,341,794	7,331,778	9,638,016	17,746,806
	<u>(90,387,496)</u>	<u>(79,568,119)</u>	<u>(86,861,920)</u>	<u>(99,628,784)</u>	<u>(110,414,582)</u>	<u>(106,692,618)</u>

(CONTINUED)

CITY OF ROUND ROCK, TEXAS
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General revenues and other changes in net position:				
Governmental activities-				
Taxes-				
Property	\$ 21,632,249	\$ 24,409,535	\$ 27,560,939	\$ 29,867,765
Franchise	4,990,439	5,499,222	5,748,333	6,213,263
Sales	64,999,744	67,924,755	64,038,208	58,777,622
Hotel occupancy	2,268,619	2,838,689	2,939,352	2,394,145
Public service	227,784	257,384	286,179	315,739
Investment earnings	7,232,842	9,912,657	8,220,228	4,112,703
Miscellaneous	122,499	152,805	257,495	-
Transfers	1,840,189	1,668,221	2,291,695	1,605,828
	<u>103,314,365</u>	<u>112,663,268</u>	<u>111,342,429</u>	<u>103,287,065</u>
Total governmental activities				
Business-type activities-				
Investment earnings	2,363,692	1,055,364	1,618,492	1,305,841
Miscellaneous	48,610	-	-	-
Transfers	(1,840,189)	(1,668,221)	(2,291,695)	(1,605,828)
	<u>572,113</u>	<u>(612,857)</u>	<u>(673,203)</u>	<u>(299,987)</u>
Total business-type activities				
Total primary government	<u>103,886,478</u>	<u>112,050,411</u>	<u>110,669,226</u>	<u>102,987,078</u>
Change in net position:				
Governmental activities	31,128,581	40,904,985	15,802,958	15,869,424
Business-type activities	<u>23,387,275</u>	<u>25,770,447</u>	<u>15,610,241</u>	<u>13,118,853</u>
Total primary government	<u>\$ 54,515,856</u>	<u>\$ 66,675,432</u>	<u>\$ 31,413,199</u>	<u>\$ 28,988,277</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	33,040,085	\$ 33,578,991	\$ 34,379,529	\$ 34,979,578	\$ 36,502,409	\$ 39,932,573
	5,934,540	6,221,790	6,326,735	5,952,712	6,460,448	7,255,212
	59,545,288	61,734,643	63,305,917	66,216,447	68,462,292	67,620,848
	2,291,326	2,684,046	3,252,542	4,140,920	4,646,208	5,083,556
	327,723	352,159	316,320	347,846	477,606	515,778
	1,365,802	988,222	1,635,630	2,026,554	1,882,139	5,020,786
	-	-	-	-	-	-
	<u>2,106,589</u>	<u>2,193,070</u>	<u>2,464,967</u>	<u>2,882,818</u>	<u>1,800,895</u>	<u>3,740,000</u>
	<u>104,611,353</u>	<u>107,752,921</u>	<u>111,681,640</u>	<u>116,546,875</u>	<u>120,231,997</u>	<u>129,168,753</u>
	1,731,860	1,294,555	772,102	1,385,847	1,397,321	866,927
	-	-	-	-	-	-
	<u>(2,106,589)</u>	<u>(2,193,070)</u>	<u>(2,464,967)</u>	<u>(2,882,818)</u>	<u>(1,800,895)</u>	<u>(3,740,000)</u>
	<u>(374,729)</u>	<u>(898,515)</u>	<u>(1,692,865)</u>	<u>(1,496,971)</u>	<u>(403,574)</u>	<u>(2,873,073)</u>
	<u>104,236,624</u>	<u>106,854,406</u>	<u>109,988,775</u>	<u>115,049,904</u>	<u>119,828,423</u>	<u>126,295,680</u>
	8,164,141	12,088,808	12,477,926	9,586,313	179,399	4,729,329
	<u>5,684,987</u>	<u>15,197,479</u>	<u>10,648,929</u>	<u>5,834,807</u>	<u>9,234,442</u>	<u>14,873,733</u>
\$	<u><u>13,849,128</u></u>	<u><u>27,286,287</u></u>	<u><u>23,126,855</u></u>	<u><u>15,421,120</u></u>	<u><u>9,413,841</u></u>	<u><u>19,603,062</u></u>

CITY OF ROUND ROCK, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ -	\$ -	\$ -	\$ -
<i>Restricted for-</i>				
Debt service	3,200,508	3,058,395	3,431,063	2,887,281
Authorized construction	72,754,038	116,277,182	104,541,402	90,000,407
Hotel-motel tax	4,153,604	5,191,941	6,368,822	7,005,856
Public safety	697,587	564,391	521,354	497,243
Community development	19,181	19,181	-	-
<i>Committed to-</i>				
Authorized construction	29,813,838	32,755,858	34,543,559	31,250,099
Drainage	-	-	-	-
Public education	-	-	-	-
Landscape improvements	66,802	388,111	788,440	574,093
Annexation fees	60,335	62,340	158,190	158,886
Library	14,269	14,815	15,164	14,302
Arterial II	-	-	-	-
Park Improvements	-	-	-	-
<i>Unassigned</i>	<u>35,628,308</u>	<u>36,689,422</u>	<u>36,415,765</u>	<u>36,785,055</u>
Total governmental funds	<u>\$ 146,408,470</u>	<u>\$ 195,021,636</u>	<u>\$ 186,783,759</u>	<u>\$ 169,173,222</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	-	\$ 288,758	\$ 321,044	\$ 375,087	\$ 397,271	\$ 430,821
	1,944,761	2,238,270	2,301,340	2,415,427	2,278,062	2,351,780
	88,064,514	88,021,123	81,424,206	43,630,036	106,539,802	117,515,606
	7,314,509	8,114,729	8,927,441	9,549,082	11,173,765	10,934,476
	862,273	1,024,405	937,105	1,249,246	1,050,349	1,274,293
	-	-	-	-	-	-
	33,739,591	35,731,396	35,645,374	31,856,334	26,570,024	24,696,122
	-	573,809	1,179,777	1,570,994	-	-
	-	862,066	872,484	826,282	684,199	856,977
	571,705	542,779	248,771	283,518	264,662	272,666
	158,990	39,163	39,190	39,211	-	-
	11,176	11,239	6,625	10,530	12,438	13,414
	-	-	-	-	-	1,145,826
	-	-	-	-	-	309,162
	<u>36,857,155</u>	<u>36,238,854</u>	<u>36,912,381</u>	<u>38,604,781</u>	<u>38,726,365</u>	<u>50,277,389</u>
\$	<u>169,524,674</u>	<u>173,686,591</u>	<u>168,815,738</u>	<u>130,410,528</u>	<u>187,696,937</u>	<u>210,078,532</u>

