



City of Round Rock, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2016

ELECTED OFFICIALS

Alan McGraw, Mayor
Craig Morgan, Mayor Pro Tem
Rene Flores, 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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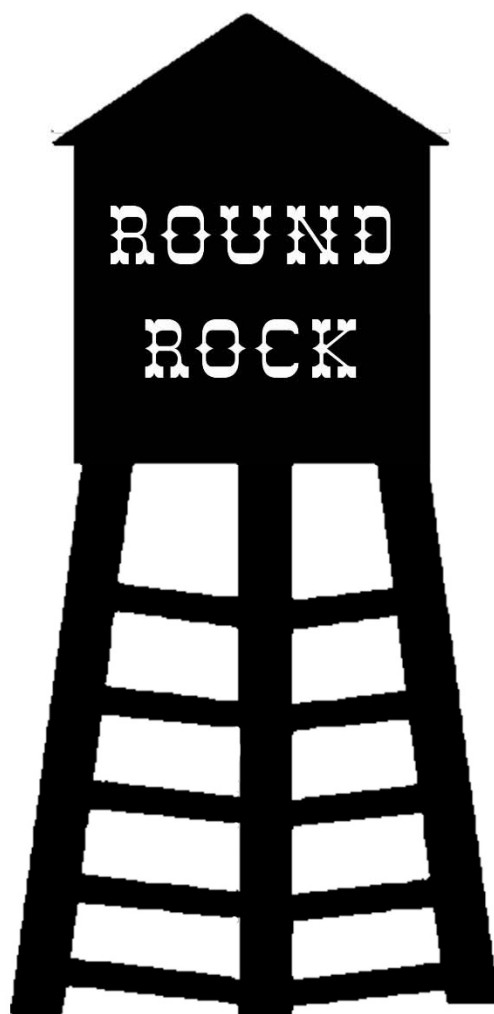
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INTRODUCTORY SECTION







Mayor
Alan McGraw

Mayor Pro-Tem
Craig Morgan

Councilmembers
Rene Flores
Frank Leffingwell
Will Peckham
Writ Baese
Kris Whitfield

City Manager
Laurie Hadley

City Attorney
Stephan L. Sheets

January 27, 2017

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, 2016, is submitted herewith. This report has been prepared by the City's Finance Department and 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 is accurate in all material aspects and are presented in a manner designed to clearly state the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

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, 2016. 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 units. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services which include 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, 2016.

Significant Local Economic Events

Strategic Goals

The City of Round Rock is the largest City within Williamson County and is adjacent to the City of Austin. The City has experienced tremendous population growth which has led to an increased demand for city 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 the allocation of staff and financial resources and are the basis for the development of the following year's budget.



Economy

Round Rock continues to see strong population and economic growth. As the largest city in Williamson County and part of the Austin Metropolitan Statistical Area (MSA), Round Rock is a key city in one of the fastest growing regions across the nation. From 2008 to the projected population for 2017, the City of Round Rock has experienced population growth of over twenty percent (20%) over the past 10 years. The long-range population estimates from the City's Planning and Development Services Department predict

this increase continuing at a growth rate of between two (2) and three (3) percent per year for the foreseeable future.

The population for 2030 is projected to be over 158,000 within the City limits and over 215,000 in Greater Round Rock, which includes the City limits and the City's extraterritorial jurisdiction (ETJ). While most of the long-range growth will likely occur in northeast Round Rock where there are still large tracts of land that could be developed into additional neighborhoods, population density will likely increase across the City as residential development continues for single family townhomes, multifamily apartments, and senior living facilities. The City is planning and preparing for this population growth to ensure the high-quality services Round Rock residents have come to expect are expanded to serve residents of today and of tomorrow.

A leading driver of the City's population growth is a strong local economy. The City's unemployment rate is 3.0%, remaining lower than the Austin MSA rate of 3.1% and the statewide rate of 4.4%. As the Texas economy faces some uncertainties due to unstable oil prices, the Central Texas area's geographic and economic distance from the oil industry has and will likely continue to insulate the region from major impacts. Round Rock businesses have seen continued growth in revenues, especially in the hotel and restaurant industries, as more tourists and visitors come to enjoy Round Rock's "Sports Capital of Texas" sporting events, historic downtown, and unique blend of destination shopping experiences.

Round Rock continues to gain recognition for the value of the high-quality services provided to our residents. Below are a few of our most recent accolades:

- Ranked number 4 by Niche.com as one of the "2016 Safest Cities in the Country"
- Ranked number 4 by Livability.com as one of the "2016 Best Affordable Places to Live"
- Ranked number 12 by Bankrate.com as one of the "Best Cities to Retire"
- Ranked number 23 by Niche.com as one of the "2016 Best Cities for Millennials in America"
- Ranked number 8 by SmartAsset.com as one of the "Best Cities for Living the American Dream"

The local hotel/motel industry continues to be a particularly vibrant industry for Round Rock. The 27 hotels within the City boast a solid occupancy rate of 75.6% across all of their combined 2,788 hotel rooms. Two additional hotels are under development that will add an additional 240 new rooms by the end of fiscal year 2017. 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 "Round Rock Express" Triple A Baseball team and the Round Rock Sports Center, the City's 82,800 square foot indoor sports venue which opened in January 2014. The City is in the construction phase of a \$27 million tournament class outdoor multipurpose sports complex with an estimated completion date of Spring 2017. This complex will attract major sporting tournaments such as soccer and other field sports and events from across the country. 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 success in this industry was recognized with Round Rock being named the number one "Best Minor League Baseball Town of 2016". The City also received this honor in 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. The Round Rock Premium Outlets celebrated its 10-year anniversary in August 2016. The 430,000-square-foot outlet mall serves as a destination for shoppers from Central Texas and beyond. A retail hub has grown up around the outlet mall to include IKEA which opened in 2007 and Bass Pro Shops which opened in 2015. These destination-based retail stores were intentionally sought

out by the City's economic development program to locate in Round Rock. These stores generate sales tax revenues for the City, bring in shoppers to the area which benefits neighboring retail and restaurants, and place a relatively low demand on City services such as police, fire, and parks and recreation.

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.

The economic development wins of the past will continue to add to the diversity of Round Rock's economy into the future as several companies have recently announced plans to locate in the City. Houghton Mifflin Harcourt (HMH) relocated its Texas regional office to Round Rock in July 2016. Their relocation brought over 270 jobs to the City with an average salary, including benefits, of at least \$70,000. HMH now anchors a brand new 100,000-square-foot Class A office building in La Frontera. Along with Emerson and Dell, HMH adds to a growing presence of business headquarters along SH 45 in Round Rock.

ProPortion Foods LLC, a Los Angeles-based food service company, finalized an economic development agreement in December 2015 to relocate its office, food processing, storage, and warehouse facility to the City. The company bought the building at 101 Chisholm Valley Trail previously used by Sysco, a food and food products distributor. In order to receive the economic incentives outlined in the economic development agreement, the total investment in renovations to the building must be at least \$13 million and ProPortion Foods must retain at least 400 full-time employees over a five-year period.

Airco Mechanical, a commercial and residential heating, ventilation, and air conditioning service provider, has relocated its Central Texas headquarters and its 400 employees to a previously vacant 47,000 square foot building located on the Interstate 35 frontage road at 1000 S. IH 35.

United Parcel Service (UPS) announced they will be the next Fortune 500 company to expand in Round Rock with a new regional distribution center that will provide additional operating capacity for the Austin area. The \$70 million facility, projected to open in 2018, will be 225,000 square feet located on fifty acres of land near SH 45 and A.W. Grimes Boulevard. The new distribution center will employ more than 300 people.

In December 2016, the City Council approved a series of agreements with Kalahari Resorts and Conventions. The City views this partnership as a game-changer for the community. Its 351.7 acre site and proximity to Old Settlers Park and Dell Diamond – two well-established venues that draw more than a million visitors annually – bodes well for a successful, tourism-oriented development. The convention and resort business is a new industry for Round Rock that will provide substantial property tax revenues and diversify the local economy. The proposed project is under design and will feature a minimum of 975 guest rooms, a 150,000 square-foot convention center, a 200,000 square-foot indoor/outdoor water park, and other potential indoor and outdoor activities. The development will also include restaurants, additional entertainment, recreation, and other mixed uses. For more information, please visit: www.roundrocktexas.gov/Kalahari.

Round Rock continues to see significant growth in the medical industry. The City is home to several hospitals offering comprehensive world-class healthcare services. These hospitals continue to expand their facilities and services to keep up with Round Rock's growing population. Baylor Scott & White Health broke ground on March 8, 2016 on a new 100,000 square-foot cancer care facility on the campus of the Baylor Scott & White Medical Center off of University Boulevard. The facility is scheduled to open in

2017 and will provide services for radiation oncology, medical oncology, surgical oncology, and hematology.

To complement the healthcare and medical facilities, Round Rock is home to several higher education facilities, many of which focus on healthcare disciplines. These institutions of higher learning include the Texas A&M Health Science Center, Texas State University, Austin Community College, and the Art Institute of Austin. Texas State University is undergoing construction of a new \$70 million building on their Round Rock campus which, when complete in 2018, will house their College of Health Professions.

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

A new comprehensive long range financial planning model was created in fiscal year 2016 to reflect the changing economic environment and challenges the City will be facing over the next five years and beyond. The basis of this model is to ensure that the City is responding to continual growth with a limited revenue base. The model takes a comprehensive approach to evaluating the long-term needs for property tax rates and other revenues to provide for the maintenance and operations of the General Fund. The City's General Fund relies heavily on sales tax as a revenue source. The sales tax is a less stable revenue source than the property tax but provides the taxpayers with more discretion and a lower property tax rate. Because of this revenue makeup, the City tends to carry higher fund balances, estimates sales tax revenues 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 \$60.3 million in sales tax revenue for fiscal year 2017, net of sales tax rebates paid to Dell, Sears and Bass Pro Shops in accordance with economic development agreements in effect. This amount includes the one-half (0.5) percent or \$16.4 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 \$43.9 million for general operations, property tax reduction and capital projects.

In 2016, Dell, the City's largest employer and taxpayer, completed its acquisition of EMC Corporation. This acquisition transformed Dell into a major player in the data storage, information security, virtualization, analytics and cloud computing markets. As a result of this merger, Dell Inc. changed its name to Dell Technologies. Dell continues to be a vital part of the Round Rock economy with 4 of its 5 worldwide operating divisions headquartered in Round Rock. Although the City has experienced declining sales tax revenue from Dell, the high-level jobs provided by the City's largest employer has continued to provide a strong local economy. Dell sales tax receipts for fiscal year 2016 accounted for 15.8% of total sales tax collected which met the 2009 Financial Management Policy to lower reliance on Dell receipts well ahead of the 20% target for 2017. A concentration risk account has been established to mitigate the City's annual net exposure to declining sales tax from any single sales taxpayer that represents more than 5% of the City's net General Fund revenues.

While the City has reduced its reliance on Dell receipts, the remaining sales tax base has grown from \$29.3 million in 2008 to a projected \$37.8 million for 2017, an increase of 29% over the ten-year period. Total sales tax collections for the City have remained relatively flat over the past 10 years with \$41.0 million in 2008 and \$43.9 million expected in 2017. The reduced reliance on both Dell and sales tax in general makes the City's finances more stable and less susceptible to any negative effects of economic downturns.

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.

The City planned ahead to ensure its utility system will serve the future citizens of Round Rock. With multiple contracts in place with the Brazos River Authority, the City has secured its water supply through expected buildout in 2050. Water from Lake Georgetown and Stillhouse Hollow Lake in the Brazos River Basin provide water to the City's current 52 million gallons per day (MGD) water treatment plant. The City also secured water from Lake Travis in the Lower Colorado River Basin. In order to treat water from Lake Travis, the City partnered with the Cities of Cedar Park and Leander to form the Brushy Creek Utility Authority (BCRUA). The BCRUA system will ultimately pump and treat 105.6 MGD which meets all three Cities' supply needs through buildout. In 2009, in order to provide the most cost effective wastewater services, the City partnered with the Cities of Cedar Park and Austin to purchase the Brushy Creek Regional Wastewater System (BCRWWS). The system is currently undergoing improvements to increase capacity to collect and treat up to 28 MGD of wastewater. The City's portion will be approximately 23 MGD and will serve Round Rock through 2035.

In fiscal year 2016, the City's Utility Revenue bonds received an upgraded rating to AA+ from Standard and Poor's (S&P). This raised rating reflects the general creditworthiness and stability of the City's utility system. S&P also noted that the system had good financial management policies and practices.

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. The City is leveraging available resources to attract industries from across the globe to strengthen its property tax and sales tax bases. Significant investment in the medical industry including several state-of-the-art medical facility 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 found 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, 2015. This was the ***thirtieth 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, 2015. 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.

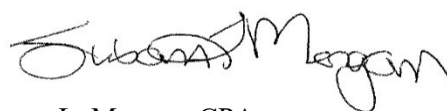
Additionally, the GFOA awarded a Certificate of Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2015. This award recognizes the City's ability to extract information from their comprehensive annual financial report to produce high quality popular 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 ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Round Rock
Texas**

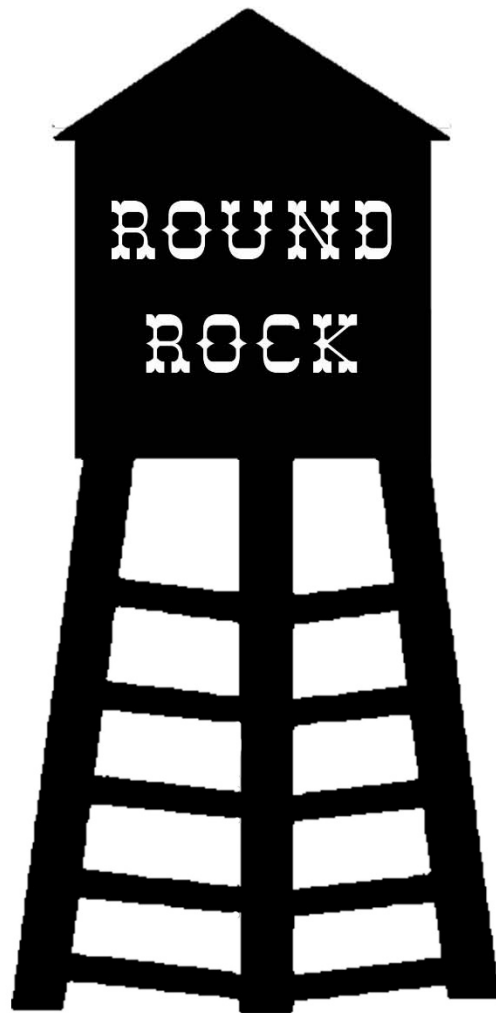
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

FINANCIAL SECTION







INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 the City of Round Rock, Texas (the City), as of and for the year ended September 30, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 - 30 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, combining and individual fund statements and schedules, and statistical section, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

**INDEPENDENT AUDITORS' REPORT
(CONTINUED)**

The combining and individual fund 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 fund statements and schedules 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 27, 2017, 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 the City of Round Rock, Texas' internal control over financial reporting and compliance.



Temple, Texas
January 27, 2017



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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, 2016. 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 \$791,197,740 (*net position*). Of this amount, \$178,941,993 (*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 \$31,489,951 after restatement of the beginning net position balance as disclosed in Note I (X). This increase is a result of contributions from developers in both governmental and business-type activities, as well as an increase in property tax revenues for governmental activities.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$174,030,546, a decrease of \$36,047,986 in comparison with the prior year. The decrease is primarily due to the spending down of bond proceeds. Approximately 30.1 percent of the total fund balance amount, \$52,427,796, 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 \$52,427,796, or 57.5 percent of the total general fund expenditures.
- The City of Round Rock's total debt decreased by \$14,614,237 during the current fiscal year. The change was primarily due to the refunding of various debt issuances, along with the offset by regularly scheduled debt principal retirement and savings from a refunding certificates issue as more fully described in Note IV (F) to the financial statements.

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.

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.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Government-wide Financial Statements (Continued)

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 (*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 and 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*.

The City of Round Rock maintains 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general 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 17 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.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Fund Financial Statements (Continued)

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 its OPEB liability as of September 30, 2016. 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. As of September 30, 2016, the City was no longer custodian of the Public Improvement District.

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
SEPTEMBER 30, 2016**

Other Information (Continued)

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 \$791,197,740 as of September 30, 2016.

The largest portion of the City's net position (68.90%) 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 (8.48%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position \$178,941,993 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2016 and 2015, 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, 2016 and 2015. The 2015 amounts have been restated for the impact of removing \$64.7 million in infrastructure assets.

| | Net Position (in 000's) | | | | | |
|----------------------------|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Current and other assets | \$ 201,297 | \$ 240,056 | \$ 145,435 | \$ 138,011 | \$ 346,732 | \$ 378,067 |
| Capital assets | <u>492,228</u> | <u>451,014</u> | <u>324,346</u> | <u>316,695</u> | <u>816,574</u> | <u>767,709</u> |
| Total assets | <u>693,525</u> | <u>691,070</u> | <u>469,781</u> | <u>454,706</u> | <u>1,163,306</u> | <u>1,145,776</u> |
| Deferred outflows | <u>21,535</u> | <u>13,589</u> | <u>6,678</u> | <u>937</u> | <u>28,213</u> | <u>14,526</u> |
| Long term liabilities | <u>277,812</u> | <u>279,970</u> | <u>96,609</u> | <u>93,797</u> | <u>374,421</u> | <u>373,767</u> |
| Other liabilities | <u>21,381</u> | <u>23,546</u> | <u>2,910</u> | <u>3,239</u> | <u>24,291</u> | <u>26,785</u> |
| Total liabilities | <u>299,193</u> | <u>303,516</u> | <u>99,519</u> | <u>97,036</u> | <u>398,712</u> | <u>400,552</u> |
| Deferred inflows | <u>1,416</u> | <u>37</u> | <u>193</u> | <u>5</u> | <u>1,609</u> | <u>42</u> |
| Net position, as restated: | | | | | | |
| Net investment | | | | | | |
| in capital assets | 310,186 | 299,731 | 234,981 | 228,867 | 545,167 | 528,598 |
| Restricted | 51,813 | 48,020 | 15,276 | 19,216 | 67,089 | 67,236 |
| Unrestricted | <u>52,452</u> | <u>53,355</u> | <u>126,490</u> | <u>110,519</u> | <u>178,942</u> | <u>163,874</u> |
| Total net position | <u>\$ 414,451</u> | <u>\$ 401,106</u> | <u>\$ 376,747</u> | <u>\$ 358,602</u> | <u>\$ 791,198</u> | <u>\$ 759,708</u> |

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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, 2016 with comparisons to the previous year.

| | Changes in Net Position (in 000's) | | | | | |
|--|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Governmental | | Business-Type | | Total | |
| | Activities | | Activities | | | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,589 | \$ 8,669 | \$ 49,014 | \$ 46,219 | \$ 57,603 | \$ 54,888 |
| Operating grants and contributions | 947 | 1,199 | - | - | 947 | 1,199 |
| Capital grants and contributions | 8,013 | 4,234 | 19,607 | 17,743 | 27,620 | 21,977 |
| General revenues: | | | | | | |
| Property taxes | 44,239 | 39,932 | - | - | 44,239 | 39,932 |
| Franchise taxes | 7,175 | 7,255 | - | - | 7,175 | 7,255 |
| Sales tax | 67,340 | 67,621 | - | - | 67,340 | 67,621 |
| Hotel occupancy tax | 5,408 | 5,084 | - | - | 5,408 | 5,084 |
| Public service taxes | 567 | 516 | - | - | 567 | 516 |
| Investment earnings | 7,958 | 5,021 | 1,215 | 867 | 9,173 | 5,888 |
| Total revenues | <u>150,236</u> | <u>139,531</u> | <u>69,836</u> | <u>64,829</u> | <u>220,072</u> | <u>204,360</u> |
| Expenses: | | | | | | |
| General government | 28,205 | 27,917 | - | - | 28,205 | 27,917 |
| Public safety | 49,440 | 45,237 | - | - | 49,440 | 45,237 |
| Public works | 33,448 | 33,413 | - | - | 33,448 | 33,413 |
| Culture and recreation | 20,885 | 19,203 | - | - | 20,885 | 19,203 |
| Interest on long-term debt | 8,294 | 8,118 | - | - | 8,294 | 8,118 |
| Issuance costs | 229 | 943 | - | - | 229 | 943 |
| Water and sewer utility | - | - | 47,948 | 46,070 | 47,948 | 46,070 |
| Golf course | - | - | 133 | 145 | 133 | 145 |
| Total expenses | <u>140,501</u> | <u>134,831</u> | <u>48,081</u> | <u>46,215</u> | <u>188,582</u> | <u>181,046</u> |
| Increases in net position before transfers | 9,735 | 4,700 | 21,755 | 18,614 | 31,490 | 23,314 |
| Transfers | 3,610 | 3,740 | (3,610) | (3,740) | - | - |
| Increase in net position | <u>13,345</u> | <u>8,440</u> | <u>18,145</u> | <u>14,874</u> | <u>31,490</u> | <u>23,314</u> |
| Net position - beginning, as restated | 401,106 | 392,666 | 358,602 | 343,728 | 759,708 | 736,394 |
| Net position - ending | <u>\$ 414,451</u> | <u>\$ 401,106</u> | <u>\$ 376,747</u> | <u>\$ 358,602</u> | <u>\$ 791,198</u> | <u>\$ 759,708</u> |

Governmental Activities

Governmental activities increased the City's net position by \$13,345,120 or 42.4 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 \$7.6 million and are included in program revenues of public works and culture and recreation activities. This represents an increase of \$4.0 million, or 109.5 percent over prior year.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Governmental Activities (Continued)

- Amounts received for property taxes increased from last year by 10.8 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 33.3 percent of total general revenues.
- Sales tax collections of \$67.3 million remained relatively flat, decreasing 0.4 percent, compared to prior year. This is a result of a shift in Dell Technologies' 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 \$80,000 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 108 new rooms and higher average room rates for area hotel/motels. The occupancy rate decreased from 75.9 percent in 2015 to 75.6 percent in 2016. The statewide occupancy rate was 62.8 percent in 2016.
- Program revenues increased 24.4 percent, or \$3.4 million. This increase is due largely to capital grants and contributions received in public works.

EXPENSES

Expenses for governmental activities for the City totaled \$140,501,553 for the year ended September 30, 2016. Significant factors include the following:

- General government costs increased \$287,000 from \$27.9 million in 2015 to \$28.2 million in 2016, or 1.03 percent. This increase is due to an increase in the net pension liability and expense on the financial statements, due to GASB 68.
- Public safety program costs including police and fire department activities totaled about \$49.4 million, or 35.2 percent of total expenses for governmental activities. This is an increase of 9.3 percent, compared to prior year. Most significant is personnel costs which included eight new positions, including five 911 call takers and three battalion fire chiefs, plus increased health benefits.
- Public works program costs remained fairly constant compared to prior year, increasing only 0.11%.
- Culture and recreation increased \$1.7 million from \$19.2 million in 2015 to \$20.9 million, or 8.8 percent, in 2016. This increase is due in part to the opening of the expanded Rock'N River Pool Complex and the continued popularity of the Round Rock Sports Center.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Business-Type Activities

Business-type activities increased the City's net position by \$18,144,831 or 57.6 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:

| | 2016 | 2015 |
|-----------------------------------|---------------|---------------|
| Operating revenues | \$ 48,653,788 | \$ 45,898,090 |
| Operating income | \$ 4,397,665 | \$ 3,871,316 |
| Income available for debt service | \$ 21,146,727 | \$ 19,413,015 |
| Annual debt service | \$ 6,680,204 | \$ 6,894,788 |
| Coverage | 3.53 | 2.82 |

- 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. Retail volumetric and base rates increased collectively 3 percent in January 2016. Higher wholesale water rates went into effect October 1, 2015 as part of a 3 year scheduled rate increase. The City's wholesale customers make up approximately 15 percent of revenues each year. 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 increased \$1.9 million from prior year due to costs of treating higher volumes of water to serve a growing number of customers and normal weather fluctuations.

Financial Analysis of the Government's 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.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Governmental Funds (Continued)

For the fiscal year ended September 30, 2016, the City's governmental funds reported combined ending fund balances of \$174,030,546. Approximately 30.1 percent of this total amount of \$52,427,796 constitutes unassigned fund balance and is available for spending at the City's discretion. \$27,604,905 of the fund balance is committed to either construction or special revenue projects/programs. The remainder of fund balance is restricted or non-spendable to indicate that it is not available for new spending because it has already been committed to 1) pay debt service of \$2,749,645, 2) fund authorized capital projects of \$77,545,478, 3) other restricted purposes of \$13,330,434 or 4) non-spendable of \$372,288.

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 \$52,800,084, of which \$52,427,796 was unassigned. Unassigned fund balance represented 57.5 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the General Fund increased by \$2,091,874 because of continued revenue growth. The general fund total revenues exceed the budget by over \$4,000,000 contributing to the increase in fund balance. The City continues to budget revenues conservatively but with the continued population growth and increase in property values, the property taxes and sales tax revenues continue to surpass budgeted projections.

The debt service fund had a total fund balance of \$2,749,645 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 \$397,865. Debt service expenditure requirements increased by \$1,095,252 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 \$35,218,813, an increase of \$3,143,649 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 2016.

The self-financed construction fund, the 2014 general obligation bond fund, and 2014 transportation certificates of obligation fund had a combined total fund balance at year-end of \$65,288,854. The collective net decrease of \$41,965,836 is a result of the spending down of the 2014 general obligation bonds and the 2014 transportation certificates of obligation bonds.

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 fund totaled \$124,993,982 at September 30, 2016. The total growth in net position for the water and sewer fund was \$18,517,947. The unrestricted net position represented 33.7 percent of the utility's total net position.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

General Fund Budgetary Highlights

One budget amendment was taken to City Council for the General Fund for the year ended September 30, 2016. The budget amendment transferred excess General Fund fund balance to the General Self-Financed Construction Fund to provide funding for future cash funded projects, repairs and maintenance for IT, parks and recreation, and facilities, and for transportation improvements.

