



City of Round Rock, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2018

ELECTED OFFICIALS

Craig Morgan, Mayor
Writ Baese, Mayor Pro Tem
Tammy Young, Council Member
Rene Flores, Council Member
Matthew Baker, Council Member
Will Peckham, Council Member
Hilda Montgomery, 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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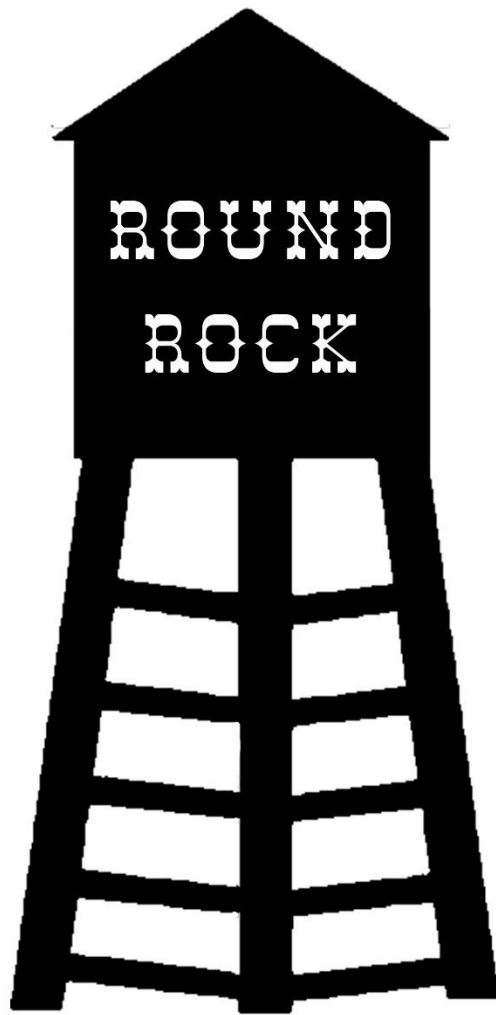
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INTRODUCTORY SECTION





February 6, 2019

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, 2018, 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 is 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.

Whitley Penn, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Round Rock's financial statements for the year ended September 30, 2018. 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 (RRTEDC) revenues are reported in a special revenue 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.

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.



**Financially Sound
City Providing High
Value Services**



**City Infrastructure for
Today and Tomorrow**



**"Sports Capital of
Texas" for Tourism
and Residents**



**Great Community
to Live**



**Sustainable
Neighborhoods –
Old and New**



**Authentic Downtown –
Exciting Community
Destination**

Economy

Round Rock's economy is strong and vibrant. 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 in Texas and the country. From 2010 to the projected population for 2019, the City of Round Rock has experienced population growth of 15% over the past 10 years. Long-range population estimates predict this increase continuing at a growth rate of around 2% per year for the foreseeable future. The state's strong economy, low unemployment rate, and low rate of overall taxation continues to draw new residents and businesses into Central Texas.

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.

Round Rock businesses have seen continued growth in revenues, especially in the hotel and restaurant industries and 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. The City had 3,000 hotel rooms at the end of fiscal year 2018 with another 1,500 in various stages of development. Occupancy rates remain among the highest in the state at 78%. 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 first year of operations of the Round Rock Multipurpose Complex – a \$27 million tournament class outdoor multipurpose sports complex which opened on May 18, 2017 – has contributed to the economic impact of an additional 30,000 visitors who attended a variety of regional and national tournaments and championships. Tourism is an important component of the City's overall economic development strategy.

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 5 by Niche.com as one of the "2018 Safest Cities in the Country"
- Ranked number 3 by LendEDU as one of the "Best Cities to Start a Family"
- Ranked number 4 by Livability.com as one of the "Best Affordable Places to Live"
- Ranked number 2 by SmartAsset.com as one of the "Best Minor League Baseball Towns of 2018"
- Ranked number 8 by SmartAsset.com as one of the "Best Cities for Living the American Dream"
- Recognized by Thrillist Travel as "One of the Coolest Suburbs in America"

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' 430,000-square foot outlet mall and the nearby Round Rock IKEA, serves as a destination for shoppers from Central Texas and beyond. The Round Rock IKEA celebrated its 10th anniversary in November 2016. Over the past 10 years IKEA has brought in over 18 million shoppers to the City from Texas, Mexico, and beyond. IKEA has diversified the City's economy and brought in millions of dollars in sales tax revenues. Round Rock Premium Outlets, IKEA, and similar destination-based retail stores like Bass Pro Shops which opened in 2015 were intentionally targeted 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. While traditional brick

and mortar retail continues to see declines, destination shopping, both in Round Rock and across the nation, continues to thrive.

Dell is the largest employer in Round Rock with an estimated 13,000 employees in 2018. Since Dell relocated to Round Rock in 1994 the economic impact to the City has been transformative. Dell remains the City's largest sales tax payer with sales tax receipts projected to continue to grow into fiscal year 2019. Because of the company's commitment to Round Rock, the employment opportunities they offer, and the property tax and sales tax revenues they generate Dell remains a major driver to the City's economy. The City is excited to join with Dell in 2019 in celebrating the 25th anniversary of making Round Rock their home.

The long-standing partnership between the City and Round Rock Chamber continues to attract new development to the City. The funding is leveraged with the Chamber Momentum Fund 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 resulting from these efforts.

Round Rock's economy has become stronger and more diverse because of a variety of business relocations bringing capital investment, job opportunities, and new residents to the City. Emerson Process Management opened its \$70 million, 282,000-square foot international headquarters and technology center in January 2014 for its automation systems and project services businesses which help customers operate facilities in fields like oil and gas. TECO-Westinghouse is the largest manufacturer of electric motors in North America. Houghton Mifflin Harcourt (HMH) relocated its Texas regional office to Round Rock in July 2016. Their relocation brought over 270 jobs to the City and they now anchor a 100,000-square foot Class A office building in La Frontera. ProPortion Foods LLC, a Los Angeles-based food service company relocated its office, food processing, storage, and warehouse facility to the City in 2016, bringing in at least 400 full-time jobs. Airco Mechanical, a commercial and residential heating, ventilation, and air conditioning service provider, has relocated its Central Texas headquarters to a previously vacant 47,000-square foot building, bringing in another 400 full-time jobs.

United Parcel Service (UPS) is the newest Fortune 500 company to expand in Round Rock with a new regional distribution center that provides additional operating capacity for the Austin area. The \$70 million facility opened in November 2018 in time for the holiday shipping season. The 225,000-square foot facility is located on fifty acres of land near SH 45 and A.W. Grimes Boulevard and will employ more than 300 people.

These 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. City Centre is a Class A office development underway at the intersection of McNeil Road and IH 35. The City has committed a loan of \$2.2 million towards the total project cost of \$24 million which will culminate in a three-building business center providing a total of 125,000-square-feet of Class A office space within walking distance to the historic downtown core.

Another potential economic development project for the downtown core is in the planning process which would add a mixed-use development on the downtown block where the City's iconic water tower sits. Pearlstone Holdings is interested in redeveloping that block that could include 76,000-square feet of Class A office space, 9,600-square feet of retail space, a hotel, and a 372-space parking garage.

A new \$20 million Embassy Suites Hotel and Conference Center is underway on 6 acres of land near Bass Pro Shops and Round Rock Premium Outlets. The project will bring a 160-room hotel with at least 14,000-square feet of convention and meeting space and will generate at least 60 jobs. The hotel and conference center is anticipated to open in 2020.

Kalahari Resorts selected Round Rock as the location of its fourth family resort and convention center. The authentically African-themed Kalahari Resorts and convention center will feature a minimum of 975 well-appointed guest rooms, full-service amenities, fully equipped fitness centers, on-site restaurants, unique retail

shops, a state-of-the-art 125,000-square foot conference center, and a 200,000-square foot indoor/outdoor water park. This opens new opportunities for Round Rock and will provide substantial property tax revenues and diversity to the local economy and available employment opportunities. The project broke ground on May 15, 2018 and is expected to open in November 2020. Its 352-acre site and proximity to Old Settlers Park and the Dell Diamond – two well-established venues that draw more than a million visitors annually – bodes well for a successful, tourism-oriented development.

A large mixed-use development project was announced in November 2017 when Mark IV Capital finalized a memorandum of understanding with the City. The \$200 million project, named The District, will be a live, work, and play community located near the intersection of IH 35 and Texas 45. Initial plans for the development include 1 million square feet of office space, approximately 900 multifamily residential units, a hotel, a high-end grocery store, and retail/restaurant space. This mixed-use development will be a great opportunity for continued growth and diversification of the City's economy.

Round Rock continues to see significant growth in the medical industry. The City is home to several hospitals offering comprehensive world-class healthcare services. Post Acute Medical Rehabilitation Hospital is under construction at the intersection of Medical Center Way and North A.W. Grimes Boulevard. This 48,000-square foot, 40-bed facility will be the City's sixth hospital and is designed to treat patients who have suffered traumatic brain injuries and strokes and is projected to open in mid-2019.

Baylor Scott & White recently opened a new 39,000 square foot cancer center on University Boulevard. The facility provides services for radiation oncology, medical oncology, surgical oncology, and hematology. This is the first cancer center in all of Williamson County and further expands the diversity and quality of healthcare services offered in the City's medical corridor.

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 opened its newest building – Willow Hall – on May 24, 2018. This new \$67.5 million, 107,000 square foot facility is home to the university's departments of communication disorders, physical therapy, and respiratory care which all moved from the university's San Marcos campus as the university continues to consolidate the College of Health Professionals in Round Rock.

Austin Community College celebrated the opening of a \$33 million, 45,000 square foot expansion of its Round Rock campus on September 26, 2018. The new expansion features the college's third state-of-the-art ACCelerator with more than 140 computers, advanced science labs, classrooms, and a social staircase where students can gather to relax or study. The new expansion will make room for the enrollment of an additional 1,000 students.

Relevant Financial Policies

Accounting System and Controls

The City Council approved a change to the General Fund Reserve policy to lower the reserve requirement from 33% to 25% of operating expenditures. The City is not as dependent on volatile sales tax revenues as it once was. Beginning with the fiscal year 2018 budget, the reserve was lowered to gradually transition to the new balance and will continue to maintain a conservative reserve against future risk. The City's Concentration Risk Fund, a separate account to provide additional surety on the City's highest sales tax remitters, remains in place. Working capital in the Water/Wastewater Utility Fund is maintained at 33% of operating expenditures. 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

The City uses a 5-year planning model for the General Fund which projects revenues and expenditures over a long-term period using assumptions about economic conditions and future spending scenarios. This model is developed internally and focuses on the anticipated future funding necessary to meet the City's strategic goals.

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 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 \$70.2 million in sales tax revenue for fiscal year 2019, 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 1/2% or \$19.5 million in additional sales and use tax for roads and economic development. The remaining 1 1/2% is projected to generate \$50.7 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. Dell continues to be a vital part of the Round Rock economy and the City continues to be the company's global headquarters. Over fiscal year 2018 the sale tax revenues generated by Dell have grown 50% over fiscal year 2017. Dell sales tax receipts for fiscal year 2018 accounted for 21.5% of total sales tax collected. 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. For fiscal year the City Council adopted new financial policies to create balanced and reliable ongoing revenues by limiting Dell sales tax revenues in the General Fund to not exceed 20% of budgeted sales tax revenues. Any revenues received above this limit will be transferred to cash fund one-time capital projects.

While the City has reduced its exposure to Dell receipts, the remaining sales tax base has grown from \$26.4 million in 2009 to \$41.1 million for 2018, an increase of 56% over the ten-year period. The reduced reliance on Dell, and on sales taxes 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, establishing an equitable rate structure for total cost recovery. The utility rate model was last updated during 2017. A 3% water rate increase went into effect on October 1, 2018 as the second year of three years of adopted rate increases. With future development demands anticipated for the water system these rate increases are needed to fund capital improvement programs, an increase in system demands, and operating cost pressures. The base rates for all customer categories have been increased which reduces revenue volatility that results from weather and conservation. In addition to the water rate increases, the tiered water rate structure for residential and irrigation customers have been adjusted to be year-round and is designed to shift more of the cost increase to higher users who are driving the added costs. Based on the utility rate model, there are no wastewater increases anticipated for the next several years. Even

with the water 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 Regional 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 30 MGD of wastewater. The City's portion will be approximately 20.1 MGD and will serve Round Rock through 2035. The City is assuming operational control of the BCRWWS effective October 1, 2018. This will increase efficiencies with no net cost increase.

In December 2017 the City's Utility System and BCRUA both received an upgraded rating to AAA, the highest rating of creditworthiness, from Standard and Poor's (S&P). This raised rating reflects the stability of the City's utility system. S&P also noted that the system had good financial management policies and practices. In October 2018 the City's General Obligation bonds also received an upgraded rating to AAA. Round Rock is one of only eight cities in Texas with AAA ratings for both General Obligation (GO) and Utility debt. The upgrade "reflect[ed] Round Rock's very strong economy and maintenance of a strong financial position ... (and) very strong management, with strong financial policies and practices", according to S&P. Round Rock is one of only eight Texas cities to hold the AAA rating on both GO and utility debt.

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, 2017. This was the *thirty-second consecutive year* that the City has achieved this prestigious award. 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, 2017. 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.

Additionally, the GFOA awarded the City a Certificate of Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2017. 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 City's investment policy was awarded the Certificate of Distinction by the Government Treasurers' Organization of Texas (GTOT) in February 2018. This certification recognizes the investment policy for meeting strict criteria in safeguarding the City's investments.


The City of Round Rock has earned four Transparency Stars from the Texas Comptroller's Office recognizing the City's efforts to make information on the City's traditional finances, debt obligations, public pensions, and economic development transparent and readily available. During fiscal year 2019, the City will continue to increase the level of transparency and will apply for the last remaining star: Contracts and Procurement.

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 Whitley Penn, L.L.P. 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**

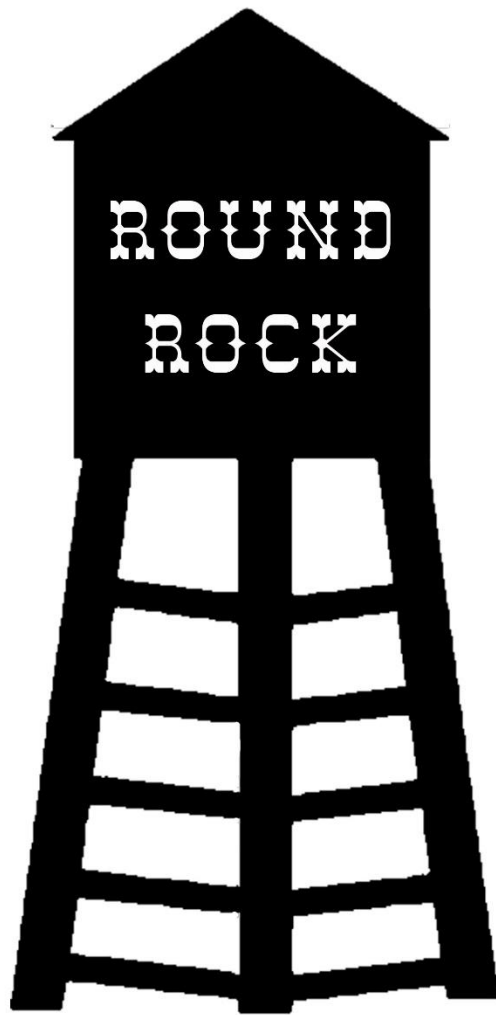
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of 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 City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2018, 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

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

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, as of September 30, 2018, and the respective changes in financial position, the respective budgetary comparison schedule for the General Fund and the Round Rock Transportation and Economic Development Corporation Revenue Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1.W. to the financial statements, the City adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of September 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 21 through 32, pension information on pages 108 through 110, and other post-employment benefit information on page 111 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 the 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 the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (“OMB”); Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules and 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

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

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, combining and individual fund statements and schedules and 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 February 6, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Austin, Texas
February 6, 2019



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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, 2018. 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 of resources at the close of the most recent fiscal year by \$880,026,443 (*net position*). Of this amount, \$167,566,158 (*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 \$53,991,370, after restatement of the beginning net position balance as disclosed in Note I (W). Most of this increase is due to \$51.3 million of operating and capital grants and contributions from both governmental and business-type activities for infrastructure and developer contributions.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$154,639,430, a decrease of \$18,558,638 in comparison with the prior year. The decrease is due in part to the spending down of bond proceeds and higher costs incurred for City projects such as the RRTEDC's transportation projects and right-of-way acquisitions relating to RM620; the self-financed construction fund projects included non-arterial street maintenance projects and the Williamson County Regional Animal Shelter; and lastly, the 2014 & 2017 general obligation bonds fund projects included the completion of the Public Safety Training Facility. Approximately 34.6% of the total fund balance amount, \$53,558,920, 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 \$53,558,920, or 53.0% of the total general fund expenditures.
- The City of Round Rock's total debt decreased by \$17,965,000 during the current fiscal year. The change can be attributed to the issuance of utility system revenue refunding bonds, along with the offset by regularly scheduled debt principal retirements 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

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Government-wide Financial Statements (Continued)

position may serve as a useful indicator of whether the financial position of the City of Round Rock is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., unavailable tax revenues 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 two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 20 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) fund, the self-financed construction fund, and the 2014 & 2017 General Obligation Bonds fund, all of which are considered to be major funds. Data from the other 15 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, 2018**

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 other post-employment benefits (OPEB) liability as of September 30, 2018. The net income (loss) of the internal service fund is allocated between governmental and business-type activities.

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 presented separately even though it does not meet the criteria of a major fund in GASB Statement No. 34. The internal service fund is a single presentation in the proprietary fund financial statements.

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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found beginning on page 108 of this report.

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 \$880,026,443 as of September 30, 2018.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Other Information (Continued)

The largest portion of the City's net position (72.9%) 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 (8.1%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position \$167,566,158 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2018, and 2017, 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, 2018 and 2017. The 2017 amounts have been restated for the impact of GASB Statement No. 75.

	Net Position (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 181,885	\$ 197,315	\$ 178,282	\$ 161,585	\$ 360,167	\$ 358,900
Capital assets	576,557	553,930	342,288	320,800	918,845	874,730
Total assets	<u>758,442</u>	<u>751,245</u>	<u>520,570</u>	<u>482,385</u>	<u>1,279,012</u>	<u>1,233,630</u>
Deferred outflows of resources	13,951	19,953	5,891	6,358	19,842	26,311
Long term liabilities	263,051	285,627	85,424	89,841	348,475	375,468
Other liabilities	53,076	49,813	10,100	7,303	63,176	57,116
Total liabilities	<u>316,127</u>	<u>335,440</u>	<u>95,524</u>	<u>97,144</u>	<u>411,651</u>	<u>432,584</u>
Deferred inflows of resources	6,316	1,163	861	159	7,177	1,322
Net position, as restated:						
Net investment						
in capital assets	373,007	356,586	268,467	245,005	641,474	601,591
Restricted	48,357	48,955	22,629	19,801	70,986	68,756
Unrestricted	28,586	29,054	138,980	126,634	167,566	155,688
Total net position	<u>\$ 449,950</u>	<u>\$ 434,595</u>	<u>\$ 430,076</u>	<u>\$ 391,440</u>	<u>\$ 880,026</u>	<u>\$ 826,035</u>

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Analysis of Changes in Net Position

The table below summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2018, with comparisons to the previous year. The 2017 amounts have been restated for the impact of GASB Statement No. 75.