CITY OF ROUND ROCK, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2006	2007	2008	2009
Revenues-				
Taxes and franchise	\$ 91,642,025	\$ 97,889,771	\$ 97,759,902	\$ 95,097,743
Licenses, permits and fees	970,570	1,585,091	1,593,711	1,053,959
Charges for services	4,311,153	3,569,077	3,895,886	3,757,215
Fines and forfeitures	1,696,474	1,849,523	2,014,379	2,057,353
Intergovernmental	1,165,978	2,578,680	1,317,506	1,232,594
Hotel occupancy tax	2,362,656	2,986,136	2,939,352	2,394,145
Investment and other	8,640,878	11,424,988	9,977,103	8,406,513
Contributions	165,670	826,807	2,094,375	1,729,637
Total revenues	<u>110,955,404</u>	<u>122,710,073</u>	<u>121,592,214</u>	<u>115,729,159</u>
Expenditures-				
General government	22,163,330	22,105,269	22,858,670	22,640,290
Public safety	25,785,545	28,456,892	32,949,754	34,099,601
Public works	8,506,994	8,719,701	9,360,999	10,065,601
Culture and recreation	10,021,489	10,711,796	11,693,213	11,813,663
Capital projects	36,896,924	36,542,219	53,298,559	38,798,458
Debt service-				
Principal retirement	7,090,383	11,940,981	10,448,506	10,942,820
Interest and fiscal charges	7,698,552	7,052,015	9,060,707	9,290,481
Other charges	-	3,994,688	-	-
Total expenditures	<u>118,163,217</u>	<u>129,523,561</u>	<u>149,670,408</u>	<u>137,650,914</u>
Excess of revenues over (under) expenditures	<u>(7,207,813)</u>	<u>(6,813,488)</u>	<u>(28,078,194)</u>	<u>(21,921,755)</u>
Other financing sources (uses)-				
Proceeds from sale of capital assets	1,423,235	-	-	-
Issuance of lease	600,000	3,250,000	750,000	1,505,390
Issuance of debt	6,201,378	80,110,000	16,798,622	-
Premium on bonds issued	-	573,448	-	-
Payment to refunded bond escrow agent	-	(30,175,015)	-	-
Transfers in	29,387,915	45,681,150	26,429,303	33,385,722
Transfers out	(27,547,726)	(44,012,929)	(24,137,608)	(30,579,894)
Total other financing sources (uses)	<u>10,064,802</u>	<u>55,426,654</u>	<u>19,840,317</u>	<u>4,311,218</u>
Net change in fund balances	<u>\$ 2,856,989</u>	<u>\$ 48,613,166</u>	<u>\$ (8,237,877)</u>	<u>\$ (17,610,537)</u>
Capital outlay including amounts reported under departmental current expenditures	\$ 36,896,924	\$ 36,542,219	\$ 53,298,559	\$ 40,000,535
Debt service as a percentage of noncapital expenditures	18.2%	20.4%	20.2%	20.7%