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, 2016, amounted to \$816,574,126 (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, 2016, included the following:

- The City removed infrastructure assets with a net book value of \$64.7 million. It was determined that the City does not own, nor is the City required to maintain this infrastructure.
- Additional facilities were completed at the Round Rock Sports Center for a total cost of \$1.4 million.
- Projects underway and completed that were funded by the 2014 G.O. bonds are as follows:
 - Parks and recreation improvements at Old Settler's Park were completed in Spring 2016 for the Rock'N River expansion at a cost of \$8 million.
 - Construction is underway at Old Settler's Park's Multipurpose Field Complex and soccer fields. The total cost is estimated at \$30.3 million with \$13.3 million spent to date.
 - Expansion of citywide trails began at an estimated cost of \$20.1 million with \$2.8 million incurred to date.
 - Neighborhood park improvements, ADA upgrades, and facility improvements are underway with total cost estimated at \$3.5 million with \$2.1 million spent to date.
 - Design is underway for a public safety training facility. The total estimated cost is \$29.4 million with an anticipated completion date in Summer 2018.
 - Construction was near completion for two fire stations and remodel of existing fire stations. Land was also purchased for future construction. The total spent to date is \$8.6 million.
- Major arterial, signal, and road projects are underway and at various stages of completion. Completed projects totaled \$14.8 million while construction in progress at year-end approximated \$31.6 million.
- Major City facility improvements were completed at a cost of \$233,000 and information technology infrastructure upgrades were completed at a cost of \$528,000.
- Various street, sidewalk, fencing, drainage, and traffic signal improvement projects were underway with completions totaling \$1.6 million while construction in progress approximated \$602,000 at year end.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Capital Assets (Continued)

- Design began for a new utility and transportation center with construction starting in 2017. The total estimated cost is \$16.5 million funded from both utility and general construction funds.
- Developers contributed infrastructure improvements for governmental activities of \$7.6 million, and \$11.3 million for water, sewer and drainage system infrastructure improvements.
- Design is underway for various water pump station improvements throughout the City. The total cost is estimated at \$3.7 million with completion in 2018.
- The program to replace water meters citywide with automated reading equipment is substantially complete at a cost of \$4.1 million.
- 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 \$8.1 million to date.

| | Capital Assets (in 000's) | | | | | |
|-------------------------------|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Governmental | | Business-Type | | Total | |
| | Activities | | Activities | | | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Land | \$ 53,134 | \$ 45,751 | \$ 8,453 | \$ 8,453 | \$ 61,587 | \$ 54,204 |
| Buildings and improvements | 135,706 | 133,813 | 22,437 | 22,437 | 158,143 | 156,250 |
| Improvements other than bldgs | 592,991 | 566,972 | 437,267 | 423,042 | 1,030,258 | 990,014 |
| Machinery and equipment | 73,386 | 67,539 | 16,012 | 15,032 | 89,398 | 82,571 |
| Accumulated depreciation | (422,643) | (393,235) | (172,385) | (157,585) | (595,028) | (550,820) |
| Construction in progress | 59,654 | 30,174 | 12,562 | 5,316 | 72,216 | 35,490 |
| Total | <u>\$ 492,228</u> | <u>\$ 451,014</u> | <u>\$ 324,346</u> | <u>\$ 316,695</u> | <u>\$ 816,574</u> | <u>\$ 767,709</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 \$294,337,387. Of this amount, \$176,635,000 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 decreased by \$14,614,237. The net decrease is largely due to the City's refinancing of various existing debt issuances to take advantage of favorable interest rates. Details of the refunding issuances can be found in Note IV (F) (4) to the financial statements. Regularly scheduled debt principal was retired during 2016 as well.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Long-Term Debt (Continued)

| | Long-Term Debt (in 000's) | | | | | |
|------------------------------------|---------------------------|-------------------|------------------|------------------|-------------------|-------------------|
| | Governmental | | Business-Type | | Total | |
| | Activities | | Activities | | | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| General obligation bonds | \$ 149,540 | \$ 154,925 | \$ - | \$ - | \$ 149,540 | \$ 154,925 |
| Certificates of obligation | 27,095 | 29,675 | - | - | 27,095 | 29,675 |
| Hotel tax revenue bonds | 12,320 | 13,225 | - | - | 12,320 | 13,225 |
| Sales tax revenue bonds | 9,180 | 11,920 | - | - | 9,180 | 11,920 |
| State infrastructure bank loans | 11,527 | 13,082 | - | - | 11,527 | 13,082 |
| Water and wastewater revenue bonds | - | - | 84,675 | 86,125 | 84,675 | 86,125 |
| Total | <u>\$ 209,662</u> | <u>\$ 222,827</u> | <u>\$ 84,675</u> | <u>\$ 86,125</u> | <u>\$ 294,337</u> | <u>\$ 308,952</u> |

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 raised its rating of the Utility Revenue bonds to 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 \$1,616,197,913. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.16019, or 10.68%. Of \$44,063,923 levied in property taxes for the fiscal year ended September 30, 2016, 99.62% 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.

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 2016-2017 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 2016-2017 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

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

Economic Factors and Next Year's Budgets and Rates (Continued)

Revenue assumptions in general for fiscal year 2016-2017 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 \$60.3 million in sales tax revenue for fiscal year 2017. This amount includes the 1/2% or \$16.4 million in additional sales and use tax for roads and economic development. The remaining 1 1/2% is projected to generate \$43.9 million for general operations, property tax reduction, and capital projects.

The fiscal year 2017 certified taxable property value for Round Rock is \$11.3 billion, an increase of 7.6% from last year's \$10.5 billion. The adopted property tax rate for fiscal year 2017 is \$0.42500 per \$100 of valuation. The tax rate is an increase of 3.07 cents over the effective rate of \$0.39428, and well below the rollback rate of \$0.42961. The three cent (\$0.03) increase in the adopted tax rate is focused on enhancing City services in public safety and transportation, two areas that rate as major issues facing Round Rock over the next five years. With an adopted rate of \$0.42500, the City continues to have one of the lowest tax rates in Central Texas, and is among the lowest rates in the state for medium-sized cities.

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. Water conservation and drought contingency programs continue to help the City conserve existing water sources. No retail rate increases are planned for water or wastewater in fiscal year 2017. Wholesale water rates increased October 1, 2016. Every three years, the City conducts a cost of service rate study. In fiscal year 2017, a rate study analyzing the current rate structure is planned.

Requests for Information

This financial report is designed to provide 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, 2016

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 15,436,199 | \$ 14,019,442 | \$ 29,455,641 |
| Investments | 90,800,544 | 88,750,888 | 179,551,432 |
| Receivables (net of allowance for uncollectibles) - | | | |
| Property taxes | 333,829 | - | 333,829 |
| Accounts & other | 5,816,336 | 7,949,519 | 13,765,855 |
| Loans | 912,130 | - | 912,130 |
| Accrued interest | 339,095 | 124,375 | 463,470 |
| Intergovernmental | - | 4,084,180 | 4,084,180 |
| Grants | 325,621 | - | 325,621 |
| Interfund | (874,899) | 874,899 | - |
| Inventories | 241,059 | 671,180 | 912,239 |
| Other current assets | 218,729 | 419,264 | 637,993 |
| Restricted assets - | | | |
| Cash and cash equivalents | 8,461,150 | 4,873,018 | 13,334,168 |
| Investments | 77,593,697 | 11,282,450 | 88,876,147 |
| Property tax receivable | 201,431 | - | 201,431 |
| Accounts and other | 1,409,290 | 172,249 | 1,581,539 |
| Accrued interest | 82,179 | 10,961 | 93,140 |
| Investment in joint venture | - | 12,202,372 | 12,202,372 |
| Capital assets - | | | |
| Land and construction in progress | 112,787,637 | 21,015,258 | 133,802,895 |
| Capital asset, net of accumulated depreciation | 379,440,601 | 303,330,630 | 682,771,231 |
| Total assets | <u>693,524,628</u> | <u>469,780,685</u> | <u>1,163,305,313</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred amount on refundings | 6,552,832 | 4,641,777 | 11,194,609 |
| Pension contributions after measurement date | 5,660,385 | 765,371 | 6,425,756 |
| Pension actuarial losses, net of amortization | 9,322,141 | 1,271,201 | 10,593,342 |
| Total deferred outflows of resources | <u>21,535,358</u> | <u>6,678,349</u> | <u>28,213,707</u> |

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

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| <u>LIABILITIES</u> | | | |
| Accounts payable | \$ 16,577,619 | \$ 1,930,545 | \$ 18,508,164 |
| Accrued payroll | 2,448,351 | 438,620 | 2,886,971 |
| Unearned revenue | 1,038,437 | - | 1,038,437 |
| Accrued interest payable | 1,316,911 | 541,243 | 1,858,154 |
| Noncurrent liabilities - | | | |
| Net pension liability | 38,237,184 | 5,214,162 | 43,451,346 |
| Customer deposits | - | 1,094,130 | 1,094,130 |
| Due within one year | 19,311,833 | 3,755,119 | 23,066,952 |
| Due in more than one year | 220,263,055 | 86,545,170 | 306,808,225 |
| Total liabilities | <u>299,193,390</u> | <u>99,518,989</u> | <u>398,712,379</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Pension actuarial gains, net of amortization | <u>1,415,833</u> | <u>193,068</u> | <u>1,608,901</u> |
| <u>NET POSITION</u> | | | |
| Net investment in capital assets | 310,185,706 | 234,981,264 | 545,166,970 |
| Restricted for - | | | |
| Debt service | 1,723,344 | 564,770 | 2,288,114 |
| Capital projects | 36,759,340 | 14,710,889 | 51,470,229 |
| Hotel-motel tax | 12,653,710 | - | 12,653,710 |
| Public safety | 676,724 | - | 676,724 |
| Unrestricted | <u>52,451,939</u> | <u>126,490,054</u> | <u>178,941,993</u> |
| Total net position | <u>\$ 414,450,763</u> | <u>\$ 376,746,977</u> | <u>\$ 791,197,740</u> |

CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016

| Functions/Programs | Expenses | Program Revenues | | |
|----------------------------------|-----------------------|---------------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 28,204,761 | \$ 2,258,333 | \$ 813,202 | \$ - |
| Public safety | 49,439,902 | 1,669,550 | - | - |
| Public works | 33,448,357 | 742,437 | - | 7,835,022 |
| Culture and recreation | 20,885,009 | 3,919,254 | 133,402 | 178,017 |
| Interest on long-term debt | 8,294,279 | - | - | - |
| Issuance costs | 229,245 | - | - | - |
| Total governmental activities | 140,501,553 | 8,589,574 | 946,604 | 8,013,039 |
| Business-type activities: | | | | |
| Water and sewer utility | 47,947,818 | 48,653,788 | - | 19,607,086 |
| Golf course | 133,270 | 360,371 | - | - |
| Total business-type activities | 48,081,088 | 49,014,159 | - | 19,607,086 |
| Total primary government | \$ 188,582,641 | \$ 57,603,733 | \$ 946,604 | \$ 27,620,125 |

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 | \$ (25,133,226) | \$ - | \$ (25,133,226) |
| Public safety | (47,770,352) | - | (47,770,352) |
| Public works | (24,870,898) | - | (24,870,898) |
| Culture and recreation | (16,654,336) | - | (16,654,336) |
| Interest on long-term debt | (8,294,279) | - | (8,294,279) |
| Issuance costs | (229,245) | - | (229,245) |
| Total governmental activities | (122,952,336) | - | (122,952,336) |
| Business-type activities: | | | |
| Water and sewer utility | - | 20,313,056 | 20,313,056 |
| Golf course | - | 227,101 | 227,101 |
| Total business-type activities | - | 20,540,157 | 20,540,157 |
| Total primary government | \$ (122,952,336) | \$ 20,540,157 | \$ (102,412,179) |
| General revenues: | | | |
| Taxes: | | | |
| Property taxes, levied for general purpose | 27,156,302 | - | 27,156,302 |
| Property taxes, levied for debt service | 17,082,765 | - | 17,082,765 |
| Franchise taxes | 7,175,948 | - | 7,175,948 |
| Sales taxes | 67,340,120 | - | 67,340,120 |
| Hotel occupancy tax | 5,407,667 | - | 5,407,667 |
| Public service taxes | 566,712 | - | 566,712 |
| Unrestricted investment earnings and other | 7,957,942 | 1,214,674 | 9,172,616 |
| Transfers | 3,610,000 | (3,610,000) | - |
| Total general revenues and transfers | 136,297,456 | (2,395,326) | 133,902,130 |
| Change in net position | 13,345,120 | 18,144,831 | 31,489,951 |
| Net position-beginning, as restated | 401,105,643 | 358,602,146 | 759,707,789 |
| Net position-ending | \$ 414,450,763 | \$ 376,746,977 | \$ 791,197,740 |

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2016

| | General Fund | Debt Service Fund | Round Rock Transportation and Economic Development Corporation Revenue Fund |
|---|----------------------|----------------------|--|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 8,222,738 | \$ - | \$ 87 |
| Investments | 48,363,976 | - | - |
| Receivables (net of allowance for uncollectibles) - | | | |
| Property taxes, including interest and penalties | 333,829 | - | - |
| Accounts and other | 5,342,867 | - | - |
| Loans | - | - | - |
| Accrued interest | 78,691 | - | - |
| Interfund | - | 11,135 | - |
| Grants | 58,984 | - | - |
| Inventories | 241,059 | - | - |
| Other current assets | 131,229 | - | - |
| Restricted assets - | | | |
| Cash and cash equivalents | - | 1,938,572 | 5,255,217 |
| Investments | - | 801,013 | 30,137,774 |
| Receivables - | | | |
| Property taxes, including interest and penalties | - | 201,431 | - |
| Sales tax | - | - | 1,409,290 |
| Accrued interest | - | - | 48,763 |
| Total assets | <u>\$ 62,773,373</u> | <u>\$ 2,952,151</u> | <u>\$ 36,851,131</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities - | | | |
| Accounts payable | \$ 7,002,969 | \$ - | \$ 132,300 |
| Accrued payroll | 2,432,216 | - | - |
| Interfund payables | 87,067 | - | 1,500,000 |
| Deferred revenue | 451,037 | 202,506 | - |
| Total liabilities | <u>9,973,289</u> | <u>202,506</u> | <u>1,632,300</u> |
| Fund balances - | | | |
| Nonspendable | 372,288 | - | - |
| Restricted - debt service | - | 2,749,645 | - |
| Restricted - authorized construction | - | - | 35,218,831 |
| Restricted - hotel-motel tax | - | - | - |
| Restricted - public safety | - | - | - |
| Committed, reported in - | | | |
| Committed | - | - | - |
| Capital projects funds | - | - | - |
| Unassigned | 52,427,796 | - | - |
| Total fund balances | <u>52,800,084</u> | <u>2,749,645</u> | <u>35,218,831</u> |
| Total liabilities and fund balances | <u>\$ 62,773,373</u> | <u>\$ 2,952,151</u> | <u>\$ 36,851,131</u> |

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

| Self-Financed Construction Fund | 2014 General Obligation Bonds Fund | 2014 Transportation Certificates of Obligation Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------------|------------------------------------|---|--------------------------|--------------------------|
| \$ 3,625,482 | \$ - | \$ - | \$ 2,402,371 | \$ 14,250,678 |
| 21,336,701 | - | - | 14,122,836 | 83,823,513 |
| - | - | - | - | 333,829 |
| - | - | - | 455,662 | 5,798,529 |
| 912,130 | - | - | - | 912,130 |
| 230,239 | - | - | 20,295 | 329,225 |
| 7,316 | - | - | 1,575,932 | 1,594,383 |
| 111,087 | - | - | 155,550 | 325,621 |
| - | - | - | - | 241,059 |
| - | - | - | - | 131,229 |
| - | 318,675 | 668,873 | 279,813 | 8,461,150 |
| - | 39,418,972 | 6,024,180 | 1,211,758 | 77,593,697 |
| - | - | - | - | 201,431 |
| - | - | - | - | 1,409,290 |
| - | 32,143 | - | 1,273 | 82,179 |
| <u>\$ 26,222,955</u> | <u>\$ 39,769,790</u> | <u>\$ 6,693,053</u> | <u>\$ 20,225,490</u> | <u>\$ 195,487,943</u> |
| \$ 1,357,178 | \$ 3,376,311 | \$ 2,663,455 | \$ 1,308,753 | \$ 15,840,966 |
| - | - | - | 16,135 | 2,448,351 |
| - | - | - | 7,316 | 1,594,383 |
| - | - | - | 920,154 | 1,573,697 |
| <u>1,357,178</u> | <u>3,376,311</u> | <u>2,663,455</u> | <u>2,252,358</u> | <u>21,457,397</u> |
| - | - | - | - | 372,288 |
| - | - | - | - | 2,749,645 |
| - | 36,393,479 | 4,029,598 | 1,903,570 | 77,545,478 |
| - | - | - | 12,653,710 | 12,653,710 |
| - | - | - | 676,724 | 676,724 |
| - | - | - | 2,739,128 | 2,739,128 |
| 24,865,777 | - | - | - | 24,865,777 |
| - | - | - | - | 52,427,796 |
| <u>24,865,777</u> | <u>36,393,479</u> | <u>4,029,598</u> | <u>17,973,132</u> | <u>174,030,546</u> |
| <u>\$ 26,222,955</u> | <u>\$ 39,769,790</u> | <u>\$ 6,693,053</u> | <u>\$ 20,225,490</u> | <u>\$ 195,487,943</u> |



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

Total Fund Balances - Governmental Funds **\$ 174,030,546**

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 | \$ 53,133,747 | |
| Construction in progress | 59,653,890 | |
| Building and improvements | 728,697,300 | |
| Equipment | 73,386,255 | |
| Accumulated depreciation | (422,642,954) | |
| Total capital assets | \$ 492,228,238 | 492,228,238 |

| | |
|--|-----------|
| Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds. | 6,552,832 |
|--|-----------|

| | |
|--|-----------|
| Contributions to the pension plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. | 5,660,385 |
|--|-----------|

| | |
|--|-----------|
| Pension actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. | 7,906,308 |
|--|-----------|

| | |
|---|---------|
| 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. | 535,260 |
|---|---------|

| | |
|--|-----------|
| 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. | 6,666,177 |
|--|-----------|

| | |
|---|-------------|
| Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end. | (1,316,911) |
|---|-------------|

| | |
|--|---------------|
| 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). | (277,812,072) |
|--|---------------|

| | |
|--|-----------------------|
| Net Position of Governmental Activities | \$ 414,450,763 |
|--|-----------------------|

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, 2016**

| | General Fund | Debt Service Fund | Round Rock Transportation and Economic Development Corporation Revenue Fund |
|--|----------------------|-------------------------|--|
| Revenues - | | | |
| Taxes and franchise, including interest and penalties | \$ 85,075,121 | \$ 17,036,313 | \$ 16,835,030 |
| Licenses, permits and fees | 1,838,308 | - | - |
| Charges for services | 4,856,792 | - | - |
| Fines and forfeitures | 1,339,334 | - | - |
| Grants | 470,988 | - | - |
| Hotel occupancy tax | - | - | - |
| Investment and other | 5,506,530 | 44,422 | 392,839 |
| Contributions | - | - | - |
| Total revenues | <u>99,087,073</u> | <u>17,080,735</u> | <u>17,227,869</u> |
| Expenditures - | | | |
| Current - | | | |
| General government | 23,764,134 | - | - |
| Public safety | 43,685,927 | - | - |
| Public works | 10,668,619 | - | 1,394,220 |
| Culture and recreation | 13,010,711 | - | - |
| Debt service - | | | |
| Principal retirement | - | 13,463,922 | - |
| Interest and fiscal charges | - | 9,641,498 | - |
| Issuance costs | - | 229,245 | - |
| Capital projects | - | - | - |
| Total expenditures | <u>91,129,391</u> | <u>23,334,665</u> | <u>1,394,220</u> |
| Excess (deficiency) of revenues over expenditures | <u>7,957,682</u> | <u>(6,253,930)</u> | <u>15,833,649</u> |
| Other financing sources (uses) - | | | |
| Issuance of lease | - | - | - |
| Issuance of refunding bonds | - | 11,450,000 | - |
| Issuance of premium | - | 1,094,690 | - |
| Payment to refunding agent | - | (12,309,895) | - |
| Transfers in | 3,290,000 | 6,417,000 | 30,000 |
| Transfers out | (9,155,808) | - | (12,720,000) |
| Total other financing sources (uses) | <u>(5,865,808)</u> | <u>6,651,795</u> | <u>(12,690,000)</u> |
| Net change in fund balances | 2,091,874 | 397,865 | 3,143,649 |
| Fund balances, October 1, 2015 | <u>50,708,210</u> | <u>2,351,780</u> | <u>32,075,182</u> |
| Fund balances, September 30, 2016 | <u>\$ 52,800,084</u> | <u>\$ 2,749,645</u> | <u>\$ 35,218,831</u> |

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

| Self-Financed Construction Fund | 2014 General Obligation Bonds Fund | 2014 Transportation Certificates of Obligation Fund | Other Governmental Funds | Total Governmental Funds |
|---------------------------------------|---|---|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ - | \$ 264,969 | \$ 119,211,433 |
| - | - | - | 5,325 | 1,843,633 |
| - | - | - | 315,673 | 5,172,465 |
| - | - | - | 234,142 | 1,573,476 |
| 177,481 | - | - | 342,214 | 990,683 |
| - | - | - | 5,407,667 | 5,407,667 |
| 168,660 | 238,811 | 60,856 | 1,551,736 | 7,963,854 |
| 192,510 | - | - | 176,238 | 368,748 |
| <u>538,651</u> | <u>238,811</u> | <u>60,856</u> | <u>8,297,964</u> | <u>142,531,959</u> |
| - | - | - | 630,258 | 24,394,392 |
| - | - | - | 702,954 | 44,388,881 |
| - | - | - | - | 12,062,839 |
| - | - | - | 2,068,253 | 15,078,964 |
| - | - | - | - | 13,463,922 |
| - | - | - | - | 9,641,498 |
| - | - | - | - | 229,245 |
| <u>10,144,310</u> | <u>27,166,872</u> | <u>16,870,288</u> | <u>11,233,529</u> | <u>65,414,999</u> |
| <u>10,144,310</u> | <u>27,166,872</u> | <u>16,870,288</u> | <u>14,634,994</u> | <u>184,674,740</u> |
| <u>(9,605,659)</u> | <u>(26,928,061)</u> | <u>(16,809,432)</u> | <u>(6,337,030)</u> | <u>(42,142,781)</u> |
| 2,250,000 | - | - | - | 2,250,000 |
| - | - | - | - | 11,450,000 |
| - | - | - | - | 1,094,690 |
| - | - | - | - | (12,309,895) |
| 9,157,316 | 1,602,002 | - | 10,055,808 | 30,552,126 |
| (1,632,002) | - | - | (3,434,316) | (26,942,126) |
| <u>9,775,314</u> | <u>1,602,002</u> | <u>-</u> | <u>6,621,492</u> | <u>6,094,795</u> |
| 169,655 | (25,326,059) | (16,809,432) | 284,462 | (36,047,986) |
| <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>\$ 24,865,777</u> | <u>\$ 36,393,479</u> | <u>\$ 4,029,598</u> | <u>\$ 17,973,132</u> | <u>\$ 174,030,546</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, 2016**

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

Net Change in Fund Balances-Total Governmental Funds \$ (36,047,986)

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. 33,619,061

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position. 7,594,300

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 110,414

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. 11,104,646

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:

| | |
|-------------------------------|-------------|
| Pension costs, net | (1,533,111) |
| Interest and employee expense | (31,550) |

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. (1,470,654)

Change in Net Position of Governmental Activities \$ 13,345,120

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, 2016**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--|------------------|----------------|---------------|--------------------------------------|
| | Original | Final | | |
| Revenues - | | | | |
| Taxes and franchise, including interest and penalties | \$ 82,461,000 | \$ 82,461,000 | \$ 85,075,121 | \$ 2,614,121 |
| Licenses, permits and fees | 1,032,160 | 1,032,160 | 1,838,308 | 806,148 |
| Charges for services | 4,289,000 | 4,289,000 | 4,856,792 | 567,792 |
| Fines and forfeitures | 2,065,000 | 2,065,000 | 1,339,334 | (725,666) |
| Grants | 377,000 | 377,000 | 470,988 | 93,988 |
| Investment and other | 3,963,010 | 3,963,010 | 5,506,530 | 1,543,520 |
| Total revenues | 94,187,170 | 94,187,170 | 99,087,073 | 4,899,903 |
| Expenditures - | | | | |
| Current - | | | | |
| General government | 26,270,917 | 25,527,917 | 23,764,134 | 1,763,783 |
| Public safety | 44,756,614 | 45,462,111 | 43,685,927 | 1,776,184 |
| Public works | 13,163,623 | 11,279,305 | 10,668,619 | 610,686 |
| Culture and recreation | 13,197,352 | 13,215,352 | 13,010,711 | 204,641 |
| Total expenditures | 97,388,506 | 95,484,685 | 91,129,391 | 4,355,294 |
| Excess (deficiency) of revenues over expenditures | (3,201,336) | (1,297,515) | 7,957,682 | 9,255,197 |
| Other financing sources (uses) - | | | | |
| Transfers in | 3,290,000 | 3,290,000 | 3,290,000 | - |
| Transfers out | - | (9,155,808) | (9,155,808) | - |
| Total other financing sources (uses) | 3,290,000 | (5,865,808) | (5,865,808) | - |
| Net change in fund balance | \$ 88,664 | \$ (7,163,323) | 2,091,874 | \$ 9,255,197 |
| Fund balance, October 1, 2015 | | | 50,708,210 | |
| Fund balance, September 30, 2016 | | | \$ 52,800,084 | |

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

**CITY OF ROUND ROCK, TEXAS
ROUND ROCK TRANSPORTATION AND
ECONOMIC DEVELOPMENT CORPORATION REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | | Variance - |
|---|------------------|---------------|---------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| Revenues - | | | | |
| Sales tax | \$ 16,333,400 | \$ 16,333,400 | \$ 16,835,030 | \$ 501,630 |
| Investment and other | 300,000 | 300,000 | 392,839 | 92,839 |
| Total revenues | 16,633,400 | 16,633,400 | 17,227,869 | 594,469 |
| Expenditures - | | | | |
| Public works | 1,417,500 | 2,390,840 | 1,394,220 | 996,620 |
| Total expenditures | 1,417,500 | 2,390,840 | 1,394,220 | 996,620 |
| Excess of revenues over expenditures | 15,215,900 | 14,242,560 | 15,833,649 | 1,591,089 |
| Other financing sources (uses) - | | | | |
| Transfers in | - | - | 30,000 | 30,000 |
| Transfers out | (6,590,000) | (6,590,000) | (12,720,000) | (6,130,000) |
| Total other financing sources (uses) | (6,590,000) | (6,590,000) | (12,690,000) | (6,100,000) |
| Net change in fund balances | \$ 8,625,900 | \$ 7,652,560 | 3,143,649 | \$ (4,508,911) |
| Fund balance, October 1, 2015 | | | 32,075,182 | |
| Fund balance, September 30, 2016 | | | \$ 35,218,831 | |