	Changes in Net Position (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 10,218	\$ 26,998	\$ 55,439	\$ 52,715	\$ 65,657	\$ 79,713
Operating grants and contributions	2,574	1,203	-	-	2,574	1,203
Capital grants and contributions	18,206	5,958	30,496	15,642	48,702	21,600
General revenues:						
Property taxes	54,082	49,107	-	-	54,082	49,107
Franchise taxes	7,141	7,103	-	-	7,141	7,103
Sales tax	72,862	64,210	-	-	72,862	64,210
Hotel occupancy tax	5,714	5,515	-	-	5,714	5,515
Public service taxes	647	627	-	-	647	627
Investment earnings and other	9,024	8,202	3,131	2,290	12,155	10,492
Total revenues	<u>180,468</u>	<u>168,923</u>	<u>89,066</u>	<u>70,647</u>	<u>269,534</u>	<u>239,570</u>
Expenses:						
General government	23,409	26,255	-	-	23,409	26,255
Public safety	57,988	57,452	-	-	57,988	57,452
Public works	47,121	34,779	-	-	47,121	34,779
Culture and recreation	25,218	25,287	-	-	25,218	25,287
Interest on long-term debt	8,415	8,075	-	-	8,415	8,075
Issuance costs	-	424	-	-	-	424
Water and sewer utility	-	-	51,750	50,604	51,750	50,604
Golf course	-	-	1,642	1,857	1,642	1,857
Total expenses	<u>162,151</u>	<u>152,272</u>	<u>53,392</u>	<u>52,461</u>	<u>215,543</u>	<u>204,733</u>
Increases in net position before transfers	18,317	16,651	35,674	18,186	53,991	34,837
Transfers	(2,962)	3,493	2,962	(3,493)	-	-
Increase in net position	<u>15,355</u>	<u>20,144</u>	<u>38,636</u>	<u>14,693</u>	<u>53,991</u>	<u>34,837</u>
Net position - beginning, as restated	<u>434,595</u>	<u>414,451</u>	<u>391,440</u>	<u>376,747</u>	<u>826,035</u>	<u>791,198</u>
Net position - ending	<u>\$ 449,950</u>	<u>\$ 434,595</u>	<u>\$ 430,076</u>	<u>\$ 391,440</u>	<u>\$ 880,026</u>	<u>\$ 826,035</u>

Governmental Activities

Governmental activities increased the City's net position by \$15,355,407 or 28.4% of the total increase in the net position of the City over the prior year. Key factors for the increase are as follows:

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Governmental Activities (Continued)

REVENUES

- Amounts received for property taxes increased from last year by 10.1% due primarily to an increase of \$0.005 in the nominal property tax rate from \$0.42500 for fiscal year 2017 to \$0.43000 for fiscal year 2018. The 2017 tax rate is 6.7% above the effective tax rate, \$0.40317. Other factors include addition of new property to the tax base. Property tax makes up 36.2% of total general revenues.
- Sales tax collections of \$72.9 million increased 13.5%, compared to prior year. Dell, the City's largest sales tax payer, had fiscal year 2018 sales tax revenues 50% higher than collections in the prior year. This resurgence combined with strong underlying growth in other City businesses led to the increase in sales tax collections.
- Charges for services decreased by \$16.8 million primarily due to a one time rent payment in 2017. The decrease is offset by an increase in revenues from the first full year of operations of the new Multipurpose Sports Complex.
- Hotel occupancy tax revenues increased 3.6% or \$199,000. This is a result of new rooms and higher average room rates for area hotel/motels. The occupancy rate increased from 77.1% in 2017 to 77.8% in 2018. The statewide occupancy rate was 67.1% in 2018.
- Capital grants and contribution revenues increased \$12.2 million over the prior year. This increase is due largely to the amount of capital grants and contributions received in public works, primarily related to the RM620 roadway improvements project. A set percentage of costs incurred by the City on this project are reimbursable from the Texas Department of Transportation. Grants and contribution revenues can vary year to year depending on current development within the City.

EXPENSES

Expenses for governmental activities for the City totaled \$162,151,715 for the year ended September 30, 2018. Significant factors are listed below. The variances and percentages are prior to the effects of the GASB Statement No. 75 prior period restatement.

- General government costs decreased \$1.0 million from \$24.4 million in 2017 to \$23.4 million in 2018, or 4.2%. This decrease is primarily a result of the change in the net pension liability from 2017 to 2018. An unexpected return on investments resulted in higher net investment income and a reduction to general government expenses, as opposed to an increase in expense in 2017 and previous years.
- Public safety program costs including police and fire department activities totaled about \$58.0 million, or 35.8% of total expenses for governmental activities. This is an increase of 11.0%, compared to prior year. This increase is due primarily to personnel costs which included contractual salary increases for all sworn fire and police officers and the addition of three firefighters and two police officers for fiscal year 2018.
- Public works program costs increased \$12.7 million, or 37.1%, compared to prior year. This increase is primarily a result of the RM620 roadway improvements project as several large property and easement acquisitions occurred during 2018.
- Culture and recreation increased \$1.1 million from \$24.1 million in 2017 to \$25.2 million, or 4.5%, in 2018. This increase is due in part to funding the first full year of operations of the new Multipurpose Sports Complex.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Business-Type Activities

Business-type activities increased the City's net position by \$38,635,963 or 71.6% of the total growth in the net position of the City over the prior year. Much of this increase was due to the increase in capital grants and contributions, up \$14.8 million from the prior year. Additionally, charges for services are up \$2.7 million while transfers and investment earnings and other are up \$7.3 million. 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 is presented as follows:

	<u>2018</u>	<u>2017</u>
Operating revenues	\$ 54,941,755	\$ 51,980,615
Operating income	\$ 6,004,652	\$ 4,758,268
Income available for debt service	\$ 26,456,849	\$ 23,415,956
Annual debt service	\$ 5,444,927	\$ 6,352,459
Coverage	4.86	3.88

- The City sets utility rates based on the cost of service. This model establishes an equitable rate structure for total cost recovery. A 3.5% water rate increase went into effect on October 1, 2017. This rate increase is the first year of a three-year planned implementation stemming from a recently updated water and wastewater rate model. With future development demands anticipated for the water system these rate increases are needed to fund capital improvement programs, an increase in system demands, and operating pressures. Based on the rate model, no wastewater increases are anticipated for the next several years. 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 \$2.1 million from prior year due to costs of treating higher volumes of water to serve a growing number of customers and normal weather fluctuations. This increase is prior to the effects of the GASB Statement No. 75 prior period restatement. The expenses of the Golf Course Fund increased due to the implementation of a new management company and major capital improvements.

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.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Governmental Funds

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

For the fiscal year ended September 30, 2018, the City's governmental funds reported combined ending fund balances of \$154,639,430. Approximately 34.6% of this total amount of \$53,558,920 constitutes unassigned fund balance and is available for spending at the City's discretion. \$1,274,658 is assigned to culture and recreation while \$22,167,119 of the fund balance is committed to either capital projects 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 \$4,853,517, 2) fund authorized construction of \$62,649,029, 3) other restricted purposes of \$9,882,595 or 4) non-spendable of \$253,592.

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 \$53,812,512, of which \$53,558,920 was unassigned. Unassigned fund balance represented 53.0% of total General Fund expenditures.

During the current fiscal year, the fund balance of the General Fund increased by \$3,490,428 largely due to a one-time transfer to fund capital projects in the prior year and an increase in investment earnings over the prior year. The General Fund total revenues exceeded the budget by \$7,133,166. 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 \$4,853,517 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 \$972,535. Debt service expenditure requirements increased by \$1,890,377 during the fiscal year and were adequately funded by the debt service portion of the property tax.

The fund balance of the RRTEDC fund was \$32,814,280, a decrease of \$2,847,927 compared to the prior year. The decrease is a result of higher costs incurred for transportation projects, compared to the prior year. Right-of-way acquisitions for the RM620 roadway improvements project were underway during 2018 and were the primary cause of this decrease.

The fund balance of the self-financed construction fund was \$20,885,034, a decrease of \$6,496,098 compared to the prior year. The decrease is a result of costs incurred for City projects, compared to the prior year. Specifically, \$3,315,380 of costs were incurred on non-arterial street maintenance projects, \$1,321,643 of costs were incurred on the Williamson County Regional Animal Shelter expansion project, and \$709,550 was incurred on the final construction costs and playground equipment purchases for the Play for All Abilities Park expansion project.

The fund balance of the 2014 & 2017 general obligation bonds fund was \$28,051,947, a decrease of \$13,978,406 compared to the prior year. This is a result of the spending down of the 2014 and 2017 general obligation bonds. Specifically, the Public Safety Training Facility which opened in September 2018 was completed with \$11,995,708 of costs incurred during 2018.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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. The total net position of the proprietary funds totaled \$429,147,890, an increase of \$38,438,602 over the prior year. Unrestricted net position of the funds totaled \$138,052,119 at September 30, 2018. The unrestricted net position represented 32.2% of the proprietary funds' total net position.

General Fund Budgetary Highlights

One budget amendment was taken to City Council for the General Fund for the year ended September 30, 2018. The budget amendment added eight additional positions to the General Fund to help meet immediate staffing needs. The positions added are six firefighters to add an engine company to Fire Station No. 9, a building construction superintendent for general services, and a management analyst in administration. The budget amendment also appropriated additional funding for overtime pay for the fire department and added budget for revenues and associated expenses related to an opioid treatment grant obtained by the fire department.

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, 2018, amounted to \$918,845,207 (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, 2018, included the following:

- Construction is underway on the Kalahari family resort, water park and convention center with \$4.0 million spent to date on the convention center. Design is underway for roadway improvements near Kalahari with \$1.0 million spent to date.
- Projects underway and completed that were funded by the 2014 & 2017 G.O. bonds are as follows:
 - Construction was completed on the Old Settler's Park's soccer fields at a cost of \$2.6 million.
 - Design is underway for the Adult Recreation Complex with total cost estimated at \$4.4 million and an estimated completion date in Summer 2019.
 - Expansion of citywide trails began at an estimated cost of \$18.9 million with \$3.3 million incurred to date.
 - Neighborhood park improvements, upgrades to comply with the American with Disabilities Act (ADA), and facility improvements are underway with total cost estimated at \$5.5 million and \$2.6 million spent to date.
 - Construction was substantially completed on the Public Safety Training Center at a cost of \$27.4 million. The facility opened in September 2018.
 - Design is underway for the new library with \$1.6 million spent to date.
- Expansion of the Play for All Abilities park was completed at a total cost of \$1.1 million.
- Renovation of the Forest Creek Golf Course was substantially completed at a cost of \$5.9 million.
- The Stagecoach Inn was relocated from RM620 to Chisholm Trail in April 2018 at a cost of \$929,000.
- Construction was substantially completed on the Southwest Downtown Phase 5B Improvement project at a cost of \$4.9 million. This project includes improvements to Bagdad Avenue, McNeil Road, Florence Street, and Blair Street.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Capital Assets (Continued)

- Additional Downtown Improvement projects are underway and at various stages of completion. Completed projects totaled \$676,000 while construction in progress at year-end approximated \$2.3 million.
- Major arterial, signal, and road projects for transportation are underway and at various stages of completion. Completed projects totaled \$23.2 million while construction in progress at year-end approximated \$10.3 million.
- City facility improvements were completed at a cost of \$713,000 and information technology infrastructure upgrades were completed at a cost of \$602,000.
- Various street improvement projects were completed at a cost of \$3.3 million.
- Construction is underway for the new Luther Peterson Service Center which will consolidate the Utility and Environmental Services, Transportation, and General Services Departments. The total estimated cost is \$20.7 million funded from both utility funds and future bond funds with \$3.4 million spent to date.
- Developers contributed infrastructure improvements for governmental activities of \$8.9 million, of which \$7.9 million was for transportation, and \$19.0 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 \$7.5 million with estimated completion in 2020.
- Various water and wastewater line replacement projects were completed and placed in service at a cost of \$2.8 million and similar projects were in progress costing \$6.9 million to date.

	Capital Assets (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 87,134	\$ 82,456	\$ 8,453	\$ 8,453	\$ 95,587	\$ 90,909
Buildings and improvements	174,940	146,682	22,456	22,436	197,396	169,118
Improvements other than bldgs	682,320	654,984	481,442	453,845	1,163,762	1,108,829
Machinery and equipment	86,966	81,237	22,038	19,860	109,004	101,097
Accumulated depreciation	(480,366)	(452,082)	(205,115)	(188,065)	(685,481)	(640,147)
Construction in progress	25,562	40,653	13,015	4,271	38,577	44,924
Total	<u>\$ 576,556</u>	<u>\$ 553,930</u>	<u>\$ 342,289</u>	<u>\$ 320,800</u>	<u>\$ 918,845</u>	<u>\$ 874,730</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 \$289,750,000. Of this amount, \$188,340,000 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).

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Long-Term Debt (Continued)

During the current fiscal year, the City of Round Rock's total debt decreased by \$17,965,000. Regularly scheduled debt principal was retired during 2018. In addition, the City issued series 2017 utility revenue refunding bonds, which resulted in reduced debt service payments of \$4.2 million and an economic gain of \$3.0 million. Details of the refunding can be found in Note IV (F) (4) to the financial statements.

	Long-Term Debt (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 162,820	\$ 170,615	\$ -	\$ -	\$ 162,820	\$ 170,615
Certificates of obligation	25,520	26,315	-	-	25,520	26,315
Hotel tax revenue bonds	11,055	11,675	-	-	11,055	11,675
Sales tax revenue bonds	13,925	17,540	-	-	13,925	17,540
Water and wastewater revenue bonds	-	-	76,430	81,570	76,430	81,570
Total	\$ 213,320	\$ 226,145	\$ 76,430	\$ 81,570	\$ 289,750	\$ 307,715

The City of Round Rock benefits substantially in reduced interest costs resulting from the bond rating by Standard & Poor's of AAA for the Utility Revenue bonds.

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 up to \$1.50 of the \$2.50 maximum tax rate for general obligation debt service. The revenues from this maximum tax rate would be sufficient to cover the debt service on over \$2.1 billion of bonds. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.14214, or 9.5%. Of \$53,890,399 levied in property taxes for the fiscal year ended September 30, 2018, 99.79% 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 2018-2019 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 2018-2019 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
- Debt payments for new programs
- Competitive employee compensation and benefits

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

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

- Maintenance of parks, facilities, and streets
- Compliance with financial policies

Revenue assumptions in general for fiscal year 2018-2019 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 \$70.2 million in sales tax revenue for fiscal year 2019. This amount includes the 1/2% or \$19.5 million in additional sales and use tax for roads and economic development. The remaining 1 1/2% is projected to generate \$50.7 million for general operations, property tax reduction, and capital projects.

The fiscal year 2019 certified taxable property value for Round Rock is \$13.6 billion, an increase of 8.8% from last year's \$12.5 billion. The adopted property tax rate for fiscal year 2019 is \$0.42000 per \$100 of valuation. The tax rate is an increase of 1.4 cents over the effective rate of \$0.40624, and well below the rollback rate of \$0.43074. The 1.4 cent increase over the effective tax rate is to provide funds for additional neighborhood street maintenance, operating costs of voter-approved bond projects, and staff compensation and benefits. With an adopted rate of \$0.42000, 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. There is a 3.0% water rate increase included in the fiscal year 2019 budget which went into effect on October 1, 2018. This rate increase is the second year of a three-year planned implementation stemming from a recently updated water and wastewater rate model. With future development demands anticipated for the water system, these rate increases are needed to fund capital improvement programs, an increase in system demands, and operating pressures. Based on the water and wastewater rate model, no wastewater increases are anticipated for the next several years.

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, 2018

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 8,337,125	\$ 8,940,206	\$ 17,277,331
Investments	91,226,854	106,929,060	198,155,914
Receivables (net of allowance for uncollectibles)-			
Property taxes	332,301	-	332,301
Accounts & other	9,584,060	18,891,316	28,475,376
Accrued interest	335,419	1,018,179	1,353,598
Intergovernmental	-	3,672,863	3,672,863
Grants	7,226,631	-	7,226,631
Interfund	(928,201)	928,201	-
Inventories	202,648	383,675	586,323
Other current assets	138,444	424,382	562,826
Restricted assets -			
Cash and cash equivalents	18,307,117	2,926,601	21,233,718
Investments	45,160,819	20,700,321	65,861,140
Property tax receivable	202,626	-	202,626
Accounts and other	1,622,272	85,574	1,707,846
Accrued interest	136,956	74,156	211,112
Investment in joint venture	-	13,306,933	13,306,933
Capital assets -			
Land and construction in progress	112,696,626	21,467,713	134,164,339
Capital asset, net of accumulated depreciation	463,860,330	320,820,538	784,680,868
Total assets	<u>758,442,027</u>	<u>520,569,718</u>	<u>1,279,011,745</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amount on refundings	5,258,914	4,741,745	10,000,659
Deferred outflows related to pensions	7,629,801	1,004,622	8,634,423
Deferred outflows related to OPEB	1,062,701	144,913	1,207,614
Total deferred outflows of resources	<u>13,951,416</u>	<u>5,891,280</u>	<u>19,842,696</u>

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

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	\$ 14,801,248	\$ 4,276,934	\$ 19,078,182
Accrued payroll	1,504,426	194,545	1,698,971
Unearned revenue	11,808,844	-	11,808,844
Accrued interest payable	1,178,659	507,105	1,685,764
Customer deposits	-	1,194,160	1,194,160
Due within one year	23,782,088	3,927,153	27,709,241
Net pension liability	28,197,127	3,845,063	32,042,190
Total OPEB liability	14,320,963	1,952,859	16,273,822
Due in more than one year	<u>220,533,370</u>	<u>79,625,765</u>	<u>300,159,135</u>
Total liabilities	<u>316,126,725</u>	<u>95,523,584</u>	<u>411,650,309</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to pensions	6,230,942	849,674	7,080,616
Deferred inflows related to OPEB	<u>85,424</u>	<u>11,649</u>	<u>97,073</u>
Total deferred inflows of resources	<u>6,316,366</u>	<u>861,323</u>	<u>7,177,689</u>
<u>NET POSITION</u>			
Net investment in capital assets	373,007,353	268,467,171	641,474,524
Restricted for -			
Debt service	3,877,484	167,186	4,044,670
Capital projects	34,597,082	22,461,414	57,058,496
Hotel-motel tax	7,863,705	-	7,863,705
Public safety	750,657	-	750,657
General government	1,268,233	-	1,268,233
Unrestricted	<u>28,585,838</u>	<u>138,980,320</u>	<u>167,566,158</u>
Total net position	<u>\$ 449,950,352</u>	<u>\$ 430,076,091</u>	<u>\$ 880,026,443</u>

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 23,408,887	\$ 2,273,091	\$ 2,551,832	\$ -
Public safety	57,987,997	1,762,172	13,521	51,807
Public works	47,120,999	693,223	-	17,264,564
Culture and recreation	25,218,145	5,489,515	8,655	890,019
Interest on long-term debt	8,415,687	-	-	-
Total governmental activities	162,151,715	10,218,001	2,574,008	18,206,390
Business-type activities:				
Water and sewer utility	51,749,727	55,139,117	-	29,863,950
Golf course	1,642,036	299,761	-	631,683
Total business-type activities	53,391,763	55,438,878	-	30,495,633
Total primary government	\$ 215,543,478	\$ 65,656,879	\$ 2,574,008	\$ 48,702,023

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

**Net (Expense) Revenue and
Changes in Net Position
Primary Government**

Functions/Programs	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (18,583,964)	\$ -	\$ (18,583,964)
Public safety	(56,160,497)	-	(56,160,497)
Public works	(29,163,212)	-	(29,163,212)
Culture and recreation	(18,829,956)	-	(18,829,956)
Interest on long-term debt	(8,415,687)	-	(8,415,687)
Total governmental activities	(131,153,316)	-	(131,153,316)
Business-type activities:			
Water and sewer utility	-	33,253,340	33,253,340
Golf course	-	(710,592)	(710,592)
Total business-type activities	-	32,542,748	32,542,748
Total primary government	(131,153,316)	32,542,748	(98,610,568)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	34,692,837	-	34,692,837
Property taxes, levied for debt service	19,389,451	-	19,389,451
Franchise taxes	7,140,940	-	7,140,940
Sales taxes	72,861,565	-	72,861,565
Hotel occupancy tax	5,714,235	-	5,714,235
Public service taxes	647,243	-	647,243
Unrestricted investment earnings and other	9,024,223	3,131,444	12,155,667
Transfers	(2,961,771)	2,961,771	-
Total general revenues and transfers	146,508,723	6,093,215	152,601,938
Change in net position	15,355,407	38,635,963	53,991,370
Net position-beginning, as restated	434,594,945	391,440,128	826,035,073
Net position-ending	\$ 449,950,352	\$ 430,076,091	\$ 880,026,443

**CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2018**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,592,238	\$ -	\$ 230
Investments	50,244,930	-	-
Receivables (net of allowance for uncollectibles) -			
Property taxes, including interest and penalties	332,301	-	-
Accounts and other	5,923,872	-	736,051
Accrued interest	192,181	-	-
Interfund	-	11,323	381,508
Grants	268,422	-	6,780,607
Inventories	202,648	-	-
Other current assets	50,944	-	-
Restricted assets -			
Cash and cash equivalents	-	4,842,194	2,289,517
Investments	-	-	25,087,845
Receivables -			
Property taxes, including interest and penalties	-	202,626	-
Sales tax	-	-	1,622,272
Accrued interest	-	-	89,064
Total assets	<u>\$ 61,807,536</u>	<u>\$ 5,056,143</u>	<u>\$ 36,987,094</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable	\$ 6,184,859	\$ -	\$ 4,172,814
Accrued payroll	1,466,541	-	-
Interfund payables	11,323	-	-
Unearned revenue	-	-	-
Total liabilities	<u>7,662,723</u>	<u>-</u>	<u>4,172,814</u>
Deferred inflows of resources -			
Unavailable revenue - property taxes	332,301	202,626	-
Total deferred inflows of resources	<u>332,301</u>	<u>202,626</u>	<u>-</u>
Fund balances -			
Nonspendable	253,592	-	-
Restricted - debt service	-	4,853,517	-
Restricted - authorized construction	-	-	32,814,280
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Restricted - general government	-	-	-
Committed - general government	-	-	-
Committed - capital projects funds	-	-	-
Assigned - culture and recreation	-	-	-
Unassigned	53,558,920	-	-
Total fund balances	<u>53,812,512</u>	<u>4,853,517</u>	<u>32,814,280</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,807,536</u>	<u>\$ 5,056,143</u>	<u>\$ 36,987,094</u>

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

2014 & 2017 General Obligation Bonds Fund	Self- Financed Construction	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ 1,953,532	\$ 1,099,842	\$ 7,645,842
-	21,406,231	12,000,814	83,651,975
-	-	-	332,301
-	-	589,999	7,249,922
-	75,204	42,626	310,011
-	-	-	392,831
-	74,786	102,816	7,226,631
-	-	-	202,648
-	-	-	50,944
10,620,509	-	554,897	18,307,117
18,173,037	-	1,899,937	45,160,819
-	-	-	202,626
-	-	-	1,622,272
41,040	-	6,852	136,956
<u>\$ 28,834,586</u>	<u>\$ 23,509,753</u>	<u>\$ 16,297,783</u>	<u>\$ 172,492,895</u>
\$ 782,639	\$ 2,624,719	\$ 549,435	\$ 14,314,466
-	-	37,885	1,504,426
-	-	381,508	392,831
-	-	1,106,815	1,106,815
<u>782,639</u>	<u>2,624,719</u>	<u>2,075,643</u>	<u>17,318,538</u>
-	-	-	534,927
-	-	-	534,927
-	-	-	253,592
-	-	-	4,853,517
28,051,947	-	1,782,802	62,649,029
-	-	7,863,705	7,863,705
-	-	750,657	750,657
-	-	1,268,233	1,268,233
-	-	232,243	232,243
-	20,885,034	1,049,842	21,934,876
-	-	1,274,658	1,274,658
-	-	-	53,558,920
<u>28,051,947</u>	<u>20,885,034</u>	<u>14,222,140</u>	<u>154,639,430</u>
<u>\$ 28,834,586</u>	<u>\$ 23,509,753</u>	<u>\$ 16,297,783</u>	<u>\$ 172,492,895</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 \$ 154,639,430

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	\$	87,134,480	
Construction in progress		25,562,146	
Building and improvements		857,259,849	
Equipment		86,966,226	
Accumulated depreciation		<u>(480,365,745)</u>	
Total capital assets		<u><u>\$ 576,556,956</u></u>	576,556,956

Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds. 5,258,914

Contributions to the pension plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 6,712,056

Pension actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. (5,313,197)

Contributions to OPEB after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 333,950

OPEB actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. 643,327

Property tax revenues collected in advance of the fiscal year to which they apply are recorded as deferred inflows of resources and recognized as revenue of the period to which they apply. Therefore, they are not reported in the funds. 534,927

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. 6,988,225

Unearned rent revenue for the land acquisition associated with the Kalahari project is not a current financial resource and, therefore, is not reported in the funds. (10,592,029)

Long-term receivable from the Crow Group Series, LLC for a forgivable loan associated with an economic development project is not a current financial resource and, therefore, was reported in the funds as an other financing use, and not as a receivable. 2,200,000

Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end. (1,178,659)

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). (286,833,548)

Net Position of Governmental Activities \$ 449,950,352

**CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2018**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 94,608,539	\$ 19,345,337	\$ 20,464,703
Licenses, permits and fees	1,920,713	-	-
Charges for services	4,746,589	-	-
Fines and forfeitures	1,322,339	-	-
Grants	2,006,282	-	6,945,669
Hotel occupancy tax	-	-	-
Investment and other	5,905,704	249,498	479,379
Contributions	-	-	2,206,633
Total revenues	<u>110,510,166</u>	<u>19,594,835</u>	<u>30,096,384</u>
Expenditures -			
Current -			
General government	20,621,407	-	-
Public safety	52,839,251	-	-
Public works	13,152,938	-	1,595,099
Culture and recreation	14,432,859	-	-
Debt service -			
Principal retirement	-	14,325,970	-
Interest and fiscal charges	-	9,244,645	-
Capital projects	-	-	28,119,444
Total expenditures	<u>101,046,455</u>	<u>23,570,615</u>	<u>29,714,543</u>
Excess (deficiency) of revenues over expenditures	<u>9,463,711</u>	<u>(3,975,780)</u>	<u>381,841</u>
Other financing sources (uses) -			
Issuance of lease	-	-	-
Payment to borrower	-	-	-
Transfers in	3,573,858	4,948,315	1,199,188
Transfers out	<u>(9,547,141)</u>	<u>-</u>	<u>(4,428,956)</u>
Total other financing sources (uses)	<u>(5,973,283)</u>	<u>4,948,315</u>	<u>(3,229,768)</u>
Net change in fund balances	3,490,428	972,535	(2,847,927)
Fund balances, October 1, 2017	<u>50,322,084</u>	<u>3,880,982</u>	<u>35,662,207</u>
Fund balances, September 30, 2018	<u><u>\$ 53,812,512</u></u>	<u><u>\$ 4,853,517</u></u>	<u><u>\$ 32,814,280</u></u>

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

2014 & 2017 General Obligation Bonds Fund	Self- Financed Construction	Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ 219,399	\$ 134,637,978
-	-	116,498	2,037,211
-	-	1,817,279	6,563,868
-	-	294,583	1,616,922
-	-	559,071	9,511,022
-	-	5,714,235	5,714,235
1,599,616	665,475	360,854	9,260,526
-	120,495	8,655	2,335,783
<u>1,599,616</u>	<u>785,970</u>	<u>9,090,574</u>	<u>171,677,545</u>
-	-	953,323	21,574,730
-	-	96	52,839,347
-	-	-	14,748,037
-	-	4,080,357	18,513,216
-	-	-	14,325,970
-	-	-	9,244,645
<u>15,160,243</u>	<u>14,638,079</u>	<u>1,891,745</u>	<u>59,809,511</u>
<u>15,160,243</u>	<u>14,638,079</u>	<u>6,925,521</u>	<u>191,055,456</u>
<u>(13,560,627)</u>	<u>(13,852,109)</u>	<u>2,165,053</u>	<u>(19,377,911)</u>
-	5,981,044	-	5,981,044
-	(2,200,000)	-	(2,200,000)
-	10,928,276	2,029,181	22,678,818
<u>(417,779)</u>	<u>(7,353,309)</u>	<u>(3,893,404)</u>	<u>(25,640,589)</u>
<u>(417,779)</u>	<u>7,356,011</u>	<u>(1,864,223)</u>	<u>819,273</u>
<u>(13,978,406)</u>	<u>(6,496,098)</u>	<u>300,830</u>	<u>(18,558,638)</u>
<u>42,030,353</u>	<u>27,381,132</u>	<u>13,921,310</u>	<u>173,198,068</u>
<u>\$ 28,051,947</u>	<u>\$ 20,885,034</u>	<u>\$ 14,222,140</u>	<u>\$ 154,639,430</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, 2018**

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

Net Change in Fund Balances-Total Governmental Funds	\$ (18,558,638)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	13,930,015
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.	8,697,290
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Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	94,057
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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.	8,269,186
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Long-term receivable from the Crow Group Series, LLC for a forgivable loan associated with an economic development project was reported in the funds as an other financing use (expenditure), but was reclassified as a long-term receivable in the Statement of Net Position, thereby reducing expenses on the Statement of Activities.	2,200,000
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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	208,306
OPEB costs, net	(1,003,494)
Interest and employee expense	441,488

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.	1,077,197
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Change in Net Position of Governmental Activities	<u>\$ 15,355,407</u>
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The accompanying notes are an integral part of this financial statement.

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise, including interest and penalties	\$ 88,578,000	\$ 89,240,654	\$ 94,608,539	\$ 5,367,885
Licenses, permits and fees	1,665,625	1,665,625	1,920,713	255,088
Charges for services	4,767,500	4,767,500	4,746,589	(20,911)
Fines and forfeitures	1,105,000	1,105,000	1,322,339	217,339
Grants	753,101	2,078,101	2,006,282	(71,819)
Investment and other	4,520,120	4,520,120	5,905,704	1,385,584
Total revenues	<u>101,389,346</u>	<u>103,377,000</u>	<u>110,510,166</u>	<u>7,133,166</u>
Expenditures -				
Current -				
General government	22,810,331	21,688,378	20,621,407	1,066,971
Public safety	49,964,528	52,846,709	52,839,251	7,458
Public works	17,154,867	14,275,785	13,152,938	1,122,847
Culture and recreation	14,519,621	14,626,129	14,432,859	193,270
Total expenditures	<u>104,449,347</u>	<u>103,437,001</u>	<u>101,046,455</u>	<u>2,390,546</u>
Excess (deficiency) of revenues over expenditures	<u>(3,060,001)</u>	<u>(60,001)</u>	<u>9,463,711</u>	<u>9,523,712</u>
Other financing sources (uses) -				
Transfers in	3,389,358	3,579,046	3,573,858	(5,188)
Transfers out	<u>(6,357,453)</u>	<u>(9,547,141)</u>	<u>(9,547,141)</u>	<u>-</u>
Total other financing sources (uses), net	<u>(2,968,095)</u>	<u>(5,968,095)</u>	<u>(5,973,283)</u>	<u>(5,188)</u>
Net change in fund balance	<u>\$ (6,028,096)</u>	<u>\$ (6,028,096)</u>	<u>3,490,428</u>	<u>\$ 9,518,524</u>
Fund balance, October 1, 2017			<u>50,322,084</u>	
Fund balance, September 30, 2018			<u>\$ 53,812,512</u>	

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

**CITY OF ROUND ROCK, TEXAS
ROUND ROCK TRANSPORTATION AND
ECONOMIC DEVELOPMENT CORPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Sales tax	\$ 17,301,920	\$ 17,301,920	\$ 20,464,703	\$ 3,162,783
Grants	1,669,809	1,669,809	6,945,669	5,275,860
Investment and other	100,000	100,000	479,379	379,379
Contributions	6,133,537	6,133,537	2,206,633	(3,926,904)
Total revenues	25,205,266	25,205,266	30,096,384	4,891,118
Expenditures -				
Public works	2,536,192	2,536,192	1,595,099	941,093
Capital projects	28,119,444	28,119,444	28,119,444	-
Total expenditures	30,655,636	30,655,636	29,714,543	941,093
Excess (deficiency) of revenues over expenditures	(5,450,370)	(5,450,370)	381,841	5,832,211
Other financing sources (uses) -				
Transfers in	-	-	1,199,188	1,199,188
Transfers out	(3,930,485)	(4,428,956)	(4,428,956)	-
Total other financing sources (uses)	(3,930,485)	(4,428,956)	(3,229,768)	1,199,188
Net change in fund balances	\$ (9,380,855)	\$ (9,879,326)	(2,847,927)	\$ 7,031,399
Fund balance, October 1, 2017			35,662,207	
Fund balance, September 30, 2018			\$ 32,814,280	

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



**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 8,601,127	\$ 339,079	\$ 8,940,206	\$ 691,283
Investments	106,914,835	14,225	106,929,060	7,574,879
Receivables (net of allowance for uncollectibles of \$508,933) -				
Accounts	18,816,316	75,000	18,891,316	24,138
Accrued interest	1,016,284	1,895	1,018,179	25,408
Intergovernmental	3,672,863	-	3,672,863	-
Inventories	383,675	-	383,675	-
Other current assets	424,382	-	424,382	87,500
Total current assets	139,829,482	430,199	140,259,681	8,403,208
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	12,055,035	-	12,055,035	-
Construction	10,246,649	-	10,246,649	-
Customer deposits	1,158,052	-	1,158,052	-
Revenue bond covenant accounts	167,186	-	167,186	-
Restricted accounts and accrued interest receivable:				
Restricted impact fees	85,574	-	85,574	-
Restricted accrued interest	74,156	-	74,156	-
Investment in joint venture	13,306,933	-	13,306,933	-
Capital assets:				
Land and construction in progress	19,399,367	2,068,346	21,467,713	-
Capital assets being depreciated	312,546,951	8,273,587	320,820,538	-
Total capital assets (net of accumulated depreciation of \$205,114,858)	331,946,318	10,341,933	342,288,251	-
Total noncurrent assets	369,039,903	10,341,933	379,381,836	-
Total assets	508,869,385	10,772,132	519,641,517	8,403,208
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges on refunding	4,741,745	-	4,741,745	-
Deferred outflows related to pensions	1,004,622	-	1,004,622	-
Deferred outflows related to OPEB	144,913	-	144,913	-
Total deferred outflows of resources	5,891,280	-	5,891,280	-

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

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 3,848,666	\$ 428,268	\$ 4,276,934	\$ 486,782
Accrued payroll	194,545	-	194,545	-
Accrued benefit obligations	439,120	-	439,120	-
Accrued interest	507,105	-	507,105	-
Customer deposits	1,194,160	-	1,194,160	-
Current portion of bonds payable	3,488,033	-	3,488,033	-
Total current liabilities	9,671,629	428,268	10,099,897	486,782
Noncurrent liabilities:				
Net pension liability	3,845,063	-	3,845,063	-
Total OPEB liability	1,952,859	-	1,952,859	-
Accrued benefit obligations	116,728	-	116,728	-
Bonds payable	79,509,037	-	79,509,037	-
Total noncurrent liabilities	85,423,687	-	85,423,687	-
Total liabilities	95,095,316	428,268	95,523,584	486,782
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows related to pensions	849,674	-	849,674	-
Deferred inflows related to OPEB	11,649	-	11,649	-
Total deferred inflows of resources	861,323	-	861,323	-
<u>NET POSITION</u>				
Net investment in capital assets	258,125,238	10,341,933	268,467,171	-
Restricted for:				
Debt service	167,186	-	167,186	-
Capital projects	22,461,414	-	22,461,414	-
Unrestricted	138,050,188	1,931	138,052,119	7,916,426
Total net position	<u>\$ 418,804,026</u>	<u>\$ 10,343,864</u>	429,147,890	<u>\$ 7,916,426</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.			928,201	
Net position of business-type activities			<u>\$ 430,076,091</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, 2018**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
Operating revenues -				
Charges for services	\$ 50,715,034	\$ 299,761	\$ 51,014,795	\$ 13,080,554
Licenses, permits, and fees	4,226,721	-	4,226,721	-
Total revenues	54,941,755	299,761	55,241,516	13,080,554
Operating expenses -				
Personnel services	10,940,702	-	10,940,702	-
Contractual services	16,695,290	1,344,025	18,039,315	2,798,472
Supplies	941,689	-	941,689	-
Materials	1,450,726	-	1,450,726	1,880
Heat, light and power	1,578,540	281	1,578,821	-
Claims expense	-	-	-	9,755,355
Depreciation	17,330,156	297,730	17,627,886	-
Total operating expenses	48,937,103	1,642,036	50,579,139	12,555,707
Operating income (loss)	6,004,652	(1,342,275)	4,662,377	524,847
Nonoperating revenues (expenses) -				
Investment and other revenues	3,122,041	9,403	3,131,444	749,711
Interest and fiscal charges	(2,812,623)	-	(2,812,623)	-
Total nonoperating revenues (expenses)	309,418	9,403	318,821	749,711
Income before contributions and transfers	6,314,070	(1,332,872)	4,981,198	1,274,558
Contributions and transfers -				
Contributions - impact fees	10,655,685	-	10,655,685	-
Contributions - infrastructure	19,002,230	-	19,002,230	-
Contributions - other	206,035	631,683	837,718	-
Transfers in	-	6,351,129	6,351,129	-
Transfers out	(3,389,358)	-	(3,389,358)	-
Total contributions and transfers	26,474,592	6,982,812	33,457,404	-
Change in net position	32,788,662	5,649,940	38,438,602	1,274,558
Net position, October 1, 2017, as restated	386,015,364	4,693,924		6,641,868
Net position, September 30, 2018	<u>\$ 418,804,026</u>	<u>\$ 10,343,864</u>		<u>\$ 7,916,426</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	197,361
Change in net position of business-type activities	<u>\$ 38,635,963</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, 2018**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 55,678,709	\$ 281,997	\$ 55,960,706	\$ 607,601
Cash received from other funds for services provided	-	-	-	12,465,970
Cash payments to suppliers for goods and services	(18,263,450)	(971,455)	(19,234,905)	(12,815,991)
Cash payments to employees for services	(10,968,664)	-	(10,968,664)	-
Net cash provided (used) by operating activities	<u>26,446,595</u>	<u>(689,458)</u>	<u>25,757,137</u>	<u>257,580</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	6,351,129	6,351,129	-
Transfers to other funds	(3,389,358)	-	(3,389,358)	-
Net cash provided (used) by noncapital financing activities	<u>(3,389,358)</u>	<u>6,351,129</u>	<u>2,961,771</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	68,033	-	68,033	-
Acquisition and construction of capital assets	(13,698,910)	(5,315,875)	(19,014,785)	-
Investment in joint venture	(680,531)	-	(680,531)	-
Principal paid on revenue bonds	(3,030,363)	-	(3,030,363)	-
Contributions	66,200	-	66,200	-
Impact fees	10,655,685	-	10,655,685	-
Interest and fiscal charges paid	(3,129,131)	-	(3,129,131)	-
Net cash used by capital and related financing activities	<u>(9,749,017)</u>	<u>(5,315,875)</u>	<u>(15,064,892)</u>	<u>-</u>
Cash flows from investing activities:				
Purchase of investments	(21,824,629)	(14,225)	(21,838,854)	(1,083,293)
Investment and other income	<u>2,397,761</u>	<u>7,508</u>	<u>2,405,269</u>	<u>733,466</u>
Net cash used by investing activities	<u>(19,426,868)</u>	<u>(6,717)</u>	<u>(19,433,585)</u>	<u>(349,827)</u>
Net increase (decrease) in cash and cash equivalents	(6,118,648)	339,079	(5,779,569)	(92,247)
Cash and cash equivalents at beginning of year	<u>17,646,376</u>	<u>-</u>	<u>17,646,376</u>	<u>783,530</u>
Cash and cash equivalents at end of year	<u>\$ 11,527,728</u>	<u>\$ 339,079</u>	<u>\$ 11,866,807</u>	<u>\$ 691,283</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, 2018**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Position</u>				
Cash and cash equivalents	\$ 8,601,127	\$ 339,079	\$ 8,940,206	\$ 691,283
Restricted assets -				
Cash and cash equivalents	<u>2,926,601</u>	<u>-</u>	<u>2,926,601</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 11,527,728</u>	<u>\$ 339,079</u>	<u>\$ 11,866,807</u>	<u>\$ 691,283</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>				
Operating income (loss)	\$ 6,004,652	\$ (1,342,275)	\$ 4,662,377	\$ 524,847
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	17,330,156	297,730	17,627,886	-
Provision for bad debts	65,507	-	65,507	-
(Increase) decrease in:				
Receivables	566,325	(555)	565,770	(6,983)
Customer deposits	(122,260)	-	(122,260)	-
Inventory	32,597	-	32,597	-
Other assets	9,867	-	9,867	-
Pension related deferred outflows	276,664	-	276,664	-
OPEB related deferred outflows	(100,744)	-	(100,744)	-
Increase (decrease) in:				
Accounts payable	2,482,591	372,851	2,855,442	(260,284)
Customer deposits	105,122	-	105,122	-
Compensated absences	(218,607)	-	(218,607)	-
Unearned revenue	-	(17,209)	(17,209)	-
Pension related deferred inflows	1,316,605	-	1,316,605	-
OPEB related deferred inflows	11,649	-	11,649	-
Net pension liability	(1,539,466)	-	(1,539,466)	-
Total OPEB liability	<u>225,937</u>	<u>-</u>	<u>225,937</u>	<u>-</u>
Total adjustments	<u>20,441,943</u>	<u>652,817</u>	<u>21,094,760</u>	<u>(267,267)</u>
Net cash provided (used) by operations	<u>\$ 26,446,595</u>	<u>\$ (689,458)</u>	<u>\$ 25,757,137</u>	<u>\$ 257,580</u>

NOTES:

Noncash capital and related financing activities:

In fiscal year 2018, the Water and Sewer Fund had \$19,002,230 in capital assets contributed, recognized a change of (\$7,173) in fair value of investments, and a change of (\$3,487,035) in joint venture net position.