	2010	2011	2012	2013	2014	2015
\$	98,990,298	\$ 101,914,916	\$ 104,318,270	\$ 107,417,612	\$ 111,592,909	\$ 115,508,506
	907,705	2,155,358	3,094,983	3,567,437	1,243,857	1,704,374
	3,767,565	3,985,634	4,198,815	4,436,779	4,645,527	4,513,428
	2,260,401	2,492,261	2,814,987	3,208,637	2,673,670	2,451,316
	3,953,092	3,302,276	2,158,621	1,225,195	3,044,095	1,679,993
	2,291,326	2,684,046	3,252,543	4,140,920	4,646,208	5,083,556
	3,652,629	3,786,134	2,635,613	3,565,842	4,783,567	7,207,478
	972,641	3,282,812	5,858,346	2,567,327	3,152,100	600,919
	<u>116,795,657</u>	<u>123,603,437</u>	<u>128,332,178</u>	<u>130,129,749</u>	<u>135,781,933</u>	<u>138,749,570</u>
	22,874,155	24,346,515	25,332,577	23,783,735	24,375,794	23,838,520
	34,539,844	36,556,318	37,646,821	39,475,791	42,306,841	43,067,272
	9,565,430	8,797,799	9,791,618	11,852,443	11,291,499	12,328,284
	11,157,995	11,336,602	11,958,179	12,440,948	13,775,702	14,766,040
	21,184,635	22,981,288	39,916,082	65,523,775	38,694,239	33,476,554
	11,456,810	11,815,968	13,040,604	12,852,059	14,395,697	13,919,366
	9,097,057	8,072,821	6,825,065	6,797,281	7,372,652	7,847,372
	1,327,989	247,433	256,373	98,630	862,888	942,596
	<u>121,203,915</u>	<u>124,154,744</u>	<u>144,767,319</u>	<u>172,824,662</u>	<u>153,075,312</u>	<u>150,186,004</u>
	<u>(4,408,258)</u>	<u>(551,307)</u>	<u>(16,435,141)</u>	<u>(42,694,913)</u>	<u>(17,293,379)</u>	<u>(11,436,434)</u>
	-	-	-	-	-	-
	1,310,569	1,372,023	500,000	1,000,000	1,450,000	2,000,000
	18,575,000	16,145,000	27,295,000	8,615,000	77,350,000	70,665,000
	1,387,593	223,248	1,317,881	-	6,161,887	6,369,020
	(19,682,356)	(16,083,357)	(20,616,784)	(8,509,756)	(11,682,994)	(48,955,991)
	24,459,490	27,752,457	34,447,300	49,547,722	32,984,237	27,070,865
	<u>(21,290,586)</u>	<u>(24,696,147)</u>	<u>(31,379,109)</u>	<u>(46,363,263)</u>	<u>(31,683,342)</u>	<u>(23,330,865)</u>
	<u>4,759,710</u>	<u>4,713,224</u>	<u>11,564,288</u>	<u>4,289,703</u>	<u>74,579,788</u>	<u>33,818,029</u>
\$	<u>351,452</u>	<u>\$ 4,161,917</u>	<u>\$ (4,870,853)</u>	<u>\$ (38,405,210)</u>	<u>\$ 57,286,409</u>	<u>\$ 22,381,595</u>
\$	22,684,310	\$ 23,932,697	\$ 41,282,292	\$ 67,059,226	\$ 38,644,877	\$ 35,385,140
	20.9%	19.8%	19.2%	18.6%	19.0%	19.51%

**CITY OF ROUND ROCK, TEXAS
ACTUAL AND TAXABLE ASSESSED VALUE OF PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Actual Assessed Value			Less:	Total	Total Direct Tax Rate
	Real Property	Personal Property	Total	Tax Exempt Property	Taxable Assessed Valuation	
	\$	\$	\$	\$	\$	\$
2006	5,199,431,315	749,984,473	5,949,415,788	175,933,206	5,773,482,582	0.3711
2007	5,929,650,836	783,793,471	6,713,444,307	198,475,704	6,514,968,603	0.3711
2008	6,954,733,744	852,374,495	7,807,108,239	303,674,692	7,503,433,547	0.3652
2009	7,623,482,042	957,142,673	8,580,624,715	386,156,997	8,194,467,718	0.3652
2010	7,843,041,122	880,412,269	8,723,453,391	401,156,676	8,322,296,715	0.3966
2011	7,581,182,068	831,489,169	8,412,671,237	395,522,799	8,017,148,438	0.4173
2012	7,654,036,144	850,976,608	8,505,012,752	408,354,355	8,096,658,397	0.4232
2013	7,837,387,397	947,316,007	8,784,703,404	493,653,067	8,291,050,337	0.4204
2014	8,195,046,631	1,062,520,327	9,257,566,958	567,914,523	8,689,652,435	0.4195
2015	9,193,035,124	1,030,331,518	10,223,366,642	589,210,216	9,634,156,426	0.4146

Source: Williamson Central Appraisal District

Note - Property in the City is assessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

**CITY OF ROUND ROCK, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUE
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Direct	Round Rock Independent School District	Williamson County	Special Districts	
	\$	\$	\$	\$	\$	\$	\$
2006	0.2089	0.1622	0.3711	1.8334	0.4997	0.0200	2.7242
2007	0.2164	0.1547	0.3711	1.6406	0.4997	0.0200	2.5314
2008	0.1960	0.1692	0.3652	1.3238	0.4891	0.0200	2.1981
2009	0.2171	0.1481	0.3652	1.3324	0.4683	0.1154	2.2813
2010	0.2491	0.1475	0.3966	1.3800	0.4900	0.1146	2.3812
2011	0.2665	0.1508	0.4173	1.3800	0.4900	0.1151	2.4024
2012	0.2751	0.1481	0.4232	1.3350	0.4877	0.1148	2.3607
2013	0.2830	0.1373	0.4203	1.3800	0.4890	0.1151	2.4044
2014	0.2800	0.1395	0.4195	1.3674	0.4890	0.1149	2.3908
2015	0.2628	0.1518	0.4146	1.3375	0.4865	0.1142	2.3528

Source: Williamson County Tax Office

**CITY OF ROUND ROCK, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Name of Taxpayer	2015			2006		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 271,831,118	1	2.822 %	\$ 21,410,135		0.371 %
CPG Round Rock, LP	137,998,674	2	1.432	-		-
Seton Healthcare	106,340,261	3	1.104	-		-
Dell Computer Corp.	74,321,793	4	0.771	61,461,287	2	1.065
Baltgem Development Corp.	73,283,114	5	0.761	81,367,674	1	1.409
Columbia/St. David Healthcare	63,124,215	6	0.655	30,424,267	5	0.527
CMF 15 Portfolio, LLC	61,751,700	7	0.641	-		-
Oncor Electric Delivery Co.	43,434,180	8	0.451	-		-
Las Brisas Luxury Apartment Homes, LLP	42,000,000	9	0.436	-		-
FST La Frontera LLC	39,971,279	10	0.415	29,160,793	6	0.505
DuPont Photomasks, Inc.	-		-	52,318,894	3	0.906
TXU Electric Delivery Co.	-		-	38,485,897	4	0.667
Drever, Limestone, LP	-		-	26,674,126	7	0.462
Lodge at Warner Ranch, LP	-		-	25,948,645	8	0.449
Southwestern Bell Telephone Co.	-		-	23,234,528	9	0.402
A & B Texas, LLC	-		-	22,736,144	10	0.394
	<u>\$ 914,056,334</u>		<u>9.488 %</u>	<u>\$ 413,222,390</u>		<u>7.157 %</u>