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

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|--|--|---------------------|--------------------|----------------------------|
| | Water and Sewer Fund | Golf Course Fund | Total | Internal Service |
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 13,934,152 | \$ 85,290 | \$ 14,019,442 | \$ 1,185,521 |
| Investments | 88,248,936 | 501,952 | 88,750,888 | 6,977,031 |
| Receivables (net of allowance for uncollectibles of \$ 1,686,852) - | | | | |
| Accounts | 7,916,276 | 33,243 | 7,949,519 | 17,807 |
| Accrued interest | 123,687 | 688 | 124,375 | 9,870 |
| Intergovernmental | 4,084,180 | - | 4,084,180 | - |
| Inventories | 671,180 | - | 671,180 | - |
| Other current assets | 419,264 | - | 419,264 | 87,500 |
| Total current assets | <u>115,397,675</u> | <u>621,173</u> | <u>116,018,848</u> | <u>8,277,729</u> |
| Noncurrent assets: | | | | |
| Restricted cash, cash equivalents and investments: | | | | |
| Impact fees | 2,956,018 | - | 2,956,018 | - |
| Construction | 11,571,661 | - | 11,571,661 | - |
| Customer deposits | 1,063,019 | - | 1,063,019 | - |
| Revenue bond covenant accounts | 564,770 | - | 564,770 | - |
| Restricted accounts and accrued interest receivable: | | | | |
| Restricted impact fees | 172,249 | - | 172,249 | - |
| Restricted accrued interest | 10,961 | - | 10,961 | - |
| Investment in joint venture | 12,202,372 | - | 12,202,372 | - |
| Capital assets: | | | | |
| Land and construction in progress | 19,056,055 | 1,959,203 | 21,015,258 | - |
| Capital assets being depreciated | 300,589,465 | 2,741,165 | 303,330,630 | - |
| Total capital assets (net of accumulated depreciation of \$172,385,328) | <u>319,645,520</u> | <u>4,700,368</u> | <u>324,345,888</u> | <u>-</u> |
| Total noncurrent assets | <u>348,186,570</u> | <u>4,700,368</u> | <u>352,886,938</u> | <u>-</u> |
| Total assets | <u>463,584,245</u> | <u>5,321,541</u> | <u>468,905,786</u> | <u>8,277,729</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Pension contributions after measurement date | 765,371 | - | 765,371 | - |
| Pension actuarial losses, net of amortization | 1,271,201 | - | 1,271,201 | - |
| Deferred charges on refunding | 4,641,777 | - | 4,641,777 | - |
| Total deferred outflows of resources | <u>6,678,349</u> | <u>-</u> | <u>6,678,349</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
SEPTEMBER 30, 2016**

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|--|--|---------------------|-----------------------|----------------------------|
| | Water and Sewer Fund | Golf Course Fund | Total | Internal Service |
| <u>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 1,930,545 | \$ - | \$ 1,930,545 | \$ 736,653 |
| Accrued payroll | 438,620 | - | 438,620 | - |
| Accrued interest | 541,243 | - | 541,243 | - |
| Current portion of bonds payable | 3,337,191 | - | 3,337,191 | - |
| Accrued benefit obligations | 417,928 | - | 417,928 | - |
| Total current liabilities | <u>6,665,527</u> | <u>-</u> | <u>6,665,527</u> | <u>736,653</u> |
| Noncurrent liabilities: | | | | |
| Bonds payable | 86,027,433 | - | 86,027,433 | - |
| Noncurrent accrued benefit obligations | 517,737 | - | 517,737 | - |
| Net pension liability | 5,214,162 | - | 5,214,162 | - |
| Customer deposits | 1,094,130 | - | 1,094,130 | - |
| Total noncurrent liabilities | <u>92,853,462</u> | <u>-</u> | <u>92,853,462</u> | <u>-</u> |
| Total liabilities | <u>99,518,989</u> | <u>-</u> | <u>99,518,989</u> | <u>736,653</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Pension actuarial gains, net of amortization | <u>193,068</u> | <u>-</u> | <u>193,068</u> | <u>-</u> |
| <u>NET POSITION</u> | | | | |
| Net investment in capital assets | 230,280,896 | 4,700,368 | 234,981,264 | - |
| Restricted for: | | | | |
| Debt service | 564,770 | - | 564,770 | - |
| Capital projects | 14,710,889 | - | 14,710,889 | - |
| Committed: | | | | |
| Other post employment benefits | - | - | - | 2,726,128 |
| Unrestricted | 124,993,982 | 621,173 | 125,615,155 | 4,814,948 |
| Total net position | <u>\$ 370,550,537</u> | <u>\$ 5,321,541</u> | <u>375,872,078</u> | <u>\$ 7,541,076</u> |
| 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. | | | <u>874,899</u> | |
| Total net position of business-type activities | | | <u>\$ 376,746,977</u> | |

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, 2016**

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|--|--|---------------------|----------------------|----------------------------|
| | Water and Sewer Fund | Golf Course Fund | Total | Internal Service |
| Operating revenues - | | | | |
| Charges for services | \$ 44,406,721 | \$ 360,371 | \$ 44,767,092 | \$ 10,112,460 |
| Licenses, permits, and fees | 4,247,067 | - | 4,247,067 | - |
| Total revenues | 48,653,788 | 360,371 | 49,014,159 | 10,112,460 |
| Operating expenses - | | | | |
| Personnel services | 9,742,128 | - | 9,742,128 | - |
| Contractual services | 15,222,355 | 13,194 | 15,235,549 | 2,450,242 |
| Supplies | 899,513 | - | 899,513 | - |
| Materials | 1,191,818 | - | 1,191,818 | 434 |
| Heat, light and power | 1,662,779 | - | 1,662,779 | - |
| Claims expense | - | - | - | 9,625,120 |
| Depreciation | 15,537,530 | 120,076 | 15,657,606 | - |
| Total operating expenses | 44,256,123 | 133,270 | 44,389,393 | 12,075,796 |
| Operating income (loss) | 4,397,665 | 227,101 | 4,624,766 | (1,963,336) |
| Nonoperating revenues (expenses) - | | | | |
| Investment and other revenues | 1,211,532 | 3,142 | 1,214,674 | 209,323 |
| Interest and fiscal charges | (3,408,336) | - | (3,408,336) | - |
| Total nonoperating revenues (expenses) | (2,196,804) | 3,142 | (2,193,662) | 209,323 |
| Income before contributions and transfers | 2,200,861 | 230,243 | 2,431,104 | (1,754,013) |
| Contributions and transfers - | | | | |
| Contributions - impact fees | 8,269,652 | - | 8,269,652 | - |
| Contributions - infrastructure | 11,337,434 | - | 11,337,434 | - |
| Transfers out | (3,290,000) | (320,000) | (3,610,000) | - |
| Total contributions and transfers | 16,317,086 | (320,000) | 15,997,086 | - |
| Change in net position | 18,517,947 | (89,757) | 18,428,190 | (1,754,013) |
| Net position, October 1, 2015 | <u>352,032,590</u> | <u>5,411,298</u> | | <u>9,295,089</u> |
| Net position, September 30, 2016 | <u>\$ 370,550,537</u> | <u>\$ 5,321,541</u> | | <u>\$ 7,541,076</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 | | | (283,359) | |
| Change in net position of business-type activities | | | <u>\$ 18,144,831</u> | |

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, 2016**

| | Business-Type Activities Enterprise Funds | | | Governmental Activities |
|--|--|----------------|---------------|----------------------------|
| | Water and Sewer Fund | Golf Course | Total | Internal Service |
| Cash flows from operating activities: | | | | |
| Cash received from customers | \$ 48,260,452 | \$ 327,128 | \$ 48,587,580 | \$ 506,151 |
| Cash received from other funds for services provided | - | - | - | 9,588,502 |
| Cash payments to suppliers for goods and services | (19,054,891) | (20,508) | (19,075,399) | (11,761,122) |
| Cash payments to employees for services | (9,816,946) | - | (9,816,946) | - |
| Net cash provided (used) by operating activities | 19,388,615 | 306,620 | 19,695,235 | (1,666,469) |
| Cash flows from noncapital financing activities: | | | | |
| Transfers to other funds | (3,290,000) | (320,000) | (3,610,000) | - |
| Net cash used for noncapital financing activities | (3,290,000) | (320,000) | (3,610,000) | - |
| Cash flows from capital and related financing activities: | | | | |
| Proceeds from refunding of bonds | 1,410,000 | - | 1,410,000 | - |
| Premium on issuance of bonds | 3,096,496 | - | 3,096,496 | - |
| Receipts of capital contributions | 8,097,403 | - | 8,097,403 | - |
| Acquisition and construction of capital assets | (12,754,578) | (59,362) | (12,813,940) | - |
| Investment in joint venture | 178,209 | - | 178,209 | - |
| Principal paid on revenue bonds | (2,860,000) | - | (2,860,000) | - |
| Collection of loans | 428,512 | - | 428,512 | - |
| Interest and fiscal charges paid | (3,136,342) | - | (3,136,342) | - |
| Net cash used by capital and related financing activities | (5,540,300) | (59,362) | (5,599,662) | - |
| Cash flows from investing activities: | | | | |
| Purchase of investments | (78,797,345) | (49,687) | (78,847,032) | (335,548) |
| Proceeds from sale of investments | 55,781,403 | 34,174 | 55,815,577 | 487,866 |
| Investment and other income | 1,318,797 | 3,142 | 1,321,939 | 209,323 |
| Net cash provided (used) by investing activities | (21,697,145) | (12,371) | (21,709,516) | 361,641 |
| Net decrease in cash and cash equivalents | (11,138,830) | (85,113) | (11,223,943) | (1,304,828) |
| Cash and cash equivalents at beginning of year | 29,946,000 | 170,403 | 30,116,403 | 2,490,349 |
| Cash and cash equivalents at end of year | \$ 18,807,170 | \$ 85,290 | \$ 18,892,460 | \$ 1,185,521 |

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

(CONTINUED)

| | 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 Position</u> | | | | |
| Cash and cash equivalents | \$ 13,934,152 | \$ 85,290 | \$ 14,019,442 | \$ 1,185,521 |
| Restricted assets - | | | | |
| Cash and cash equivalents | <u>4,873,018</u> | <u>-</u> | <u>4,873,018</u> | <u>-</u> |
| Cash and cash equivalents | <u>\$ 18,807,170</u> | <u>\$ 85,290</u> | <u>\$ 18,892,460</u> | <u>\$ 1,185,521</u> |
| <u>Reconciliation of operating income to net cash provided by operating activities</u> | | | | |
| Operating income | \$ 4,397,665 | \$ 227,101 | \$ 4,624,766 | \$ (1,963,336) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 15,537,530 | 120,076 | 15,657,606 | - |
| Provision for bad debts | 35,196 | - | 35,196 | - |
| (Increase) decrease in: | | | | |
| Receivables | (770,327) | (33,243) | (803,570) | (17,807) |
| Inventory | (79,185) | - | (79,185) | - |
| Other assets | (83,280) | - | (83,280) | - |
| Pension related deferred outflows | (1,119,493) | - | (1,119,493) | - |
| Increase (decrease) in: | | | | |
| Accounts payable | 54,935 | (7,314) | 47,621 | 314,674 |
| Accrued payroll | (157,223) | - | (157,223) | - |
| Customer deposits | 32,202 | - | 32,202 | - |
| Compensated absences | 82,405 | - | 82,405 | - |
| Premium on bonds payable | 109,820 | - | 109,820 | - |
| Pension related deferred inflows | 187,980 | - | 187,980 | - |
| Increase in net pension liability | <u>1,160,390</u> | <u>-</u> | <u>1,160,390</u> | <u>-</u> |
| Total adjustments | <u>14,990,950</u> | <u>79,519</u> | <u>15,070,469</u> | <u>296,867</u> |
| Net cash provided by operations | <u>\$ 19,388,615</u> | <u>\$ 306,620</u> | <u>\$ 19,695,235</u> | <u>\$ (1,666,469)</u> |

NOTES:

(1) Noncash capital and related financing activities:

In fiscal year 2016, the Water and Sewer Fund had \$11,337,434 in capital assets contributed, recognized \$769,999 in unrealized investment gains, and loss on joint venture of \$4,493,579.

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

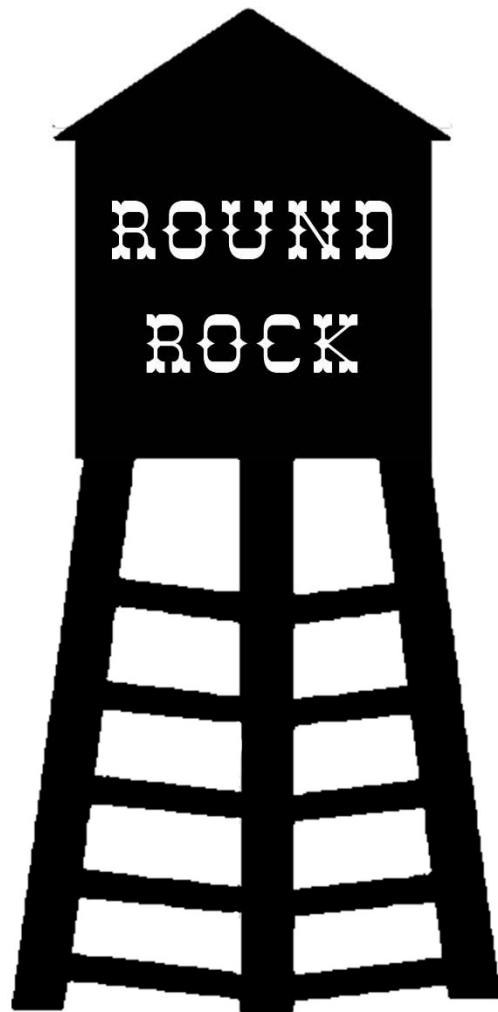
**CITY OF ROUND ROCK, TEXAS
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2016**

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

- * As of September 30, 2016, the City was no longer a custodian of the Behren's Ranch Public Improvement District.

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, 2016

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 purpose is to utilize sales tax revenues for the improvement of the City's transportation system and for economic development purposes. No less than 90% of the Type B Funds will be used for transportation projects. The remaining 10% may be used for economic development purposes covered under local government code. 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.

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 Revenue Fund with their actual results.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 Revenue Fund, the Self-Financed Construction Fund, the 2014 General Obligation Bonds Fund, and the 2014 Transportation Certificates of Obligation Fund. The nonmajor funds are combined in a separate column in the fund financial statements.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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*

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. GOVERNMENTAL FUND TYPES (CONTINUED)

The Round Rock Transportation and Economic Development Corporation 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 eleven 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 Fund*
- *2014 General Obligation Bonds Fund*
- *2014 Certificates of Obligation Fund*

Nonmajor Funds

- *Streets and Drainage Fund*
- *2007 General Obligation Bonds Fund*
- *2004 General Obligation Bonds Fund*
- *Park Development Fund*
- *2002 General Obligation Bonds Fund*
- *Convention Center Complex Fund*
- *Round Rock Transportation and Economic Development Corporation Project Fund*
- *Tourism Development Fund*

The Self-Financed Construction Fund, the 2014 General Obligation Bonds Fund, and the 2014 Certificates of Obligation Fund 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 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 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:

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. PROPRIETARY FUND TYPES (CONTINUED)

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.

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. As of September 30, 2016, the City was no longer custodian of the Behrens Ranch Public Improvement District. As such, the Agency Fund will not be presented subsequent to fiscal year 2016.

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.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

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.

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 grant 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

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds' fund financial statements.

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
SEPTEMBER 30, 2016

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 \$3,408,336.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. LONG-TERM DEBT (CONTINUED)

payable is 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.

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.*

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. ACCRUED BENEFIT OBLIGATIONS (CONTINUED)

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. CLASSIFICATION OF FUND EQUITY

Governmental funds fund balance 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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

- 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. Reported as a deferred inflow for the City are the difference in expected and actual pension experience and the difference arising from changes in assumptions. Both are 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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

Statement No. 72, *"Fair Value Measurement and Application,"* is effective in fiscal year 2016. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes, as well as for applying fair value to certain investments and disclosures related to all fair value measurements. This statement did not have a material effect for the City.

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. Although, this statement is not effective for the City until fiscal year 2017, the City has early implemented in fiscal year 2016.

X. PRIOR PERIOD ADJUSTMENT

The City restated its government-wide net position as of September 30, 2015 to remove infrastructure assets with a net book value of \$64.7 million. It was determined that the City does not own and is not required to maintain this infrastructure.

| | <i>Government-Wide Statement of Activities</i> | | |
|--|--|-------------------------------------|-----------------------|
| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| Net position at September 30, 2015, as previously reported | \$ 465,853,469 | \$ 358,602,146 | \$ 824,455,615 |
| Removal of governmental capital assets | <u>(64,747,826)</u> | <u>-</u> | <u>(64,747,826)</u> |
| Net position at September 30, 2015, as restated | <u>\$ 401,105,643</u> | <u>\$ 358,602,146</u> | <u>\$ 759,707,789</u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 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
SEPTEMBER 30, 2016

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.

| | Original Budget | Amendments Increase (Decrease) | Final Budget |
|--|--------------------|--------------------------------------|-----------------------|
| Revenues - | | | |
| Taxes and franchise, including interest and penalties | \$ 82,461,000 | \$ - | \$ 82,461,000 |
| Licenses, permits and fees | 1,032,160 | - | 1,032,160 |
| Charges for services | 4,289,000 | - | 4,289,000 |
| Fines and forfeitures | 2,065,000 | - | 2,065,000 |
| Intergovernmental | 377,000 | - | 377,000 |
| Investment and other | 3,963,010 | - | 3,963,010 |
| Total revenues | <u>94,187,170</u> | <u>-</u> | <u>94,187,170</u> |
| Expenditures - | | | |
| Current - | | | |
| General government | 26,270,917 | (743,000) | 25,527,917 |
| Public safety | 44,756,614 | 705,497 | 45,462,111 |
| Public works | 13,163,623 | (1,884,318) | 11,279,305 |
| Culture and recreation | 13,197,352 | 18,000 | 13,215,352 |
| Total expenditures | <u>97,388,506</u> | <u>(1,903,821)</u> | <u>95,484,685</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,201,336)</u> | <u>1,903,821</u> | <u>(1,297,515)</u> |
| Other financing sources (uses) - | | | |
| Transfers in | 3,290,000 | - | 3,290,000 |
| Transfers out | <u>-</u> | <u>(9,155,808)</u> | <u>(9,155,808)</u> |
| Total other financing sources (uses) | <u>3,290,000</u> | <u>(9,155,808)</u> | <u>(5,865,808)</u> |
| Net change in fund balances | <u>\$ 88,664</u> | <u>\$ (7,251,987)</u> | <u>\$ (7,163,323)</u> |

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
SEPTEMBER 30, 2016

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS 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 | \$ 198,135,000 |
| Plus: Issuance premium (amortized against interest expense) | 15,088,834 |
| Less: Issuance discount (amortized against interest expense) | (115,748) |
| Bank loans | 11,527,387 |
| Capital leases payable | 4,746,029 |
| Net pension liability | 38,237,184 |
| Compensated absences | 6,992,295 |
| Other post-employment benefits | <u>3,201,091</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> <i>to arrive at net position - governmental activities</i> | <u><u>\$ 277,812,072</u></u> |

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS 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 | \$ 65,116,395 |
| Depreciation expense | <u>(31,497,334)</u> |
| Net adjustment to increase <i>net changes in fund balances -</i> <i>total governmental funds to arrive at changes in net position</i> <i>of governmental activities</i> | <u><u>\$ 33,619,061</u></u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS 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 | \$ 7,600,212 |
| Reclassifications, disposals, and transfers | <u>(5,912)</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>\$ 7,594,300</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 | \$ (2,250,000) |
| Issuance of debt | (11,450,000) |
| Premiums received on issuance of debt | (1,094,690) |
| Deferred amount on refunding | 275,618 |
| Debt payments/refundings | 24,614,237 |
| Capital lease payments | <u>1,009,481</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>\$ 11,104,646</u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS 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 these differences are as follows:

| | |
|---|------------------------------|
| Increase in net pension obligation | \$ (8,509,529) |
| Deferred net actuarial loss | 6,535,368 |
| Increase in deferred pension premiums | <u>441,050</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><u>\$ (1,533,111)</u></u> |
| Increase in OPEB liability | \$ (426,137) |
| Change in compensated absences | (827,113) |
| Amortization of bond premium/discount | 1,091,288 |
| Change in accrued interest | 814,267 |
| Amortization of deferred amount on refunding | <u>(683,855)</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><u>\$ (31,550)</u></u> |

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2016, the carrying amount of deposits was a debit balance of \$33,362,594, including \$2,033,169 in outstanding checks, and the respective bank balances totaled \$35,395,763. 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, 2016 is as follows:

| | |
|---|----------------------------|
| Fair value at September 30, 2016 | \$ 277,854,794 |
| Add: Proceeds of investments matured this fiscal year | 266,148,876 |
| Less: Cost of investments purchased this fiscal year | (236,370,661) |
| Less: Fair value at September 30, 2015 | <u>(305,886,500)</u> |
| Change in fair value of investments | <u><u>\$ 1,746,509</u></u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 | \$ 33,362,594 |
| Investments | <u>277,854,794</u> |
| Total cash and investments | <u><u>\$ 311,217,388</u></u> |
| Statement of net position presentation: | |
| Cash and cash equivalents | \$ 29,455,641 |
| Investments | 179,551,432 |
| Restricted assets - | |
| Cash and cash equivalents | 13,334,168 |
| Investments | <u>88,876,147</u> |
| Total cash and cash equivalents and investments | <u><u>\$ 311,217,388</u></u> |

Following Statement No. 72, "*Fair Value Measurement and Application*," the City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City's investments are classified below and have the following recurring fair value measurements as of September 30, 2016.

| | Carrying Amount | Fair Value | Input Level | Weighted Average Maturity (Days) |
|-----------------------------|------------------------------|------------------------------|----------------|---|
| U. S. Government Securities | \$ 113,000,078 | \$ 113,000,078 | 1 | 194 |
| Certificates of Deposit | 148,246,336 | 148,246,336 | 1 | 438 |
| State Investment Pools | <u>16,608,380</u> | <u>16,608,380</u> | 1 | 1 |
| | <u><u>\$ 277,854,794</u></u> | <u><u>\$ 277,854,794</u></u> | | |

| | |
|-------------------------------------|-----|
| Portfolio weighted average maturity | 316 |
|-------------------------------------|-----|

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
SEPTEMBER 30, 2016

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** (PFIA)(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) banker's 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.

In addition, 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 – In compliance with the City's Investment Policy, as of September 30, 2016, the City minimized its interest rate risk in the portfolio by:
 - a) Limiting the weighted average maturity to 540 days;
 - b) Structuring the portfolio so that maturities meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity;
 - c) Monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by PFIA; and
 - d) Investing operating funds primarily in short-term securities, money market mutual funds, or government investment pools.
4. Credit Risk – In compliance with the City's Investment Policy, as of September 30, 2016, the City minimized credit risk losses due to default of security issuer or backer by:

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

- 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 & Poor's, 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, 2016, \$10,834,686 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, \$189,874 was invested in the Texas Short Term Asset Reserve Program (TexSTAR) and \$5,583,819 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 & Poor's.

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 2016 were in the aforementioned categories.

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 2015 tax roll. The tax rate, based on total taxable assessed valuation of \$10,492,085,922 was \$0.41465 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.254460 and \$0.160190, respectively.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. PROPERTY TAXES AND RECEIVABLES (CONTINUED)

| | General Fund | Debt Service Fund | Total |
|--|-------------------|----------------------|-------------------|
| Current year levy | \$ 104,460 | \$ 58,759 | \$ 163,219 |
| Prior years' levies | 232,775 | 144,727 | 377,502 |
| | <u>337,235</u> | <u>203,486</u> | <u>540,721</u> |
| Less - allowance for uncollectible taxes | <u>(3,406)</u> | <u>(2,055)</u> | <u>(5,461)</u> |
| | <u>\$ 333,829</u> | <u>\$ 201,431</u> | <u>\$ 535,260</u> |

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.

C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2016 were as follows:

| Receivable Fund | Payable Fund | Receivable | Payable |
|---------------------------------|---|---------------------|---------------------|
| Debt Service Fund | General Fund | \$ 11,135 | \$ 11,135 |
| | Round Rock Transportation and Economic Development Corporation Revenue Fund | 1,500,000 | 1,500,000 |
| Nonmajor Governmental Funds | | | |
| Self-Financed Construction Fund | Nonmajor Governmental Funds | 7,316 | 7,316 |
| Nonmajor Governmental Funds | General Fund | <u>75,932</u> | <u>75,932</u> |
| Governmental Funds | | <u>\$ 1,594,383</u> | <u>\$ 1,594,383</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
SEPTEMBER 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|----------------------|----------------------|
| General Fund - | | |
| Water and Sewer Fund | \$ 3,290,000 | \$ - |
| Self-financed Construction Fund | - | 9,150,000 |
| Nonmajor Governmental Funds | - | 5,808 |
| | <u>3,290,000</u> | <u>9,155,808</u> |
| Debt Service Fund - | | |
| Golf Course Fund | 320,000 | - |
| Round Rock Transportation and Economic Development Corporation | | |
| Revenue Fund | 5,020,000 | - |
| Nonmajor Governmental Funds | 1,077,000 | - |
| | <u>6,417,000</u> | <u>-</u> |
| Round Rock Transportation and Economic Development Corporation | | |
| Revenue Fund - | | |
| Debt Service Fund | - | 5,020,000 |
| Self-Financed Construction Fund | 30,000 | - |
| Nonmajor Governmental Funds | - | 7,700,000 |
| | <u>30,000</u> | <u>12,720,000</u> |
| Self-Financed Construction - | | |
| General Fund | 9,150,000 | - |
| Round Rock Transportation and Economic Development Corporation | | |
| Revenue Fund | - | 30,000 |
| 2014 General Obligation Bonds Fund | - | 1,602,002 |
| Nonmajor Governmental Funds | 7,316 | - |
| | <u>9,157,316</u> | <u>1,632,002</u> |
| 2014 General Obligation Bonds Fund | | |
| Self-Financed Construction Fund | 1,602,002 | - |
| | <u>1,602,002</u> | <u>-</u> |
| Other Governmental Funds - | | |
| General Fund | 5,808 | - |
| Debt Service Fund | - | 1,077,000 |
| Round Rock Transportation and Economic Development Corporation | | |
| Revenue Fund | 7,700,000 | - |
| Nonmajor Governmental Funds | 2,350,000 | 2,357,316 |
| | <u>10,055,808</u> | <u>3,434,316</u> |
| Subtotal of Governmental Funds | <u>30,552,126</u> | <u>26,942,126</u> |
| Water and Sewer Fund - | | |
| General Fund | - | 3,290,000 |
| | <u>-</u> | <u>3,290,000</u> |
| Golf Course Fund - | | |
| Debt Service Fund | - | 320,000 |
| | <u>-</u> | <u>320,000</u> |
| Subtotal of Proprietary Funds | <u>-</u> | <u>3,610,000</u> |
| Total Transfers | <u>\$ 30,552,126</u> | <u>\$ 30,552,126</u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 Street, Round Rock, Texas, 78664.