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, 2018

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 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 Corporation 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, its administrative expenditures, and capital projects are accounted for in a special revenue 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 Fund with their actual results.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 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 and proprietary funds. 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 Fund, the 2014 & 2017 General Obligation Bonds Fund, and the Self-Financed Construction Fund. The nonmajor funds are combined in a separate column in the fund financial statements.

The Internal Service Fund, which provides services to the other funds of the government, is presented as part of the proprietary fund financial statements. The net income (loss) of the Internal Service Fund is allocated between governmental and business-type activities. Because the principal users are the City's governmental activities, financial statements of the Internal Service Fund are consolidated into the

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.).

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

Major Fund

- *Round Rock Transportation and Economic Development Corporation Fund*

Nonmajor Funds

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

The **Round Rock Transportation and Economic Development Corporation Fund** is considered a major fund in the fund financial statements. It accounts for sales tax monies and donations/developer contributions received for economic development and streets, drainage and other transportation system improvements, including maintenance and capital costs associated with such authorized projects.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. GOVERNMENTAL FUND TYPE (CONTINUED)

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 seven groups of funds within the Capital Projects Fund which account for the activities related to various capital improvements projects as follows:

Major Funds

- *2014 & 2017 General Obligation Bonds Fund*
- *Self-Financed Construction Fund*

Nonmajor Funds

- *2014 Certificates of Obligation Fund*
- *Convention Center Complex Fund*
- *Park Development Fund*
- *Streets and Drainage Fund*
- *Tourism Development Fund*

The Self-Financed Construction Fund and the 2014 & 2017 General Obligation Bonds 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 & 2017 General Obligation Bonds Fund accounts for projects related to fire department facilities, parks and recreational purposes, library facilities and police and fire training facilities.

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. These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are the determination of net income, financial position and cash flows. The City maintains the following Proprietary Fund type:

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

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. OTHER FUND TYPES

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

F. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

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

G. BASIS OF ACCOUNTING

Government-wide Statements

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

Fund Financial Statements

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

Governmental Funds

Revenue Recognition

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

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

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 unavailable revenue on its fund financial statements. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues 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 unearned revenue is removed from the balance sheet and revenue is recognized.

Expenditure Recognition

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

Proprietary 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The City pools excess cash of the various individual funds to purchase these investments. These pooled investments are reported in the combined balance sheet as investments in each fund based on each fund's share of the pooled investments. Interest income is allocated to each respective individual fund, monthly, based on their respective share of investments in the pooled investments. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

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.

K. JOINT VENTURE

Joint venture represents the City's equity interest calculated in accordance with the agreement for the 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. Donated capital assets, donated works of art, and similar items are reported at acquisition value rather than fair value.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. CAPITAL ASSETS (CONTINUED)

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 \$2,812,623.

M. LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable 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

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. LONG-TERM DEBT (CONTINUED)

Tax Revenue Bonds and Venue Tax and Hotel Occupancy Tax Revenue Bonds are to be repaid from the hotel tax revenues.

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, sick pay does not vest for non-Civil Service employees; therefore, a liability is only recorded for sick leave relating to Civil Service employees.

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

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

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

Other Post-Employment Benefits

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self insurance plan. The City reports the total liability for this plan 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. Information regarding the City's total liability for this plan is obtained through a report prepared by Holmes Murphy & Associates, the City's third-party actuary, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Additionally, the City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB 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. 75.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 investment in capital assets consists of: capital assets net of accumulated depreciation, outstanding balances of capital-related borrowings, and capital-related deferred outflows (inflows) of resources. Net position classified as restricted are balances with constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

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

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

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

Q. CLASSIFICATION OF FUND EQUITY

Governmental funds' fund 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. CLASSIFICATION OF FUND EQUITY (CONTINUED)

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 the tree replacement program. The commitments in the capital projects funds are for park improvements, street maintenance, and construction of roads.

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 City 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 90 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 items that qualify for reporting in this category by the City include the following:

- 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.
- OPEB and 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.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

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 both for OPEB and pension are the difference in expected and actual experience and for pension, 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). For the governmental funds, property taxes received in advance of the fiscal year to which they apply are reported as deferred inflows of resources.

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 net pension liability and total OPEB liability 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 TMRS and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27.

W. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the statement on the following page which became effective for fiscal year 2018.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS (CONTINUED)

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 pensions 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.

The implementation of GASB Statement No. 75 resulted in restatement of beginning net position for removal of the OPEB liability previously recorded under GASB Statement No. 45, the recording of the total OPEB liability under Statement No. 75, and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying this change results in the adjustment below:

	<i>Fund Level</i>		
	<i>Government-Wide Statement of Activities</i>	<i>Statement of Revenues, Expenses and Changes in Net Position- Proprietary Fund</i>	
	Government Activities	Business-type Activities	Water and Sewer Fund
Net position at September 30, 2017 as previously reported	\$ 443,193,990	\$ 392,642,595	\$ 387,217,831
Removal of OPEB liability per GASB 45	3,741,147	480,286	480,286
Recording of total OPEB liability as of the measurement date per GASB 75	(12,664,092)	(1,726,922)	(1,726,922)
Deferral for OPEB contributions after the measurement date per GASB 75	323,900	44,169	44,169
Net position at September 30, 2017 as restated	<u>\$ 434,594,945</u>	<u>\$ 391,440,128</u>	<u>\$ 386,015,364</u>

The GASB has issued the following statement which will become effective for fiscal year 2019.

Statement No. 83, “*Certain Asset Retirement Obligations.*” – This statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs), including obligations that may not have been previously reported. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets will use this statement to recognize a liability. This statement will also enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018

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	\$ 88,578,000	\$ 662,654	\$ 89,240,654
Licenses, permits and fees	1,665,625	-	1,665,625
Charges for services	4,767,500	-	4,767,500
Fines and forfeitures	1,105,000	-	1,105,000
Grants	753,101	1,325,000	2,078,101
Investment and other	4,520,120	-	4,520,120
Total revenues	<u>101,389,346</u>	<u>1,987,654</u>	<u>103,377,000</u>
Expenditures -			
Current -			
General government	22,810,331	(1,121,953)	21,688,378
Public safety	49,964,528	2,882,181	52,846,709
Public works	17,154,867	(2,879,082)	14,275,785
Culture and recreation	14,519,621	106,508	14,626,129
Total expenditures	<u>104,449,347</u>	<u>(1,012,346)</u>	<u>103,437,001</u>
Excess (deficiency) of revenues over expenditures	<u>(3,060,001)</u>	<u>3,000,000</u>	<u>(60,001)</u>
Other financing sources (uses) -			
Transfers in	3,389,358	189,688	3,579,046
Transfers out	(6,357,453)	(3,189,688)	(9,547,141)
Total other financing sources (uses)	<u>(2,968,095)</u>	<u>(3,000,000)</u>	<u>(5,968,095)</u>
Net change in fund balances	<u>\$ (6,028,096)</u>	<u>\$ -</u>	<u>\$ (6,028,096)</u>

B. ENCUMBRANCES

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. For budgetary purposes, encumbrances lapse at fiscal year-end. In accordance with the City Charter, Part I, Article 8, Section 8.03 (a)(10) – Finance Administration, a capital improvement program may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition. Therefore, purchase orders and contracts associated with capital improvement programs roll at the end of the fiscal-year. The following page summarizes the encumbrances and significant commitments at September 30, 2018 associated with capital improvements for governmental funds, not proprietary funds, in accordance with GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*.”

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. ENCUMBRANCES (CONTINUED)

Major Funds

Round Rock Transportation and Economic Development Corporation Fund	\$ 8,189,000
Self-Financed Construction Fund	2,097,000
2014 & 2017 General Obligation Bonds Fund	4,476,000

Nonmajor Funds

Capital projects funds	\$ 128,000
Special revenue funds	262,000

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	\$ 213,320,000
Plus: Issuance premium (amortized against interest expense)	15,228,817
Less: Issuance discount (amortized against interest expense)	(88,390)
Capital leases payable	8,400,037
Net pension liability	28,197,127
Compensated absences	7,454,994
Total OPEB	<u>14,320,963</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ 286,833,548</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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

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	\$ 46,896,225
Depreciation expense	<u>(32,966,210)</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>\$ 13,930,015</u>

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	\$ 8,933,593
Reclassifications, disposals, and transfers	<u>(236,303)</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>\$ 8,697,290</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 debt	\$ (5,981,044)
Debt payments/refundings	12,825,000
Capital lease payments	<u>1,425,230</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>\$ 8,269,186</u>

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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:

Decrease in net pension liability	\$ 11,289,418
Decrease in deferred outflows related to pensions	(6,013,173)
Increase in deferred inflows related to pensions	<u>(5,067,939)</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><u>\$ 208,306</u></u>
 Increase in total OPEB liability	 \$ (1,656,871)
Increase in deferred outflows related to OPEB	738,801
Increase in deferred inflows related to OPEB	<u>(85,424)</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>\$ (1,003,494)</u></u>
 Change in compensated absences	 \$ (463,210)
Amortization of bond premium/discount	1,277,963
Change in accrued interest	353,324
Amortization of deferred amount on refunding	<u>(726,589)</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><u>\$ 441,488</u></u>

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2018, the carrying amount of deposits was a debit balance of \$15,025,071, including \$2,855,993 in outstanding checks, and the respective bank balances totaled \$17,881,064. 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 following page presents the change in the fair value of investments during the year ended September 30, 2018.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

Fair value at September 30, 2018	\$ 287,503,032
Add: Proceeds of investments matured this fiscal year	220,921,930
Less: Cost of investments purchased this fiscal year	(247,794,952)
Less: Fair value at September 30, 2017	(260,774,328)
Change in fair value of investments	<u>\$ (144,318)</u>

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	\$ 15,025,071
Investments	<u>287,503,032</u>
Total cash and investments	<u>\$ 302,528,103</u>
Statement of net position presentation:	
Cash and cash equivalents	\$ 17,277,331
Investments	198,155,914
Restricted assets -	
Cash and cash equivalents	21,233,718
Investments	<u>65,861,140</u>
Total cash and cash equivalents and investments	<u>\$ 302,528,103</u>

Following GASB 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. As of September 30, 2018, the City has the recurring fair value measurements for U.S. Government securities and municipal bonds of \$45,935,434 valued using quoted prices for similar assets in active markets (level 2 inputs).

	Carrying Amount	Fair Value	Weighted Average Maturity (Days)
U. S. Government Securities	\$ 34,617,848	\$ 34,617,848	479
Municipal Bonds	11,317,586	11,317,586	109
Certificates of Deposit	218,081,619	218,081,619	326
State Investment Pools	23,485,979	23,485,979	29
	<u>\$ 287,503,032</u>	<u>\$ 287,503,032</u>	
Portfolio weighted average maturity			312

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

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. The City's state investment pool investments are not subject to limitations, penalties, or restrictions on withdrawals.

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 and any letters of credit that are pledged.

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, 2018, 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

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

- d) Investing operating funds primarily in short-term securities, money market mutual funds, money market accounts, or government investment pools.
- 4. Credit Risk – In compliance with the City’s Investment Policy, as of September 30, 2018, the City minimized credit risk losses due to default of security issuer or backer by:
 - a) Limiting investments to the safest rated securities. All the City’s purchased investments in U. S. Agencies were rated AA+ and Aaa by Standard & Poor’s 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.
- 5. 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 2018 were in the aforementioned categories.

Local Government Investment Pools

As of September 30, 2018, the City’s investments included TexPool, TexSTAR, and Texas Term TexasDAILY Investment Pools. The investment pools’ investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk. At September 30, 2018, \$20,269,074 was invested in TexPool, \$194,173 was invested in TexSTAR, and \$3,022,732 in TexasDAILY.

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act (PFIA) of 1987, as amended. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool. TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations or, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City’s investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

AAA by Standard and Poor's. This rating indicates excellent safety and superior capacity to maintain principal value and limit exposure to loss.

Texas Short Term Asset Reserve program (TexSTAR) is a local government investment cooperative created under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the PFIA, specifically tailored to meet state and local government investment objectives of preservation of principal, daily liquidity and competitive yield. The fund maintains a maturity of 60 days or less, with a maximum of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of Texas PFIA for local government investment pools.

TexSTAR is co-administered by J.P. Morgan Investment Management Inc. and Hilltop Securities Inc. and is overseen by a five-member government board made up of three participants and one of each of the program's co-administrator or an affiliate. The responsibility of the board includes the ability to influence operations, designation of management, and accountability for fiscal matters. In addition, the pool has a Participant Advisory Board which provides input and feedback on the operations and direction of the program and Standard and Poor's reviews the pool on a weekly basis to ensure the pool's compliance with its rating requirements. TexSTAR uses amortized cost (which excludes unrealized gains and losses) rather than fair value to report net assets to compute share price. The fair value of the City's position in TexSTAR is the same as the value of TexSTAR shares.

TexasTERM Local Government Investment Pool (the "Pool") was established by the TexasTERM Common Investment Contract, in conformity with Chapters 791 (Interlocal Cooperation Act) and 2256 (Public Funds Investment Act) of the Texas Government Code. An elected Advisory Board is responsible for the overall management of the Pool, including formation and implementation of its investment and operating policies. The Pool is a non-taxable investment fund established for local governments. The Pool has not provided or obtained any legally binding guarantees to support the value of shares. All participation in the Pool is voluntary. The Pool is not required to register with the Securities and Exchange Commission (SEC) as an investment company.

The Pool's investment advisor and administrator is PFM Asset Management, LLC. The Pool offers a series of professionally managed portfolios that are available to government entities in the State of Texas. One of these portfolios, TexasDAILY, is a money market portfolio with daily liquidity that is rated AAA by Standard & Poor's. TexasDAILY's investment objectives are to provide shareholders with as high a level of current income as is consistent with stability, safety of principal, and liquidity, and to maintain a stable net asset value (NAV) of \$1.00 per share. TexasDAILY is designed as an investment vehicle for bond proceeds and operating funds of municipalities located in Texas. PFM Fund Distributors, Inc., a wholly-owned subsidiary of PFM Asset Management LLC, serves as the fund's distributor.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. PROPERTY TAXES AND RECEIVABLES

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

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

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real and personal property within the City on the 2017 tax roll. The tax rate, based on total taxable assessed valuation of \$12,451,153,760 was \$0.430000 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.287860 and \$0.142140, respectively.

	General Fund	Debt Service Fund	Total
Current year levy	\$ 92,789	\$ 45,702	\$ 138,491
Prior years' levies	242,869	158,970	401,839
	335,658	204,672	540,330
Less - allowance for uncollectible taxes	(3,357)	(2,046)	(5,403)
	<u>\$ 332,301</u>	<u>\$ 202,626</u>	<u>\$ 534,927</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, 2018 were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
Debt Service Fund	General Fund	\$ 11,323	\$ 11,323
RRTEDC Fund	Nonmajor Governmental Funds	381,508	381,508
		<u>\$ 392,831</u>	<u>\$ 392,831</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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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 shown below.

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund -		
Water and Sewer Fund	\$ 3,389,358	\$ -
Self-Financed Construction Fund	184,500	9,227,141
Nonmajor Governmental Funds	-	320,000
	<u>3,573,858</u>	<u>9,547,141</u>
Debt Service Fund -		
Round Rock Transportation and Economic Development Corporation Fund	3,930,485	-
Nonmajor Governmental Funds	1,017,830	-
	<u>4,948,315</u>	<u>-</u>
Round Rock Transportation and Economic Development Corporation Fund -		
Self-Financed Construction Fund	817,680	498,471
Debt Service Fund	-	3,930,485
Nonmajor Governmental Funds	381,508	-
	<u>1,199,188</u>	<u>4,428,956</u>
Self-Financed Construction Fund -		
General Fund	9,227,141	184,500
Golf Course Fund	-	6,351,129
Round Rock Transportation and Economic Development Corporation Fund	498,471	817,680
2014 and 2017 General Obligation Bonds Fund	417,779	-
Nonmajor Governmental Funds	784,885	-
	<u>10,928,276</u>	<u>7,353,309</u>
2014 and 2017 General Obligation Bonds Fund		
Self-Financed Construction Fund	-	417,779
	<u>-</u>	<u>417,779</u>
Other Governmental Funds-		
General Fund	320,000	-
Debt Service Fund	-	1,017,830
Self-Financed Construction Fund	-	784,885
Nonmajor Governmental Funds	1,709,181	2,090,689
	<u>2,029,181</u>	<u>3,893,404</u>
Subtotal of Governmental Funds	<u>22,678,818</u>	<u>25,640,589</u>
<u>Proprietary Funds</u>		
Water and Sewer Fund -		
General Fund	-	3,389,358
	<u>-</u>	<u>3,389,358</u>
Golf Course Fund -		
Self-Financed Construction Fund	6,351,129	-
	<u>6,351,129</u>	<u>-</u>
Subtotal of Proprietary Funds	<u>6,351,129</u>	<u>3,389,358</u>
Total Transfers	<u>\$ 29,029,947</u>	<u>\$ 29,029,947</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018

	Total	City's Interest
<u>ASSETS</u>		
Cash and cash equivalents	\$ 7,567,643	\$ 3,618,215
Receivables, other current assets	89,553	3,037
Restricted investments	31,165,412	14,669,523
Capital assets	157,891,749	56,757,726
Total assets	<u>196,714,357</u>	<u>75,048,501</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>14,811,692</u>	<u>5,771,676</u>
<u>LIABILITIES</u>		
Accounts payable	644,857	41,674
Retainage payable	1,582,268	546,199
Current portion of bonds payable	5,455,000	1,860,000
Accrued bond interest payable	1,061,891	374,505
Total current liabilities	8,744,016	2,822,378
Noncurrent portion of bonds payable	179,632,831	64,690,866
Total liabilities	<u>188,376,847</u>	<u>67,513,244</u>
<u>NET POSITION</u>	<u>\$ 23,149,202</u>	<u>\$ 13,306,933</u>

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2018

	Total	City's Interest
Operating revenues	\$ 1,859,004	\$ 304,331
Interest expense	(6,554,224)	(2,273,356)
Other operating expenses	(6,017,367)	(1,735,934)
Other income	496,053	217,924
Changes in Net Position	(10,216,534)	(3,487,035)
Net position, October 1, 2017	21,319,648	12,626,402
Contribution of capital, net	12,046,088	4,167,566
Net position, September 30, 2018	<u>\$ 23,149,202</u>	<u>\$ 13,306,933</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 was as follows:

	October 1, 2017	Additions/ Completions	Retirements/ Adjustments	September 30, 2018
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 82,456,114	\$ 4,741,366	\$ (63,000)	\$ 87,134,480
Construction in progress	40,652,849	54,887,769	(69,978,472)	25,562,146
Total capital assets not being depreciated	<u>123,108,963</u>	<u>59,629,135</u>	<u>(70,041,472)</u>	<u>112,696,626</u>
Capital assets being depreciated:				
Buildings and improvements	801,665,286	55,984,480	(389,917)	857,259,849
Equipment	81,237,374	10,194,675	(4,465,823)	86,966,226
Total capital assets being depreciated	<u>882,902,660</u>	<u>66,179,155</u>	<u>(4,855,740)</u>	<u>944,226,075</u>
Less accumulated depreciation for:				
Buildings and improvements	391,768,917	25,203,123	(366,812)	416,605,228
Equipment	60,313,055	7,763,087	(4,315,625)	63,760,517
Total accumulated depreciation	<u>452,081,972</u>	<u>32,966,210</u>	<u>(4,682,437)</u>	<u>480,365,745</u>
Total capital assets being depreciated, net	<u>430,820,688</u>	<u>33,212,945</u>	<u>(173,303)</u>	<u>463,860,330</u>
Governmental activities capital assets, net	<u>\$ 553,929,651</u>	<u>\$ 92,842,080</u>	<u>\$ (70,214,775)</u>	<u>\$ 576,556,956</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 8,452,956	\$ -	\$ -	\$ 8,452,956
Construction in progress	4,270,870	19,056,393	(10,312,506)	13,014,757
Total capital assets not being depreciated	<u>12,723,826</u>	<u>19,056,393</u>	<u>(10,312,506)</u>	<u>21,467,713</u>
Capital assets being depreciated:				
Buildings and improvements	476,280,763	27,616,784	-	503,897,547
Equipment	19,859,849	2,881,699	(703,699)	22,037,849
Total capital assets being depreciated	<u>496,140,612</u>	<u>30,498,483</u>	<u>(703,699)</u>	<u>525,935,396</u>
Less accumulated depreciation for:				
Building and improvements	174,834,565	15,511,487	-	190,346,052
Equipment	13,230,221	2,116,399	(577,814)	14,768,806
Total accumulated depreciation	<u>188,064,786</u>	<u>17,627,886</u>	<u>(577,814)</u>	<u>205,114,858</u>
Total capital assets being depreciated, net	<u>308,075,826</u>	<u>12,870,597</u>	<u>(125,885)</u>	<u>320,820,538</u>
Business-type activities capital assets, net	<u>\$ 320,799,652</u>	<u>\$ 31,926,990</u>	<u>\$ (10,438,391)</u>	<u>\$ 342,288,251</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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	\$ 2,371,605
Public safety	4,500,879
Public works	19,276,413
Culture and recreation	6,817,313
Total depreciation expense – governmental activities	<u>\$ 32,966,210</u>

Business-Type Activities:

Water and sewer utility	\$ 17,330,156
Golf course	297,730
Total depreciation expense – business-type activities	<u>\$ 17,627,886</u>

Net Investment in Capital Assets

Detailed reconciliation of net investment in capital assets on the Government-wide Statement of Net Position for September 30, 2018 follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Total capital assets (net of accumulated depreciation)	\$ 576,556,956	\$ 342,288,251	\$ 918,845,207
Plus capital-related deferred outflows of resources	5,258,914	4,741,745	10,000,659
Less long-term debt	(236,860,464)	(82,997,071)	(319,857,535)
Plus unspent bond proceeds	28,051,947	4,434,246	32,486,193
Net investment in capital assets (net of related debt)	<u>\$ 373,007,353</u>	<u>\$ 268,467,171</u>	<u>\$ 641,474,524</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018:

	Balance October 1, 2017 (restated)	Additions	Refundings/ Retirements	Balance September 30, 2018	Due within one year
Governmental Activities					
General obligation bonds	\$ 170,615,000	\$ -	\$ (7,795,000)	\$ 162,820,000	\$ 10,060,000
Certificates of obligation	26,315,000	-	(795,000)	25,520,000	815,000
Hotel tax revenue bonds	11,675,000	-	(620,000)	11,055,000	630,000
Sales tax revenue bonds	17,540,000	-	(3,615,000)	13,925,000	3,700,000
Plus deferred amount:					
For issuance premium	16,520,459	-	(1,291,642)	15,228,817	1,291,642
For issuance discount	(102,069)	-	13,679	(88,390)	(13,679)
Lease purchase payable	3,844,223	5,981,044	(1,425,230)	8,400,037	2,304,279
Net pension liability	39,486,545	-	(11,289,418)	28,197,127	-
Compensated absences	6,991,784	4,678,445	(4,215,235)	7,454,994	4,994,846
Total OPEB liability	12,664,092	1,656,871	-	14,320,963	-
Total governmental activities	<u>305,550,034</u>	<u>12,316,360</u>	<u>(31,032,846)</u>	<u>286,833,548</u>	<u>23,782,088</u>
Business-Type Activities					
Revenue bonds	81,570,000	32,785,000	(37,925,000)	76,430,000	3,060,000
Plus deferred amount:					
For issuance premium	4,457,433	3,797,753	(1,688,116)	6,567,070	428,033
Net pension liability	5,384,529	-	(1,539,466)	3,845,063	-
Compensated absences	592,515	483,301	(519,968)	555,848	439,120
Total OPEB liability	1,726,922	225,937	-	1,952,859	-
Total business-type activities	<u>93,731,399</u>	<u>37,291,991</u>	<u>(41,672,550)</u>	<u>89,350,840</u>	<u>3,927,153</u>
Total government	<u>\$ 399,281,433</u>	<u>\$ 49,608,351</u>	<u>\$ (72,705,396)</u>	<u>\$ 376,184,388</u>	<u>\$ 27,709,241</u>

The General Fund and Hotel/Motel Fund are responsible for liquidating the liability for compensated absences and OPEB in the governmental activities and the Water and Sewer Fund and Drainage Fund are responsible for liquidating the liability for compensated absences, pension, and OPEB in the business-type activities.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2018 is comprised of the following:

	Governmental Activities	Business- Type Activities
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%	\$ 14,980,000	\$ -
\$ 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%	10,410,000	-
\$ 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%	4,135,000	-
\$ 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%	4,030,000	-
\$ 66,885,000 2014 GO and refunding bonds due in annual installments of \$ -0- to \$ 4,790,000 through 2039; 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%	27,920,000	-
\$ 6,995,000 2016 refunding bonds due in annual installments of \$ -0- to \$ 755,000 through 2032; interest at 2.0% to 4.0%	5,875,000	-
\$ 28,585,000 2017 GO bonds due in annual installments of \$ -0- to \$ 1,945,000 through 2042; interest at 3.0% to 5.0%	28,585,000	-
Total General Obligation Bonds	<u>162,820,000</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%	25,520,000	-
Total Certificates of Obligation	<u>25,520,000</u>	<u>-</u>
Hotel Tax Revenue Bonds:		
\$ 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%	7,130,000	-
\$ 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%	3,925,000	-
Total Hotel Tax Revenue Bonds	<u>11,055,000</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%	5,590,000	-
\$ 10,140,000 2017 refunding bonds due in annual installments of \$ 1.32 to \$ 1.92 million through 2023 including interest at 1.78%	8,335,000	-
Total Sales Tax Revenue Bonds	<u>13,925,000</u>	<u>-</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

	Governmental Activities	Business- Type Activities
Utility System Revenue Bonds:		
\$ 78,785,000 2009 bonds due in annual installments of \$ 645,000 to \$ 4,455,000 through 2019; interest at 2.0% to 5.0%	-	2,105,000
\$ 8,000,000 2014 bonds due in annual installments of \$ -0- to \$ 585,000 through 2034; interest at 2.0% to 4.0%	-	7,030,000
\$ 35,185,000 2016 refunding bonds due in annual installments of \$ 155,000 to \$ 3,400,000 through 2035; interest at 2.0% to 5.0%	-	34,870,000
\$ 32,785,000 2017 refunding bonds due in annual installments of \$ 360,000 to \$ 4,265,000 through 2039; interest at 3.0 % to 5.0%	-	32,425,000
Total Utility System Revenue Bonds	-	76,430,000
Issuance premium	15,228,817	6,567,070
Issuance discount	(88,390)	-
Lease purchases payable:		
\$ 11,681,044 leases due in semi-annual installments including interest ranging from 1.325% - 2.9474% due in 2023. The lease obligation is funded with general revenue sources.	8,400,037	-
Net pension liability	28,197,127	3,845,063
Compensated absences	7,454,994	555,848
Total OPEB liability	14,320,963	1,952,859
Total Primary Government Debt	\$ 286,833,548	\$ 89,350,840

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2018, including interest are as follows:

Governmental Activities:

Year Ending September 30,	General and Certificates of Obligation Debt		
	Principal	Interest	Total
2019	\$ 10,875,000	\$ 7,958,566	\$ 18,833,566
2020	11,275,000	7,561,666	18,836,666
2021	10,580,000	7,088,944	17,668,944
2022	11,105,000	6,665,925	17,770,925
2023	11,720,000	6,186,519	17,906,519
2024-2028	45,920,000	24,178,931	70,098,931
2029-2033	36,585,000	15,253,056	51,838,056
2034-2038	36,450,000	7,476,469	43,926,469
2039-2043	13,830,000	1,019,044	14,849,044
	<u>\$ 188,340,000</u>	<u>\$ 83,389,120</u>	<u>\$ 271,729,120</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Governmental Activities:

<u>Year Ending September 30,</u>	<u>Hotel Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	690,000	317,505	1,007,505
2023	720,000	290,680	1,010,680
2024-2028	2,720,000	1,100,275	3,820,275
2029-2033	2,260,000	745,205	3,005,205
2034-2038	2,725,000	281,300	3,006,300
	<u>\$ 11,055,000</u>	<u>\$ 3,826,005</u>	<u>\$ 14,881,005</u>

<u>Year Ending September 30,</u>	<u>Sales Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,700,000	\$ 235,567	\$ 3,935,567
2020	3,750,000	173,755	3,923,755
2021	3,810,000	111,097	3,921,097
2022	1,320,000	47,437	1,367,437
2023	1,345,000	23,941	1,368,941
	<u>\$ 13,925,000</u>	<u>\$ 591,797</u>	<u>\$ 14,516,797</u>

<u>Year Ending September 30,</u>	<u>Lease Purchases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,304,279	\$ 155,084	\$ 2,459,363
2020	2,037,425	119,589	2,157,014
2021	1,657,840	81,150	1,738,990
2022	1,458,744	46,966	1,505,710
2023	941,749	16,644	958,393
	<u>\$ 8,400,037</u>	<u>\$ 419,433</u>	<u>\$ 8,819,470</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Business-Type Activities:

Year Ending September 30,	Utility System Revenue Bonds		
	Principal	Interest	Total
2019	\$ 3,060,000	\$ 3,042,631	\$ 6,102,631
2020	3,180,000	2,902,481	6,082,481
2021	3,325,000	2,748,581	6,073,581
2022	3,475,000	2,587,631	6,062,631
2023	3,530,000	2,426,631	5,956,631
2024-2028	18,380,000	9,608,738	27,988,738
2029-2033	18,180,000	6,659,169	24,839,169
2034-2038	19,035,000	3,346,863	22,381,863
2039-2043	4,265,000	181,263	4,446,263
	<u>\$ 76,430,000</u>	<u>\$ 33,503,988</u>	<u>\$ 109,933,988</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, 2018, there are no bonds outstanding which have been reported as defeased.

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

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

Purpose	Date Authorized	Amount Authorized	Amount Issued (*)	Unissued Balance
Fire Department	11/5/2013	\$ 16,500,000	\$ 16,500,000	\$ -
Parks & Recreation	11/5/2013	56,500,000	56,500,000	-
Library	11/5/2013	23,200,000	1,500,000	21,700,000
Police & Fire	11/5/2013	27,400,000	27,400,000	-
		<u>\$ 123,600,000</u>	<u>\$ 101,900,000</u>	<u>\$ 21,700,000</u>

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

The City may incur non-voted debt payments 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.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

(1) UTILITY REVENUE BONDS

Utility revenue bonds are used to finance the acquisition and construction of major capital improvements to the City's water and sewer systems. 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. For fiscal year 2018, net revenues available for debt service were 4.86 times the average annual debt service requirement.

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

Hotel occupancy tax revenue bonds were issued to fund the City's portion of the convention center complex. The debt service fund for the hotel tax revenue bonds, aggregating \$714,010 at September 30, 2018, is reported in the governmental funds. Bond covenants require that the hotel tax revenues be irrevocably pledged by providing quarterly installments, which will accumulate to the semi-annual principal and interest requirements as they become due.

The bond reserve fund for hotel tax revenue bond retirement aggregates \$830,901 at September 30, 2018. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires ½ of the average annual debt service requirements of the bonds in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

(3) SALES TAX REVENUE BONDS

Sales tax revenue bonds have been issued to fund transportation improvements. The Round Rock Transportation and Economic Development Corporation (RRTEDC) issued the sales tax revenue bonds. RRTEDC is a blended component unit of the City of Round Rock, which collects ½ of 1% of the sales tax collected by the State on its behalf. Although RRTEDC 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 RRTEDC.

The debt service fund for the sales tax revenue bonds, aggregating \$209,027 at September 30, 2018, is reported in the governmental funds. Bond covenants require that RRTEDC's share of the sales tax is

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

pledged as security for the bonds. RRTEDC 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. RRTEDC purchased bond insurance to provide for payment of the principal and interest requirements in the event that pledged revenues are not sufficient.

(4) 2017 REFUNDING/ISSUANCE

In December 2017, the City refunded portions of the Utility System Revenue Bonds. The net proceeds of the \$32,785,000 Utility System Revenue Refunding Bonds were used to refund certain of the City's outstanding parity debt to achieve a debt service savings and to pay the costs of issuing the bonds. 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 refunding will reduce the total debt service payments over the next 21 years by \$4,229,397 and will result in an economic gain (i.e. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$3,033,705.

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2018, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2017	\$ 6,991,784	\$ 592,515
Additions	4,678,445	483,301
Reductions	(4,215,235)	(519,968)
Balance, September 30, 2018	<u>\$ 7,454,994</u>	<u>\$ 555,848</u>

Accrued compensated absences due within one year were \$4,994,846 for governmental activities and \$439,120 for business-type activities. Liabilities for accrued compensated absences are funded from General Fund and Hotel/Motel Fund revenues 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, 2018

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2018:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service Fund	\$ 4,842,194	\$ -	\$ 202,626	\$ -	\$ -
Restricted by debt covenants - Round Rock Transportation and Economic Development Corporation Fund	2,289,517	25,087,845	-	1,622,272	89,064
2014 and 2017 General Obligation Bonds Fund	10,620,509	18,173,037	-	-	41,040
Nonmajor capital projects funds	554,897	1,899,937	-	-	6,852
Total Governmental Activities	\$ 18,307,117	\$ 45,160,819	\$ 202,626	\$ 1,622,272	\$ 136,956
	Cash & Cash Equivalents	Investments	Accounts Receivable	Accrued Interest Receivable	
Business-Type Activities:					
Water and Sewer Fund - Impact fees	\$ 1,008,140	\$ 11,046,895	\$ 85,574	\$ -	
Construction	593,223	9,653,426	-	-	
Customer deposits	1,158,052	-	-	-	
Revenue bond debt service	167,186	-	-	-	
Accrued interest receivable	-	-	-	74,156	
Total Business-Type Activities	\$ 2,926,601	\$ 20,700,321	\$ 85,574	\$ 74,156	

V. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Tax Collections

The City has a contract with the tax offices of Williamson and Travis counties to collect City taxes and deposit monies to the City's accounts. For this service, Williamson County was paid \$9,428 and Travis County was paid \$611 for the fiscal year ended September 30, 2018.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 and neighboring cities/counties 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, 2018, the City's cost under this contract was \$497,280.

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, 2018, the City's cost under this contract was \$1,341,916.

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, 2018, the City's cost under these contracts was \$1,640,626.

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 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).

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, 2018

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.

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.

The system currently has a total treatment capacity of 24.5 MGD which is sufficient to meet future projected flows through 2023. The City of Round Rock's current wastewater capacity in the system is 20.1 MGD.

The BRA contracted to provide the operations of the system, for which each of the cities is invoiced relative to their system usage. For the fiscal year ended September 30, 2018, the City of Round Rock's expenditures for operation of the regional facilities were \$3,936,058.

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, 2018, 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, 2018

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 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 ten 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	\$ 62,336
 <u>Tax Rebate Program</u>	
Economic Development	
Property Tax	\$ 849,644
Sales Tax	6,212,331

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, 2018

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>
2016	\$ 421,979	\$ 9,625,120	\$ 9,310,446	\$ 736,653
2017	736,653	10,077,914	10,067,501	747,066
2018	747,066	9,755,355	10,015,639	486,782

C. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates as one of 883 plans in the non-traditional, joint contributory, hybrid defined benefit plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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
Supplemental death benefits for employees and retirees	Yes

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	299
Inactive employees entitled to but not yet receiving benefits	381
Active employees	927
Total	<u>1,607</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 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 for calendar years 2017 and 2018 as follows:

	2017	2018
Total Retirement Rate	15.55%	15.51%
Supplemental Death Benefit	0.13	0.14
Total Combined Contribution	<u>15.68%</u>	<u>15.65%</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Accordingly, contributions to TMRS for the year ended September 30, 2018, were \$9,618,245, and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2017, and the total pension liability (TPL) used to calculate NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions:

TPL in the December 31, 2017 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.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the entry age normal actuarial cost method and a one-time change to the amortization policy. 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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 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	6.35
Core Fixed Income	10.0	1.00
Non-Core Fixed Income	20.0	3.90
Real Return	10.0	3.80
Real Estate	10.0	4.50
Absolute Return	10.0	3.75
Private Equity	5.0	7.50
Total	100.0%	

Single Discount Rate

The discount rate used to measure the TPL 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 TPL.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2016	\$ 240,909,799	\$ 196,038,725	\$ 44,871,074
Changes for the year:			
Service cost	10,430,650	-	10,430,650
Interest	16,360,878	-	16,360,878
Difference between expected and actual experience	671,908	-	671,908
Changes of assumptions	-	-	-
Contributions - employer	-	9,138,705	(9,138,705)
Contributions - employee	-	4,113,985	(4,113,985)
Net investment income	-	27,187,574	(27,187,574)
Benefit payments, including refunds of employee contributions	(7,483,495)	(7,483,495)	-
Administrative expense	-	(140,808)	140,808
Other	-	(7,136)	7,136
Net changes	19,979,941	32,808,825	(12,828,884)
Balance at December 31, 2017	\$ 260,889,740	\$ 228,847,550	\$ 32,042,190

As previously disclosed, the assumed interest rate of return used by GRS is 6.75%. An unexpected return on investments of 13.8% for calendar year 2017 resulted in net investment income of \$27,187,574 for the City. This, in turn, resulted in a net decrease of \$12,828,884 in the City's NPL. The return on investments is primarily due to overperformance of the various asset classes such as Non-US Equities, Real Estate, and Absolute Return investments.

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

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL 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	\$ 74,386,889	\$ 32,042,190	\$ (2,260,214)

Pension Plan Fiduciary Net Position

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018, the City recognized pension expense of \$9,463,742. At September 30, 2018, 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
Differences between expected and actual economic experience	\$ 1,042,894	\$ 366,962
Difference between projected and actual investment earnings	-	6,079,936
Pension contributions after measurement date	7,591,529	-
Changes in actuarial assumptions used to determine pension liability	-	633,718
Total	<u>\$ 8,634,423</u>	<u>\$ 7,080,616</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$7,591,529 will be recognized as a reduction of the NPL for the measurement year ending December 31, 2018 (i.e., recognized in the City's financial statements September 30, 2019). 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
2018	\$ (129,132)
2019	(529,204)
2020	(2,873,933)
2021	(2,661,070)
2022	143,524
Thereafter	12,093
Total	<u>\$ (6,037,722)</u>

D. OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions

The City participates in funding two OPEB plans. One plan is the Supplemental Death Benefits Fund (SDBF) administered by TMRS. The other is medical and prescription drug coverage offered to retirees and their dependents and is a self-funded health insurance plan.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

SDBF: TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which the City has elected, by ordinance, to provide group-term life insurance coverage (supplemental death benefits) to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year, to be effective the following January 1. The retiree portion of the SDBF is considered a single-employer plan.

Self-Funded Health Insurance: The City offers its retirees and their dependents medical and prescription drug coverage until age 65. This benefit includes access to medical, dental, and vision insurance. The plans are the same as the active plans. The retirees are required to make significantly higher contributions than the actives. However, these higher contributions still do not fully cover the cost of the retirees on a stand-alone basis, thus generating a retiree medical liability. Once a member becomes eligible for Medicare at age 65, he/she is no longer eligible for benefits. This significantly limits the number of retirees on the plan, the benefits paid during the life of a retiree and consequently, the liability. This plan is also considered a single-employer defined benefit OPEB plan.

Benefits Provided

SDBF: Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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.