Source: Williamson Central Appraisal District

**CITY OF ROUND ROCK, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
	\$	\$	%	\$	\$	%
2006	21,432,056	21,260,880	99.20	1,009	21,261,889	99.21
2007	24,021,335	23,862,022	99.34	1,496	23,863,518	99.34
2008	27,220,757	27,194,031	99.90	1,187	27,195,218	99.91
2009	29,931,048	29,745,017	99.38	5,149	29,750,166	99.40
2010	33,001,196	32,822,350	99.46	(36,681)	32,785,669	99.35
2011	33,469,184	33,330,239	99.58	(35,814)	33,294,425	99.48
2012	34,255,559	34,161,567	99.73	(34,336)	34,127,231	99.63
2013	34,865,783	34,717,536	99.57	(35,199)	34,682,337	99.47
2014	36,452,223	36,281,479	99.53	83,709	36,365,188	99.76
2015	39,792,302	39,697,745	99.76	-	39,697,745	99.76

**CITY OF ROUND ROCK, TEXAS
TABXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS**

Year	Retail Trade	Wholesale Trade	Services	Manufacturing	Utilities
	\$	\$	\$	\$	\$
2005	1,022,046,302	1,164,889,028	271,930,962	23,056,605	13,835,732
2006	1,204,017,407	1,286,347,769	284,232,565	20,117,751	15,736,435
2007	1,145,110,919	1,591,303,790	304,759,747	27,335,653	18,904,449
2008	1,169,341,432	1,437,462,827	331,204,107	20,237,658	16,645,969
2009	1,103,261,058	1,228,096,597	323,957,885	18,637,403	16,313,752
2010	1,076,705,717	1,364,186,925	331,286,488	20,916,060	17,788,882
2011	1,105,890,841	1,364,773,284	345,856,874	20,631,380	20,631,380
2012	1,223,316,405	1,191,461,753	380,227,320	18,545,355	26,448,906
2013	1,395,609,347	1,185,606,648	404,494,748	20,223,143	29,352,089
2014	1,529,221,667	1,118,802,621	434,765,636	19,026,573	34,382,247
	<u>\$ 11,974,521,095</u>	<u>\$ 12,932,931,242</u>	<u>\$ 3,412,716,332</u>	<u>\$ 208,727,581</u>	<u>\$ 210,039,841</u>

<u>Construction</u>	<u>Finance, Insurance</u>	<u>Other</u>	<u>Total</u>	<u>City Direct Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Over- lapping</u>
\$	\$	\$	\$	%	%	%
26,144,588	1,323,272	180,746,146	2,703,972,635	2.0%	6.25%	8.25%
26,619,939	1,410,360	62,544,068	2,901,026,294	2.0%	6.25%	8.25%
43,424,237	1,782,201	-	3,132,620,996	2.0%	6.25%	8.25%
43,124,472	1,674,015	-	3,019,690,480	2.0%	6.25%	8.25%
30,415,221	2,198,134	-	2,722,880,050	2.0%	6.25%	8.25%
46,025,144	2,114,837	-	2,859,024,053	2.0%	6.25%	8.25%
61,424,806	2,996,141	-	2,922,204,706	2.0%	6.25%	8.25%
69,836,183	2,841,380	-	2,912,677,302	2.0%	6.25%	8.25%
88,781,193	2,370,265	-	3,126,437,433	2.0%	6.25%	8.25%
95,014,684	2,497,918	-	3,233,711,346	2.0%	6.25%	8.25%
<u>\$ 530,810,467</u>	<u>\$ 21,208,523</u>	<u>\$ 243,290,214</u>	<u>\$ 29,534,245,295</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2015**

Taxpayer	Hotel Motel Occupancy Tax	Hotel Motel Occupancy Venue Tax	Total Collections Year Ended September 30, 2015	Number of Rooms	% of Total Collections
Austin Marriott North	\$ 709,420	\$ 202,691	\$ 912,111	295	17.9%
Homewood Suites	337,060	96,303	433,363	115	8.5%
Hilton Garden Inn	253,917	72,548	326,465	122	6.4%
Hampton Inn	231,234	66,067	297,300	93	5.8%
Residence Inn	220,660	63,046	283,706	96	5.6%
Courtyard by Marriott	210,504	60,144	270,648	113	5.3%
Holiday Inn	197,343	56,384	253,727	124	5.0%
Springhill Suites	171,471	48,992	220,463	104	4.3%
Microtel Inn & Suites	140,593	40,141	180,734	100	3.6%
Holiday Inn Express	140,072	40,020	180,092	91	3.5%
La Quinta Inn	134,033	38,295	172,328	116	3.4%
Wingate Inn	127,235	36,351	163,586	100	3.2%
Baymont Inn	119,437	34,125	153,562	86	3.0%
Red Roof Inn	114,414	32,688	147,102	100	2.9%
Sleep Inn	100,277	28,651	128,927	74	2.5%
Staybridge Suites	98,406	28,116	126,522	81	2.5%
Home 2 Suites	96,336	27,524	123,860	91	2.4%
Best Western Executive Inn	90,812	25,943	116,755	69	2.3%
Motel 6	73,324	20,950	94,274	59	1.8%
Comfort Suites	72,356	20,673	93,029	63	1.8%
Country Inn & Suites	72,270	20,649	92,919	63	1.8%
Candlewood Suites	65,099	18,600	83,699	98	1.6%
Extended Stay America # 6197	53,310	15,232	68,542	104	1.3%
Days Inn & Suites	48,549	13,871	62,420	48	1.2%
Extended Stay America # 6030	47,311	13,518	60,829	138	1.2%
Value Place	27,264	7,790	35,054	121	0.7%
VRBO Homes	1,195	341	1,536	16	0.0%
	<u>\$ 3,953,903</u>	<u>\$ 1,129,653</u>	<u>\$ 5,083,554</u>	<u>2,680</u>	<u>100.0%</u>