STATEMENT OF NET POSITION
As of September 30, 2016

| | Total | City's Interest |
|-----------------------------------|-----------------------------|-----------------------------|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 5,936,436 | \$ 3,079,818 |
| Receivables, other current assets | 126,659 | 66,397 |
| Restricted investments | 24,537,787 | 11,158,246 |
| Capital assets | 161,800,202 | 58,644,739 |
| Total Assets | 192,401,084 | 72,949,200 |
| Deferred outflows of resources | 8,871,232 | 6,353,306 |
| <u>LIABILITIES</u> | | |
| Accounts payable | 298,106 | 32,157 |
| Retainage payable | 1,582,268 | 546,199 |
| Accrued bond interest payable | 779,130 | 75,878 |
| Total current liabilities | 2,659,504 | 654,234 |
| Bonds payable | 179,141,559 | 66,445,900 |
| Total Liabilities | 181,801,063 | 67,100,134 |
| <u>NET POSITION</u> | <u>\$ 19,471,253</u> | <u>\$ 12,202,372</u> |

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2016

| | Total | City's Interest |
|----------------------------------|-----------------------------|-----------------------------|
| Operating revenues | \$ 688,730 | \$ 220,147 |
| Interest expense | (7,665,566) | (2,498,413) |
| Other operating expenses | (5,280,578) | (1,599,361) |
| Other expenses | (822,804) | (615,952) |
| Changes in Net Position | (13,080,218) | (4,493,579) |
| Net position, October 1, 2015 | 20,753,872 | 12,380,581 |
| Contribution of capital, net | 11,797,599 | 4,315,370 |
| Net position, September 30, 2016 | <u>\$ 19,471,253</u> | <u>\$ 12,202,372</u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

| | October 1, 2015 (restated) | Additions/ Completions | Retirements/ Adjustments | September 30, 2016 |
|--|----------------------------------|---------------------------|-----------------------------|-----------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 45,751,142 | \$ 7,382,605 | \$ - | \$ 53,133,747 |
| Construction in progress | 30,174,237 | 60,347,426 | (30,867,773) | 59,653,890 |
| Total capital assets not being depreciated | <u>75,925,379</u> | <u>67,730,031</u> | <u>(30,867,773)</u> | <u>112,787,637</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 700,785,247 | 27,912,053 | - | 728,697,300 |
| Equipment | 67,538,831 | 7,942,296 | (2,094,872) | 73,386,255 |
| Total capital assets being depreciated | <u>768,324,078</u> | <u>35,854,349</u> | <u>(2,094,872)</u> | <u>802,083,555</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 342,457,957 | 25,009,784 | - | 367,467,741 |
| Equipment | 50,776,623 | 6,487,550 | (2,088,960) | 55,175,213 |
| Total accumulated depreciation | <u>393,234,580</u> | <u>31,497,334</u> | <u>(2,088,960)</u> | <u>422,642,954</u> |
| Total capital assets being depreciated, net | <u>375,089,498</u> | <u>4,357,015</u> | <u>(5,912)</u> | <u>379,440,601</u> |
| Governmental activities capital assets, net | <u>\$ 451,014,877</u> | <u>\$ 72,087,046</u> | <u>\$ (30,873,685)</u> | <u>\$ 492,228,238</u> |
| Business-Type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 8,452,956 | \$ - | \$ - | \$ 8,452,956 |
| Construction in progress | 5,316,019 | 11,162,844 | (3,916,561) | 12,562,302 |
| Total capital assets not being depreciated | <u>13,768,975</u> | <u>11,162,844</u> | <u>(3,916,561)</u> | <u>21,015,258</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 445,478,004 | 14,577,831 | (352,508) | 459,703,327 |
| Equipment | 15,032,403 | 1,486,266 | (506,038) | 16,012,631 |
| Total capital assets being depreciated | <u>460,510,407</u> | <u>16,064,097</u> | <u>(858,546)</u> | <u>475,715,958</u> |
| Less accumulated depreciation for: | | | | |
| Building and improvements | 146,453,575 | 14,059,905 | (352,508) | 160,160,972 |
| Equipment | 11,130,964 | 1,597,701 | (504,309) | 12,224,356 |
| Total accumulated depreciation | <u>157,584,539</u> | <u>15,657,606</u> | <u>(856,817)</u> | <u>172,385,328</u> |
| Total capital assets being depreciated, net | <u>302,925,868</u> | <u>406,491</u> | <u>(1,729)</u> | <u>303,330,630</u> |
| Business-type activities capital assets, net | <u>\$ 316,694,843</u> | <u>\$ 11,569,335</u> | <u>\$ (3,918,290)</u> | <u>\$ 324,345,888</u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 | \$ 3,248,098 |
| Public safety | 2,995,743 |
| Public works | 20,216,206 |
| Culture and recreation | 5,037,287 |
| Total depreciation expense – governmental activities | <u>\$ 31,497,334</u> |

Business-Type Activities:

| | |
|---|----------------------|
| Water and sewer utility | \$ 15,537,530 |
| Golf course | 120,076 |
| Total depreciation expense – business-type activities | <u>\$ 15,657,606</u> |

Major construction contracts in progress from inception to September 30, 2016, consisted of the following:

| | Project Authorization | Expended to September 30, 2016 | Committed | Future Financing |
|---|--------------------------|--------------------------------------|----------------------|---------------------|
| Projects funded principally by general obligation debt - | | | | |
| Parks, public safety, streets and public service facilities | \$ 31,881,778 | \$ 31,868,135 | \$ 13,643 | None |
| Parks, public safety and library | 71,029,740 | 33,133,031 | 37,896,709 | None |
| Municipal complex, public safety and street improvements | 21,753,034 | 21,403,615 | 349,419 | None |
| Self-financed construction | 48,753,417 | 33,003,024 | 15,750,393 | None |
| Round Rock Transportation System- road improvements | 79,982,411 | 73,138,841 | 6,843,570 | None |
| Sports venue complex | 22,588,212 | 22,502,657 | 85,555 | None |
| | <u>\$ 275,988,592</u> | <u>\$ 215,049,303</u> | <u>\$ 60,939,289</u> | |
| Projects funded by revenue bonds and developer contributions - | | | | |
| Drainage system improvements | \$ 4,620,297 | \$ 1,529,199 | \$ 3,091,098 | None |
| Utility line improvements | 2,445,057 | 411,071 | 2,033,986 | None |
| Self-financed construction | 81,703,671 | 56,304,901 | 25,398,770 | None |
| | <u>\$ 88,769,025</u> | <u>\$ 58,245,171</u> | <u>\$ 30,523,854</u> | |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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, 2016:

| | Balance October 1, 2015 | Additions | Refundings/ Retirements | Balance September 30, 2016 | Due within one year |
|---------------------------------|-------------------------------|----------------------|----------------------------|----------------------------------|------------------------|
| Governmental Activities | | | | | |
| General obligation bonds | \$ 154,925,000 | \$ 6,995,000 | \$ (12,380,000) | \$ 149,540,000 | \$ 7,510,000 |
| Certificates of obligation | 29,675,000 | - | (2,580,000) | 27,095,000 | 780,000 |
| Hotel tax revenue bonds | 13,225,000 | 4,455,000 | (5,360,000) | 12,320,000 | 645,000 |
| Sales tax revenue bonds | 11,920,000 | - | (2,740,000) | 9,180,000 | 1,780,000 |
| State infrastructure bank loans | 13,081,624 | - | (1,554,237) | 11,527,387 | 1,618,507 |
| Plus deferred amount: | | | | | |
| For issuance premium | 15,099,111 | 1,094,690 | (1,104,967) | 15,088,834 | 1,185,541 |
| For issuance discount | (129,427) | - | 13,679 | (115,748) | (13,679) |
| Lease purchase payable | 3,505,510 | 2,250,000 | (1,009,481) | 4,746,029 | 1,121,626 |
| Net pension liability | 29,727,655 | 8,509,529 | - | 38,237,184 | - |
| Compensated absences | 6,165,182 | 5,273,513 | (4,446,400) | 6,992,295 | 4,684,838 |
| Other post-employment benefits | 2,774,954 | 934,835 | (508,698) | 3,201,091 | - |
| Total governmental activities | <u>279,969,609</u> | <u>29,512,567</u> | <u>(31,670,104)</u> | <u>277,812,072</u> | <u>19,311,833</u> |
| Business-Type Activities | | | | | |
| Revenue bonds | 86,125,000 | 35,185,000 | (36,635,000) | 84,675,000 | 3,105,000 |
| Plus deferred amount: | | | | | |
| For issuance premium | 1,702,948 | 3,096,496 | (109,820) | 4,689,624 | 232,191 |
| Net pension liability | 4,053,772 | 1,160,390 | - | 5,214,162 | - |
| Compensated absences | 504,728 | 525,849 | (501,554) | 529,023 | 417,928 |
| Other post-employment benefits | 348,532 | 127,478 | (69,368) | 406,642 | - |
| Total business-type activities | <u>92,734,980</u> | <u>40,095,213</u> | <u>(37,315,742)</u> | <u>95,514,451</u> | <u>3,755,119</u> |
| Total government | <u>\$ 372,704,589</u> | <u>\$ 69,607,780</u> | <u>\$ (68,985,846)</u> | <u>\$ 373,326,523</u> | <u>\$ 23,066,952</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
SEPTEMBER 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2016 is comprised of the following:

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> |
|--|------------------------------------|--|
| General Obligation Bonds: | | |
| \$ 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% | \$ 16,505,000 | \$ - |
| \$ 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% | 13,745,000 | - |
| \$ 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% | 5,890,000 | - |
| \$ 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% | 7,055,000 | - |
| \$ 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 | - |
| \$ 6,995,000 2016 refunding bonds due in annual installments of \$ -0- to \$ 755,000 through 2032; interest at 2.0% to 4.0% | <u>6,995,000</u> | <u>-</u> |
| Total General Obligation Bonds | <u>149,540,000</u> | <u>-</u> |
| Certificates of Obligation: | | |
| \$ 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% | <u>27,095,000</u> | <u>-</u> |
| Total Certificates of Obligation | <u>27,095,000</u> | <u>-</u> |
| 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% | 490,000 | - |
| \$ 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% | 7,375,000 | - |
| \$ 4,455,000 2016 refunding bonds due in annual installments of \$ 30,000 to \$ 630,000 through 2025; interest at 2.0% to 4.0% | <u>4,455,000</u> | <u>-</u> |
| Total Hotel Tax Revenue Bonds | <u>12,320,000</u> | <u>-</u> |
| Sales Tax Revenue Bonds: | | |
| \$ 10,930,000 2015 refunding bonds due in annual installments of \$ 1.75 to \$ 1.89 million through 2021 including interest at 1.56% | <u>9,180,000</u> | <u>-</u> |
| Total Sales Tax Revenue Bonds | <u>9,180,000</u> | <u>-</u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> |
|--|------------------------------------|--|
| State Infrastructure Bank Loans: | | |
| \$ 7,000,000 2006 note due in annual installments of \$ 557,759 through 2021 including interest at 4.0% | \$ 2,833,229 | \$ - |
| \$ 16,000,000 2008 note due in annual installments of \$ 1,459,255 through 2023 including interest at 4.2% | 8,694,158 | - |
| Total State Infrastructure Bank Loans | <u>11,527,387</u> | <u>-</u> |
| Utility System Revenue Bonds: | | |
| \$ 12,000,000 2006 bonds due in annual installments of \$ 365,000 to \$ 835,000 through 2026; interest at 2.20% to 2.95% | - | 7,395,000 |
| \$ 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% | - | 34,410,000 |
| \$ 8,000,000 2014 bonds due in annual installments of \$ -0- to \$ 585,000 through 2034; interest at 2.0% to 4.0% | - | 7,685,000 |
| \$ 35,185,000 2016 bonds due in annual installments of \$ 155,000 to \$ 3,400,000 through 2035; interest at 2.0% to 5.0% | - | 35,185,000 |
| Total Utility System Revenue Bonds | <u>-</u> | <u>84,675,000</u> |
| Issuance premium | 15,088,834 | 4,689,624 |
| Issuance discount | (115,748) | - |
| Lease purchases payable: | | |
| \$ 5,700,000 leases due in semi-annual installments including interest ranging from 1.02% - 1.619% due in 2021. The lease obligation is funded with general revenue sources. | 4,746,029 | - |
| Net pension liability | 38,237,184 | 5,214,162 |
| Compensated absences | 6,992,295 | 529,023 |
| Other post-employment benefits | <u>3,201,091</u> | <u>406,642</u> |
| Total Primary Government Debt | <u>\$ 277,812,072</u> | <u>\$ 95,514,451</u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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, 2016, 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> |
| 2017 | \$ 8,290,000 | \$ 7,312,976 | \$ 15,602,976 |
| 2018 | 8,590,000 | 7,016,559 | 15,606,559 |
| 2019 | 10,875,000 | 6,730,029 | 17,605,029 |
| 2020 | 11,275,000 | 6,333,129 | 17,608,129 |
| 2021 | 9,790,000 | 5,860,406 | 15,650,406 |
| 2022-2026 | 47,575,000 | 22,946,850 | 70,521,850 |
| 2027-2031 | 33,145,000 | 14,196,694 | 47,341,694 |
| 2032-2036 | 28,385,000 | 7,421,825 | 35,806,825 |
| 2037-2041 | 18,710,000 | 1,581,225 | 20,291,225 |
| | <u>\$ 176,635,000</u> | <u>\$ 79,399,693</u> | <u>\$ 256,034,693</u> |

| <u>Year Ending September 30,</u> | <u>Hotel Tax Revenue</u> | | |
|----------------------------------|--------------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2017 | \$ 645,000 | \$ 366,848 | \$ 1,011,848 |
| 2018 | 620,000 | 397,830 | 1,017,830 |
| 2019 | 630,000 | 382,805 | 1,012,805 |
| 2020 | 645,000 | 364,955 | 1,009,955 |
| 2021 | 665,000 | 343,280 | 1,008,280 |
| 2022-2026 | 3,320,000 | 1,317,950 | 4,637,950 |
| 2027-2031 | 2,120,000 | 881,175 | 3,001,175 |
| 2032-2036 | 2,520,000 | 489,140 | 3,009,140 |
| 2037-2038 | 1,155,000 | 46,700 | 1,201,700 |
| | <u>\$ 12,320,000</u> | <u>\$ 4,590,683</u> | <u>\$ 16,910,683</u> |

| <u>Year Ending September 30,</u> | <u>Sales Tax Revenue</u> | | |
|----------------------------------|--------------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 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 | 1,890,000 | 29,484 | 1,919,484 |
| | <u>\$ 9,180,000</u> | <u>\$ 433,836</u> | <u>\$ 9,613,836</u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Governmental Activities:

| <u>Year Ending September 30,</u> | <u>State Infrastructure Bank Loans</u> | | |
|----------------------------------|--|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 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 | 1,896,172 | 193,692 | 2,089,864 |
| 2022-2026 | 2,744,426 | 174,084 | 2,918,510 |
| | <u>\$ 11,527,387</u> | <u>\$ 1,868,950</u> | <u>\$ 13,396,337</u> |

| <u>Year Ending September 30,</u> | <u>Lease Purchases</u> | | |
|----------------------------------|------------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2017 | \$ 1,121,626 | \$ 65,307 | \$ 1,186,933 |
| 2018 | 1,138,303 | 48,630 | 1,186,933 |
| 2019 | 1,155,231 | 31,702 | 1,186,933 |
| 2020 | 868,906 | 15,678 | 884,583 |
| 2021 | 461,963 | 4,596 | 466,559 |
| | <u>\$ 4,746,029</u> | <u>\$ 165,913</u> | <u>\$ 4,911,942</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> |
| 2017 | \$ 3,105,000 | \$ 3,247,459 | \$ 6,352,459 |
| 2018 | 3,190,000 | 3,153,554 | 6,343,554 |
| 2019 | 3,295,000 | 3,038,199 | 6,333,199 |
| 2020 | 3,415,000 | 2,897,619 | 6,312,619 |
| 2021 | 3,555,000 | 2,747,831 | 6,302,831 |
| 2022-2026 | 19,305,000 | 11,710,403 | 31,015,403 |
| 2027-2031 | 17,675,000 | 8,400,744 | 26,075,744 |
| 2032-2036 | 18,395,000 | 5,545,900 | 23,940,900 |
| 2037-2041 | 12,740,000 | 1,294,750 | 14,034,750 |
| | <u>\$ 84,675,000</u> | <u>\$ 42,036,459</u> | <u>\$ 126,711,459</u> |

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, 2016, there are no bonds outstanding which have been reported as defeased.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

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 | 46,200,000 | 10,300,000 |
| 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>\$ 71,000,000</u> | <u>\$ 52,600,000</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.

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 \$835,312 at September 30, 2016, 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.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

The bond reserve fund for hotel tax revenue bond retirement aggregates \$809,769 at September 30, 2016. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires $\frac{1}{2}$ 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 $\frac{1}{2}$ 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 \$147,886 at September 30, 2016, 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.

(4) 2016 REFUNDING/ISSUANCE

In June 2016, the City advance refunded portions of General Obligation and Revenue Refunding Bonds and Combination Tax and Revenue Certificates of Obligation. The net proceeds of the \$6,995,000 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 16 years by \$1,510,218, 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 \$1,250,259.

Additionally, in June 2016 the City advance refunded portions of Utility System Revenue Bonds. The net proceeds of the \$35,185,000 of Utility System Revenue Refunding 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

This advance refunding will reduce the total debt service payments over the next 19 years by \$6,042,787, 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 \$4,671,016.

In September 2016, the City advance refunded portions of Hotel Occupancy Tax Revenue Refunding Bonds. The net proceeds of the \$4,455,000 of Hotel Occupancy Tax Revenue Refunding 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 nine years by \$567,175, 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 \$481,558.

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2016, were as follows:

| | Governmental Activities | Business-Type Activities |
|------------------------------------|----------------------------|-----------------------------|
| Balance, October 1, 2015 | \$ 6,165,182 | \$ 504,728 |
| Additions | 5,273,513 | 525,849 |
| Reductions | (4,446,400) | (501,554) |
| Balance, September 30, 2016 | <u>\$ 6,992,295</u> | <u>\$ 529,023</u> |

Accrued compensated absences due within one year were \$4,684,838 for governmental activities and \$417,928 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2016:

| | Cash & Cash Equivalents | Investments | Property Taxes Receivable | Sales Tax Receivable | Accrued Interest Receivable |
|---|-------------------------------|----------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Debt Service Fund | \$ 1,938,572 | \$ 801,013 | \$ 201,431 | \$ - | \$ - |
| Restricted by debt covenants - Round Rock Transportation and Economic Development Corporation Fund | 5,255,217 | 30,137,774 | - | 1,409,290 | 48,763 |
| 2014 General Obligation Bonds Fund | 318,675 | 39,418,972 | - | - | 32,143 |
| 2014 Certificates of Obligation Bond Fund | 668,873 | 6,024,180 | - | - | - |
| Nonmajor capital projects funds | 279,813 | 1,211,758 | - | - | 1,273 |
| Total Governmental Activities | <u>\$ 8,461,150</u> | <u>\$ 77,593,697</u> | <u>\$ 201,431</u> | <u>\$ 1,409,290</u> | <u>\$ 82,179</u> |
| | Cash & Cash Equivalents | Investments | Accounts Receivable | Accrued Interest Receivable | |
| Business-Type Activities: | | | | | |
| Water and sewer fund - | | | | | |
| Impact fees | \$ 429,330 | \$ 2,526,688 | \$ 172,249 | \$ - | |
| Construction | 2,815,899 | 8,755,762 | - | - | |
| Customer deposits | 1,063,019 | - | - | - | |
| Revenue bond debt service | 564,770 | - | - | - | |
| Accrued interest receivable | - | - | - | 10,961 | |
| Total Business-Type Activities | <u>\$ 4,873,018</u> | <u>\$ 11,282,450</u> | <u>\$ 172,249</u> | <u>\$ 10,961</u> | |

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 \$8,322 and Travis County was paid \$494 for the fiscal year ended September 30, 2016.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 (BRA), 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, 2016, the City's cost under this contract was \$473,760.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the BRA, wherein it received the right to purchase 8,134 acre-feet of water per year from Stillhouse Hollow Lake. 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 Stillhouse Hollow Lake" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet of water per year at the new system rate. For the fiscal year ended September 30, 2016, the City's cost under this contract was \$1,278,447.

Effective September 1, 2001, the City entered into a "System Water Availability Agreement for Colorado River Basin Water" with the BRA, 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, 2016, the City's cost under these contracts was \$1,727,406.

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

Regional Wastewater 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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 2019. 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, 2016, expenditures for operation of the regional facilities were \$3,705,470.

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, 2016, the potential rebate was calculated at \$0.

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.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Tax Abatements

The City of Round Rock negotiates property tax abatement agreements, property tax rebates, and sales tax rebates on an individual basis. Each agreement was negotiated under The Texas Property Redevelopment and Tax Abatement Act, Chapter 312, Tax Code, V.A.T.S. as amended, allowing localities to abate property taxes for economic development purposes which include business relocation, retention and expansion. Property must be located within a reinvestment zone to be eligible for a tax abatement, and agreements are limited to ten (10) years in length. The abatement value can only be to the extent its value for that year exceeds its value for the year in which the agreement is executed. The City has an Abatement Recapture clause in all Tax Abatement Agreements in the event that the recipient does not fulfill the requirements of the agreement. The tax rebate program is for a period greater than 10 years, and taxes paid are reimbursed back to the owner.

| <u>Tax Abatement Program</u> | <u>Amount of Taxes Abated during the Fiscal Year</u> |
|--------------------------------------|---|
| Economic Development | |
| Property Tax | \$ 73,412 |
| <u>Tax Rebate Program</u> | |
| Economic Development | |
| Property Tax | 820,452 |
| Sales Tax | 5,959,618 |

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

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.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

V. OTHER INFORMATION (CONTINUED)

B. RISK MANAGEMENT (CONTINUED)

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.

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:

| <u>Fiscal Year</u> | <u>Beginning Liability</u> | <u>Claims and Changes in Estimates</u> | <u>Actual Claim Payments</u> | <u>Balance at Year-End</u> |
|--------------------|----------------------------|--|------------------------------|----------------------------|
| 2014 | \$ 468,850 | \$ 7,118,789 | \$ 6,981,727 | \$ 605,912 |
| 2015 | \$ 605,912 | \$ 8,351,468 | \$ 8,535,401 | \$ 421,979 |
| 2016 | \$ 421,979 | \$ 9,625,120 | \$ 9,310,446 | \$ 736,653 |

C. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates as one of 866 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.tmrs.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 OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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.

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

| | |
|--|--|
| Employee deposit rate | 7% |
| 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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 249 |
| Inactive employees entitled to but not yet receiving benefits | 318 |
| Active employees | 855 |
| Total | <u>1,422</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 15.40% and 15.74% in calendar years 2015 and 2016, respectively. Accordingly, contributions to TMRS for the year ended September 30, 2016, were \$8,739,633, and were equal to the required contributions.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.5% per year |
| Overall payroll growth | 3.0% per year |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-district RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males' rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. 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. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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.

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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative)

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

The target allocation and best estimates of real rates of return for each major asset class are summarized in the table below:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|--------------------------|--|
| Domestic Equity | 17.5% | 4.55% |
| International Equity | 17.5% | 6.10% |
| Core Fixed Income | 10.0% | 1.00% |
| Non-Core Fixed Income | 20.0% | 3.65% |
| Real Return | 10.0% | 4.03% |
| Real Estate | 10.0% | 5.00% |
| Absolute Return | 10.0% | 4.00% |
| Private Equity | 5.0% | 8.00% |
| Total | 100.0% | |

Single Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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).

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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, 2014 | \$ 205,128,282 | \$ 171,346,855 | \$ 33,781,427 |
| Changes for the year: | | | |
| Service cost | 8,990,916 | - | 8,990,916 |
| Interest | 14,481,391 | - | 14,481,391 |
| Difference between expected and actual experience | (662,530) | - | (662,530) |
| Changes of assumptions | (1,208,085) | - | (1,208,085) |
| Contributions - employer | - | 8,195,714 | (8,195,714) |
| Contributions - employee | - | 3,644,800 | (3,644,800) |
| Net investment income | - | 252,867 | (252,867) |
| Benefit payments, including refunds of employee contributions | (5,493,451) | (5,493,451) | - |
| Administrative expense | - | (154,001) | 154,001 |
| Other | - | (7,606) | 7,606 |
| Net changes | <u>16,108,241</u> | <u>6,438,322</u> | <u>9,669,919</u> |
| Balance at December 31, 2015 | <u><u>\$ 221,236,523</u></u> | <u><u>\$ 177,785,177</u></u> | <u><u>\$ 43,451,346</u></u> |

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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|------------------------------|------------------------------|--|------------------------------|
| City's net pension liability | \$ 79,969,779 | \$ 43,451,346 | \$ 13,897,119 |

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.tmr.com.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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, 2016, the City recognized pension expense of \$10,439,077. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Balance at September 30, 2015 | \$ 1,600,283 | \$ (42,397) |
| Differences between expected and actual economic experience | - | (557,533) |
| Changes in actuarial assumptions | - | (1,016,629) |
| Difference between projected and actual investment earnings | 9,393,130 | - |
| Amortization of prior years' deferrals | (400,071) | 7,658 |
| Balance at September 30, 2016 | <u>\$ 10,593,342</u> | <u>\$ (1,608,901)</u> |

| | Contributions After the Measurement Date |
|--|---|
| Balance at September 30, 2015 | \$ 5,964,543 |
| Reversal of prior year contributions after December 31, 2014 | (5,964,543) |
| Contributions after December 31, 2015 | 6,425,756 |
| Balance at September 30, 2016 | <u>\$ 6,425,756</u> |

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$6,425,756 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e., recognized in the City's financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Measurement Year ended December 31, | Net Deferred Outflows (Inflows) of Resources |
|--|---|
| 2016 | \$ 2,444,243 |
| 2017 | 2,444,243 |
| 2018 | 2,444,242 |
| 2019 | 2,044,170 |
| 2020 | (300,560) |
| Thereafter | (91,897) |
| Total | <u>\$ 8,984,441</u> |

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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.

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 post-employment benefit," or OPEB. The City offers supplemental death benefits to both active employees and retirees for plan years 2016 and 2015.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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.

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. As of September 30, 2016 and September 30, 2015, this fund had adequate resources to fund the net 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, 2016. The City performed an actuarial valuation during fiscal year 2015. The annual required contribution and OPEB liability for fiscal year 2016 is based upon the September 30, 2015 biennial actuarial valuation.

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2016, is as follows:

| | 2015 Total | 2016 Amounts | | |
|--|---------------------|---------------------|--------------------|---------------------|
| | | Governmental | Proprietary | Total |
| Annual required contribution | \$ 925,834 | \$ 923,257 | \$ 125,899 | \$ 1,049,156 |
| Interest on net OPEB obligation | 120,703 | 123,690 | 16,867 | 140,557 |
| Adjustment to annual required contribution | (109,403) | (112,112) | (15,288) | (127,400) |
| Annual OPEB cost | 937,134 | 934,835 | 127,478 | 1,062,313 |
| Contributions made | (495,926) | (508,698) | (69,368) | (578,066) |
| Change in net OPEB obligation | 441,208 | 426,137 | 58,110 | 484,247 |
| Beginning net OPEB obligation | 2,682,278 | 2,774,954 | 348,532 | 3,123,486 |
| Net OPEB obligation | <u>\$ 3,123,486</u> | <u>\$ 3,201,091</u> | <u>\$ 406,642</u> | <u>\$ 3,607,733</u> |
| Percentage of annual OPEB cost contributed | <u>52.9%</u> | | | <u>54.4%</u> |

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years is as follows:

Three-Year Trend Information

| Fiscal Year Ending | Annual OPEB Cost | Actual Contribution Made | % of Annual Cost Contributed | Net OPEB Obligation |
|-------------------------------|-----------------------------|-------------------------------------|---|--------------------------------|
| 2014 | \$ 815,010 | \$ 322,367 | 39.60% | \$ 2,682,278 |
| 2015 | \$ 937,133 | \$ 495,926 | 52.90% | \$ 3,123,486 |
| 2016 | \$ 1,062,313 | \$ 578,066 | 54.42% | \$ 3,607,733 |

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, 2013 | October 1, 2014 | October 1, 2015 |
|-------------------------------|--|--|--|
| 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 | 10% in 2011, | 10% in 2011, | 10% in 2011, |
| Increases | decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021 | decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021 | 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
SEPTEMBER 30, 2016**

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, 2015, the City entered into a New Management Agreement with the operator for a period of four years and eight months with an early termination option on the early termination date of December 31, 2016. 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.