As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Self-Funded Health Insurance: All retirees who are eligible to receive pension benefits under the City's pension system and, for retirees, have at least five years of service with the City at the time of their retirement are eligible for OPEB. Retirees may also enroll eligible dependents under the medical, dental, and vision 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 26 and eligible disabled children beyond 26 years of age, if covered prior to age 26. A surviving spouse of a deceased retiree may continue medical coverage until the date the surviving spouse remarries, or until they are Medicare eligible. A surviving spouse of a deceased retiree may continue dental and/or vision 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, 2018

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

SDBF:

Inactive employees currently receiving benefits	240
Inactive employees entitled to but not yet receiving benefits	131
Active employees	927
Total	<u>1,298</u>

Self-Funded Health Insurance:

Inactive employees (retirees)	30
Active employees	908
Total	<u>938</u>

Contributions

SDBF: The City contributes to 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 0.14% of required contributions. The City's contributions to SDBF for the years ended 2018, 2017, and 2016 were \$13,337, \$11,778, and \$11,323, respectively, which equaled the required contributions each year. 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 retiree-only portion of the SDBF rate was 0.02% both for the years ended 2018 and 2017.

Self-Funded Health Insurance: OPEB 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 premiums are reported in this fund.

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

Total OPEB Liability

For the fiscal year ended September 30, 2018, the City recognized a total OPEB liability of \$16,273,822, \$1,947,763 of which was for the SDBF, and \$14,326,059 for the Self-Funded Health Insurance plan. Both were measured as of December 31, 2017 and were determined by an actuarial valuation as of that date.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial assumptions:

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

	SDBF	Self-Funded Health Insurance
Inflation	2.5%	2.5%
Salary increases	3.5% to 10.5% including inflation	3.0%
Discount rate**	3.31%	3.31%
Healthcare cost trend rate	None	10% to 5%
Retirees' share of benefit-related costs	\$0	Varies based on plan elected and years of service
Actuarial cost method***	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Mortality	<p>For service retirees: based on the 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</p> <p>For disabled retirees: based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females</p>	Mortality rates were based on the RP-2014 Dynamic Table projected using MP-2017
Development of claims	None	Retiree medical and pharmacy claims were projected to the following fiscal year and age-adjusted to age 65. A composite retiree contribution was netted out. That net age-65 cost was then averaged with the trended, age-65 cost from the prior valuation to smooth out any fluctuations. That average then was allocated to all pre-65 ages using the same age factors.

** Because this plan is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the total OPEB liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

*** This method develops the annual cost of the plan in two parts: that attributable to benefits accruing in the current year, known as the normal cost, and that due to service earned prior to the current year, known as the amortization of the unfunded actuarial accrued liability. The normal cost and the actuarial accrued

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

liability is calculated individually for each member. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The normal cost is calculated using an entry age based on benefit service with the current city. If a member has additional time-only vesting service through service with other TMRS cities or other public agencies, they retain this for determination of benefit eligibility and decrement rates. The salary-weighted average of these rates is the total normal cost rate. The unfunded actuarial accrued liability reflects the difference between the portion of projected benefits attributable to service credited prior to the valuation date and assets already accumulated.

Specific to the self-funded health insurance plan, at the time the employee enters the plan (usually at date of hire), the present value of future benefits is set equal to the present value of future normal costs. Instead of the normal costs being a level dollar amount, they are set as a level percent of salary. The accrued liability then is just the present value of past normal costs brought forward from the entry date to the measurement date.

SDBF: The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

Changes in the Total OPEB Liability

	SDBF	Self-Funded Health Insurance	Total
Balance at December 31, 2016	\$ 1,632,491	\$ 12,758,523	\$ 14,391,014
Changes for the year:			
Service cost	87,800	837,881	925,681
Interest	63,146	477,714	540,860
Differences between expected and actual experience	-	(114,595)	(114,595)
Changes in assumptions or other inputs	176,033	798,106	974,139
Benefit payments	(11,707)	(431,570)	(443,277)
Net changes	315,272	1,567,536	1,882,808
Balance at December 31, 2017	<u>\$ 1,947,763</u>	<u>\$ 14,326,059</u>	<u>\$ 16,273,822</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City, calculated using the discount rate of 3.31% for each plan, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current discount rate:

	1% Decrease 2.31%	Current Discount Rate 3.31%	1% Increase 4.31%
SDBF	\$ 2,410,606	\$ 1,947,763	\$ 1,597,210
Self-Funded Health Insurance	16,131,000	14,326,000	12,791,000

The following table presents the total OPEB liability of the City, calculated using the healthcare trend rate of 10% to 5%, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (9% to 4%) or 1-percentage-point higher (11% to 6%) than the current healthcare trend rate:

	1% Decrease (9% to 4%)	Healthcare Trend Rate (10% to 5%)	1% Increase (11% to 6%)
Self-Funded Health Insurance	\$ 12,737,000	\$ 14,326,000	\$ 16,191,000

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended September 30, 2018, the City recognized total OPEB expense of \$1,140,336, \$162,582 of which was for the SDBF, and \$977,754 for the Self-Funded Health Insurance plan. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Self-Funded Health Insurance			Self-Funded Health Insurance		
	SDBF	Health Insurance	Total	SDBF	Health Insurance	Total
Changes in assumptions and other inputs	\$ 152,050	\$ 676,076	\$ 828,126	\$ -	\$ -	\$ -
Difference between expected and actual experience	-	-	-	-	97,073	97,073
OPEB contributions after measurement date	9,427	370,061	379,488	-	-	-
Total	\$ 161,477	\$ 1,046,137	\$ 1,207,614	\$ -	\$ 97,073	\$ 97,073

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$379,488 will be recognized as a reduction of the total OPEB for the measurement year ending December 31, 2018 (i.e., recognized in the City's financial statements September 30, 2019). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources	
	SDBF	Self-Funded Health Insurance
2018	\$ 23,983	\$ 104,509
2019	23,983	104,509
2020	23,983	104,509
2021	23,983	104,509
2022	23,983	104,509
Thereafter	32,135	56,458
Total	<u>\$ 152,050</u>	<u>\$ 579,003</u>

E. ECONOMIC DEVELOPMENT PROGRAM AGREEMENT

Crow Group Series, LLC

On July 26, 2018, the City entered into an Economic Development Program Agreement with Crow Group Series, LLC (Crow). The purpose of this agreement is to promote economic development as contemplated by Chapter 380 of the Texas Local Government Code whereby Crow intends to construct, develop and operate three Class A office buildings containing a total of approximately 125,000 square feet of office, parking, and related space (the "project"). Crow intends to invest approximately \$24 million in improvements to the property and the City agreed to provide funding through an economic development loan for \$2.2 million. This expense has been recognized as "Payment to borrower," an other financing use, on the Statement of Revenues, Expenditures and Changes in Fund Balances.

The project consists of three phases. Phase I has already been completed which is a Class A office building located on the City Centre Business Park, Block A, Lot 2, containing at least 22,500 square feet, and costing at least \$4 million. Phase II is a Class A office building to be constructed on the City Centre Business Park, Block A, Lot 1, containing at least 22,500 square feet, costing at least \$4 million, and to be completed no later than December 31, 2020. Phase III is a Class A office building to be constructed on the City Centre Business Park, Block A, Lot 4 and/or 5, containing at least 80,000 square feet, costing at least \$16 million.

The economic development loan for \$2.2 million from the City to Crow is considered forgivable with provision for credits towards the principal amount and forgiveness of interest if Crow complies with its development obligations. Upon the issuance of a Certificate of Occupancy by the City for Phase II, Crow shall be entitled to a credit in the amount of \$440,000 to be applied towards the principal amount, plus the accrued interest on the \$440,000 shall be forgiven. Upon the issuance of a Certificate of Occupancy by the

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

V. OTHER INFORMATION (CONTINUED)

E. ECONOMIC DEVELOPMENT PROGRAM AGREEMENT (CONTINUED)

City for Phase III, Crow shall be entitled to a credit in the amount of \$1.76 million to be applied towards the principal amount borrowed, plus the accrued interest on the \$1.76 million shall be forgiven.

F. 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. The current Management Agreement has an initial term of three years that shall automatically renew for two additional 1-year terms. The agreement began on January 1, 2017. Under conditions set forth in the 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.

G. SUBSEQUENT EVENTS

Bond Issuance

In December 2018, the City issued Combination Tax and Limited Revenue Certificates of Obligation, Series 2018, in the amount of \$6,915,000. Proceeds from the sale of the certificates will be used for (1) constructing, improving, and equipping a public works facility for the City's utilities and transportation departments to be located on Luther Peterson Place and related costs, including the acquisition of any necessary easements or land and (2) professional services including fiscal, engineering, architectural and legal fees and other such costs incurred in connection therewith including the costs of issuing the Certificates.

Bond Ratings

Standard and Poor's upgraded the City's general obligation (GO) bonds from AA+ to AAA, the highest credit rating possible. At the same time, S&P also assigned its AAA rating to the series 2018 combination tax and revenue certificates of obligation.

Water Tower Project

On September 13, 2018, the RRTEDC entered into a Memorandum of Understanding regarding the Water Tower Park Project. The project is a mixed-use development that will include office space, retail space, parking spaces, and a hotel with approximately 140 rooms and meeting facilities. In addition, RRTEDC entered into four agreements to purchase real property and property around the downtown water tower park. The purchase of three parcels was finalized on November 19, 2018, for \$2,318,386.

Burge Tract Purchase

On August 23, 2018, the City of Round Rock signed a resolution to purchase approximately 40 acres of land at 1001 N. Red Bud Lane for parkland and/or road right-of-way. The transaction was completed on

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

V. OTHER INFORMATION (CONTINUED)

G. SUBSEQUENT EVENTS (CONTINUED)

October 31, 2018 for \$2,975,919. On November 20, 2018, RRTEDC voted to purchase the property from the City of Round Rock for future Transportation Master Plan needs.

Operation of Wastewater Treatment Plant

In October 2018, the City took over the operations and maintenance of the Brushy Creek Regional Wastewater System (BCRWWS). The BCRWWS collects wastewater from Round Rock, the north end of the City of Austin, and the majority of wastewater from the cities of Cedar Park and Leander. The system then treats the wastewater at one of two wastewater treatment plants. The BCRWWS has been operated by the Brazos River Authority since 1997 on behalf of the partner cities that own the system.

The partners agreed for the City of Round Rock to take over the operations for BCRWWS since the City owns a majority of the system and the two wastewater treatment plants are located inside the city limits of Round Rock.



CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018
(UNAUDITED)

Schedule of Changes in the Net Pension Liability and Related Ratios

Measurement period ending December 31,	2014	2015	2016
<u>Total Pension Liability</u>			
Service cost	\$ 8,066,254	\$ 8,990,916	\$ 9,609,823
Interest (on the Total Pension Liability)	13,330,143	14,481,391	15,065,206
Difference between expected and actual experience	(50,055)	(662,530)	704,655
Change of assumptions	-	(1,208,085)	-
Benefit payments, including refunds of employee contributions	(5,231,094)	(5,493,451)	(5,706,408)
Net Change in Total Pension Liability	16,115,248	16,108,241	19,673,276
Total Pension Liability - Beginning	189,013,034	205,128,282	221,236,523
Total Pension Liability - Ending (a)	<u>\$ 205,128,282</u>	<u>\$ 221,236,523</u>	<u>\$ 240,909,799</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - Employer	\$ 7,787,328	\$ 8,195,714	\$ 8,302,118
Contributions - Employee	3,423,287	3,644,800	3,779,341
Net investment income	8,955,552	252,867	12,021,503
Benefit payments, including refunds of employee contributions	(5,231,094)	(5,493,451)	(5,706,408)
Administrative expense	(93,479)	(154,001)	(135,695)
Other	(7,685)	(7,607)	(7,311)
Net Change in Plan Fiduciary Net Position	14,833,909	6,438,322	18,253,548
Plan Fiduciary Net Position - Beginning	156,512,946	171,346,855	177,785,177
Plan Fiduciary Net Position - Ending (b)	<u>171,346,855</u>	<u>177,785,177</u>	<u>196,038,725</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 33,781,427</u>	<u>\$ 43,451,346</u>	<u>\$ 44,871,074</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.53%	80.36%	81.37%
Covered Payroll	\$ 48,839,040	\$ 51,731,390	\$ 53,776,289
Net Pension Liability as a Percentage of Covered Payroll	69.17%	83.99%	83.44%

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.

2017

\$ 10,430,650

16,360,878

671,908

-

(7,483,495)

19,979,941

240,909,799

\$ 260,889,740

\$ 9,138,705

4,113,985

27,187,574

(7,483,495)

(140,808)

(7,136)

32,808,825

196,038,725

228,847,550

\$ 32,042,190

87.72%

\$ 58,533,388

54.74%

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018
(UNAUDITED)

Schedule of Contributions

Fiscal year ending September 30,	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 8,077,742	\$ 8,507,987	\$ 8,897,294	\$ 9,582,199
Contributions in relation to the actuarially determined contribution	8,193,478	8,739,633	9,059,953	9,618,245
Contribution deficiency (excess)	<u>\$ (115,736)</u>	<u>\$ (231,646)</u>	<u>\$ (162,659)</u>	<u>\$ (36,046)</u>
Covered payroll	\$ 51,159,783	\$ 54,924,766	\$ 57,346,696	\$ 61,743,107
Contributions as a percentage of covered payroll	16.02%	15.91%	15.80%	15.57%

Notes to Schedule of Contributions

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months and a day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	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.

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018
(UNAUDITED)

Schedule of Changes in the Total OPEB Liability and Related Ratios

Measurement period ending December 31,	2017	
<i>Total OPEB liability</i>	SDBF	Self-Funded Health Insurance
Service Cost	\$ 87,800	\$ 837,881
Interest	63,146	477,714
Changes in assumptions or other inputs	176,033	798,106
Differences between expected and actual experience	-	(114,595)
Benefit payments	(11,707)	(431,570)
Net change in total OPEB liability	315,272	1,567,536
Total OPEB liability - beginning	1,632,491	12,758,523
Total OPEB liability - ending	<u>\$ 1,947,763</u>	<u>\$ 14,326,059</u>
Covered payroll	\$ 58,533,388	\$ 58,533,388
Total OPEB liability as a percentage of covered payroll	3.33%	24.5%

Notes to Schedule:

- 1) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.
- 2) No significant methods and assumptions to disclose.
- 3) Schedule will be built out to 10 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, 2018**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 920,078	\$ 179,764	\$ 1,099,842
Investments	10,031,001	1,969,813	12,000,814
Receivables -			
Accounts and other	589,999	-	589,999
Accrued interest	35,546	7,080	42,626
Grants	102,816	-	102,816
Restricted assets -			
Cash and cash equivalents	-	554,897	554,897
Restricted investments	-	1,899,937	1,899,937
Restricted accrued interest	-	6,852	6,852
Total assets	<u>\$ 11,679,440</u>	<u>\$ 4,618,343</u>	<u>\$ 16,297,783</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable	\$ 252,059	\$ 297,376	\$ 549,435
Accrued payroll	37,885	-	37,885
Interfund payables	-	381,508	381,508
Unearned revenue	-	1,106,815	1,106,815
Total liabilities	<u>289,944</u>	<u>1,785,699</u>	<u>2,075,643</u>
Fund balances -			
Restricted - authorized construction	-	1,782,802	1,782,802
Restricted - hotel-motel tax	7,863,705	-	7,863,705
Restricted - public safety	750,657	-	750,657
Restricted - general government	1,268,233	-	1,268,233
Committed - general government	232,243	-	232,243
Committed - capital projects funds	-	1,049,842	1,049,842
Assigned - culture and recreation	1,274,658	-	1,274,658
Total fund balances	<u>11,389,496</u>	<u>2,832,644</u>	<u>14,222,140</u>
Total liabilities and fund balances	<u>\$ 11,679,440</u>	<u>\$ 4,618,343</u>	<u>\$ 16,297,783</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2018**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues -			
Taxes and franchise	\$ 219,399	\$ -	\$ 219,399
Licenses, permits and fees	116,498	-	116,498
Charges for services	1,817,279	-	1,817,279
Fines and forfeitures	294,583	-	294,583
Grants	559,071	-	559,071
Hotel occupancy tax	5,714,235	-	5,714,235
Investment and other	277,032	83,822	360,854
Contributions	1,275	7,380	8,655
Total revenues	<u>8,999,372</u>	<u>91,202</u>	<u>9,090,574</u>
Expenditures -			
Current -			
General government	953,323	-	953,323
Public safety	96	-	96
Culture and recreation	4,080,357	-	4,080,357
Capital projects	-	1,891,745	1,891,745
Total expenditures	<u>5,033,776</u>	<u>1,891,745</u>	<u>6,925,521</u>
Excess (deficiency) of revenues over expenditures	<u>3,965,596</u>	<u>(1,800,543)</u>	<u>2,165,053</u>
Other financing sources (uses) -			
Transfers in	640,000	1,389,181	2,029,181
Transfers out	<u>(2,727,011)</u>	<u>(1,166,393)</u>	<u>(3,893,404)</u>
Total other financing sources (uses)	<u>(2,087,011)</u>	<u>222,788</u>	<u>(1,864,223)</u>
Net change in fund balances	1,878,585	(1,577,755)	300,830
Fund balances, October 1, 2017	<u>9,510,911</u>	<u>4,410,399</u>	<u>13,921,310</u>
Fund balances, September 30, 2018	<u><u>\$ 11,389,496</u></u>	<u><u>\$ 2,832,644</u></u>	<u><u>\$ 14,222,140</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.

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

Hotel - Motel Occupancy Tax Fund – To account for the levy and use of the 7% 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 2% hotel – motel bed venue tax received. Proceeds from this tax are to be used toward the construction and maintenance of the sports center that prompts tourism and promotion of the City.

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

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

Multipurpose Sports Complex Fund – To account for amounts received to provide for the operations, maintenance, and programming for the Multipurpose Sports Complex.

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

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

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, 2018**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Landscape
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 221,384	\$ 393,861	\$ 22,696
Investments	-	2,425,858	4,281,285	248,700
Receivables -				
Accounts and other	-	479,022	109,777	-
Accrued interest	-	8,672	15,204	884
Grants	102,816	-	-	-
Total assets	<u>\$ 102,816</u>	<u>\$ 3,134,936</u>	<u>\$ 4,800,127</u>	<u>\$ 272,280</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities -				
Accounts payable	\$ 102,816	\$ 6,793	\$ 34,250	\$ 40,037
Accrued payroll	-	8,130	22,185	-
Total liabilities	<u>102,816</u>	<u>14,923</u>	<u>56,435</u>	<u>40,037</u>
Fund balances -				
Restricted - hotel-motel tax	-	3,120,013	4,743,692	-
Restricted - public safety	-	-	-	-
Restricted - general government	-	-	-	-
Committed - general government	-	-	-	232,243
Assigned - culture and recreation	-	-	-	-
Total fund balances	<u>-</u>	<u>3,120,013</u>	<u>4,743,692</u>	<u>232,243</u>
Total liabilities and fund balances	<u>\$ 102,816</u>	<u>\$ 3,134,936</u>	<u>\$ 4,800,127</u>	<u>\$ 272,280</u>

<u>Library</u>	<u>Multipurpose Sports Complex</u>	<u>Municipal Court</u>	<u>Police</u>	<u>Public Education & Government</u>	<u>Traffic Safety Program</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 1,350	\$ 111,276	\$ 32,103	\$ 14,702	\$ 106,750	\$ 15,956	\$ 920,078
14,797	1,202,894	351,782	161,098	1,169,742	174,845	10,031,001
-	-	-	1,200	-	-	589,999
53	4,406	1,379	575	4,373	-	35,546
-	-	-	-	-	-	102,816
<u>\$ 16,200</u>	<u>\$ 1,318,576</u>	<u>\$ 385,264</u>	<u>\$ 177,575</u>	<u>\$ 1,280,865</u>	<u>\$ 190,801</u>	<u>\$ 11,679,440</u>
\$ -	\$ 52,548	\$ 2,983	\$ -	\$ 12,632	\$ -	\$ 252,059
-	7,570	-	-	-	-	37,885
-	60,118	2,983	-	12,632	-	289,944
-	-	-	-	-	-	7,863,705
-	-	382,281	177,575	-	190,801	750,657
-	-	-	-	1,268,233	-	1,268,233
-	-	-	-	-	-	232,243
16,200	1,258,458	-	-	-	-	1,274,658
<u>16,200</u>	<u>1,258,458</u>	<u>382,281</u>	<u>177,575</u>	<u>1,268,233</u>	<u>190,801</u>	<u>11,389,496</u>
<u>\$ 16,200</u>	<u>\$ 1,318,576</u>	<u>\$ 385,264</u>	<u>\$ 177,575</u>	<u>\$ 1,280,865</u>	<u>\$ 190,801</u>	<u>\$ 11,679,440</u>

CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2018

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Landscape
Revenues -				
Taxes and franchise	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	116,498
Charges for services	-	-	1,266,044	-
Fines and forfeitures	-	-	-	-
Grants	559,071	-	-	-
Hotel occupancy tax	-	4,444,435	1,269,800	-
Investment and other	-	123,290	96,675	3,567
Contributions	-	-	-	-
Total revenues	<u>559,071</u>	<u>4,567,725</u>	<u>2,632,519</u>	<u>120,065</u>
Expenditures -				
Current -				
General government	559,071	-	-	12,525
Public safety	-	-	-	-
Culture and recreation	-	1,208,754	1,927,446	-
Total expenditures	<u>559,071</u>	<u>1,208,754</u>	<u>1,927,446</u>	<u>12,525</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3,358,971</u>	<u>705,073</u>	<u>107,540</u>
Other financing sources (uses) -				
Transfers in	-	-	-	-
Transfers out	-	(2,360,981)	(366,030)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,360,981)</u>	<u>(366,030)</u>	<u>-</u>
Net change in fund balances	-	997,990	339,043	107,540
Fund balances, October 1, 2017	<u>-</u>	<u>2,122,023</u>	<u>4,404,649</u>	<u>124,703</u>
Fund balances, September 30, 2018	<u>\$ -</u>	<u>\$ 3,120,013</u>	<u>\$ 4,743,692</u>	<u>\$ 232,243</u>

Library	Multipurpose Sports Complex	Municipal Court	Police	Public Education & Government	Traffic Safety Program	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 219,399	\$ -	\$ 219,399
-	-	-	-	-	-	116,498
-	551,235	-	-	-	-	1,817,279
-	-	121,723	172,860	-	-	294,583
-	-	-	-	-	-	559,071
-	-	-	-	-	-	5,714,235
251	21,471	6,487	4,700	20,591	-	277,032
525	750	-	-	-	-	1,275
776	573,456	128,210	177,560	239,990	-	8,999,372
-	-	140,895	-	240,832	-	953,323
-	-	-	-	-	96	96
503	943,654	-	-	-	-	4,080,357
503	943,654	140,895	-	240,832	96	5,033,776
273	(370,198)	(12,685)	177,560	(842)	(96)	3,965,596
-	640,000	-	-	-	-	640,000
-	-	-	-	-	-	(2,727,011)
-	640,000	-	-	-	-	(2,087,011)
273	269,802	(12,685)	177,560	(842)	(96)	1,878,585
15,927	988,656	394,966	15	1,269,075	190,897	9,510,911
\$ 16,200	\$ 1,258,458	\$ 382,281	\$ 177,575	\$ 1,268,233	\$ 190,801	\$ 11,389,496



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).