**CITY OF ROUND ROCK, TEXAS
HOTEL OCCUPANCY TAX COLLECTION HISTORY BY QUARTER
LAST TEN FISCAL YEARS**

Fiscal Year Ended 9-30	1st Quarter Oct. – Dec.	2nd Quarter Jan. – Mar.	3rd Quarter Apr. – June	4th Quarter July – Sept.	Total
	\$	\$	\$	\$	\$
2006	521,640	459,601	578,711	708,667	2,268,619
2007	594,826	695,452	729,813	818,598	2,838,689
2008	669,345	749,897	806,813	713,297	2,939,352
2009	609,608	589,006	640,846	554,685	2,394,145
2010	504,062	582,719	661,356	543,189	2,291,326
2011	684,430	678,090	716,629	604,897	2,684,046
2012	610,280	835,331	1,004,705	802,227	3,252,543
2013	964,181	1,091,350	1,152,982	932,407	4,140,920
2014	1,071,926	1,217,483	1,271,649	1,085,150	4,646,208
2015	1,114,213	1,274,209	1,437,121	1,258,012	5,083,555

**CITY OF ROUND ROCK, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Other Debt Obligations	Revenue Bonds				
	\$	\$	\$	\$	\$	%	\$	
2006	95,020,000	2,968,000	63,554,463	-	161,542,463	6.26	1,799	
2007	124,960,000	16,120,000	60,994,604	355,000	202,429,604	7.53	2,188	
2008	120,060,000	15,300,000	73,598,054	8,290,000	217,248,054	7.67	2,258	
2009	115,725,000	14,475,000	69,270,163	11,555,000	211,025,163	7.10	2,121	
2010	110,470,000	13,530,000	65,830,308	91,166,635	280,996,943	9.16	2,788	
2011	105,980,000	12,965,000	60,691,660	89,888,648	269,525,308	8.63	2,655	
2012	101,185,000	12,380,000	62,571,173	87,765,660	263,901,833	8.27	2,574	
2013	96,340,000	11,770,000	56,131,110	85,392,673	249,633,783	7.56	2,380	
2014	155,780,000	11,135,000	55,963,734	90,799,894	313,678,628	9.12	2,903	
2015	154,925,000	29,675,000	56,701,818	87,827,948	329,129,766	10.00	2,970	

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

See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF ROUND ROCK, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year Ended 9-30	(1) Population	Net Assessed Value (in thousands)	(2) Gross Bonded Debt	Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
		\$	\$	\$	\$	%	\$
2006	89,800	5,773,483	94,509,955 (2)	3,200,508	91,309,447	1.58	1,017
2007	92,500	6,514,969	138,226,097 (2)	3,058,395	135,167,702	2.07	1,461
2008	96,200	7,503,434	132,716,787 (2)	3,431,063	129,285,724	1.72	1,344
2009	99,500	8,194,468	127,721,445 (2)	2,887,281	124,834,164	1.52	1,255
2010	100,800	8,322,297	123,017,131 (2)	1,944,761	121,072,370	1.45	1,201
2011	101,500	8,017,148	118,122,822 (2)	2,238,270	115,884,552	1.45	1,142
2012	102,515	8,096,658	114,268,570 (2)	2,301,340	111,967,230	1.38	1,092
2013	104,900	8,291,050	108,241,436 (2)	2,415,427	105,826,009	1.28	1,009
2014	108,050	8,689,652	172,890,871 (2)	2,278,062	170,612,809	1.96	1,579
2015	110,800	9,634,156	181,245,000 (2)	2,351,780	178,893,220	1.86	1,615

Note: Includes Certificates of Obligation and General Obligation Bonds net of related premiums and discounts.

(1) Source: Planning Department, City of Round Rock

(2) Gross bonded debt does not include self-supporting debt funded by enterprise funds. Gross self-supporting debt totaled \$3,355,000 at September 30, 2015.



**CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2015**

Name of Governmental Unit	Total General Debt Outstanding	** Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes-			
Round Rock Independent School District	\$ 716,040,000 *	37.51%	\$ 268,586,604
Williamson County	966,599,942 *	20.85%	201,536,088
Austin Community College	245,488,659 *	5.90%	14,483,831
Georgetown ISD	204,585,000 *	0.21%	429,629
Travis County Healthcare District	12,305,000 *	0.22%	27,071
Travis County	695,034,987 *	0.22%	<u>1,529,077</u>
Subtotal, overlapping debt			486,592,300
City direct debt			<u>241,301,818</u>
Total direct and overlapping debt			<u><u>\$ 727,894,118</u></u>

* Gross Debt as of September 30, 2015

** The percentage of overlapping debt applicable is estimated using taxable assessed property values.

Source: City of Round Rock Finance Department and Texas Municipal Reports

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Round Rock, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF ROUND ROCK, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 1,034,929,880	\$ 1,167,845,500	\$ 1,345,033,513	\$ 1,468,905,352
Total net debt applicable to limit	<u>89,029,039</u>	<u>132,491,172</u>	<u>126,786,525</u>	<u>122,512,295</u>
Legal debt margin	<u>\$ 945,900,841</u>	<u>\$ 1,035,354,328</u>	<u>\$ 1,218,246,988</u>	<u>\$ 1,346,393,057</u>
Total net debt applicable to the limit as a percentage of debt limit	8.60%	11.34%	9.43%	8.34%