The City has exercised the early termination option on the current management agreement with an early termination date of December 31, 2016. On November 22, 2016, the City signed a new Management Agreement with a new operator with an initial term of three years that shall automatically renew for two additional 1-year terms. The agreement shall begin on January 1, 2017. Under conditions set forth in the new Management Agreement, the operator shall be paid a monthly base management fee. Additionally, the operator may earn an annual incentive management fee based upon gross receipts of the golf course.

F. SUBSEQUENT EVENTS

Kalahari Resort Project

On December 15, 2016, City Council approved a series of agreements with Kalahari Resorts and Conventions (Kalahari). These agreements include a Master Development Agreement, an Economic Development Agreement and a Ground Lease.

Kalahari will build a family resort, water park and convention center on 351 acres south of U.S. 79 near Old Settlers Park and Dell Diamond. Kalahari intends to open the Round Rock resort no later than December 2021. The agreements provide for Kalahari to employ a minimum 700 and invest at least \$350 million in a 975-room resort, 200,000 square-foot indoor/outdoor water park and 150,000 square-foot convention center.

As part of the arrangement, the City purchased the 351 acres for approximately \$27.5 million on December 20, 2016. The City will be repaid by Kalahari in the form of two lease payments: a \$17 million initial lease payment made on December 20, 2016, and a \$10.5 million lease payment, plus interest, in eight years. The property will be leased to Kalahari for up to 99 years.



**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016
(UNAUDITED)**

Schedule of Funding Progress

| 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 | | | | | | | |
| | 9/30/2014 | \$ - | \$ 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% |
| | 9/30/2016 | \$ - | \$ 11,661,976 | \$ 11,661,976 | 0.0% | \$ 56,923,747 | 20.5% |

See Independent Auditors' Report.

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016
(UNAUDITED)

Schedule of Changes in the Net Pension Liability and Related Ratios

| Measurement period ending December 31, | <u>2014</u> | <u>2015</u> |
|---|-----------------------|-----------------------|
| Total pension liability | | |
| Service Cost | \$ 8,066,254 | \$ 8,990,916 |
| Interest (on the Total Pension Liability) | 13,330,143 | 14,481,391 |
| Difference between expected and actual experience | (50,055) | (662,530) |
| Change of assumptions | - | (1,208,085) |
| Benefit payments, including refunds of employee contributions | (5,231,094) | (5,493,451) |
| Net Change in Total Pension Liability | <u>16,115,248</u> | <u>16,108,241</u> |
| Total Pension Liability - Beginning | <u>189,013,034</u> | <u>205,128,282</u> |
| Total Pension Liability - Ending (a) | <u>\$ 205,128,282</u> | <u>\$ 221,236,523</u> |
| Plan Fiduciary Net Position | | |
| Contributions - Employer | \$ 7,787,328 | \$ 8,195,714 |
| Contributions - Employee | 3,423,287 | 3,644,800 |
| Net Investment Income | 8,955,552 | 252,867 |
| Benefit payments, including refunds of employee contributions | (5,231,094) | (5,493,451) |
| Administrative Expense | (93,479) | (154,001) |
| Other | (7,685) | (7,606) |
| Net Change in Plan Fiduciary Net Position | <u>14,833,909</u> | <u>6,438,322</u> |
| Plan Fiduciary Net Position - Beginning | <u>156,512,946</u> | <u>171,346,855</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>171,346,855</u> | <u>177,785,177</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 33,781,427</u> | <u>\$ 43,451,346</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | | |
| | 83.53% | 80.36% |
| Covered Employee Payroll | \$ 48,839,040 | \$ 51,731,390 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 69.17% | 83.99% |

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
SEPTEMBER 30, 2016
(UNAUDITED)**

Schedule of Contributions

| Fiscal year ending September 30, 2016 | 2015 | 2016 |
|--|-------------------|-------------------|
| Actuarially Determined Contribution | \$ 8,077,742 | \$ 8,507,987 |
| Contributions in relation to the actuarially determined contribution | 8,193,478 | 8,739,633 |
| Contribution deficiency (excess) | \$ (115,736) | \$ (231,646) |
| Covered employee payroll | \$ 51,159,783 | \$ 54,924,766 |
| Contributions as a percentage of covered employee payroll | 16.02% | 15.91% |

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 | 24 years |
| Asset Valuation Method | 10 year smoothed market; 15% soft corridor |
| Inflation | 2.5% |
| Salary Increases | 3.50% to 10.5% including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014. |
| 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, 2016**

| | Special Revenue | Capital Projects | Total Nonmajor Governmental Funds |
|---|----------------------|---------------------|--|
| | <u>Revenue</u> | <u>Projects</u> | <u>Funds</u> |
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 2,060,768 | \$ 341,603 | \$ 2,402,371 |
| Investments | 12,112,431 | 2,010,405 | 14,122,836 |
| Receivables - | | | |
| Accounts and other | 455,662 | - | 455,662 |
| Accrued interest | 17,472 | 2,823 | 20,295 |
| Interfund | 75,932 | 1,500,000 | 1,575,932 |
| Grants | 155,550 | - | 155,550 |
| Restricted assets - | | | |
| Cash and cash equivalents | - | 279,813 | 279,813 |
| Restricted investments | - | 1,211,758 | 1,211,758 |
| Restricted accrued interest | - | 1,273 | 1,273 |
| Total assets | <u>\$ 14,877,815</u> | <u>\$ 5,347,675</u> | <u>\$ 20,225,490</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities - | | | |
| Accounts payable | \$ 225,740 | \$ 1,083,013 | \$ 1,308,753 |
| Accrued payroll | 16,135 | - | 16,135 |
| Interfund payables | - | 7,316 | 7,316 |
| Deferred revenue | - | 920,154 | 920,154 |
| Total liabilities | <u>241,875</u> | <u>2,010,483</u> | <u>2,252,358</u> |
| Fund balances - | | | |
| Restricted - authorized construction | - | 1,903,570 | 1,903,570 |
| Restricted - hotel-motel tax | 12,653,710 | - | 12,653,710 |
| Restricted - public safety | 676,724 | - | 676,724 |
| Committed | 1,305,506 | 1,433,622 | 2,739,128 |
| Total fund balances | <u>14,635,940</u> | <u>3,337,192</u> | <u>17,973,132</u> |
| Total liabilities and fund balances | <u>\$ 14,877,815</u> | <u>\$ 5,347,675</u> | <u>\$ 20,225,490</u> |

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2016**

| | Special Revenue | Capital Projects | Total Nonmajor Governmental Funds |
|--|-----------------------------|----------------------------|--|
| Revenues - | | | |
| Taxes and franchise | \$ 264,969 | \$ - | \$ 264,969 |
| Licenses, permits and fees | 5,325 | - | 5,325 |
| Charges for services | 315,673 | - | 315,673 |
| Fines and forfeitures | 234,142 | - | 234,142 |
| Grants | 342,214 | - | 342,214 |
| Hotel occupancy tax | 5,407,667 | - | 5,407,667 |
| Investment and other | 1,074,849 | 476,887 | 1,551,736 |
| Contributions | 61,932 | 114,306 | 176,238 |
| Total revenues | <u>7,706,771</u> | <u>591,193</u> | <u>8,297,964</u> |
| Expenditures - | | | |
| Current - | | | |
| General government | 630,258 | - | 630,258 |
| Public safety | 702,954 | - | 702,954 |
| Culture and recreation | 2,068,253 | - | 2,068,253 |
| Capital projects | - | 11,233,529 | 11,233,529 |
| Total expenditures | <u>3,401,465</u> | <u>11,233,529</u> | <u>14,634,994</u> |
| Excess (deficiency) of revenues over expenditures | <u>4,305,306</u> | <u>(10,642,336)</u> | <u>(6,337,030)</u> |
| Other financing sources (uses) - | | | |
| Transfers in | 405,808 | 9,650,000 | 10,055,808 |
| Transfers out | <u>(3,427,000)</u> | <u>(7,316)</u> | <u>(3,434,316)</u> |
| Total other financing sources (uses) | <u>(3,021,192)</u> | <u>9,642,684</u> | <u>6,621,492</u> |
| Net change in fund balances | 1,284,114 | (999,652) | 284,462 |
| Fund balances, October 1, 2015 | <u>13,351,826</u> | <u>4,336,844</u> | <u>17,688,670</u> |
| Fund balances, September 30, 2016 | <u><u>\$ 14,635,940</u></u> | <u><u>\$ 3,337,192</u></u> | <u><u>\$ 17,973,132</u></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 Fund – To account for amounts received to promote traffic safety programs.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016**

| | Hotel-Motel Occupancy Tax | Hotel-Motel Occupancy Venue Tax | Police | Municipal Court |
|---|---------------------------------|---------------------------------------|-------------------|--------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 1,228,450 | \$ 550,379 | \$ 21,210 | \$ 50,260 |
| Investments | 7,229,678 | 3,223,498 | 124,820 | 295,788 |
| Receivables - | | | | |
| Accounts and other | 354,405 | 101,257 | - | - |
| Accrued interest | 10,239 | 4,601 | 474 | 460 |
| Interfund | - | - | - | - |
| Grants | - | - | - | - |
| Total assets | <u>\$ 8,822,772</u> | <u>\$ 3,879,735</u> | <u>\$ 146,504</u> | <u>\$ 346,508</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities - | | | | |
| Accounts payable | \$ 2,658 | \$ 30,004 | \$ 7,163 | \$ - |
| Accrued payroll | 10,108 | 6,027 | - | - |
| Total liabilities | <u>12,766</u> | <u>36,031</u> | <u>7,163</u> | <u>-</u> |
| Fund balances - | | | | |
| Restricted - hotel-motel tax | 8,810,006 | 3,843,704 | - | - |
| Restricted - public safety | - | - | 139,341 | 346,508 |
| Committed | - | - | - | - |
| Total fund balances | <u>8,810,006</u> | <u>3,843,704</u> | <u>139,341</u> | <u>346,508</u> |
| Total liabilities and fund balances | <u>\$ 8,822,772</u> | <u>\$ 3,879,735</u> | <u>\$ 146,504</u> | <u>\$ 346,508</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> |
|-------------------|--|------------------|--|---------------------------------------|---|
| \$ 35,167 | \$ - | \$ 1,782 | \$ 156,826 | \$ 16,694 | \$ 2,060,768 |
| 206,961 | - | 10,485 | 922,952 | 98,249 | 12,112,431 |
| - | - | - | - | - | 455,662 |
| 302 | - | 15 | 1,381 | - | 17,472 |
| - | - | - | - | 75,932 | 75,932 |
| - | 155,550 | - | - | - | 155,550 |
| <u>\$ 242,430</u> | <u>\$ 155,550</u> | <u>\$ 12,282</u> | <u>\$ 1,081,159</u> | <u>\$ 190,875</u> | <u>\$ 14,877,815</u> |
| | | | | | |
| \$ 30,350 | \$ 155,550 | \$ 15 | \$ - | \$ - | \$ 225,740 |
| - | - | - | - | - | 16,135 |
| <u>30,350</u> | <u>155,550</u> | <u>15</u> | <u>-</u> | <u>-</u> | <u>241,875</u> |
| | | | | | |
| - | - | - | - | - | 12,653,710 |
| - | - | - | - | 190,875 | 676,724 |
| 212,080 | - | 12,267 | 1,081,159 | - | 1,305,506 |
| <u>212,080</u> | <u>-</u> | <u>12,267</u> | <u>1,081,159</u> | <u>190,875</u> | <u>14,635,940</u> |
| <u>\$ 242,430</u> | <u>\$ 155,550</u> | <u>\$ 12,282</u> | <u>\$ 1,081,159</u> | <u>\$ 190,875</u> | <u>\$ 14,877,815</u> |

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2016**

| | Hotel-Motel Occupancy Tax | Hotel-Motel Occupancy Venue Tax | Police | Municipal Court |
|--|---------------------------------|---------------------------------------|--------------------------|--------------------------|
| Revenues - | | | | |
| Taxes and franchise | \$ - | \$ - | \$ - | \$ - |
| Licenses, permits and fees | - | - | - | - |
| Charges for services | - | 315,673 | - | - |
| Fines and forfeitures | - | - | 161,075 | 73,067 |
| Grants | - | - | - | - |
| Hotel occupancy tax | 4,205,966 | 1,201,701 | - | - |
| Investment and other | 45,462 | 982,541 | 37,497 | 1,985 |
| Contributions | - | 61,396 | - | - |
| Total revenues | <u>4,251,428</u> | <u>2,561,311</u> | <u>198,572</u> | <u>75,052</u> |
| Expenditures - | | | | |
| Current - | | | | |
| General government | - | - | - | 174,047 |
| Public safety | - | - | 702,812 | - |
| Culture and recreation | 711,613 | 1,354,892 | - | - |
| Total expenditures | <u>711,613</u> | <u>1,354,892</u> | <u>702,812</u> | <u>174,047</u> |
| Excess (deficiency) of revenues over expenditures | <u>3,539,815</u> | <u>1,206,419</u> | <u>(504,240)</u> | <u>(98,995)</u> |
| Other financing sources (uses) - | | | | |
| Transfers in | - | 400,000 | - | - |
| Transfers out | <u>(3,056,000)</u> | <u>(371,000)</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(3,056,000)</u> | <u>29,000</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 483,815 | 1,235,419 | (504,240) | (98,995) |
| Fund balances, October 1, 2015 | <u>8,326,191</u> | <u>2,608,285</u> | <u>643,581</u> | <u>445,503</u> |
| Fund balances, September 30, 2016 | <u><u>\$ 8,810,006</u></u> | <u><u>\$ 3,843,704</u></u> | <u><u>\$ 139,341</u></u> | <u><u>\$ 346,508</u></u> |

| Landscape | Community Development Block Grant | Library | Public Education & Government | Traffic Safety Program | Total Nonmajor Special Revenue Funds |
|------------|---|-----------|-------------------------------------|------------------------------|--|
| \$ - | \$ - | \$ - | \$ 264,969 | \$ - | \$ 264,969 |
| 5,325 | - | - | - | - | 5,325 |
| - | - | - | - | - | 315,673 |
| - | - | - | - | - | 234,142 |
| - | 342,214 | - | - | - | 342,214 |
| - | - | - | - | - | 5,407,667 |
| 1,374 | - | 65 | 5,925 | - | 1,074,849 |
| - | - | 536 | - | - | 61,932 |
| 6,699 | 342,214 | 601 | 270,894 | - | 7,706,771 |
| 67,285 | 342,214 | - | 46,712 | - | 630,258 |
| - | - | - | - | 142 | 702,954 |
| - | - | 1,748 | - | - | 2,068,253 |
| 67,285 | 342,214 | 1,748 | 46,712 | 142 | 3,401,465 |
| (60,586) | - | (1,147) | 224,182 | (142) | 4,305,306 |
| - | - | - | - | 5,808 | 405,808 |
| - | - | - | - | - | (3,427,000) |
| - | - | - | - | 5,808 | (3,021,192) |
| (60,586) | - | (1,147) | 224,182 | 5,666 | 1,284,114 |
| 272,666 | - | 13,414 | 856,977 | 185,209 | 13,351,826 |
| \$ 212,080 | \$ - | \$ 12,267 | \$ 1,081,159 | \$ 190,875 | \$ 14,635,940 |



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.

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.

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

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016**

| | Streets and Drainage | 2007 General Obligation Bonds | 2004 General Obligation Bonds |
|---|-------------------------|-------------------------------------|-------------------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 167,286 | \$ - | \$ - |
| Investments | 984,511 | - | - |
| Receivables - | | | |
| Accrued interest | 1,453 | - | - |
| Interfund | - | - | - |
| Restricted assets - | | | |
| Cash and cash equivalents | - | 32,899 | 84,629 |
| Restricted investments | - | 18,912 | 280,027 |
| Restricted accrued interest | - | - | - |
| Total assets | <u>\$ 1,153,250</u> | <u>\$ 51,811</u> | <u>\$ 364,656</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities - | | | |
| Accounts payable | \$ 1,055 | \$ 38,169 | \$ 15,237 |
| Interfund payables | - | - | - |
| Deferred revenue | - | - | - |
| Total liabilities | <u>1,055</u> | <u>38,169</u> | <u>15,237</u> |
| Fund balances - | | | |
| Restricted - authorized construction | - | 13,642 | 349,419 |
| Committed | 1,152,195 | - | - |
| Total fund balances | <u>1,152,195</u> | <u>13,642</u> | <u>349,419</u> |
| Total liabilities and fund balances | <u>\$ 1,153,250</u> | <u>\$ 51,811</u> | <u>\$ 364,656</u> |

| Park Development | 2002 General Obligation Bonds | Convention Center Complex | Round Rock Transportation and Economic Development Corporation Project | Tourism Development | Total Nonmajor Capital Projects Funds |
|---------------------|--|------------------------------|---|------------------------|--|
| \$ 174,317 | \$ - | \$ - | \$ - | \$ - | \$ 341,603 |
| 1,025,894 | - | - | - | - | 2,010,405 |
| 1,370 | - | - | - | - | 2,823 |
| - | - | - | 1,500,000 | - | 1,500,000 |
| - | 7,201 | 80,188 | 19,070 | 55,826 | 279,813 |
| - | 115 | 471,923 | 112,235 | 328,546 | 1,211,758 |
| - | - | 788 | - | 485 | 1,273 |
| <u>\$ 1,201,581</u> | <u>\$ 7,316</u> | <u>\$ 552,899</u> | <u>\$ 1,631,305</u> | <u>\$ 384,857</u> | <u>\$ 5,347,675</u> |
| | | | | | |
| \$ - | \$ - | \$ 126,340 | \$ 819,428 | \$ 82,784 | \$ 1,083,013 |
| - | 7,316 | - | - | - | 7,316 |
| <u>920,154</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>920,154</u> |
| <u>920,154</u> | <u>7,316</u> | <u>126,340</u> | <u>819,428</u> | <u>82,784</u> | <u>2,010,483</u> |
| | | | | | |
| - | - | 426,559 | 811,877 | 302,073 | 1,903,570 |
| <u>281,427</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,433,622</u> |
| <u>281,427</u> | <u>-</u> | <u>426,559</u> | <u>811,877</u> | <u>302,073</u> | <u>3,337,192</u> |
| | | | | | |
| <u>\$ 1,201,581</u> | <u>\$ 7,316</u> | <u>\$ 552,899</u> | <u>\$ 1,631,305</u> | <u>\$ 384,857</u> | <u>\$ 5,347,675</u> |

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2016**

| | Streets and Drainage | 2007 General Obligation Bonds | 2004 General Obligation Bonds |
|--|----------------------------|--|--|
| Revenues - | | | |
| Investment and other | \$ 6,369 | \$ - | \$ - |
| Contributions | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>6,369</u> | <u>-</u> | <u>-</u> |
| Expenditures - | | | |
| Capital projects | <u>-</u> | <u>15,871</u> | <u>111,613</u> |
| Total expenditures | <u>-</u> | <u>15,871</u> | <u>111,613</u> |
| Excess (deficiency) of revenues over expenditures | <u>6,369</u> | <u>(15,871)</u> | <u>(111,613)</u> |
| Other financing sources (uses) - | | | |
| Transfers in | - | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 6,369 | (15,871) | (111,613) |
| Fund balances, October 1, 2015 | <u>1,145,826</u> | <u>29,513</u> | <u>461,032</u> |
| Fund balances, September 30, 2016 | <u><u>\$ 1,152,195</u></u> | <u><u>\$ 13,642</u></u> | <u><u>\$ 349,419</u></u> |

| Park Development | 2002 General Obligation Bonds | Convention Center Complex | Round Rock Transportation and Economic Development Corporation Project | Tourism Development | Total Nonmajor Capital Projects Funds |
|---------------------|--|---------------------------------|---|------------------------|--|
| \$ 11,421 | \$ - | \$ 459,065 | \$ 32 | \$ - | \$ 476,887 |
| 72,006 | - | - | 42,300 | - | 114,306 |
| 83,427 | - | 459,065 | 42,332 | - | 591,193 |
| 111,162 | - | 532,045 | 8,784,918 | 1,677,920 | 11,233,529 |
| 111,162 | - | 532,045 | 8,784,918 | 1,677,920 | 11,233,529 |
| (27,735) | - | (72,980) | (8,742,586) | (1,677,920) | (10,642,336) |
| - | - | 350,000 | 7,700,000 | 1,600,000 | 9,650,000 |
| - | (7,316) | - | - | - | (7,316) |
| - | (7,316) | 350,000 | 7,700,000 | 1,600,000 | 9,642,684 |
| (27,735) | (7,316) | 277,020 | (1,042,586) | (77,920) | (999,652) |
| 309,162 | 7,316 | 149,539 | 1,854,463 | 379,993 | 4,336,844 |
| <u>\$ 281,427</u> | <u>\$ -</u> | <u>\$ 426,559</u> | <u>\$ 811,877</u> | <u>\$ 302,073</u> | <u>\$ 3,337,192</u> |



**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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2015**

| | <u>Budgeted Amounts</u> | | | <u>Variance - Positive (Negative)</u> | <u>2015 Actual</u> |
|-----------------------------------|-------------------------|---------------|---------------|---|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | | |
| Revenues - | | | | | |
| Taxes and franchise - | | | | | |
| Property tax | \$ 26,550,000 | \$ 26,550,000 | \$ 27,017,296 | \$ 467,296 | \$ 25,416,409 |
| Penalty and interest | 90,000 | 90,000 | 75,044 | (14,956) | 80,666 |
| Sales tax | 48,445,000 | 48,445,000 | 50,505,090 | 2,060,090 | 50,715,636 |
| Franchise | 6,900,000 | 6,900,000 | 6,910,979 | 10,979 | 6,991,328 |
| Bingo tax | 36,000 | 36,000 | 38,759 | 2,759 | 37,250 |
| Mixed drink tax | 440,000 | 440,000 | 527,953 | 87,953 | 478,528 |
| Total taxes and franchise | 82,461,000 | 82,461,000 | 85,075,121 | 2,614,121 | 83,719,817 |
| Licenses, permits and fees - | | | | | |
| Building permits | 435,000 | 435,000 | 614,937 | 179,937 | 531,993 |
| Other permits | 52,060 | 52,060 | 50,533 | (1,527) | 50,625 |
| Fees | 545,100 | 545,100 | 1,172,838 | 627,738 | 1,065,656 |
| Total licenses, permits, and fees | 1,032,160 | 1,032,160 | 1,838,308 | 806,148 | 1,648,274 |
| Charges for services - | | | | | |
| Trash collection fees | 1,303,000 | 1,303,000 | 1,297,118 | (5,882) | 1,335,075 |
| Swimming pool fees | 913,000 | 913,000 | 1,090,494 | 177,494 | 449,066 |
| Recreation program fees | 1,905,000 | 1,905,000 | 2,264,562 | 359,562 | 2,253,399 |
| Filing and reproduction fees | 25,000 | 25,000 | 27,410 | 2,410 | 26,450 |
| Other | 143,000 | 143,000 | 177,208 | 34,208 | 181,320 |
| Total charges for services | 4,289,000 | 4,289,000 | 4,856,792 | 567,792 | 4,245,310 |
| Fines and forfeitures | 2,065,000 | 2,065,000 | 1,339,334 | (725,666) | 2,021,086 |
| Grants | 377,000 | 377,000 | 470,988 | 93,988 | 549,079 |
| Investment and other - | | | | | |
| Investment income | 301,000 | 301,000 | 373,585 | 72,585 | 265,991 |
| Other | 3,662,010 | 3,662,010 | 5,132,945 | 1,470,935 | 4,227,095 |
| Total investment and other | 3,963,010 | 3,963,010 | 5,506,530 | 1,543,520 | 4,493,086 |
| Total revenues | 94,187,170 | 94,187,170 | 99,087,073 | 4,899,903 | 96,676,652 |

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2015**

| | <u>Budgeted Amounts</u> | | | <u>Variance - Positive (Negative)</u> | <u>2015 Actual</u> |
|----------------------------|-------------------------|-------------------|-------------------|---|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | | |
| Expenditures - | | | | | |
| Current - | | | | | |
| General government | | | | | |
| Executive - | | | | | |
| Personnel services | \$ 11,093,283 | \$ 10,434,783 | \$ 10,128,213 | \$ 306,570 | \$ 9,678,944 |
| Contractual services | 4,615,395 | 4,575,810 | 3,879,733 | 696,077 | 3,805,586 |
| Supplies and materials | 1,032,386 | 1,024,971 | 713,094 | 311,877 | 608,013 |
| Other services and charges | 8,619,690 | 8,577,990 | 8,168,563 | 409,427 | 8,192,627 |
| Capital outlay | 93,000 | 97,200 | 65,568 | 31,632 | 102,155 |
| Total executive | <u>25,453,754</u> | <u>24,710,754</u> | <u>22,955,171</u> | <u>1,755,583</u> | <u>22,387,325</u> |
| Judicial - | | | | | |
| Personnel services | 724,046 | 740,221 | 740,218 | 3 | 724,868 |
| Contractual services | 62,467 | 46,292 | 46,024 | 268 | 53,357 |
| Supplies and materials | 19,725 | 19,725 | 15,810 | 3,915 | 11,103 |
| Other services and charges | 10,925 | 10,925 | 6,911 | 4,014 | 6,946 |
| Total judicial | <u>817,163</u> | <u>817,163</u> | <u>808,963</u> | <u>8,200</u> | <u>796,274</u> |
| Total general government | <u>26,270,917</u> | <u>25,527,917</u> | <u>23,764,134</u> | <u>1,763,783</u> | <u>23,183,599</u> |
| Public safety | | | | | |
| Police - | | | | | |
| Personnel services | 23,868,785 | 24,118,785 | 23,639,739 | 479,046 | 22,329,995 |
| Contractual services | 1,543,421 | 1,565,503 | 903,824 | 661,679 | 1,291,709 |
| Supplies and materials | 1,804,913 | 1,823,338 | 1,348,856 | 474,482 | 1,329,215 |
| Other services and charges | 1,162,380 | 1,096,490 | 937,028 | 159,462 | 973,392 |
| Capital outlay | 10,000 | 10,000 | 8,495 | 1,505 | 806,849 |
| Total police | <u>28,389,499</u> | <u>28,614,116</u> | <u>26,837,942</u> | <u>1,776,174</u> | <u>26,731,160</u> |
| Fire - | | | | | |
| Personnel services | 14,733,346 | 15,216,101 | 15,216,099 | 2 | 14,452,908 |
| Contractual services | 371,445 | 339,590 | 339,587 | 3 | 335,017 |
| Supplies and materials | 963,190 | 1,059,085 | 1,059,084 | 1 | 970,663 |
| Other services and charges | 183,134 | 156,444 | 156,440 | 4 | 150,003 |
| Capital outlay | 116,000 | 76,775 | 76,775 | - | 125,538 |
| Total fire | <u>16,367,115</u> | <u>16,847,995</u> | <u>16,847,985</u> | <u>10</u> | <u>16,034,129</u> |
| Total public safety | <u>44,756,614</u> | <u>45,462,111</u> | <u>43,685,927</u> | <u>1,776,184</u> | <u>42,765,289</u> |