2014 Certificates of Obligation Fund – To account for transportation improvements.

Convention Center Complex Fund – To account for the ongoing repairs, maintenance and capital improvements to the City-owned Dell Diamond, a minor league baseball stadium and conference center. Funding is provided by hotel tax revenues.

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

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

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, 2018**

	<u>2014 Series CO</u>	<u>Convention Center Complex</u>	<u>Park Development</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ -	\$ 118,566
Investments	-	-	1,299,214
Receivables -			
Accrued interest	-	-	4,669
Restricted assets -			
Cash and cash equivalents	381,508	111,881	-
Restricted investments	-	1,225,958	-
Restricted accrued interest	-	4,409	-
Total assets	<u>\$ 381,508</u>	<u>\$ 1,342,248</u>	<u>\$ 1,422,449</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable	\$ -	\$ 16,703	\$ -
Interfund payables	381,508	-	-
Unearned revenue	-	-	1,106,815
Total liabilities	<u>381,508</u>	<u>16,703</u>	<u>1,106,815</u>
Fund balances -			
Restricted - authorized construction	-	1,325,545	-
Committed - capital projects funds	-	-	315,634
Total fund balances	<u>-</u>	<u>1,325,545</u>	<u>315,634</u>
Total liabilities and fund balances	<u>\$ 381,508</u>	<u>\$ 1,342,248</u>	<u>\$ 1,422,449</u>

Streets and Drainage	Tourism Development	Total Nonmajor Capital Projects Funds
\$ 61,198	\$ -	\$ 179,764
670,599	-	1,969,813
2,411	-	7,080
-	61,508	554,897
-	673,979	1,899,937
-	2,443	6,852
<u>\$ 734,208</u>	<u>\$ 737,930</u>	<u>\$ 4,618,343</u>

\$ -	\$ 280,673	\$ 297,376
-	-	381,508
-	-	1,106,815
<u>-</u>	<u>280,673</u>	<u>1,785,699</u>
-	457,257	1,782,802
734,208	-	1,049,842
<u>734,208</u>	<u>457,257</u>	<u>2,832,644</u>
<u>\$ 734,208</u>	<u>\$ 737,930</u>	<u>\$ 4,618,343</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2018**

	<u>2014 Series CO</u>	<u>Convention Center Complex</u>	<u>Park Development</u>
Revenues -			
Investment and other	\$ 9,919	\$ 24,278	\$ 21,961
Contributions	<u>-</u>	<u>-</u>	<u>4,880</u>
Total revenues	<u>9,919</u>	<u>24,278</u>	<u>26,841</u>
Expenditures -			
Capital projects	<u>43,898</u>	<u>549,058</u>	<u>2,475</u>
Total expenditures	<u>43,898</u>	<u>549,058</u>	<u>2,475</u>
Excess (deficiency) of revenues over expenditures	<u>(33,979)</u>	<u>(524,780)</u>	<u>24,366</u>
Other financing sources (uses) -			
Transfers in	-	1,200,000	-
Transfers out	<u>(1,014,550)</u>	<u>-</u>	<u>(2,405)</u>
Total other financing sources (uses)	<u>(1,014,550)</u>	<u>1,200,000</u>	<u>(2,405)</u>
Net change in fund balances	(1,048,529)	675,220	21,961
Fund balances, October 1, 2017	<u>1,048,529</u>	<u>650,325</u>	<u>293,673</u>
Fund balances, September 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ 1,325,545</u></u>	<u><u>\$ 315,634</u></u>

<u>Streets and Drainage</u>	<u>Tourism Development</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 11,348	\$ 16,316	\$ 83,822
-	2,500	7,380
<u>11,348</u>	<u>18,816</u>	<u>91,202</u>
-	1,296,314	1,891,745
-	1,296,314	1,891,745
<u>11,348</u>	<u>(1,277,498)</u>	<u>(1,800,543)</u>
-	189,181	1,389,181
-	(149,438)	(1,166,393)
-	39,743	222,788
11,348	(1,237,755)	(1,577,755)
<u>722,860</u>	<u>1,695,012</u>	<u>4,410,399</u>
<u>\$ 734,208</u>	<u>\$ 457,257</u>	<u>\$ 2,832,644</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, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>			Variance - Positive	2017
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>	<u>Actual</u>
Revenues -					
Taxes and franchise -					
Property tax	\$ 34,200,000	\$ 34,200,000	\$ 34,559,009	\$ 359,009	\$ 31,397,927
Penalty and interest	75,000	75,000	83,884	8,884	77,335
Sales tax	46,950,000	47,612,654	52,396,862	4,784,208	46,595,602
Franchise	6,815,000	6,815,000	6,921,541	106,541	6,875,050
Bingo tax	38,000	38,000	29,654	(8,346)	38,156
Mixed drink tax	500,000	500,000	617,589	117,589	589,008
Total taxes and franchise	<u>88,578,000</u>	<u>89,240,654</u>	<u>94,608,539</u>	<u>5,367,885</u>	<u>85,573,078</u>
Licenses, permits and fees -					
Building permits	608,987	608,987	810,291	201,304	663,161
Other permits	48,000	48,000	54,165	6,165	47,750
Fees	<u>1,008,638</u>	<u>1,008,638</u>	<u>1,056,257</u>	<u>47,619</u>	<u>894,501</u>
Total licenses, permits, and fees	<u>1,665,625</u>	<u>1,665,625</u>	<u>1,920,713</u>	<u>255,088</u>	<u>1,605,412</u>
Charges for services -					
Trash collection fees	1,298,000	1,298,000	1,130,295	(167,705)	1,261,138
Swimming pool fees	1,084,000	1,084,000	1,133,890	49,890	1,220,042
Recreation program fees	2,209,400	2,209,400	2,375,512	166,112	2,214,546
Filing and reproduction fees	25,000	25,000	27,643	2,643	27,598
Other	<u>151,100</u>	<u>151,100</u>	<u>79,249</u>	<u>(71,851)</u>	<u>131,528</u>
Total charges for services	<u>4,767,500</u>	<u>4,767,500</u>	<u>4,746,589</u>	<u>(20,911)</u>	<u>4,854,852</u>
Fines and forfeitures	<u>1,105,000</u>	<u>1,105,000</u>	<u>1,322,339</u>	<u>217,339</u>	<u>1,235,903</u>
Grants	<u>753,101</u>	<u>2,078,101</u>	<u>2,006,282</u>	<u>(71,819)</u>	<u>649,921</u>
Investment and other -					
Investment income	425,000	425,000	926,562	501,562	518,868
Other	<u>4,095,120</u>	<u>4,095,120</u>	<u>4,979,142</u>	<u>884,022</u>	<u>4,608,876</u>
Total investment and other	<u>4,520,120</u>	<u>4,520,120</u>	<u>5,905,704</u>	<u>1,385,584</u>	<u>5,127,744</u>
Total revenues	<u>101,389,346</u>	<u>103,377,000</u>	<u>110,510,166</u>	<u>7,133,166</u>	<u>99,046,910</u>

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance - Positive	2017
	Original	Final	Actual	(Negative)	Actual
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 13,629,244	\$ 12,765,106	\$ 12,550,174	\$ 214,932	\$ 11,211,849
Contractual services	4,812,622	4,806,172	4,450,050	356,122	4,262,965
Supplies and materials	766,087	768,087	715,953	52,134	723,906
Other services and charges	2,666,108	2,398,358	2,034,636	363,722	2,079,888
Capital outlay	75,000	81,480	80,523	957	80,501
Total executive	21,949,061	20,819,203	19,831,336	987,867	18,359,109
Judicial -					
Personnel services	775,694	783,599	719,115	64,484	742,752
Contractual services	56,886	56,886	48,265	8,621	51,989
Supplies and materials	17,340	17,340	13,858	3,482	11,211
Other services and charges	11,350	11,350	8,833	2,517	6,824
Total judicial	861,270	869,175	790,071	79,104	812,776
Total general government	22,810,331	21,688,378	20,621,407	1,066,971	19,171,885
Public safety					
Police -					
Personnel services	26,083,894	27,027,262	27,026,608	654	24,706,332
Contractual services	949,851	900,851	900,446	405	864,832
Supplies and materials	1,740,792	1,812,942	1,812,931	11	1,664,289
Other services and charges	1,226,396	1,127,416	1,126,745	671	1,186,390
Capital outlay	50,432	68,262	66,650	1,612	310,635
Total police	30,051,365	30,936,733	30,933,380	3,353	28,732,478
Fire -					
Personnel services	17,823,534	18,846,247	18,843,906	2,341	16,942,371
Contractual services	468,417	393,417	392,545	872	371,108
Supplies and materials	1,319,048	1,461,648	1,461,641	7	1,148,958
Other services and charges	210,084	1,158,584	1,158,083	501	156,117
Capital outlay	92,080	50,080	49,696	384	-
Total fire	19,913,163	21,909,976	21,905,871	4,105	18,618,554
Total public safety	49,964,528	52,846,709	52,839,251	7,458	47,351,032

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>			Variance - Positive	2017
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>	<u>Actual</u>
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 3,712,524	\$ 3,780,290	\$ 3,698,509	\$ 81,781	\$ 3,270,012
Contractual services	166,443	183,958	183,863	95	203,298
Supplies and materials	892,897	886,727	876,520	10,207	829,068
Other services and charges	1,819,267	1,799,567	1,748,809	50,758	906,666
Capital outlay	-	19,800	19,750	50	47,895
Total administration	<u>6,591,131</u>	<u>6,670,342</u>	<u>6,527,451</u>	<u>142,891</u>	<u>5,256,939</u>
Streets -					
Personnel services	2,471,208	2,495,909	2,164,602	331,307	2,122,906
Contractual services	5,401,570	2,401,570	2,112,012	289,558	1,552,458
Supplies and materials	848,007	848,007	723,362	124,645	791,545
Other services and charges	46,672	46,672	21,620	25,052	18,109
Capital outlay	186,000	186,000	130,025	55,975	113,565
Total streets	<u>8,953,457</u>	<u>5,978,158</u>	<u>5,151,621</u>	<u>826,537</u>	<u>4,598,583</u>
Maintenance shop -					
Personnel services	1,299,008	1,316,014	1,281,516	34,498	1,304,834
Contractual services	52,818	52,818	41,908	10,910	43,701
Supplies and materials	224,079	220,879	122,802	98,077	128,914
Other services and charges	14,374	17,574	17,569	5	18,440
Capital outlay	20,000	20,000	10,071	9,929	83,026
Total maintenance shop	<u>1,610,279</u>	<u>1,627,285</u>	<u>1,473,866</u>	<u>153,419</u>	<u>1,578,915</u>
Total public works	<u>17,154,867</u>	<u>14,275,785</u>	<u>13,152,938</u>	<u>1,122,847</u>	<u>11,434,437</u>

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance - Positive	2017
	Original	Final	Actual	(Negative)	Actual
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 2,107,720	\$ 2,138,278	\$ 2,087,192	\$ 51,086	\$ 2,078,413
Contractual services	152,825	153,025	127,981	25,044	133,813
Supplies and materials	370,416	352,016	342,063	9,953	331,568
Other services and charges	195,864	214,064	208,302	5,762	192,662
Culture-Library-capital outlay	-	-	-	-	17,495
Total library	<u>2,826,825</u>	<u>2,857,383</u>	<u>2,765,538</u>	<u>91,845</u>	<u>2,753,951</u>
Parks and recreation -					
Personnel services	7,817,417	8,104,367	8,103,391	976	7,818,576
Contractual services	1,880,514	1,612,354	1,612,161	193	1,609,747
Supplies and materials	1,576,100	1,566,100	1,560,419	5,681	1,649,731
Other services and charges	261,465	336,265	336,173	92	307,286
Capital outlay	157,300	149,660	55,177	94,483	123,131
Total parks and recreation	<u>11,692,796</u>	<u>11,768,746</u>	<u>11,667,321</u>	<u>101,425</u>	<u>11,508,471</u>
Total culture and recreation	<u>14,519,621</u>	<u>14,626,129</u>	<u>14,432,859</u>	<u>193,270</u>	<u>14,262,422</u>
Total expenditures	<u>104,449,347</u>	<u>103,437,001</u>	<u>101,046,455</u>	<u>2,390,546</u>	<u>92,219,776</u>
Excess (deficiency) of revenues over expenditures	<u>(3,060,001)</u>	<u>(60,001)</u>	<u>9,463,711</u>	<u>9,523,712</u>	<u>6,827,134</u>
Other financing sources (uses) -					
Transfers in	3,389,358	3,579,046	3,573,858	(5,188)	3,355,800
Transfers out	<u>(6,357,453)</u>	<u>(9,547,141)</u>	<u>(9,547,141)</u>	-	<u>(12,660,934)</u>
Total other financing sources (uses)	<u>(2,968,095)</u>	<u>(5,968,095)</u>	<u>(5,973,283)</u>	<u>(5,188)</u>	<u>(9,305,134)</u>
Net change in fund balances	<u>\$ (6,028,096)</u>	<u>\$ (6,028,096)</u>	3,490,428	<u>\$ 9,518,524</u>	(2,478,000)
Fund balance, October 1, 2017			<u>50,322,084</u>		<u>52,800,084</u>
Fund balance, September 30, 2018			<u>\$ 53,812,512</u>		<u>\$ 50,322,084</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, 2018

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise	\$ 17,362,000	\$ 19,181,830	\$ 19,345,337	\$ 163,507
Investment and other	5,000	5,000	249,498	244,498
Total revenues	<u>17,367,000</u>	<u>19,186,830</u>	<u>19,594,835</u>	<u>408,005</u>
Expenditures				
Debt service -				
Principal retirement	13,391,933	14,325,983	14,325,970	13
Interest and fiscal charges	<u>7,341,044</u>	<u>9,244,654</u>	<u>9,244,645</u>	<u>9</u>
Total expenditures	<u>20,732,977</u>	<u>23,570,637</u>	<u>23,570,615</u>	<u>22</u>
Excess (deficiency) of revenues over expenditures	<u>(3,365,977)</u>	<u>(4,383,807)</u>	<u>(3,975,780)</u>	<u>408,027</u>
Other financing sources (uses) -				
Transfers in	<u>3,930,485</u>	<u>4,948,315</u>	<u>4,948,315</u>	<u>-</u>
Total other financing sources (uses)	<u>3,930,485</u>	<u>4,948,315</u>	<u>4,948,315</u>	<u>-</u>
Net change in fund balances	<u>\$ 564,508</u>	<u>\$ 564,508</u>	972,535	<u>\$ 408,027</u>
Fund balance, October 1, 2017			<u>3,880,982</u>	
Fund balance, September 30, 2018			<u>\$ 4,853,517</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues -				
Grants	\$ 559,071	\$ 559,071	\$ 559,071	\$ -
Total revenues	559,071	559,071	559,071	-
Expenditures -				
Current -				
General government-				
General government	82,683	82,683	82,683	-
Supplies and materials	199,729	199,729	199,729	-
Other services and charges	96,933	96,933	96,933	-
Capital outlay	179,726	179,726	179,726	-
Total expenditures	559,071	559,071	559,071	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, October 1, 2017			-	
Fund balance, September 30, 2018			<u>\$ -</u>	

**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, 2018**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Hotel occupancy tax	\$ 4,200,000	\$ 4,200,000	\$ 4,444,435	\$ 244,435
Investment and other	25,000	25,000	123,290	98,290
Total revenues	4,225,000	4,225,000	4,567,725	342,725
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	559,257	559,257	402,766	156,491
Contractual services	705,380	471,377	428,129	43,248
Supplies and materials	30,550	30,550	4,407	26,143
Other services and charges	824,475	519,297	373,452	145,845
Total expenditures	2,119,662	1,580,481	1,208,754	371,727
Excess (deficiency) of revenues over expenditures	2,105,338	2,644,519	3,358,971	714,452
Other financing sources (uses) -				
Transfers out	(1,821,800)	(2,360,981)	(2,360,981)	-
Total other financing sources (uses)	(1,821,800)	(2,360,981)	(2,360,981)	-
Net change in fund balances	\$ 283,538	\$ 283,538	997,990	\$ 714,452
Fund balance, October 1, 2017			2,122,023	
Fund balance, September 30, 2018			\$ 3,120,013	

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, 2018

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Charges for services	\$ 1,080,000	\$ 1,080,000	\$ 1,266,044	\$ 186,044
Hotel occupancy tax	1,200,000	1,200,000	1,269,800	69,800
Investment and other	65,000	65,000	96,675	31,675
Total revenues	2,345,000	2,345,000	2,632,519	287,519
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	1,072,941	1,117,219	1,117,219	-
Contractual services	328,775	215,394	214,302	1,092
Supplies and materials	275,297	344,400	344,400	-
Other services and charges	59,218	59,218	54,279	4,939
Capital outlay	-	203,514	197,246	6,268
Total expenditures	1,736,231	1,939,745	1,927,446	12,299
Excess (deficiency) of revenues over expenditures	608,769	405,255	705,073	299,818
Other financing sources (uses) -				
Transfers out	(366,030)	(366,030)	(366,030)	-
Total other financing sources (uses)	(366,030)	(366,030)	(366,030)	-
Net change in fund balances	\$ 242,739	\$ 39,225	339,043	\$ 299,818
Fund balance, October 1, 2017			4,404,649	
Fund balance, September 30, 2018			\$ 4,743,692	