Legal Debt Margin Calculation for Fiscal Year 2015

Total assessed value		<u>\$ 9,634,156,426</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value		\$ 1,640,628,922
Amount of debt applicable to debt limit:		
Total General Obligation Debt	\$ 184,600,000	
Less:		
Amount available in Debt Service Fund	(2,351,780)	
Amounts considered self-supporting	<u>(3,355,000)</u>	
Total net debt applicable to debt limit		<u>178,893,220</u>
Legal debt margin		<u>\$ 1,461,735,702</u>

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), approved by voters in August, 1977, that limits the maximum tax rate, for all City purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

Assuming the maximum tax rate for debt service of \$1.50 on January 1, 2014, assessed valuation of \$9,634,156,426 at 100% collection, tax revenue of \$144,512,346 would be produced. This revenue could service the debt on \$ 1,640,628,922 issued as 20-year serial bonds at 5.50% (with level debt service payment).

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,491,819,433	\$ 1,437,119,854	\$ 1,451,372,470	\$ 1,486,218,341	\$ 1,557,670,054	\$ 1,640,628,922
<u>117,540,239</u>	<u>112,406,730</u>	<u>107,568,660</u>	<u>101,824,573</u>	<u>161,006,938</u>	<u>178,893,220</u>
<u>\$ 1,374,279,194</u>	<u>\$ 1,324,713,124</u>	<u>\$ 1,343,803,810</u>	<u>\$ 1,384,393,768</u>	<u>\$ 1,396,663,116</u>	<u>\$ 1,461,735,702</u>
7.88%	7.82%	7.41%	6.85%	10.34%	10.90%

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Gross Revenue	(2) Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Principal and Interest	Revenue Bond Coverage
	\$	\$	\$	\$	
2006	32,985,447	20,962,289	12,023,158	284,310	42.29
2007	31,921,522	21,369,755	10,551,767	5,966	1,768.65
2008	36,629,189	24,736,819	11,892,370	153,666	77.39
2009	39,095,039	27,356,759	11,738,280	568,400	20.65
2010	39,240,390	22,243,281	16,997,109	4,007,882	4.24
2011	46,215,387	21,880,865	24,334,522	5,081,298	4.79
2012	44,098,633	21,274,247	22,824,386	5,893,953	3.87
2013	44,479,457	25,401,579	19,077,878	6,101,113	3.13
2014	45,103,137	27,132,654	17,970,483	6,347,632	2.83
2015	46,761,990	27,348,975	19,413,015	6,894,788	2.82

(1) Water and Sewer Fund operating and non-operating revenues.

(2) Water and Sewer Fund operating expenses, excluding depreciation.

**CITY OF ROUND ROCK, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	Personal Income	(4) Per Capita Income	(2) Median Age	(3) School Enrollment	(2) Unemployment Rate
		\$	\$			%
2006	89,800	2,581,211,200	28,744	30.6	39,112	3.3
2007	92,500	2,686,755,000	29,046	31.0	40,342	3.5
2008	96,200	2,831,069,800	29,429	31.2	41,489	4.2
2009	99,500	2,971,866,000	29,868	31.2	41,867	6.4
2010	100,800	3,066,033,600	30,417	31.4	42,683	6.2
2011	101,500	3,122,749,000	30,766	31.6	44,331	6.1
2012	102,515	3,190,164,285	31,119	32.0	45,000	5.9
2013	104,900	3,301,727,500	31,475	32.0	45,361	5.0
2014	108,050	3,439,879,800	31,836	31.7	45,924	4.2
2015	110,800	4,314,330,400	38,938	33.5	47,093	3.2

- Sources:
- (1) Planning Department, City of Round Rock
 - (2) Round Rock Chamber of Commerce
 - (3) Round Rock Independent School District
 - (4) U.S. Dept. of Commerce / Bureau of Economic Development; data is for Williamson County, which is representative of the City; data for City not available.

**CITY OF ROUND ROCK, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Name of Employer	2015			2006		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
			%			%
Dell, Inc.	14,000	1	24.09	9,500	1	20.43
Round Rock Independent School District	5,800	2	9.98	4,600	2	9.89
Sears TeleServe	1,600	3	2.75	1,200	3	2.58
City of Round Rock, Texas	890	4	1.53	768	5	1.65
Emerson Process Management	880	5	1.51			
Round Rock Premium Outlets	800	6	1.38			
Scott & White Healthcare	750	7	1.29			
Texas Guaranteed Student Loan	700	8	1.20	610	7	1.31
Round Rock Medical Center	690	9	1.19	748	6	1.61
Liquidation Channel	600	10	1.03			
Wayne, a GE Energy Business	600	10	1.03	503	9	1.08
Seton Williamson Medical Center	450	11	0.77			
Michael Angelo's Gourmet Foods	370	12	0.64	900	4	1.94
Field Asset Services	330	13	0.57			
Chasco Constructors	320	14	0.55			
TECO Westinghouse Motor Co.	300	15	0.52			
Toppan Photomask	250	16	0.43			
Farmer's Insurance				560	8	1.20
Cypress Semiconductor				400	10	0.86
	29,330		50.46	19,789		42.55