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2015**

| | <u>Budgeted Amounts</u> | | | <u>Variance - Positive (Negative)</u> | <u>2015 Actual</u> |
|--------------------------------|-------------------------|-------------------|-------------------|---|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | | |
| Expenditures - (cont'd) | | | | | |
| Current - (cont'd) | | | | | |
| Public works | | | | | |
| Administration - | | | | | |
| Personnel services | \$ 3,138,114 | \$ 3,236,234 | \$ 3,236,231 | \$ 3 | \$ 3,253,278 |
| Contractual services | 166,220 | 147,470 | 128,934 | 18,536 | 141,442 |
| Supplies and materials | 864,862 | 778,744 | 720,639 | 58,105 | 731,880 |
| Other services and charges | 586,790 | 813,390 | 813,386 | 4 | 829,378 |
| Capital outlay | 20,000 | 32,050 | 31,975 | 75 | 9,146 |
| Total administration | <u>4,775,986</u> | <u>5,007,888</u> | <u>4,931,165</u> | <u>76,723</u> | <u>4,965,124</u> |
| Streets - | | | | | |
| Personnel services | 2,136,243 | 2,086,623 | 1,937,976 | 148,647 | 1,815,908 |
| Contractual services | 3,477,040 | 1,469,040 | 1,400,444 | 68,596 | 1,406,278 |
| Supplies and materials | 871,785 | 823,185 | 733,937 | 89,248 | 783,108 |
| Other services and charges | 45,153 | 45,153 | 17,880 | 27,273 | 12,557 |
| Capital outlay | 421,000 | 421,000 | 232,429 | 188,571 | 560,931 |
| Total streets | <u>6,951,221</u> | <u>4,845,001</u> | <u>4,322,666</u> | <u>522,335</u> | <u>4,578,782</u> |
| Maintenance shop - | | | | | |
| Personnel services | 1,250,147 | 1,230,192 | 1,225,516 | 4,676 | 1,134,414 |
| Contractual services | 43,973 | 43,973 | 37,029 | 6,944 | 36,489 |
| Supplies and materials | 120,921 | 129,306 | 129,303 | 3 | 107,384 |
| Other services and charges | 21,375 | 22,945 | 22,940 | 5 | 26,959 |
| Total maintenance shop | <u>1,436,416</u> | <u>1,426,416</u> | <u>1,414,788</u> | <u>11,628</u> | <u>1,305,246</u> |
| Total public works | <u>13,163,623</u> | <u>11,279,305</u> | <u>10,668,619</u> | <u>610,686</u> | <u>10,849,152</u> |

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2015**

| | <u>Budgeted Amounts</u> | | | Variance - Positive (Negative) | 2015 Actual |
|--|-------------------------|-----------------------|----------------------|--------------------------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | | |
| Expenditures - (cont'd) | | | | | |
| Current - (cont'd) | | | | | |
| Culture and recreation | | | | | |
| Library - | | | | | |
| Personnel services | \$ 1,892,410 | \$ 1,945,335 | \$ 1,940,132 | \$ 5,203 | \$ 1,896,201 |
| Contractual services | 149,625 | 133,675 | 132,561 | 1,114 | 144,391 |
| Supplies and materials | 374,216 | 328,941 | 328,935 | 6 | 326,195 |
| Other services and charges | 175,333 | 201,633 | 201,632 | 1 | 157,793 |
| Total library | <u>2,591,584</u> | <u>2,609,584</u> | <u>2,603,260</u> | <u>6,324</u> | <u>2,524,580</u> |
| Parks and recreation - | | | | | |
| Personnel services | 6,925,643 | 7,023,783 | 6,877,096 | 146,687 | 6,424,785 |
| Contractual services | 1,866,818 | 1,688,578 | 1,637,709 | 50,869 | 1,717,010 |
| Supplies and materials | 1,454,122 | 1,471,242 | 1,471,239 | 3 | 1,441,706 |
| Other services and charges | 262,185 | 314,165 | 314,164 | 1 | 280,480 |
| Capital outlay | 97,000 | 108,000 | 107,243 | 757 | 452,843 |
| Total parks and recreation | <u>10,605,768</u> | <u>10,605,768</u> | <u>10,407,451</u> | <u>198,317</u> | <u>10,316,824</u> |
| Total culture and recreation | <u>13,197,352</u> | <u>13,215,352</u> | <u>13,010,711</u> | <u>204,641</u> | <u>12,841,404</u> |
| Total expenditures | <u>97,388,506</u> | <u>95,484,685</u> | <u>91,129,391</u> | <u>4,355,294</u> | <u>89,639,444</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,201,336)</u> | <u>(1,297,515)</u> | <u>7,957,682</u> | <u>9,255,197</u> | <u>7,037,208</u> |
| Other financing sources (uses) - | | | | | |
| Issuance of lease | - | - | - | - | 1,327,490 |
| Transfers in | 3,290,000 | 3,290,000 | 3,290,000 | - | 3,290,000 |
| Transfers out | <u>-</u> | <u>(9,155,808)</u> | <u>(9,155,808)</u> | <u>-</u> | <u>(70,124)</u> |
| Total other financing sources (uses) | <u>3,290,000</u> | <u>(5,865,808)</u> | <u>(5,865,808)</u> | <u>-</u> | <u>4,547,366</u> |
| Net change in fund balances | <u>\$ 88,664</u> | <u>\$ (7,163,323)</u> | <u>2,091,874</u> | <u>\$ 9,255,197</u> | <u>11,584,574</u> |
| Fund balance, October 1, 2015 | | | <u>50,708,210</u> | | <u>39,123,636</u> |
| Fund balance, September 30, 2016 | | | <u>\$ 52,800,084</u> | | <u>\$ 50,708,210</u> |

CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2016

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--|------------------|---------------|---------------|--------------------------------------|
| | Original | Final | | |
| Revenues - | | | | |
| Taxes and franchise | \$ 16,562,000 | \$ 16,562,000 | \$ 17,036,313 | \$ 474,313 |
| Investment and other | 5,000 | 5,000 | 44,422 | 39,422 |
| Total revenues | 16,567,000 | 16,567,000 | 17,080,735 | 513,735 |
| Expenditures - | | | | |
| Debt service - | | | | |
| Principal retirement | 13,950,521 | 13,950,521 | 13,463,922 | 486,599 |
| Interest and fiscal charges | 9,723,874 | 9,723,874 | 9,641,498 | 82,376 |
| Issuance costs | 229,245 | 229,245 | 229,245 | - |
| Total expenditures | 23,903,640 | 23,903,640 | 23,334,665 | 568,975 |
| Excess (deficiency) of revenues over expenditures | (7,336,640) | (7,336,640) | (6,253,930) | 1,082,710 |
| Other financing sources (uses) - | | | | |
| Issuance of refunding bonds | 11,450,000 | 11,450,000 | 11,450,000 | - |
| Issuance of premium | 1,094,690 | 1,094,690 | 1,094,690 | - |
| Payment to refunding agent | (12,309,895) | (12,309,895) | (12,309,895) | - |
| Transfers in | 6,910,000 | 6,910,000 | 6,417,000 | (493,000) |
| Total other financing sources (uses) | 7,144,795 | 7,144,795 | 6,651,795 | (493,000) |
| Net change in fund balances | \$ (191,845) | \$ (191,845) | 397,865 | \$ 589,710 |
| Fund balance, October 1, 2015 | | | 2,351,780 | |
| Fund balance, September 30, 2016 | | | \$ 2,749,645 | |

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL-MOTEL OCCUPANCY TAX FUND
YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--------------------------------------|
| | Original | Final | | |
| Revenues - | | | | |
| Hotel occupancy tax | \$ 3,708,000 | \$ 3,708,000 | \$ 4,205,966 | \$ 497,966 |
| Investment and other | 8,000 | 8,000 | 45,462 | 37,462 |
| Total revenues | <u>3,716,000</u> | <u>3,716,000</u> | <u>4,251,428</u> | <u>535,428</u> |
| Expenditures - | | | | |
| Current - | | | | |
| Culture and recreation- | | | | |
| Personnel services | 293,338 | 293,338 | 272,335 | 21,003 |
| Contractual services | 328,837 | 328,837 | 229,692 | 99,145 |
| Supplies and materials | 20,780 | 20,780 | 8,908 | 11,872 |
| Other services and charges | <u>405,000</u> | <u>405,000</u> | <u>200,678</u> | <u>204,322</u> |
| Total expenditures | <u>1,047,955</u> | <u>1,047,955</u> | <u>711,613</u> | <u>336,342</u> |
| Excess of revenues over expenditures | <u>2,668,045</u> | <u>2,668,045</u> | <u>3,539,815</u> | <u>871,770</u> |
| Other financing sources (uses) - | | | | |
| Transfers out | <u>(1,452,000)</u> | <u>(3,056,000)</u> | <u>(3,056,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(1,452,000)</u> | <u>(3,056,000)</u> | <u>(3,056,000)</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 1,216,045</u> | <u>\$ (387,955)</u> | 483,815 | <u>\$ 871,770</u> |
| Fund balance, October 1, 2015 | | | <u>8,326,191</u> | |
| Fund balance, September 30, 2016 | | | <u>\$ 8,810,006</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, 2016**

| | Budgeted Amounts | | | Variance - Positive (Negative) |
|---|------------------|------------|--------------|--------------------------------------|
| | Original | Final | Actual | |
| Revenues - | | | | |
| Charges for services | \$ 245,030 | \$ 245,030 | \$ 315,673 | \$ 70,643 |
| Hotel occupancy tax | 1,030,000 | 1,030,000 | 1,201,701 | 171,701 |
| Investment and other | 482,095 | 482,095 | 982,541 | 500,446 |
| Contributions | 52,000 | 52,000 | 61,396 | 9,396 |
| Total revenues | 1,809,125 | 1,809,125 | 2,561,311 | 752,186 |
| Expenditures - | | | | |
| Current - | | | | |
| Culture and recreation - | | | | |
| Personnel services | 784,949 | 784,949 | 775,683 | 9,266 |
| Contractual services | 413,340 | 413,340 | 295,682 | 117,658 |
| Supplies and materials | 275,060 | 275,060 | 243,578 | 31,482 |
| Other services and charges | 88,100 | 88,100 | 39,949 | 48,151 |
| Capital outlay | 50,000 | 50,000 | - | 50,000 |
| Total expenditures | 1,611,449 | 1,611,449 | 1,354,892 | 256,557 |
| Excess of revenues over expenditures | 197,676 | 197,676 | 1,206,419 | 1,008,743 |
| Other financing sources (uses) - | | | | |
| Transfers in | 400,000 | 400,000 | 400,000 | - |
| Transfers out | (371,000) | (371,000) | (371,000) | - |
| Total other financing sources (uses) | 29,000 | 29,000 | 29,000 | - |
| Net change in fund balances | \$ 226,676 | \$ 226,676 | 1,235,419 | \$ 1,008,743 |
| Fund balance, October 1, 2015 | | | 2,608,285 | |
| Fund balance, September 30, 2016 | | | \$ 3,843,704 | |

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
POLICE FUND
YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | | Variance - |
|---|---------------------|---------------------|-------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| Revenues - | | | | |
| Fines and forfeitures | \$ 240,000 | \$ 240,000 | \$ 161,075 | \$ (78,925) |
| Investment and other | 50 | 50 | 37,497 | 37,447 |
| Total revenues | 240,050 | 240,050 | 198,572 | (41,478) |
| Expenditures - | | | | |
| Current - | | | | |
| Public safety - | | | | |
| Supplies and materials | - | 10,000 | 10,000 | - |
| Other services and charges | 61,284 | 61,284 | 61,283 | 1 |
| Capital outlay | 660,000 | 650,000 | 631,529 | 18,471 |
| Total expenditures | 721,284 | 721,284 | 702,812 | 18,472 |
| Net change in fund balances | <u>\$ (481,234)</u> | <u>\$ (481,234)</u> | (504,240) | <u>\$ (23,006)</u> |
| Fund balance, October 1, 2015 | | | 643,581 | |
| Fund balance, September 30, 2016 | | | <u>\$ 139,341</u> | |

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL COURT FUND
YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|---------------------|---------------------|-------------------|--------------------------------------|
| | Original | Final | | |
| Revenues - | | | | |
| Fines and forfeitures | \$ 99,000 | \$ 99,000 | \$ 73,067 | \$ (25,933) |
| Investment and other | 150 | 150 | 1,985 | 1,835 |
| Total revenues | <u>99,150</u> | <u>99,150</u> | <u>75,052</u> | <u>(24,098)</u> |
| Expenditures - | | | | |
| Current - | | | | |
| General government - | | | | |
| Supplies and materials | 99,550 | 179,550 | 173,397 | 6,153 |
| Other services and charges | <u>265,130</u> | <u>185,130</u> | <u>650</u> | <u>184,480</u> |
| Total expenditures | <u>364,680</u> | <u>364,680</u> | <u>174,047</u> | <u>190,633</u> |
| Excess (deficiency) of revenues over expenditures | <u>(265,530)</u> | <u>(265,530)</u> | <u>(98,995)</u> | <u>166,535</u> |
| Other financing sources (uses) - | | | | |
| Transfers out | <u>(75,000)</u> | <u>(75,000)</u> | <u>-</u> | <u>75,000</u> |
| Total other financing sources (uses) | <u>(75,000)</u> | <u>(75,000)</u> | <u>-</u> | <u>75,000</u> |
| Net change in fund balances | <u>\$ (340,530)</u> | <u>\$ (340,530)</u> | <u>(98,995)</u> | <u>\$ 241,535</u> |
| Fund balance, October 1, 2015 | | | <u>445,503</u> | |
| Fund balance, September 30, 2016 | | | <u>\$ 346,508</u> | |

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LANDSCAPE FUND
YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|---------------------|---------------------|-------------------|--------------------------------------|
| | Original | Final | | |
| Revenues - | | | | |
| Licenses, permits and fees | \$ 35,000 | \$ 35,000 | \$ 5,325 | \$ (29,675) |
| Investment and other | 100 | 100 | 1,374 | 1,274 |
| Contributions | 1,000 | 1,000 | - | (1,000) |
| Total revenues | 36,100 | 36,100 | 6,699 | (29,401) |
| Expenditures - | | | | |
| Current - | | | | |
| General government - | | | | |
| Supplies and materials | 139,662 | 139,662 | 67,285 | 72,377 |
| Total expenditures | 139,662 | 139,662 | 67,285 | 72,377 |
| Net change in fund balances | <u>\$ (103,562)</u> | <u>\$ (103,562)</u> | (60,586) | <u>\$ 42,976</u> |
| Fund balance, October 1, 2015 | | | 272,666 | |
| Fund balance, September 30, 2016 | | | <u>\$ 212,080</u> | |

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|------------------|------------|------------|--------------------------------------|
| | Original | Final | | |
| Revenues - | | | | |
| Grants | \$ 342,214 | \$ 342,214 | \$ 342,214 | \$ - |
| Total revenues | 342,214 | 342,214 | 342,214 | - |
| Expenditures - | | | | |
| Current - | | | | |
| General government - | | | | |
| Contractual services | 158 | 158 | 158 | - |
| Supplies and materials | 21,910 | 21,910 | 21,910 | - |
| Other services and charges | 188,088 | 188,088 | 188,088 | - |
| Capital outlay | 132,058 | 132,058 | 132,058 | - |
| Total expenditures | 342,214 | 342,214 | 342,214 | - |
| Net change in fund balances | \$ - | \$ - | - | \$ - |
| Fund balance, October 1, 2015 | | | - | |
| Fund balance, September 30, 2016 | | | \$ - | |

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | | Variance - |
|---|--------------------|--------------------|------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| Revenues - | | | | |
| Investment and other | \$ 10 | \$ 10 | \$ 65 | \$ 55 |
| Contributions | 3,000 | 3,000 | 536 | (2,464) |
| Total revenues | 3,010 | 3,010 | 601 | (2,409) |
| Expenditures - | | | | |
| Current - | | | | |
| General government - | | | | |
| Supplies and materials | 2,400 | 2,400 | 1,748 | 652 |
| Other services and charges | 14,158 | 14,158 | - | 14,158 |
| Total expenditures | 16,558 | 16,558 | 1,748 | 14,810 |
| Net change in fund balances | <u>\$ (13,548)</u> | <u>\$ (13,548)</u> | (1,147) | <u>\$ 12,401</u> |
| Fund balance, October 1, 2015 | | | 13,414 | |
| Fund balance, September 30, 2016 | | | <u>\$ 12,267</u> | |

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC EDUCATION & GOVERNMENT FUND
YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | | Variance - |
|---|---------------------|---------------------|----------------------------|------------------------|
| | Original | Final | Actual | Positive (Negative) |
| Revenues - | | | | |
| Taxes and franchise | \$ 240,000 | \$ 240,000 | \$ 264,969 | \$ 24,969 |
| Investment and other | 50 | 50 | 5,925 | 5,875 |
| Total revenues | <u>240,050</u> | <u>240,050</u> | <u>270,894</u> | <u>30,844</u> |
| Expenditures - | | | | |
| Current - | | | | |
| General Government - | | | | |
| Capital outlay | <u>916,049</u> | <u>928,162</u> | <u>46,712</u> | <u>881,450</u> |
| Total expenditures | <u>916,049</u> | <u>928,162</u> | <u>46,712</u> | <u>881,450</u> |
| Net change in fund balances | <u>\$ (675,999)</u> | <u>\$ (688,112)</u> | 224,182 | <u>\$ 912,294</u> |
| Fund balance, October 1, 2015 | | | <u>856,977</u> | |
| Fund balance, September 30, 2016 | | | <u><u>\$ 1,081,159</u></u> | |

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
TRAFFIC SAFETY PROGRAM FUND
YEAR ENDED SEPTEMBER 30, 2016**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|---------------------|---------------------|-------------------|--------------------------------------|
| | Original | Final | | |
| Expenditures - | | | | |
| Current - | | | | |
| Public safety | \$ 154,594 | \$ 154,594 | \$ 142 | \$ 154,452 |
| Total expenditures | 154,594 | 154,594 | 142 | 154,452 |
| Other financing sources (uses) - | | | | |
| Transfers in | - | - | 5,808 | 5,808 |
| Total other financing sources (uses) | - | - | 5,808 | 5,808 |
| Net change in fund balances | <u>\$ (154,594)</u> | <u>\$ (154,594)</u> | 5,666 | <u>\$ 160,260</u> |
| Fund balance, October 1, 2015 | | | 185,209 | |
| Fund balance, September 30, 2016 | | | <u>\$ 190,875</u> | |



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, 2016**

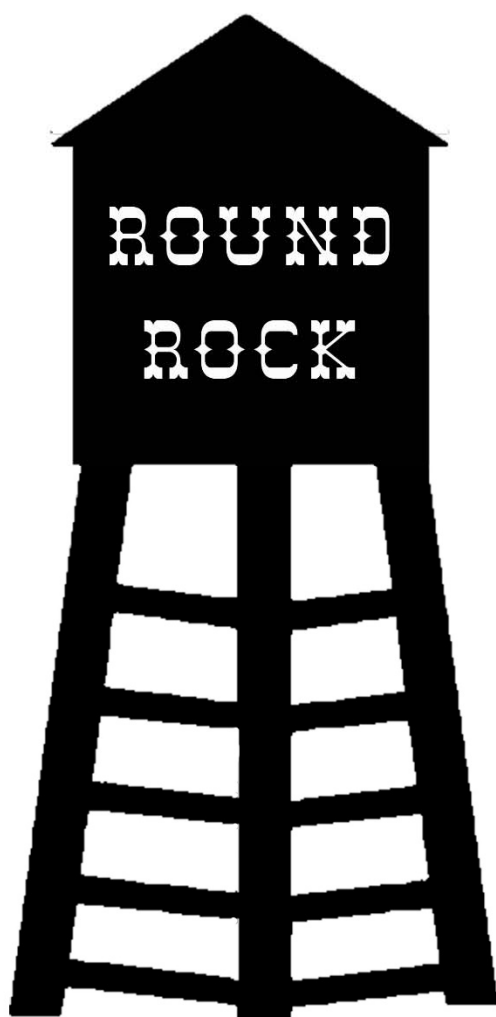
| | Balances October 1, 2015 | Additions | Deductions | Balances September 30, 2016 |
|---------------------------|--------------------------------|-------------|------------------|-----------------------------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 17,132 | \$ - | \$ 17,132 | \$ - |
| Total assets | <u>\$ 17,132</u> | <u>\$ -</u> | <u>\$ 17,132</u> | <u>\$ -</u> |
| <u>Liabilities</u> | | | | |
| Due to participants | \$ 17,132 | \$ - | \$ 17,132 | \$ - |
| Total liabilities | <u>\$ 17,132</u> | <u>\$ -</u> | <u>\$ 17,132</u> | <u>\$ -</u> |

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

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS - BY SOURCES
SEPTEMBER 30, 2016

| | |
|-------------------------------------|-----------------------|
| Capital assets - | |
| Land | \$ 53,133,747 |
| Construction in progress | 59,653,890 |
| Buildings and improvements | 728,697,300 |
| Equipment | <u>73,386,255</u> |
| | <u>\$ 914,871,192</u> |
| Investment in capital assets from - | |
| Capital projects funds - | |
| General obligation bonds | \$ 285,615,893 |
| Federal grants | 4,459,489 |
| State grants | 1,008,753 |
| General fund revenues | 151,625,293 |
| Special revenue fund revenues | 148,475,285 |
| Hotel occupancy tax revenues | 38,059,099 |
| Gifts | 284,910,471 |
| Special assessments | <u>716,909</u> |
| | <u>\$ 914,871,192</u> |

STATISTICAL SECTION





**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. | 144 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the City’s significant local revenue sources, the property and sales tax. | 154 |
| 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. | 162 |
| 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. | 169 |
| 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. | 171 |

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>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities - | | | | |
| Net investment in capital assets | \$ 232,909,510 | \$ 212,133,161 | \$ 244,059,034 | \$ 248,153,129 |
| Restricted | 52,064,611 | 60,414,392 | 59,433,510 | 61,882,505 |
| Unrestricted | <u>76,791,880</u> | <u>77,912,630</u> | <u>74,490,409</u> | <u>76,111,460</u> |
| Total governmental activities net position | <u>\$ 361,766,001</u> | <u>\$ 350,460,183</u> | <u>\$ 377,982,953</u> | <u>\$ 386,147,094</u> |
| Business-type activities - | | | | |
| Net investment in capital assets | \$ 203,541,558 | \$ 219,607,998 | \$ 217,990,010 | \$ 210,960,047 |
| Restricted | 21,938,288 | 14,376,789 | 15,571,119 | 9,125,932 |
| Unrestricted | <u>46,122,809</u> | <u>53,228,109</u> | <u>66,770,620</u> | <u>85,930,757</u> |
| Total business-type activities net position | <u>\$ 271,602,655</u> | <u>\$ 287,212,896</u> | <u>\$ 300,331,749</u> | <u>\$ 306,016,736</u> |
| Primary government - | | | | |
| Net investment in capital assets | \$ 436,451,068 | \$ 431,741,159 | \$ 462,049,044 | \$ 459,113,176 |
| Restricted | 74,002,899 | 74,791,181 | 75,004,629 | 71,008,437 |
| Unrestricted | <u>122,914,689</u> | <u>131,140,739</u> | <u>141,261,029</u> | <u>162,042,217</u> |
| Total primary government activities net position | <u>\$ 633,368,656</u> | <u>\$ 637,673,079</u> | <u>\$ 678,314,702</u> | <u>\$ 692,163,830</u> |

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 245,403,528 | \$ 252,984,681 | \$ 295,777,997 | \$ 303,977,353 | \$ 299,730,557 | \$ 310,185,706 |
| 66,810,986 | 72,780,050 | 42,970,091 | 43,974,370 | 48,019,726 | 51,813,118 |
| <u>77,864,804</u> | <u>76,870,782</u> | <u>74,833,175</u> | <u>44,713,408</u> | <u>53,355,360</u> | <u>52,451,939</u> |
| <u>\$ 390,079,318</u> | <u>\$ 402,635,513</u> | <u>\$ 413,581,263</u> | <u>\$ 392,665,131</u> | <u>\$ 401,105,643</u> | <u>\$ 414,450,763</u> |
| \$ 213,536,543 | \$ 212,883,311 | \$ 214,178,908 | \$ 221,062,599 | \$ 228,866,895 | \$ 234,981,264 |
| 11,984,130 | 13,994,028 | 6,868,062 | 7,764,750 | 19,215,972 | 15,275,659 |
| <u>95,693,542</u> | <u>104,985,805</u> | <u>116,650,981</u> | <u>114,901,064</u> | <u>110,519,279</u> | <u>126,490,054</u> |
| <u>\$ 321,214,215</u> | <u>\$ 331,863,144</u> | <u>\$ 337,697,951</u> | <u>\$ 343,728,413</u> | <u>\$ 358,602,146</u> | <u>\$ 376,746,977</u> |
| \$ 458,940,071 | \$ 465,867,992 | \$ 509,956,905 | \$ 525,039,952 | \$ 528,597,452 | \$ 545,166,970 |
| 78,795,116 | 86,774,078 | 49,838,153 | 51,739,120 | 67,235,698 | 67,088,777 |
| <u>173,558,346</u> | <u>181,856,587</u> | <u>191,484,156</u> | <u>159,614,472</u> | <u>163,874,639</u> | <u>178,941,993</u> |
| <u>\$ 711,293,533</u> | <u>\$ 734,498,657</u> | <u>\$ 751,279,214</u> | <u>\$ 736,393,544</u> | <u>\$ 759,707,789</u> | <u>\$ 791,197,740</u> |