Source: City of Round Rock 2015-2016 Annual Budget

CITY OF ROUND ROCK, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function:	<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>	<u>2015</u>
General government	158	163	176	173	176	164	164	164	171	174
Public safety-										
Police-										
Officers	131	135	146	151	152	152	154	153	160	167
Civilians	55	58	62	61	61	67	67	68	64	67
Fire-										
Firefighters & officers	111	119	124	124	124	124	124	124	129	129
Civilians	4	5	5	5	5	5	5	6	8	8
Public works-										
Street & Drainage	48	48	48	48	48	48	48	55	55	54
Shop	15	15	15	15	15	15	15	15	16	18
Culture & Recreation-										
Library	29	29	29	29	29	29	29	30	31	31
Parks & Recreation	93	93	95	97	98	94	94	91	91	91
Water	92	93	95	96	97	91	91	91	93	95
Sewer	<u>35</u>	<u>35</u>	<u>36</u>	<u>36</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
Total	<u>771</u>	<u>793</u>	<u>831</u>	<u>835</u>	<u>840</u>	<u>824</u>	<u>826</u>	<u>832</u>	<u>853</u>	<u>869</u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police-				
Arrests	4,013	3,754	3,749	3,908
Accident reports	1,907	1,990	1,997	1,646
Index crimes reported	2,072	2,512	2,449	2,960
Crimes per thousand residents	22.80	27.90	30.10	30.30
Officers per thousand of population	1.50	1.46	1.52	1.52
Fire-				
Incident volume	6,430	7,463	7,690	8,000
Priority calls answered	4,977	4,592	5,656	5,800
Non-emergency calls answered	1,453	2,871	2,034	2,200
Priority calls-response less than 6 minutes	73%	73%	64%	65%
Public Works-				
Street-				
Street resurfacing (lane miles)	124	130	135	137
Potholes repaired annually	4,000	4,000	4,000	4,000
Signals maintained	52	57	59	59
Shop-				
Work orders	4,118	5,418	5,618	6,330
Number of departments served	18	18	19	19
Culture and Recreation-				
Library-				
Number of items circulated	671,816	725,370	762,926	780,000
Number of card holders	42,792	44,820	49,829	51,000
Number of library visits	302,900	306,000	311,000	310,000
Parks & Recreation-				
Total park acres maintained	1,547	1,610	1,610	1,757
Number of athletic fields maintained	38	38	38	43
Number of trees planted	843	500	818	877
Number of recreation enrollees	372,998	371,201	402,548	401,000
Water-				
New connections	1,549	1,181	572	254
Line maintenance work orders	4,242	4,400	4,400	4,226
Average monthly consumption	553,600,000	432,101,000	552,610,000	589,159,550
Sewer-				
Average monthly treatment	303,103,333	298,038,200	296,208,875	301,433,205
Line feet reviewed for infiltration & inflow	181,316	152,515	161,291	156,934

Source: City of Round Rock Finance Department

2010	2011	2012	2013	2014	2015
4,328	4,521	6,715	6,182	5,773	4,600
1,877	2,747	4,485	4,845	6,383	2,249
3,154	3,154	2,777	2,632	2,338	2,329
31.30	31.30	27.10	25.10	21.70	22.00
1.48	1.48	1.49	1.46	1.42	1.53
8,500	8,141	8,350	8,749	9,027	9,928
6,000	5,916	3,475	3,728	3,713	2,780
2,500	2,225	4,875	5,021	5,314	7,148
65%	65%	60%	60%	63%	56%
137	45	60	80	80	40
4,000	4,000	4,000	4,000	4,000	1,500
59	68	76	79	83	84
6,930	4,609	5,336	4,447	4,178	4,399
19	19	19	19	19	19
810,000	854,000	903,219	940,135	975,291	972,094
53,000	59,000	55,336	81,620	74,192	99,822
320,000	292,000	294,768	323,384	309,167	388,625
1,780	1,935	2,035	2,035	2,045	2,045
45	46	49	49	49	49
350	345	558	163	165	110
401,000	420,000	420,000	487,455	490,704	577,140
356	335	313	442	360	402
4,044	3,185	3,279	5,500	6,734	3,317
466,096,342	655,615,475	560,281,041	549,154,150	491,936,100	505,251,158
327,351,600	475,482,100	457,967,400	409,000,000	394,000,000	385,611,068
114,176	317,789	361,784	377,783	459,128	187,464

**CITY OF ROUND ROCK, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police-				
Number of stations	1	1	1	1
Number of units	142	186	189	195
Fire-				
Number of stations	6	6	7	7
Number of fire trucks	10	11	11	14
Public Works-				
Street-				
Lane miles	997	1,036	1,124	1,124
Drainage miles	92	92	100	100
Number of street lights	4,796	5,034	5,075	5,103
Number of traffic signals	52	57	59	59
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	19
Culture and Recreation-				
Library-				
Number of library books	133,111	147,000	180,397	185,000
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	1,547	1,610	1,610	1,855
Number of athletic fields	38	38	38	44
Number of parks	52	53	53	60
Number of tennis courts	23	23	23	23
Number of pools	5	5	5	5
Water-				
Number of miles of water lines	458	481	487	503
Pumping stations	14	14	14	15
Tanks	18	18	18	19
Treatment capacity (millions of gallons/day)	48	48	48	48
Sewer-				
Number of miles of sewer mains	365	376	392	400
Wastewater lift stations	11	11	12	12

Source: City of Round Rock Finance Department

2010	2011	2012	2013	2014	2015
1 199	1 199	1 199	1 201	1 229	1 240
7 15	7 16	7 16	7 16	7 14	7 16
1,137 100 5,104 59	1,200 100 5,119 68	1,200 100 5,312 76	1,250 150 6,000 79	1,250 150 6,800 83	1,250 150 5,400 84
1 19	1 19	1 19	1 19	1 19	1 19
185,000 1	183,000 1	195,000 1	150,211 1	154,278 1	156,277 1
2,119 46 84 23 5	2,274 47 85 23 4	2,035 49 62 23 4	2,035 49 62 23 4	2,035 49 62 25 4	2,035 49 62 25 4
591 15 20 52	584 15 20 52	585 15 20 52	587 14 20 52	601 14 20 52	608 15 22 52
417 12	422 12	422 12	424 12	432 12	424 12

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2015**

Name of Customer	Type of Business	Water Consumption in Gallons	% of Total Water Consumption in Gallons
Fern Bluff Municipal Utility District	Municipal Utility District	280,410,100	4.741 %
Williamson County Municipal Utility District # 11	Municipal Utility District	187,762,000	3.174
Williamson County Municipal Utility District # 10	Municipal Utility District	156,356,000	2.643
Chandler Creek Municipal Utility District	Municipal Utility District	150,461,500	2.544
Vista Oaks Municipal Utility District	Municipal Utility District	113,252,500	1.915
Paloma Lake Municipal Utility District #1	Municipal Utility District	99,394,400	1.680
Dell, Inc.	Electronic Equipment	77,522,200	1.311
Round Rock Independent School District	Public Schools	68,340,800	1.155
Michael Angelo's	Food Production	56,523,000	0.956
Walsh Ranch Municipal Utility District	Municipal Utility District	47,719,800	0.807
		<u>1,237,742,300</u>	<u>20.926 %</u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2015**

Water rates for retail customers inside the city limits are as follows:

Volume Rate	Monthly Service Charge	
<i>Non-peak billing periods:</i>	<u>Meter Size Base</u>	<u>Monthly Water</u>
\$2.42 per 1,000 gallons of water used by all customers	<u>Serving Customer</u>	<u>Service Charge</u>
<i>Peak billing periods:</i>		
Four block structure for use in excess of predetermined amounts set by meter size -		
Block 1: Base rate times 125%		
Block 2: Base rate times 150%		
Block 3: Base rate times 175%		
Block 4: Base rate times 200%		
		\$
	5/8 inch	14.26
	3/4 inch	19.86
	1 inch	31.36
	1 1/2 inch	60.09
	2 inch	94.56
	3 inch	175.02
	4 inch	289.96
	6 inch	903.98
	8 inch	1,580.05
	10 inch	2,481.47
	12 inch	3,044.86

Sewer rates for retail customers inside the city limits are as follows:

Volume Rate	Monthly Service Charge	
\$3.29 per 1,000 gallons of water used by all customers	* <u>Meter Size Base</u>	<u>Monthly Sewer</u>
	<u>Serving Customer</u>	<u>Service Charge</u>
		\$
	5/8 inch	12.88
	3/4 inch	16.81
	1 inch	24.10
	1 1/2 inch	43.94
	2 inch	67.76
	3 inch	123.31
	4 inch	202.67
	6 inch	597.35
	8 inch	1,042.40
	10 inch	1,635.78
	12 inch	2,006.64

* Sewer customers' volume is measured as the rate per 1,000 gallons of the lesser of a three month winter average or actual water use.

Source: City of Round Rock Finance Department



SINGLE AUDIT SECTION



**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Federal Grant I. D.	Federal Expenditures
U. S. Department of Homeland Security			
Pass-Through Programs			
<i>Passed-Through FEMA</i>			
Emergency Management Performance Grants	97.042	15-TX-EMPG-1425	\$ 44,655
Total U. S. Department of Homeland Security Pass-Through Programs			<u>44,655</u>
U. S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	2012BUBX1206898	3,040
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-1222	10,262
Total U. S. Department of Justice			<u>13,302</u>
U. S. Department of Transportation			
Federal Transit Formula Grants - 5307 Funds	20.507	TX-90-Y001-00	367,211
Job Access and Reverse Commute Program	20.516	TX-37-X065-01	16,105
<i>Passed-Through the Texas Department of Transportation</i>			
Brushy Creek Gap Trail Project	20.219	CSJ#0914-05-161	105,567
Total U. S. Department of the Transportation Pass-Through Programs			<u>105,567</u>
Total U. S. Department of Transportation			<u>488,883</u>
U. S. Department of Housing & Urban Development			
CDBG Grant - 2013	14.218	B12MC480514	212,931
CDBG Grant - 2014	14.218	B13MC480514	111,596
CDBG Grant - 2015	14.218	B14MC480514	200,821
Special Projects Grant - Downtown Revitalization	14.251	B-10-SP-TX-0141	500,000
Total U. S. Department of Housing & Urban Development			<u>1,025,348</u>
Total Expenditures of Federal Awards			<u>\$ 1,572,188</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2015

1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of the City of Round Rock, Texas. The City's reporting entity is defined in the notes of the basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the Schedule of Expenditures of Federal Awards. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when the related fund liability is incurred. Federal grants are considered to be earned to the extent of expenditures made under the provision of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and
City Council
City of Round Rock, Texas

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Round Rock, Texas (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity'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 or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 from 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*.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)**

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brockway, Durstach, Franklin & Nierman, P.C.

Temple, Texas
January 28, 2016



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Mayor and
City Council
City of Round Rock, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Round Rock, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Round Rock, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(CONTINUED)**

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Brockway, Dordick, Franklin & Nimmick, P.C.

Temple, Texas
January 28, 2016

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes X no

Identification of major programs: <u>CFDA Number(s)</u> 14.251 20.507	<u>Name of Federal Program or Cluster</u> Special Projects Grant – Downtown Revitalization Federal Transit Formula Grant – 5307 Funds
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Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II-Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None