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

| | 2007 | 2008 | 2009 | 2010 |
|---|---------------------|----------------------|---------------------|---------------------|
| Expenses: | | | | |
| Governmental activities - | | | | |
| General government | \$ 21,823,415 | \$ 24,154,706 | \$ 24,856,934 | \$ 27,064,905 |
| Public safety | 28,879,882 | 34,541,169 | 37,104,418 | 36,688,203 |
| Public works | 36,410,236 | 55,835,912 | 13,955,375 | 29,053,781 |
| Culture and recreation | 11,905,643 | 12,842,679 | 16,433,602 | 14,260,057 |
| Interest on long-term debt | 8,733,873 | 9,353,621 | 9,410,388 | 9,394,116 |
| Issuance costs | - | - | - | - |
| Total governmental activities expenses | <u>107,753,049</u> | <u>136,728,087</u> | <u>101,760,717</u> | <u>116,461,062</u> |
| Business-type activities - | | | | |
| Water and sewer utility | 29,275,204 | 33,032,588 | 37,178,011 | 37,623,591 |
| Golf course | 167,906 | 185,659 | 182,521 | 192,595 |
| Total business-type activities expenses | <u>29,443,110</u> | <u>33,218,247</u> | <u>37,360,532</u> | <u>37,816,186</u> |
| Total primary government expenses | <u>137,196,159</u> | <u>169,946,334</u> | <u>139,121,249</u> | <u>154,277,248</u> |
| Program revenues: | | | | |
| Governmental activities - | | | | |
| Charges for services - | | | | |
| General government | 1,766,153 | 1,941,519 | 3,820,455 | 3,927,379 |
| Public safety | 2,851,787 | 3,197,900 | 3,646,892 | 4,150,577 |
| Public works | 1,337,371 | 1,295,783 | 877,676 | 836,169 |
| Culture and recreation | 2,489,438 | 2,721,570 | 2,503,925 | 2,531,989 |
| Operating grants and contributions | 931,269 | 1,097,733 | 1,064,411 | 932,879 |
| Capital grants and contributions | 17,322,551 | 3,825,335 | 14,083,063 | 7,634,857 |
| Total governmental activities program revenues | <u>26,698,569</u> | <u>14,079,840</u> | <u>25,996,422</u> | <u>20,013,850</u> |
| Business-type activities - | | | | |
| Charges for services - | | | | |
| Water and sewer utility | 30,968,868 | 35,060,024 | 37,802,909 | 37,512,213 |
| Golf course | 476,025 | 474,353 | 485,972 | 349,424 |
| Capital grants and contributions | 24,381,521 | 13,967,314 | 12,490,491 | 6,014,265 |
| Total business-type activities program revenues | <u>55,826,414</u> | <u>49,501,691</u> | <u>50,779,372</u> | <u>43,875,902</u> |
| Total primary government program revenues | <u>82,524,983</u> | <u>63,581,531</u> | <u>76,775,794</u> | <u>63,889,752</u> |
| Net (expense) revenue - | | | | |
| Governmental activities | (81,054,480) | (122,648,247) | (75,764,295) | (96,447,212) |
| Business-type activities | <u>26,383,304</u> | <u>16,283,444</u> | <u>13,418,840</u> | <u>6,059,716</u> |
| Total primary government net expense | <u>(54,671,176)</u> | <u>(106,364,803)</u> | <u>(62,345,455)</u> | <u>(90,387,496)</u> |

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 28,487,648 | \$ 30,406,768 | \$ 27,923,780 | \$ 28,050,936 | \$ 27,917,481 | \$ 28,204,761 |
| | 39,140,352 | 40,944,978 | 41,842,363 | 45,283,826 | 45,236,987 | 49,439,902 |
| | 36,442,333 | 29,295,041 | 31,215,489 | 33,537,533 | 33,412,841 | 33,448,357 |
| | 14,514,561 | 15,069,456 | 15,702,435 | 18,024,001 | 19,202,557 | 20,885,009 |
| | 8,608,399 | 7,144,755 | 6,915,772 | 8,478,700 | 8,118,490 | 8,294,279 |
| | - | - | - | - | 942,596 | 229,245 |
| | 127,193,293 | 122,860,998 | 123,599,839 | 133,374,996 | 134,830,952 | 140,501,553 |
| | 38,602,875 | 38,842,107 | 42,657,792 | 44,605,155 | 46,069,705 | 47,947,818 |
| | 174,149 | 157,135 | 141,153 | 71,090 | 144,993 | 133,270 |
| | 38,777,024 | 38,999,242 | 42,798,945 | 44,676,245 | 46,214,698 | 48,081,088 |
| | 165,970,317 | 161,860,240 | 166,398,784 | 178,051,241 | 181,045,650 | 188,582,641 |
| | 3,519,857 | 3,104,355 | 2,822,715 | 2,559,380 | 2,168,842 | 2,258,333 |
| | 4,295,283 | 4,215,243 | 3,248,867 | 2,652,480 | 2,461,782 | 1,669,550 |
| | 2,032,530 | 2,760,386 | 2,942,382 | 726,785 | 749,524 | 742,437 |
| | 3,136,422 | 2,737,969 | 2,844,842 | 3,032,109 | 3,288,970 | 3,919,254 |
| | 1,130,628 | 1,135,386 | 829,367 | 1,042,301 | 1,199,574 | 946,604 |
| | 9,257,876 | 9,782,214 | 5,310,541 | 5,901,038 | 4,234,018 | 8,013,039 |
| | 23,372,596 | 23,735,553 | 17,998,714 | 15,914,093 | 14,102,710 | 17,549,217 |
| | 44,922,715 | 43,327,656 | 43,094,185 | 43,705,878 | 45,898,090 | 48,653,788 |
| | 431,413 | 480,116 | 522,169 | 382,081 | 320,846 | 360,371 |
| | 9,518,890 | 7,533,264 | 6,514,369 | 10,226,302 | 17,742,568 | 19,607,086 |
| | 54,873,018 | 51,341,036 | 50,130,723 | 54,314,261 | 63,961,504 | 68,621,245 |
| | 78,245,614 | 75,076,589 | 68,129,437 | 70,228,354 | 78,064,214 | 86,170,462 |
| | (103,820,697) | (99,125,445) | (105,601,125) | (117,460,903) | (120,728,242) | (122,952,336) |
| | 16,095,994 | 12,341,794 | 7,331,778 | 9,638,016 | 17,746,806 | 20,540,157 |
| | (87,724,703) | (86,783,651) | (98,269,347) | (107,822,887) | (102,981,436) | (102,412,179) |

(CONTINUED)

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

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|----------------------|---------------------|----------------------|----------------------|
| General revenues and other changes in net position: | | | | |
| Governmental activities - | | | | |
| Taxes - | | | | |
| Property | \$ 24,409,535 | \$ 27,560,939 | \$ 29,867,765 | \$ 33,040,085 |
| Franchise | 5,499,222 | 5,748,333 | 6,213,263 | 5,934,540 |
| Sales | 67,924,755 | 64,038,208 | 58,777,622 | 59,545,288 |
| Hotel occupancy | 2,838,689 | 2,939,352 | 2,394,145 | 2,291,326 |
| Public service | 257,384 | 286,179 | 315,739 | 327,723 |
| Investment earnings | 9,912,657 | 8,220,228 | 4,112,703 | 1,365,802 |
| Miscellaneous | 152,805 | 257,495 | - | - |
| Transfers | 1,668,221 | 2,291,695 | 1,605,828 | 2,106,589 |
| | <u>112,663,268</u> | <u>111,342,429</u> | <u>103,287,065</u> | <u>104,611,353</u> |
| Total governmental activities | | | | |
| Business-type activities - | | | | |
| Investment earnings | 1,055,364 | 1,618,492 | 1,305,841 | 1,731,860 |
| Transfers | <u>(1,668,221)</u> | <u>(2,291,695)</u> | <u>(1,605,828)</u> | <u>(2,106,589)</u> |
| Total business-type activities | <u>(612,857)</u> | <u>(673,203)</u> | <u>(299,987)</u> | <u>(374,729)</u> |
| Total primary government | <u>112,050,411</u> | <u>110,669,226</u> | <u>102,987,078</u> | <u>104,236,624</u> |
| Change in net position: | | | | |
| Governmental activities | 31,608,788 | (11,305,818) | 27,522,770 | 8,164,141 |
| Business-type activities | <u>25,770,447</u> | <u>15,610,241</u> | <u>13,118,853</u> | <u>5,684,987</u> |
| Total primary government | <u>\$ 57,379,235</u> | <u>\$ 4,304,423</u> | <u>\$ 40,641,623</u> | <u>\$ 13,849,128</u> |

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 33,578,991 | \$ 34,379,529 | \$ 34,979,578 | \$ 36,502,409 | \$ 39,932,573 | \$ 44,239,067 |
| 6,221,790 | 6,326,735 | 5,952,712 | 6,460,448 | 7,255,212 | 7,175,948 |
| 61,734,643 | 63,305,917 | 66,216,447 | 68,462,292 | 67,620,848 | 67,340,120 |
| 2,684,046 | 3,252,542 | 4,140,920 | 4,646,208 | 5,083,556 | 5,407,667 |
| 352,159 | 316,320 | 347,846 | 477,606 | 515,778 | 566,712 |
| 988,222 | 1,635,630 | 2,026,554 | 1,882,139 | 5,020,786 | 7,957,942 |
| - | - | - | - | - | - |
| <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>3,610,000</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> | <u>136,297,456</u> |
| 1,294,555 | 772,102 | 1,385,847 | 1,397,321 | 866,927 | 1,214,674 |
| <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>(3,610,000)</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>(2,395,326)</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> | <u>133,902,130</u> |
| 3,932,224 | 12,556,195 | 10,945,750 | 2,771,094 | 8,440,511 | 13,345,120 |
| <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>18,144,831</u> |
| <u>\$ 19,129,703</u> | <u>\$ 23,205,124</u> | <u>\$ 16,780,557</u> | <u>\$ 12,005,536</u> | <u>\$ 23,314,244</u> | <u>\$ 31,489,951</u> |

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

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Nonspendable -</i> | | | | |
| Inventories, prepaids and other | \$ - | \$ - | \$ - | \$ - |
| <i>Restricted for -</i> | | | | |
| Debt service | 3,058,395 | 3,431,063 | 2,887,281 | 1,944,761 |
| Authorized construction | 116,277,182 | 104,541,402 | 90,000,407 | 88,064,514 |
| Hotel-motel tax | 5,191,941 | 6,368,822 | 7,005,856 | 7,314,509 |
| Public safety | 564,391 | 521,354 | 497,243 | 862,273 |
| Community development | 19,181 | - | - | - |
| <i>Committed to -</i> | | | | |
| Authorized construction | 32,755,858 | 34,543,559 | 31,250,099 | 33,739,591 |
| Drainage | - | - | - | - |
| Public education | - | - | - | - |
| Landscape improvements | 388,111 | 788,440 | 574,093 | 571,705 |
| Annexation fees | 62,340 | 158,190 | 158,886 | 158,990 |
| Library | 14,815 | 15,164 | 14,302 | 11,176 |
| Arterial II | - | - | - | - |
| Park Improvements | - | - | - | - |
| <i>Unassigned</i> | <u>36,689,422</u> | <u>36,415,765</u> | <u>36,785,055</u> | <u>36,857,155</u> |
| Total governmental funds | <u>\$ 195,021,636</u> | <u>\$ 186,783,759</u> | <u>\$ 169,173,222</u> | <u>\$ 169,524,674</u> |

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 288,758 | \$ 321,044 | \$ 375,087 | \$ 397,271 | \$ 430,821 | \$ 372,288 |
| 2,238,270 | 2,301,340 | 2,415,427 | 2,278,062 | 2,351,780 | 2,749,645 |
| 88,021,123 | 81,424,206 | 43,630,036 | 106,539,802 | 117,515,606 | 77,545,478 |
| 8,114,729 | 8,927,441 | 9,549,082 | 11,173,765 | 10,934,476 | 12,653,710 |
| 1,024,405 | 937,105 | 1,249,246 | 1,050,349 | 1,274,293 | 676,724 |
| - | - | - | - | - | - |
| 35,731,396 | 35,645,374 | 31,856,334 | 26,570,024 | 24,696,122 | 24,865,777 |
| 573,809 | 1,179,777 | 1,570,994 | - | - | - |
| 862,066 | 872,484 | 826,282 | 684,199 | 856,977 | 1,081,159 |
| 542,779 | 248,771 | 283,518 | 264,662 | 272,666 | 212,080 |
| 39,163 | 39,190 | 39,211 | - | - | - |
| 11,239 | 6,625 | 10,530 | 12,438 | 13,414 | 12,267 |
| - | - | - | - | 1,145,826 | 1,152,195 |
| - | - | - | - | 309,162 | 281,427 |
| <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>52,427,796</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> | <u>\$ 174,030,546</u> |

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

| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|----------------------|-----------------------|------------------------|---------------------|
| Revenues - | | | | |
| Taxes and franchise | \$ 97,889,771 | \$ 97,759,902 | \$ 95,097,743 | \$ 98,990,298 |
| Licenses, permits and fees | 1,585,091 | 1,593,711 | 1,053,959 | 907,705 |
| Charges for services | 3,569,077 | 3,895,886 | 3,757,215 | 3,767,565 |
| Fines and forfeitures | 1,849,523 | 2,014,379 | 2,057,353 | 2,260,401 |
| Intergovernmental | 2,578,680 | 1,317,506 | 1,232,594 | 3,953,092 |
| Hotel occupancy tax | 2,986,136 | 2,939,352 | 2,394,145 | 2,291,326 |
| Investment and other | 11,424,988 | 9,977,103 | 8,406,513 | 3,652,629 |
| Contributions | <u>826,807</u> | <u>2,094,375</u> | <u>1,729,637</u> | <u>972,641</u> |
| Total revenues | <u>122,710,073</u> | <u>121,592,214</u> | <u>115,729,159</u> | <u>116,795,657</u> |
| Expenditures - | | | | |
| General government | 22,105,269 | 22,858,670 | 22,640,290 | 22,874,155 |
| Public safety | 28,456,892 | 32,949,754 | 34,099,601 | 34,539,844 |
| Public works | 8,719,701 | 9,360,999 | 10,065,601 | 9,565,430 |
| Culture and recreation | 10,711,796 | 11,693,213 | 11,813,663 | 11,157,995 |
| Capital projects | 36,542,219 | 53,298,559 | 38,798,458 | 21,184,635 |
| Debt service - | | | | |
| Principal retirement | 11,940,981 | 10,448,506 | 10,942,820 | 11,456,810 |
| Interest and fiscal charges | 7,052,015 | 9,060,707 | 9,290,481 | 9,097,057 |
| Other charges | <u>3,994,688</u> | <u>-</u> | <u>-</u> | <u>1,327,989</u> |
| Total expenditures | <u>129,523,561</u> | <u>149,670,408</u> | <u>137,650,914</u> | <u>121,203,915</u> |
| Excess (deficiency) of revenues over expenditures | <u>(6,813,488)</u> | <u>(28,078,194)</u> | <u>(21,921,755)</u> | <u>(4,408,258)</u> |
| Other financing sources (uses) - | | | | |
| Issuance of lease | 3,250,000 | 750,000 | 1,505,390 | 1,310,569 |
| Issuance of debt | 80,110,000 | 16,798,622 | - | 18,575,000 |
| Premium on bonds issued | 573,448 | - | - | 1,387,593 |
| Payment to refunded bond escrow agent | (30,175,015) | - | - | (19,682,356) |
| Transfers in | 45,681,150 | 26,429,303 | 33,385,722 | 24,459,490 |
| Transfers out | <u>(44,012,929)</u> | <u>(24,137,608)</u> | <u>(30,579,894)</u> | <u>(21,290,586)</u> |
| Total other financing sources (uses) | <u>55,426,654</u> | <u>19,840,317</u> | <u>4,311,218</u> | <u>4,759,710</u> |
| Net change in fund balances | <u>\$ 48,613,166</u> | <u>\$ (8,237,877)</u> | <u>\$ (17,610,537)</u> | <u>\$ 351,452</u> |
| Capital outlay including amounts reported under departmental current expenditures | \$ 36,542,219 | \$ 53,298,559 | \$ 40,000,535 | \$ 22,684,310 |
| Debt service as a percentage of noncapital expenditures | 20.4% | 20.2% | 20.7% | 20.9% |

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------|-----------------------|------------------------|----------------------|----------------------|------------------------|
| \$ 101,914,916 | \$ 104,318,270 | \$ 107,417,612 | \$ 111,592,909 | \$ 115,508,506 | \$ 119,211,433 |
| 2,155,358 | 3,094,983 | 3,567,437 | 1,243,857 | 1,704,374 | 1,843,633 |
| 3,985,634 | 4,198,815 | 4,436,779 | 4,645,527 | 4,513,428 | 5,172,465 |
| 2,492,261 | 2,814,987 | 3,208,637 | 2,673,670 | 2,451,316 | 1,573,476 |
| 3,302,276 | 2,158,621 | 1,225,195 | 3,044,095 | 1,679,993 | 990,683 |
| 2,684,046 | 3,252,543 | 4,140,920 | 4,646,208 | 5,083,556 | 5,407,667 |
| 3,786,134 | 2,635,613 | 3,565,842 | 4,783,567 | 7,207,478 | 7,963,854 |
| 3,282,812 | 5,858,346 | 2,567,327 | 3,152,100 | 600,919 | 368,748 |
| <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> | <u>142,531,959</u> |
| 24,346,515 | 25,332,577 | 23,783,735 | 24,375,794 | 23,838,520 | 24,394,392 |
| 36,556,318 | 37,646,821 | 39,475,791 | 42,306,841 | 43,067,272 | 44,388,881 |
| 8,797,799 | 9,791,618 | 11,852,443 | 11,291,499 | 12,328,284 | 12,062,839 |
| 11,336,602 | 11,958,179 | 12,440,948 | 13,775,702 | 14,766,040 | 15,078,964 |
| 22,981,288 | 39,916,082 | 65,523,775 | 38,694,239 | 33,476,554 | 65,414,999 |
| 11,815,968 | 13,040,604 | 12,852,059 | 14,395,697 | 13,919,366 | 13,463,922 |
| 8,072,821 | 6,825,065 | 6,797,281 | 7,372,652 | 8,597,372 | 9,641,498 |
| 247,433 | 256,373 | 98,630 | 862,888 | 942,596 | 229,245 |
| <u>124,154,744</u> | <u>144,767,319</u> | <u>172,824,662</u> | <u>153,075,312</u> | <u>150,936,004</u> | <u>184,674,740</u> |
| <u>(551,307)</u> | <u>(16,435,141)</u> | <u>(42,694,913)</u> | <u>(17,293,379)</u> | <u>(12,186,434)</u> | <u>(42,142,781)</u> |
| 1,372,023 | 500,000 | 1,000,000 | 1,450,000 | 2,000,000 | 2,250,000 |
| 16,145,000 | 27,295,000 | 8,615,000 | 77,350,000 | 70,665,000 | 11,450,000 |
| 223,248 | 1,317,881 | - | 6,161,887 | 6,369,020 | 1,094,690 |
| (16,083,357) | (20,616,784) | (8,509,756) | (11,682,994) | (48,205,991) | (12,309,895) |
| 27,752,457 | 34,447,300 | 49,547,722 | 32,984,237 | 27,070,865 | 30,552,126 |
| <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>(26,942,126)</u> |
| <u>4,713,224</u> | <u>11,564,288</u> | <u>4,289,703</u> | <u>74,579,788</u> | <u>34,568,029</u> | <u>6,094,795</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> | <u>\$ (36,047,986)</u> |
| \$ 23,932,697 | \$ 41,282,292 | \$ 67,059,226 | \$ 38,644,877 | \$ 35,385,140 | \$ 65,116,395 |
| 19.8% | 19.2% | 18.6% | 19.0% | 19.5% | 19.3% |

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 | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 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 |
| 2016 | 10,040,964,402 | 1,018,628,138 | 11,059,592,540 | 567,506,618 | 10,492,085,922 | 0.4147 |

Source: Williamson Central Appraisal District/Travis 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 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 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 |
| 2016 | 0.2545 | 0.1602 | 0.4147 | 1.3325 | 0.4815 | 0.1205 | 2.3492 |

Source: Williamson County Tax Office

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

| Name of Taxpayer | 2016 | | | 2007 | | |
|---|------------------------------|------|--|------------------------------|------|--|
| | Net Assessed Valuation | Rank | % of Total Net Assessed Valuation | Net Assessed Valuation | Rank | % of Total Net Assessed Valuation |
| Dell Computer Holdings, LP | \$ 298,169,512 | 1 | 2.842 % | \$ 194,498,569 | 1 | 2.985 % |
| CPG Round Rock, LP/ Round Rock Premium Outlets | 138,431,301 | 2 | 1.319 | 27,979,206 | 9 | 0.429 |
| Dell Computer Corp. | 91,256,835 | 3 | 0.870 | 61,470,057 | 4 | 0.944 |
| Baltgem Development Corp./ La Frontera Village | 77,884,064 | 4 | 0.742 | 89,922,556 | 2 | 1.380 |
| CMF 15 Portfolio, LLC/ Colonial Grand Apartments | 68,819,574 | 5 | 0.656 | - | - | - |
| Columbia/St. David Healthcare | 66,533,660 | 6 | 0.634 | 54,099,616 | 5 | 0.830 |
| Fisher-Rosemount Systems, Inc./ Emerson Process Management | 49,000,000 | 7 | 0.467 | - | - | - |
| Baev-LaSalle Round Rock University Blvd, LLC | 48,382,842 | 8 | 0.461 | - | - | - |
| Las Brisas Luxury Apartment Homes, LLP | 43,921,785 | 9 | 0.419 | - | - | - |
| Oncor Electric Delivery Co. | 43,815,195 | 10 | 0.418 | - | - | - |
| 2800 La Frontera #1A, LTD | - | - | - | 29,697,634 | 8 | 0.456 |
| Toppan Photomasks, Inc. | - | - | - | 64,471,351 | 3 | 0.990 |
| TXU Electric Delivery Co. | - | - | - | 40,319,229 | 6 | 0.619 |
| Drever, Limestone, LP | - | - | - | 33,440,000 | 7 | 0.513 |
| Warner Ranch Associates | - | - | - | 26,616,320 | 10 | 0.409 |
| | <u>\$ 926,214,768</u> | | <u>8.828 %</u> | <u>\$ 622,514,538</u> | | <u>9.555 %</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 |
| | \$ | \$ | % | \$ | \$ | % |
| 2007 | 24,021,335 | 23,862,022 | 99.34 | 498 | 23,862,520 | 99.34 |
| 2008 | 27,220,757 | 27,194,031 | 99.90 | 1,831 | 27,195,862 | 99.91 |
| 2009 | 29,931,048 | 29,745,017 | 99.38 | 4,814 | 29,749,831 | 99.39 |
| 2010 | 33,001,196 | 32,822,350 | 99.46 | 5,278 | 32,827,628 | 99.47 |
| 2011 | 33,469,184 | 33,330,239 | 99.58 | 7,742 | 33,337,981 | 99.61 |
| 2012 | 34,255,559 | 34,161,567 | 99.73 | 11,404 | 34,172,971 | 99.76 |
| 2013 | 34,865,783 | 34,717,536 | 99.57 | 8,891 | 34,726,427 | 99.60 |
| 2014 | 36,452,223 | 36,281,479 | 99.53 | 14,220 | 36,295,699 | 99.57 |
| 2015 | 39,792,302 | 39,697,745 | 99.76 | 41,829 | 39,739,574 | 99.87 |
| 2016 | 44,063,923 | 43,894,949 | 99.62 | - | 43,894,949 | 99.62 |

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

| Year | Retail Trade | Manufacturing | Services | Wholesale Trade | Utilities |
|------|--------------------------|--------------------------|-------------------------|-------------------------|-----------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2006 | 1,258,059,039 | 1,160,498,511 | 284,336,638 | 150,829,580 | 19,557,192 |
| 2007 | 1,164,629,997 | 1,451,958,775 | 307,961,994 | 145,020,854 | 19,249,383 |
| 2008 | 1,169,189,726 | 1,075,483,223 | 331,119,293 | 179,784,677 | 16,648,480 |
| 2009 | 1,101,311,223 | 990,398,877 | 324,328,200 | 145,345,009 | 16,322,477 |
| 2010 | 1,070,089,059 | 1,111,487,638 | 331,304,579 | 117,424,010 | 17,788,882 |
| 2011 | 1,107,089,059 | 1,095,938,383 | 346,422,899 | 85,234,762 | 22,224,004 |
| 2012 | 1,228,352,605 | 985,127,289 | 381,294,220 | 99,025,592 | 26,448,906 |
| 2013 | 1,399,874,606 | 1,103,790,424 | 402,483,896 | 131,162,463 | 29,351,784 |
| 2014 | 1,529,469,558 | 1,061,444,585 | 432,758,149 | 128,755,561 | 34,412,553 |
| 2015 | <u>1,556,013,209</u> | <u>951,496,554</u> | <u>476,798,645</u> | <u>123,940,513</u> | <u>41,822,044</u> |
| | <u>\$ 12,584,078,081</u> | <u>\$ 10,987,624,259</u> | <u>\$ 3,618,808,513</u> | <u>\$ 1,306,523,021</u> | <u>\$ 243,825,705</u> |

Source: Texas Comptroller of Public Accounts

Note: Sales information is not available on a fiscal year basis. Also, due to State of Texas confidentiality rules, names of sales tax payers are not available. The categories presented provide alternative information indicative of sales tax revenue sources.

| Construction | Finance, Insurance | Total | City Direct Sales Tax Rate | State Sales Tax Rate | Over- lapping |
|-----------------------|-----------------------|--------------------------|-------------------------------------|----------------------------|------------------|
| \$ | \$ | \$ | % | % | % |
| 26,679,606 | 1,410,360 | 2,901,370,926 | 2.00 | 6.25 | 8.25 |
| 47,674,780 | 1,793,374 | 3,138,289,157 | 2.00 | 6.25 | 8.25 |
| 46,245,654 | 1,639,355 | 2,820,110,408 | 2.00 | 6.25 | 8.25 |
| 30,440,097 | 2,160,587 | 2,610,306,560 | 2.00 | 6.25 | 8.25 |
| 46,023,961 | 2,114,837 | 2,696,232,966 | 2.00 | 6.25 | 8.25 |
| 61,286,941 | 3,006,901 | 2,721,803,690 | 2.00 | 6.25 | 8.25 |
| 70,736,973 | 2,846,478 | 2,793,832,063 | 2.00 | 6.25 | 8.25 |
| 90,125,307 | 2,368,176 | 3,159,156,656 | 2.00 | 6.25 | 8.25 |
| 95,799,482 | 2,497,918 | 3,285,137,806 | 2.00 | 6.25 | 8.25 |
| 110,293,477 | 2,600,258 | 3,262,964,700 | 2.00 | 6.25 | 8.25 |
| <u>\$ 625,306,278</u> | <u>\$ 22,438,244</u> | <u>\$ 29,389,204,932</u> | | | |

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2016**

| Taxpayer | Hotel Motel Occupancy Tax | Hotel Motel Occupancy Venue Tax | Total Collections Year Ended September 30, 2016 | Number of Rooms | % of Total Collections |
|-------------------------------|------------------------------|---------------------------------------|--|--------------------|---------------------------|
| Austin Marriott North | \$ 692,403 | \$ 197,830 | \$ 890,231 | 295 | 16.5% |
| Homewood Suites | 341,247 | 97,499 | 438,746 | 115 | 8.1% |
| Hilton Garden Inn | 240,615 | 68,747 | 309,362 | 122 | 5.7% |
| Residence Inn | 233,899 | 66,828 | 300,727 | 96 | 5.6% |
| Hampton Inn | 226,481 | 64,709 | 291,190 | 93 | 5.4% |
| Courtyard by Marriott | 218,589 | 62,454 | 281,043 | 113 | 5.2% |
| Home 2 Suites | 216,244 | 61,784 | 278,028 | 91 | 5.1% |
| Holiday Inn | 198,077 | 56,593 | 254,670 | 116 | 4.7% |
| Springhill Suites | 192,677 | 55,051 | 247,728 | 104 | 4.6% |
| Holiday Inn Express N | 145,814 | 41,660 | 187,474 | 91 | 3.5% |
| La Quinta Inn | 139,857 | 39,959 | 179,816 | 116 | 3.3% |
| Wingate Inn | 131,258 | 37,500 | 168,758 | 100 | 3.1% |
| Red Roof Inn | 127,021 | 36,292 | 163,313 | 100 | 3.0% |
| Baymont Inn | 121,904 | 34,830 | 156,734 | 96 | 2.9% |
| Best Western Executive Inn | 104,533 | 29,867 | 134,400 | 64 | 2.5% |
| Sleep Inn | 103,359 | 29,531 | 132,890 | 74 | 2.5% |
| Staybridge Suites | 93,737 | 26,782 | 120,519 | 81 | 2.2% |
| Microtel Inn & Suites | 92,500 | 26,429 | 118,929 | 100 | 2.2% |
| Candlewood Suites | 86,658 | 24,759 | 111,417 | 98 | 2.1% |
| Motel 6 | 82,975 | 23,707 | 106,682 | 59 | 1.9% |
| Comfort Suites | 79,864 | 22,818 | 102,682 | 63 | 1.9% |
| Country Inn & Suites | 73,965 | 21,133 | 95,098 | 63 | 1.8% |
| Days Inn & Suites | 65,668 | 18,762 | 84,430 | 48 | 1.6% |
| Extended Stay America # 6197 | 64,335 | 18,382 | 82,717 | 104 | 1.5% |
| Extended Stay America # 6030 | 60,783 | 17,367 | 78,150 | 138 | 1.4% |
| Value Place | 58,294 | 16,655 | 74,949 | 121 | 1.4% |
| Holiday Inn Express S | 7,519 | 2,148 | 9,667 | 109 | 0.2% |
| VRBO Homes | 4,900 | 1,400 | 6,300 | 16 | 0.1% |
| Provident Crossing Retirement | 791 | 226 | 1,017 | 2 | 0.0% |
| | <u>\$ 4,205,967</u> | <u>\$ 1,201,702</u> | <u>\$ 5,407,667</u> | <u>2,788</u> | <u>100%</u> |

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

| <u>Fiscal Year Ended 9-30</u> | <u>1st Quarter Oct. – Dec.</u> | <u>2nd Quarter Jan. – Mar.</u> | <u>3rd Quarter Apr. – June</u> | <u>4th Quarter July – Sept.</u> | <u>Total</u> |
|---|------------------------------------|------------------------------------|------------------------------------|-------------------------------------|--------------|
| 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 |
| 2016 | 1,214,093 | 1,354,383 | 1,570,064 | 1,269,127 | 5,407,667 |

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 | | | |
| | \$ | \$ | \$ | \$ | \$ | % | \$ |
| 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 |
| 2016 | 149,540,000 | 27,095,000 | 52,746,502 | 89,364,624 | 318,746,126 | 6.43 | 2,797 |

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 |
|---------------------------------|-------------------|--|--------------------------------|--|-----------------------|---|-------------------------------------|
| | | \$ | \$ | \$ | \$ | % | \$ |
| 2007 | 92,500 | 6,514,969 | 138,226,097 | 3,058,395 | 135,167,702 | 2.07 | 1,461 |
| 2008 | 96,200 | 7,503,434 | 132,716,787 | 3,431,063 | 129,285,724 | 1.72 | 1,344 |
| 2009 | 99,500 | 8,194,468 | 127,721,445 | 2,887,281 | 124,834,164 | 1.52 | 1,255 |
| 2010 | 100,800 | 8,322,297 | 123,017,131 | 1,944,761 | 121,072,370 | 1.45 | 1,201 |
| 2011 | 101,500 | 8,017,148 | 118,122,822 | 2,238,270 | 115,884,552 | 1.45 | 1,142 |
| 2012 | 102,515 | 8,096,658 | 114,268,570 | 2,301,340 | 111,967,230 | 1.38 | 1,092 |
| 2013 | 104,900 | 8,291,050 | 108,241,436 | 2,415,427 | 105,826,009 | 1.28 | 1,009 |
| 2014 | 108,050 | 8,689,652 | 172,890,871 | 2,278,062 | 170,612,809 | 1.96 | 1,579 |
| 2015 | 110,800 | 9,634,156 | 181,245,000 | 2,351,780 | 178,893,220 | 1.86 | 1,615 |
| 2016 | 113,968 | 10,492,086 | 173,280,000 | 2,749,645 | 170,530,355 | 1.63 | 1,496 |

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, 2016.



CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2016

| <u>Name of Governmental Unit</u> | <u>Total General Debt Outstanding</u> | <u>** Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|---|---|--|
| Debt repaid with property taxes - | | | |
| Williamson County | \$ 931,599,942 * | 20.85% | \$ 194,238,588 |
| Round Rock Independent School District | 756,435,000 * | 35.24% | 266,567,694 |
| Travis County | 707,826,497 * | 0.22% | 1,557,218 |
| Georgetown ISD | 322,145,000 * | 0.21% | 676,505 |
| Austin Community College | 304,153,659 * | 5.90% | 17,945,066 |
| Travis County Healthcare District | 11,355,000 * | 0.22% | <u>24,981</u> |
| Subtotal, overlapping debt | | | 481,010,052 |
| City direct debt | | | <u>229,381,502</u> |
| Total direct and overlapping debt | | | <u><u>\$ 710,391,554</u></u> |

* Gross Debt as of September 30, 2016

** 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>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Debt limit | \$ 1,167,845,500 | \$ 1,345,033,513 | \$ 1,468,905,352 | \$ 1,491,819,433 |
| Total net debt applicable to limit | <u>132,491,172</u> | <u>126,786,525</u> | <u>122,512,295</u> | <u>117,540,239</u> |
| Legal debt margin | <u><u>\$ 1,035,354,328</u></u> | <u><u>\$ 1,218,246,988</u></u> | <u><u>\$ 1,346,393,057</u></u> | <u><u>\$ 1,374,279,194</u></u> |
| Total net debt applicable to the limit as a percentage of debt limit | 11.34% | 9.43% | 8.34% | 7.88% |

Legal Debt Margin Calculation for Fiscal Year 2016

| | |
|---|---------------------------------|
| Total assessed value | <u><u>\$ 10,492,085,922</u></u> |
| Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value | \$ 1,786,728,268 |
| Amount of debt applicable to debt limit: | |
| Total General Obligation Debt | \$ 176,635,000 |
| Less: | |
| Amount available in Debt Service Fund | (2,749,645) |
| Amounts considered self-supporting | <u>(3,355,000)</u> |
| Total net debt applicable to debt limit | <u>170,530,355</u> |
| Legal debt margin | <u><u>\$ 1,616,197,913</u></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, 2015, assessed valuation of \$10,492,085,922 at 100% collection, tax revenue of \$157,381,289 would be produced. This revenue could service the debt on \$1,786,728,268 issued as 20-year serial bonds at 5.50% (with level debt service payment).

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 1,437,119,854 | \$ 1,451,372,470 | \$ 1,486,218,341 | \$ 1,557,670,054 | \$ 1,640,628,922 | \$ 1,786,728,268 |
| <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>170,530,355</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> | <u>\$ 1,616,197,913</u> |
| 7.82% | 7.41% | 6.85% | 10.34% | 10.90% | 9.54% |

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

| <u>Fiscal Year</u> | <u>(1) Gross Revenue</u> | <u>(2) Direct Operating Expenses</u> | <u>Net Revenue Available for Debt Service</u> | <u>Debt Service Requirements Principal and Interest</u> | <u>Revenue Bond Coverage</u> |
|------------------------|----------------------------------|--|---|---|--------------------------------------|
| | \$ | \$ | \$ | \$ | |
| 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 |
| 2016 | 49,865,320 | 28,718,593 | 21,146,727 | 5,994,842 | 3.53 |

(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**

| <u>Fiscal Year</u> | <u>(1) Population</u> | <u>Personal Income</u> | <u>(4) Per Capita Income</u> | <u>(2) Median Age</u> | <u>(3) School Enrollment</u> | <u>(2) Unemployment Rate</u> |
|------------------------|---------------------------|----------------------------|--|-------------------------------|--------------------------------------|--------------------------------------|
| | | \$ | \$ | | | % |
| 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 |
| 2016 | 113,968 | 4,957,380,064 | 43,498 | 33.9 | 47,580 | 3.3 |

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 | 2016 | | | 2007 | | |
|--|---------------|------|----------------------------------|---------------|------|----------------------------------|
| | Employees | Rank | % of Total City Employment | Employees | Rank | % of Total City Employment |
| | | | % | | | % |
| Dell, Inc. | 11,000 | 1 | 18.09 | 10,000 | 1 | 20.59 |
| Round Rock Independent School District | 5,800 | 2 | 9.54 | 5,175 | 2 | 10.65 |
| Sears TeleServe | 1,500 | 3 | 2.47 | 1,300 | 3 | 2.68 |
| City of Round Rock, Texas | 918 | 4 | 1.51 | 793 | 4 | 1.63 |
| Emerson Process Management | 875 | 5 | 1.44 | - | | - |
| Round Rock Premium Outlets | 800 | 6 | 1.32 | - | | - |
| Scott & White Healthcare | 750 | 7 | 1.23 | - | | - |
| Round Rock Medical Center | 689 | 8 | 1.13 | 710 | 5 | 1.46 |
| Liquidation Channel | 600 | 9 | 0.99 | - | | - |
| Wayne, a GE Energy Business | 550 | 10 | 0.90 | 550 | 7 | 1.13 |
| Texas Guaranteed Student Loan | 485 | 11 | 0.80 | 670 | 6 | 1.38 |
| Seton Medical Center Williamson | 450 | 12 | 0.74 | - | | - |
| Field Asset Services | 440 | 13 | 0.72 | - | | - |
| Michael Angelo's Gourmet Foods | 370 | 14 | 0.61 | 350 | 9 | 0.72 |
| Chasco Constructors | 300 | 15 | 0.49 | - | | - |
| TECO Westinghouse Motor Co. | 300 | 15 | 0.49 | - | | - |
| Toppan Photomask | 250 | 16 | 0.41 | 368 | 8 | 0.76 |
| Classic Automotive | - | | - | 349 | 10 | 0.72 |
| | <u>26,077</u> | | <u>42.88%</u> | <u>20,265</u> | | <u>41.72%</u> |

Source: City of Round Rock Finance Department/Round Rock Chamber of Commerce

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

| Function: | <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> | <u>2016</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | 163 | 176 | 173 | 176 | 164 | 164 | 164 | 171 | 174 | 180 |
| Public safety - | | | | | | | | | | |
| Police - | | | | | | | | | | |
| Officers | 135 | 146 | 151 | 152 | 152 | 154 | 153 | 160 | 167 | 168 |
| Civilians | 58 | 62 | 61 | 61 | 67 | 67 | 68 | 64 | 67 | 72 |
| Fire - | | | | | | | | | | |
| Firefighters & officers | 119 | 124 | 124 | 124 | 124 | 124 | 124 | 129 | 129 | 132 |
| Civilians | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 8 | 8 | 8 |
| Public works - | | | | | | | | | | |
| Street & Drainage | 48 | 48 | 48 | 48 | 48 | 48 | 55 | 55 | 54 | 59 |
| Shop | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 16 | 18 | 19 |
| Culture & Recreation - | | | | | | | | | | |
| Library | 29 | 29 | 29 | 29 | 29 | 29 | 30 | 31 | 31 | 31 |
| Parks & Recreation | 93 | 95 | 97 | 98 | 94 | 94 | 91 | 91 | 91 | 106 |
| Water | 93 | 95 | 96 | 97 | 91 | 91 | 91 | 93 | 95 | 93 |
| Sewer | <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> | <u>35</u> |
| Total | <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> | <u>903</u> |

Source: City of Round Rock Finance Department

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

| Function: | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|-------------|-------------|-------------|-------------|
| Police - | | | | |
| Arrests | 3,754 | 3,749 | 3,908 | 4,328 |
| Accident reports | 1,990 | 1,997 | 1,646 | 1,877 |
| Index crimes reported | 2,512 | 2,449 | 2,960 | 3,154 |
| Crimes per thousand residents | 27.90 | 30.10 | 30.30 | 31.30 |
| Officers per thousand of population | 1.46 | 1.52 | 1.52 | 1.48 |
| Fire - | | | | |
| Incident volume | 7,463 | 7,690 | 8,000 | 8,500 |
| Priority calls answered | 4,592 | 5,656 | 5,800 | 6,000 |
| Non-emergency calls answered | 2,871 | 2,034 | 2,200 | 2,500 |
| Priority calls-response less than 6 minutes | 73% | 64% | 65% | 65% |
| Public Works - | | | | |
| Street - | | | | |
| Street resurfacing (lane miles) | 130 | 135 | 137 | 137 |
| Potholes repaired annually | 4,000 | 4,000 | 4,000 | 4,000 |
| Signals maintained | 57 | 59 | 59 | 59 |
| Shop - | | | | |
| Work orders | 5,418 | 5,618 | 6,330 | 6,930 |
| Number of departments served | 18 | 19 | 19 | 19 |
| Culture and Recreation - | | | | |
| Library - | | | | |
| Number of items circulated | 725,370 | 762,926 | 780,000 | 810,000 |
| Number of card holders | 44,820 | 49,829 | 51,000 | 53,000 |
| Number of library visits | 306,000 | 311,000 | 310,000 | 320,000 |
| Parks & Recreation - | | | | |
| Total park acres maintained | 1,610 | 1,610 | 1,757 | 1,780 |
| Number of athletic fields maintained | 38 | 38 | 43 | 45 |
| Number of trees planted | 500 | 818 | 877 | 350 |
| Number of recreation enrollees | 371,201 | 402,548 | 401,000 | 401,000 |
| Water - | | | | |
| New connections | 1,181 | 572 | 254 | 356 |
| Line maintenance work orders | 4,400 | 4,400 | 4,226 | 4,044 |
| Average monthly consumption | 432,101,000 | 552,610,000 | 589,159,550 | 466,096,342 |
| Sewer - | | | | |
| Average monthly treatment | 298,038,200 | 296,208,875 | 301,433,205 | 327,351,600 |
| Line feet reviewed for infiltration & inflow | 152,515 | 161,291 | 156,934 | 114,176 |

Source: City of Round Rock Finance Department

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 4,521 | 6,715 | 6,182 | 5,773 | 4,600 | 4,476 |
| 2,747 | 4,485 | 4,845 | 6,383 | 2,249 | 2,370 |
| 3,154 | 2,777 | 2,632 | 2,338 | 2,329 | 2,383 |
| 31.30 | 27.10 | 25.10 | 21.70 | 22.00 | 22.50 |
| 1.48 | 1.49 | 1.46 | 1.42 | 1.53 | 1.43 |
| 8,141 | 8,350 | 8,749 | 9,027 | 9,928 | 9,346 |
| 5,916 | 3,475 | 3,728 | 3,713 | 2,780 | 3,735 |
| 2,225 | 4,875 | 5,021 | 5,314 | 7,148 | 5,611 |
| 65% | 60% | 60% | 63% | 56% | 61% |
| 45 | 60 | 80 | 80 | 40 | 60 |
| 4,000 | 4,000 | 4,000 | 4,000 | 1,500 | 400 |
| 68 | 76 | 79 | 83 | 84 | 83 |
| 4,609 | 5,336 | 4,447 | 4,178 | 4,399 | 4,761 |
| 19 | 19 | 19 | 19 | 19 | 19 |
| 854,000 | 903,219 | 940,135 | 975,291 | 972,094 | 1,080,312 |
| 59,000 | 55,336 | 81,620 | 74,192 | 99,822 | 77,818 |
| 292,000 | 294,768 | 323,384 | 309,167 | 388,625 | 391,256 |
| 1,935 | 2,035 | 2,035 | 2,045 | 2,045 | 2,045 |
| 46 | 49 | 49 | 49 | 49 | 49 |
| 345 | 558 | 163 | 165 | 110 | 195 |
| 420,000 | 420,000 | 487,455 | 490,704 | 577,140 | 615,000 |
| 335 | 313 | 442 | 360 | 402 | 80 |
| 3,185 | 3,279 | 5,500 | 6,734 | 3,317 | 3,512 |
| 655,615,475 | 560,281,041 | 549,154,150 | 491,936,100 | 505,251,158 | 536,082,308 |
| 475,482,100 | 457,967,400 | 409,000,000 | 394,000,000 | 385,611,068 | 416,357,161 |
| 317,789 | 361,784 | 377,783 | 459,128 | 187,464 | 189,418 |

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

| Function: | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> |
|--|-------------|-------------|-------------|-------------|
| Police - | | | | |
| Number of stations | 1 | 1 | 1 | 1 |
| Number of units | 186 | 189 | 195 | 199 |
| Fire - | | | | |
| Number of stations | 6 | 7 | 7 | 7 |
| Number of fire trucks | 11 | 11 | 14 | 15 |
| Public Works - | | | | |
| Street - | | | | |
| Lane miles | 1,036 | 1,124 | 1,124 | 1,137 |
| Drainage miles | 92 | 100 | 100 | 100 |
| Number of street lights | 5,034 | 5,075 | 5,103 | 5,104 |
| Number of traffic signals | 57 | 59 | 59 | 59 |
| Shop - | | | | |
| Repair facilities | 1 | 1 | 1 | 1 |
| Number of bays | 19 | 19 | 19 | 19 |
| Culture and Recreation - | | | | |
| Library - | | | | |
| Number of library books | 147,000 | 180,397 | 185,000 | 185,000 |
| Number of library facilities | 1 | 1 | 1 | 1 |
| Parks & Recreation - | | | | |
| Total park acres | 1,610 | 1,610 | 1,855 | 2,119 |
| Number of athletic fields | 38 | 38 | 44 | 46 |
| Number of parks | 53 | 53 | 60 | 84 |
| Number of tennis courts | 23 | 23 | 23 | 23 |
| Number of pools | 5 | 5 | 5 | 5 |
| Water - | | | | |
| Number of miles of water lines | 481 | 487 | 503 | 591 |
| Pumping stations | 14 | 14 | 15 | 15 |
| Tanks | 18 | 18 | 19 | 20 |
| Treatment capacity (millions of gallons/day) | 48 | 48 | 48 | 52 |
| Sewer - | | | | |
| Number of miles of sewer mains | 376 | 392 | 400 | 417 |
| Wastewater lift stations | 11 | 12 | 12 | 12 |

Source: City of Round Rock Finance Department

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| 1 199 | 1 199 | 1 201 | 1 229 | 1 240 | 1 259 |
| 7 16 | 7 16 | 7 16 | 7 14 | 7 16 | 7 15 |
| 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 | 1,200 150 5,433 83 |
| 1 19 | 1 19 | 1 19 | 1 19 | 1 19 | 1 13 |
| 183,000 1 | 195,000 1 | 150,211 1 | 154,278 1 | 156,277 1 | 257,667 1 |
| 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 | 2,035 49 62 25 4 |
| 584 15 20 52 | 585 15 20 52 | 587 14 20 52 | 601 14 20 52 | 608 15 22 52 | 615 15 22 52 |
| 422 12 | 422 12 | 424 12 | 432 12 | 424 12 | 427 12 |

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2016**

| <u>Name of Customer</u> | <u>Type of Business</u> | <u>Water Consumption in Gallons</u> | <u>% of Total Water Consumption in Gallons</u> |
|---|----------------------------|---|--|
| Fern Bluff Municipal Utility District | Municipal Utility District | 288,233,700 | 4.481 % |
| Williamson County Municipal Utility District # 11 | Municipal Utility District | 186,435,100 | 2.898 |
| Williamson County Municipal Utility District # 10 | Municipal Utility District | 162,463,900 | 2.526 |
| Chandler Creek Municipal Utility District | Municipal Utility District | 151,933,700 | 2.362 |
| Vista Oaks Municipal Utility District | Municipal Utility District | 123,890,800 | 1.926 |
| Paloma Lake Municipal Utility District #1 | Municipal Utility District | 92,812,000 | 1.443 |
| Dell, Inc. | Electronic Equipment | 81,235,700 | 1.263 |
| Round Rock Independent School District | Public Schools | 81,189,100 | 1.262 |
| Walsh Ranch Municipal Utility District | Municipal Utility District | 51,930,000 | 0.807 |
| Michael Angelo's | Food Production | 48,003,000 | 0.746 |
| | | <u>1,268,127,000</u> | <u>19.714 %</u> |

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2016**

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

| Volume Rate | Monthly Service Charge | |
|---|-------------------------|-----------------------|
| <i>Non-peak billing periods:</i> | Meter Size Base | Monthly Water |
| \$2.49 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 | 14.69 |
| | 3/4 inch | 20.46 |
| | 1 inch | 32.30 |
| | 1 1/2 inch | 61.89 |
| | 2 inch | 97.40 |
| | 3 inch | 180.27 |
| | 4 inch | 298.66 |
| | 6 inch | 931.10 |
| | 8 inch | 1,627.45 |
| | 10 inch | 2,555.91 |
| | 12 inch | 3,136.21 |

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

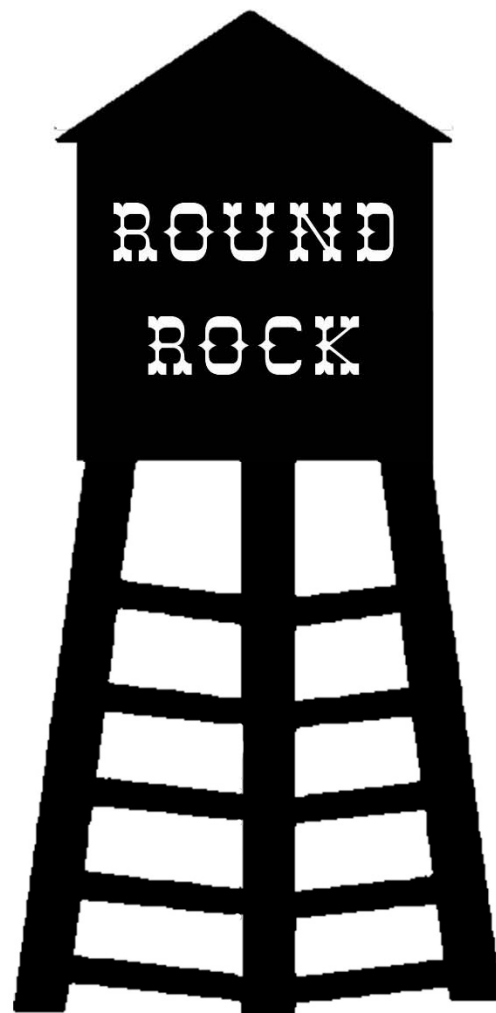
| Volume Rate | Monthly Service Charge | |
|---|-------------------------|-----------------------|
| \$3.39 per 1,000 gallons of water used by all customers | * Meter Size Base | Monthly Sewer |
| | <u>Serving Customer</u> | <u>Service Charge</u> |
| | | \$ |
| | 5/8 inch | 13.27 |
| | 3/4 inch | 17.31 |
| | 1 inch | 24.82 |
| | 1 1/2 inch | 45.26 |
| | 2 inch | 69.79 |
| | 3 inch | 127.01 |
| | 4 inch | 208.75 |
| | 6 inch | 615.27 |
| | 8 inch | 1,073.67 |
| | 10 inch | 1,684.85 |
| | 12 inch | 2,066.84 |

* 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 EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2016

| Federal Grantor/Pass-Through Grantor Program Title | CFDA Number | Grant or Identifying Number | Pass- Through to Non-State Entities | Expenditures Direct Total | |
|--|----------------|---------------------------------------|--|-----------------------------------|----------------|
| Institute of Museum and Library Services | | | | | |
| Passed-Through from Texas State Library and Archives Commission | | | | | |
| Grants to States | 45.310 | LS-00-15-0044-15 | \$ - \$ | 17,732 \$ | 17,732 |
| Total Institute of Museum and Library Services | | | - | 17,732 | 17,732 |
| U.S. Department of Homeland Security | | | | | |
| Passed-Through from Texas Department of Public Safety | | | | | |
| Disaster Grants-Public Assistance | 97.036 | PA-06-TX-4223-PW01499 | - | 22,065 | 22,065 |
| Disaster Grants-Public Assistance | 97.036 | PA-06-TX-4223-PW01351 | - | 12,260 | 12,260 |
| Total Disaster Grants-Public Assistance | | | - | 34,325 | 34,325 |
| Homeland Security Grant Program | 97.067 | EMW-2014-SS-00029 | - | 5,042 | 5,042 |
| Total U.S. Department of Homeland Security | | | - | 39,367 | 39,367 |
| Community Development Block Grants/Entitlement Grants Cluster | | | | | |
| U.S. Department of Housing & Urban Development | | | | | |
| Community Development Block Grants/Entitlement Grants-2013 | 14.218 | B12MC480514 | - | 7,943 | 7,943 |
| Community Development Block Grants/Entitlement Grants-2014 | 14.218 | B13MC480514 | - | 34,249 | 34,249 |
| Community Development Block Grants/Entitlement Grants-2015 | 14.218 | B14MC480514 | 36,248 | 24,650 | 60,898 |
| Community Development Block Grants/Entitlement Grants-2016 | 14.218 | B15MC480514 | 85,586 | 153,538 | 239,124 |
| Total Community Development Block Grants/Entitlement Grants Cluster | | | 121,834 | 220,380 | 342,214 |
| Total U.S. Department of Housing & Urban Development | | | 121,834 | 220,383 | 342,214 |
| U.S. Department of Justice | | | | | |
| Equitable Sharing Program | 16.922 | TX2460500 | - | 494,375 | 494,375 |
| Total U.S. Department of Justice | | | | 494,375 | 494,375 |
| U.S. Department of Transportation | | | | | |
| Federal Transit-Formula Grants | 20.507 | TX-90-Y001-00 | - | 335,636 | 335,636 |
| Passed-Through from the Texas Department of Transportation Recreational Trails Program | 20.219 | CSJ# 0914-05-161 CSJ# 0914-05-164/ | - | 11,882 | 11,882 |
| Highway Planning and Construction | 20.205 | 0914-05-165 | - | 13,943 | 13,943 |
| Passed-Through from Capitol Metropolitan Transportation Authority | | | | | |
| Job Access and Reverse Commute Program | 20.516 | TX-37-X065-01 | - | 14,222 | 14,222 |
| Total U.S. Department of Transportation | | | - | 375,683 | 375,683 |
| U.S. Department of Treasury | | | | | |
| Equitable Sharing Program | 21.000 | N/A | - | 184,626 | 184,626 |
| Total U.S. Department of Treasury | | | - | 184,626 | 184,626 |
| Total Expenditures of Federal Awards | | | \$ 121,834 \$ | 1,332,163 \$ | 1,453,997 |

CITY OF ROUND ROCK, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016

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 Uniform Guidance, *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.

3. INDIRECT COST RATE

The City of Round Rock has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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***

To the Honorable Mayor and
Members of the 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, 2016, 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 27, 2017.

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.

**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)**

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*.

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.



Temple, Texas
January 27, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Round Rock, Texas' (the City) compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, the 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, 2016.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Temple, Texas
January 27, 2017

**CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

| | | | | | |
|---|-------|-----|-------|----------|---------------|
| Material weakness(es) identified? | _____ | yes | _____ | <u>X</u> | no |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ | yes | _____ | <u>X</u> | none reported |
| Noncompliance material to financial statements noted? | _____ | yes | _____ | <u>X</u> | no |

Federal Awards

Internal control over major programs:

| | | | | | |
|---|-------|-----|-------|----------|---------------|
| Material weakness(es) identified? | _____ | yes | _____ | <u>X</u> | no |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ | yes | _____ | <u>X</u> | 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 2CFR 200.516(a)? _____ yes X no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 14.218 | Community Development Block Grants |

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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

Section II-Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None