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, 2018

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Licenses, permits and fees	\$ 35,000	\$ 35,000	\$ 116,498	\$ 81,498
Investment and other	100	100	3,567	3,467
Contributions	1,000	1,000	-	(1,000)
Total revenues	36,100	36,100	120,065	83,965
Expenditures -				
Current -				
General government-				
Supplies and materials	135,920	135,920	12,525	123,395
Total expenditures	135,920	135,920	12,525	123,395
Net change in fund balances	\$ (99,820)	\$ (99,820)	107,540	\$ 207,360
Fund balance, October 1, 2017			124,703	
Fund balance, September 30, 2018			\$ 232,243	

**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, 2018**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Investment and other	\$ 10	\$ 10	\$ 251	\$ 241
Contributions	3,000	3,000	525	(2,475)
Total revenues	3,010	3,010	776	(2,234)
Expenditures -				
Current -				
General government-				
Supplies and materials	2,400	2,400	503	1,897
Other services and charges	14,987	14,987	-	14,987
Total expenditures	17,387	17,387	503	16,884
Net change in fund balances	<u>\$ (14,377)</u>	<u>\$ (14,377)</u>	273	<u>\$ 14,650</u>
Fund balance, October 1, 2017			<u>15,927</u>	
Fund balance, September 30, 2018			<u>\$ 16,200</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
MULTIPURPOSE SPORTS COMPLEX
YEAR ENDED SEPTEMBER 30, 2018**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Charges for services	\$ 154,645	\$ 334,645	\$ 551,235	\$ 216,590
Investment and other	-	-	21,471	21,471
Contributions	-	-	750	750
Total revenues	154,645	334,645	573,456	238,811
Expenditures -				
Personnel services	278,974	382,738	379,948	2,790
Contractual services	128,220	159,828	150,372	9,456
Supplies and materials	299,532	337,093	326,214	10,879
Other services and charges	36,100	36,100	30,053	6,047
Capital outlay	50,000	57,067	57,067	-
Total expenditures	792,826	972,826	943,654	29,172
Excess (deficiency) of revenues over expenditures	(638,181)	(638,181)	(370,198)	267,983
Other financing sources (uses) -				
Transfers in	640,000	640,000	640,000	-
Total other financing sources (uses)	640,000	640,000	640,000	-
Net change in fund balances	<u>\$ 1,819</u>	<u>\$ 1,819</u>	269,802	<u>\$ 267,983</u>
Fund balance, October 1, 2017			988,656	
Fund balance, September 30, 2018			<u>\$ 1,258,458</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, 2018**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Fines and forfeitures	\$ 80,000	\$ 80,000	\$ 121,723	\$ 41,723
Investment and other	150	150	6,487	6,337
Total revenues	80,150	80,150	128,210	48,060
Expenditures -				
Current -				
General government-				
Supplies and materials	38,160	96,036	96,036	-
Other services and charges	349,715	246,839	122	246,717
Capital outlay	-	45,000	44,737	263
Total expenditures	387,875	387,875	140,895	246,980
Excess (deficiency) of revenues over expenditures	(307,725)	(307,725)	(12,685)	295,040
Other financing sources (uses) -				
Transfers out	(52,000)	(52,000)	-	52,000
Total other financing sources (uses)	(52,000)	(52,000)	-	52,000
Net change in fund balances	<u>\$ (359,725)</u>	<u>\$ (359,725)</u>	(12,685)	<u>\$ 347,040</u>
Fund balance, October 1, 2017			394,966	
Fund balance, September 30, 2018			<u>\$ 382,281</u>	

**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, 2018**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Fines and forfeitures	\$ 80,000	\$ 80,000	\$ 172,860	\$ 92,860
Investment and other	-	-	4,700	4,700
Total revenues	80,000	80,000	177,560	97,560
Expenditures -				
Current -				
Public safety-				
Personnel services	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	\$ 80,000	\$ 80,000	177,560	\$ 97,560
Fund balance, October 1, 2017			15	
Fund balance, September 30, 2018			\$ 177,575	

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, 2018

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise	\$ 240,000	\$ 240,000	\$ 219,399	\$ (20,601)
Investment and other	50	50	20,591	20,541
Total revenues	240,050	240,050	239,990	(60)
Expenditures -				
Current -				
General Government-				
Capital outlay	1,414,032	1,414,032	240,832	1,173,200
Total expenditures	1,414,032	1,414,032	240,832	1,173,200
Net change in fund balances	\$ (1,173,982)	\$ (1,173,982)	(842)	\$ 1,173,140
Fund balance, October 1, 2017			1,269,075	
Fund balance, September 30, 2018			\$ 1,268,233	

**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, 2018**

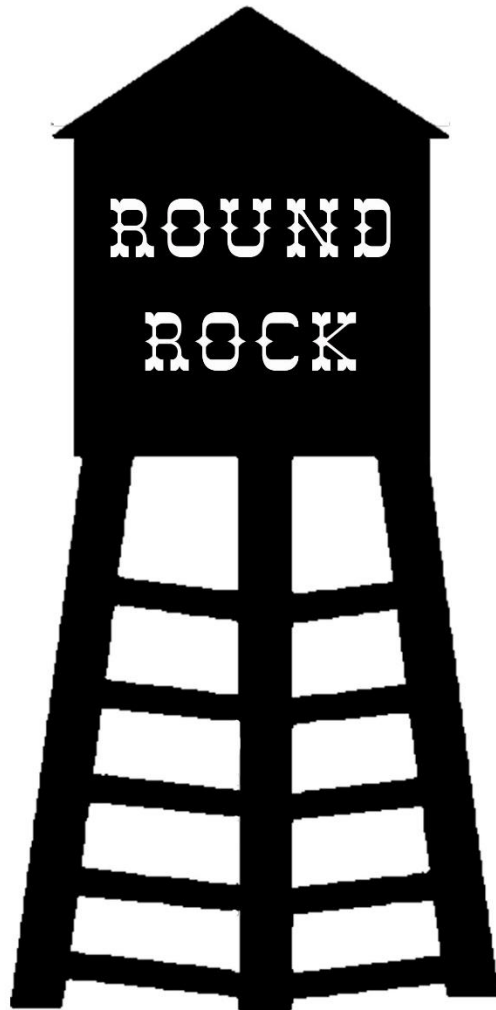
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures -				
Current -				
Other services and charges	\$ 60,636	\$ 60,636	\$ 96	\$ 60,540
Total expenditures	60,636	60,636	96	60,540
Net change in fund balances	<u>\$ (60,636)</u>	<u>\$ (60,636)</u>	(96)	<u>\$ 60,540</u>
Fund balance, October 1, 2017			<u>190,897</u>	
Fund balance, September 30, 2018			<u>\$ 190,801</u>	

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

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2018

Capital assets -	
Land	\$ 87,134,480
Construction in progress	25,562,146
Buildings and improvements	857,259,849
Equipment	<u>86,966,226</u>
	<u>\$ 1,056,922,701</u>
Investment in capital assets from -	
Capital projects funds -	
General obligation bonds	\$ 329,371,263
Federal grants	5,934,039
State grants	1,008,753
General fund revenues	198,085,992
Special revenue fund revenues	177,092,554
Hotel occupancy tax revenues	47,648,201
Gifts	297,064,990
Special assessments	<u>716,909</u>
	<u>\$ 1,056,922,701</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.

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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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities-				
Net investment in capital assets	\$ 244,059,034	\$ 248,153,129	\$ 245,403,528	\$ 252,984,681
Restricted	59,433,510	61,882,505	66,810,986	72,780,050
Unrestricted	<u>74,490,409</u>	<u>76,111,460</u>	<u>77,864,804</u>	<u>76,870,782</u>
Total governmental activities net position	<u>\$ 377,982,953</u>	<u>\$ 386,147,094</u>	<u>\$ 390,079,318</u>	<u>\$ 402,635,513</u>
Business-type activities-				
Net investment in capital assets	\$ 217,990,010	\$ 210,960,047	\$ 213,536,543	\$ 212,883,311
Restricted	15,571,119	9,125,932	11,984,130	13,994,028
Unrestricted	<u>66,770,620</u>	<u>85,930,757</u>	<u>95,693,542</u>	<u>104,985,805</u>
Total business-type activities net position	<u>\$ 300,331,749</u>	<u>\$ 306,016,736</u>	<u>\$ 321,214,215</u>	<u>\$ 331,863,144</u>
Primary government-				
Net investment in capital assets	\$ 462,049,044	\$ 459,113,176	\$ 458,940,071	\$ 465,867,992
Restricted	75,004,629	71,008,437	78,795,116	86,774,078
Unrestricted	<u>141,261,029</u>	<u>162,042,217</u>	<u>173,558,346</u>	<u>181,856,587</u>
Total primary government net position	<u><u>\$ 678,314,702</u></u>	<u><u>\$ 692,163,830</u></u>	<u><u>\$ 711,293,533</u></u>	<u><u>\$ 734,498,657</u></u>

Source: Comprehensive Annual Financial Reports

Notes: The City implemented GASB Statement No. 68 in 2015. As a result, net position for 2014 was restated. The City implemented GASB Statement No. 75 in 2018. As a result, net position for 2017 has been restated.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 295,777,997	\$ 303,977,353	\$ 299,730,557	\$ 310,185,706	\$ 356,586,425	\$ 373,007,353
42,970,091	43,974,370	48,019,726	51,813,118	48,954,352	48,357,161
<u>74,833,175</u>	<u>44,713,408</u>	<u>53,355,360</u>	<u>52,451,939</u>	<u>29,054,168</u>	<u>28,585,838</u>
<u>\$ 413,581,263</u>	<u>\$ 392,665,131</u>	<u>\$ 401,105,643</u>	<u>\$ 414,450,763</u>	<u>\$ 434,594,945</u>	<u>\$ 449,950,352</u>
\$ 214,178,908	\$ 221,062,599	\$ 228,866,895	\$ 234,981,264	\$ 245,005,044	\$ 268,467,171
6,868,062	7,764,750	19,215,972	15,275,659	19,800,722	22,628,600
<u>116,650,981</u>	<u>114,901,064</u>	<u>110,519,279</u>	<u>126,490,054</u>	<u>126,634,362</u>	<u>138,980,320</u>
<u>\$ 337,697,951</u>	<u>\$ 343,728,413</u>	<u>\$ 358,602,146</u>	<u>\$ 376,746,977</u>	<u>\$ 391,440,128</u>	<u>\$ 430,076,091</u>
\$ 509,956,905	\$ 525,039,952	\$ 528,597,452	\$ 545,166,970	\$ 601,591,469	\$ 641,474,524
49,838,153	51,739,120	67,235,698	67,088,777	68,755,074	70,985,761
<u>191,484,156</u>	<u>159,614,472</u>	<u>163,874,639</u>	<u>178,941,993</u>	<u>155,688,530</u>	<u>167,566,158</u>
<u>\$ 751,279,214</u>	<u>\$ 736,393,544</u>	<u>\$ 759,707,789</u>	<u>\$ 791,197,740</u>	<u>\$ 826,035,073</u>	<u>\$ 880,026,443</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses:				
Governmental activities-				
General government	\$ 24,856,934	\$ 27,064,905	\$ 28,487,648	\$ 30,406,768
Public safety	37,104,418	36,688,203	39,140,352	40,944,978
Public works	13,955,375	29,053,781	36,442,333	29,295,041
Culture and recreation	16,433,602	14,260,057	14,514,561	15,069,456
Interest on long-term debt	9,410,388	9,394,116	8,608,399	7,144,755
Issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities expenses	<u>101,760,717</u>	<u>116,461,062</u>	<u>127,193,293</u>	<u>122,860,998</u>
Business-type activities-				
Water and sewer utility	37,178,011	37,623,591	38,602,875	38,842,107
Golf course	<u>182,521</u>	<u>192,595</u>	<u>174,149</u>	<u>157,135</u>
Total business-type activities expenses	<u>37,360,532</u>	<u>37,816,186</u>	<u>38,777,024</u>	<u>38,999,242</u>
Total primary government expenses	<u>139,121,249</u>	<u>154,277,248</u>	<u>165,970,317</u>	<u>161,860,240</u>
Program revenues:				
Governmental activities-				
Charges for services-				
General government	3,820,455	3,927,379	3,519,857	3,104,355
Public safety	3,646,892	4,150,577	4,295,283	4,215,243
Public works	877,676	836,169	2,032,530	2,760,386
Culture and recreation	2,503,925	2,531,989	3,136,422	2,737,969
Operating grants and contributions	1,064,411	932,879	1,130,628	1,135,386
Capital grants and contributions	<u>14,083,063</u>	<u>7,634,857</u>	<u>9,257,876</u>	<u>9,782,214</u>
Total governmental activities program revenues	<u>25,996,422</u>	<u>20,013,850</u>	<u>23,372,596</u>	<u>23,735,553</u>
Business-type activities-				
Charges for services-				
Water and sewer utility	37,802,909	37,512,213	44,922,715	43,327,656
Golf course	485,972	349,424	431,413	480,116
Capital grants and contributions	<u>12,490,491</u>	<u>6,014,265</u>	<u>9,518,890</u>	<u>7,533,264</u>
Total business-type activities program revenues	<u>50,779,372</u>	<u>43,875,902</u>	<u>54,873,018</u>	<u>51,341,036</u>
Total primary government program revenues	<u>76,775,794</u>	<u>63,889,752</u>	<u>78,245,614</u>	<u>75,076,589</u>
Net (expense) revenue-				
Governmental activities	(75,764,295)	(96,447,212)	(103,820,697)	(99,125,445)
Business-type activities	<u>13,418,840</u>	<u>6,059,716</u>	<u>16,095,994</u>	<u>12,341,794</u>
Total primary government net expense	<u>\$ (62,345,455)</u>	<u>\$ (90,387,496)</u>	<u>\$ (87,724,703)</u>	<u>\$ (86,783,651)</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$	27,923,780	\$ 28,050,936	\$ 27,917,481	\$ 28,204,761	\$ 24,441,262	\$ 23,408,887
	41,842,363	45,283,826	45,236,987	49,439,902	52,243,460	57,987,997
	31,215,489	33,537,533	33,412,841	33,448,357	34,359,785	47,120,999
	15,702,435	18,024,001	19,202,557	20,885,009	24,130,067	25,218,145
	6,915,772	8,478,700	8,118,490	8,294,279	8,075,351	8,415,687
	-	-	942,596	229,245	423,510	-
	<u>123,599,839</u>	<u>133,374,996</u>	<u>134,830,952</u>	<u>140,501,553</u>	<u>143,673,435</u>	<u>162,151,715</u>
	42,657,792	44,605,155	46,069,705	47,947,818	49,400,833	51,749,727
	<u>141,153</u>	<u>71,090</u>	<u>144,993</u>	<u>133,270</u>	<u>1,857,334</u>	<u>1,642,036</u>
	<u>42,798,945</u>	<u>44,676,245</u>	<u>46,214,698</u>	<u>48,081,088</u>	<u>51,258,167</u>	<u>53,391,763</u>
	<u>166,398,784</u>	<u>178,051,241</u>	<u>181,045,650</u>	<u>188,582,641</u>	<u>194,931,602</u>	<u>215,543,478</u>
	2,822,715	2,559,380	2,168,842	2,258,333	19,778,439	2,273,091
	3,248,867	2,652,480	2,461,782	1,669,550	1,478,161	1,762,172
	2,942,382	726,785	749,524	742,437	607,398	693,223
	2,844,842	3,032,109	3,288,970	3,919,254	5,133,816	5,489,515
	829,367	1,042,301	1,199,574	946,604	1,202,810	2,574,008
	<u>5,310,541</u>	<u>5,901,038</u>	<u>4,234,018</u>	<u>8,013,039</u>	<u>5,958,205</u>	<u>18,206,390</u>
	<u>17,998,714</u>	<u>15,914,093</u>	<u>14,102,710</u>	<u>17,549,217</u>	<u>34,158,829</u>	<u>30,998,399</u>
	43,094,185	43,705,878	45,898,090	48,653,788	51,980,615	55,139,117
	522,169	382,081	320,846	360,371	733,883	299,761
	<u>6,514,369</u>	<u>10,226,302</u>	<u>17,742,568</u>	<u>19,607,086</u>	<u>15,642,381</u>	<u>30,495,633</u>
	<u>50,130,723</u>	<u>54,314,261</u>	<u>63,961,504</u>	<u>68,621,245</u>	<u>68,356,879</u>	<u>85,934,511</u>
	<u>68,129,437</u>	<u>70,228,354</u>	<u>78,064,214</u>	<u>86,170,462</u>	<u>102,515,708</u>	<u>116,932,910</u>
	(105,601,125)	(117,460,903)	(120,728,242)	(122,952,336)	(109,514,606)	(131,153,316)
	<u>7,331,778</u>	<u>9,638,016</u>	<u>17,746,806</u>	<u>20,540,157</u>	<u>17,098,712</u>	<u>32,542,748</u>
\$	<u>(98,269,347)</u>	<u>\$ (107,822,887)</u>	<u>\$ (102,981,436)</u>	<u>\$ (102,412,179)</u>	<u>\$ (92,415,894)</u>	<u>\$ (98,610,568)</u>

(CONTINUED)

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General revenues and other changes in net position:				
Governmental activities-				
Taxes-				
Property	\$ 29,867,765	\$ 33,040,085	\$ 33,578,991	\$ 34,379,529
Franchise	6,213,263	5,934,540	6,221,790	6,326,735
Sales	58,777,622	59,545,288	61,734,643	63,305,917
Hotel occupancy	2,394,145	2,291,326	2,684,046	3,252,542
Public service	315,739	327,723	352,159	316,320
Investment earnings and other	4,112,703	1,365,802	988,222	1,635,630
Transfers	<u>1,605,828</u>	<u>2,106,589</u>	<u>2,193,070</u>	<u>2,464,967</u>
 Total governmental activities	 <u>103,287,065</u>	 <u>104,611,353</u>	 <u>107,752,921</u>	 <u>111,681,640</u>
 Business-type activities-				
Investment earnings	1,305,841	1,731,860	1,294,555	772,102
Transfers	<u>(1,605,828)</u>	<u>(2,106,589)</u>	<u>(2,193,070)</u>	<u>(2,464,967)</u>
 Total business-type activities	 <u>(299,987)</u>	 <u>(374,729)</u>	 <u>(898,515)</u>	 <u>(1,692,865)</u>
 Total primary government	 <u>102,987,078</u>	 <u>104,236,624</u>	 <u>106,854,406</u>	 <u>109,988,775</u>
 Change in net position:				
Governmental activities	27,522,770	8,164,141	3,932,224	12,556,195
Business-type activities	<u>13,118,853</u>	<u>5,684,987</u>	<u>15,197,479</u>	<u>10,648,929</u>
 Total primary government	 <u>\$ 40,641,623</u>	 <u>\$ 13,849,128</u>	 <u>\$ 19,129,703</u>	 <u>\$ 23,205,124</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 34,979,578	\$ 36,502,409	\$ 39,932,573	\$ 44,239,067	\$ 49,107,424	\$ 54,082,288
5,952,712	6,460,448	7,255,212	7,175,948	7,103,548	7,140,940
66,216,447	68,462,292	67,620,848	67,340,120	64,209,719	72,861,565
4,140,920	4,646,208	5,083,556	5,407,667	5,515,163	5,714,235
347,846	477,606	515,778	566,712	627,164	647,243
2,026,554	1,882,139	5,020,786	7,957,942	8,201,944	9,024,223
<u>2,882,818</u>	<u>1,800,895</u>	<u>3,740,000</u>	<u>3,610,000</u>	<u>3,492,871</u>	<u>(2,961,771)</u>
<u>116,546,875</u>	<u>120,231,997</u>	<u>129,168,753</u>	<u>136,297,456</u>	<u>138,257,833</u>	<u>146,508,723</u>
1,385,847	1,397,321	866,927	1,214,674	2,289,777	3,131,444
<u>(2,882,818)</u>	<u>(1,800,895)</u>	<u>(3,740,000)</u>	<u>(3,610,000)</u>	<u>(3,492,871)</u>	<u>2,961,771</u>
<u>(1,496,971)</u>	<u>(403,574)</u>	<u>(2,873,073)</u>	<u>(2,395,326)</u>	<u>(1,203,094)</u>	<u>6,093,215</u>
<u>115,049,904</u>	<u>119,828,423</u>	<u>126,295,680</u>	<u>133,902,130</u>	<u>137,054,739</u>	<u>152,601,938</u>
10,945,750	2,771,094	8,440,511	13,345,120	28,743,227	15,355,407
<u>5,834,807</u>	<u>9,234,442</u>	<u>14,873,733</u>	<u>18,144,831</u>	<u>15,895,618</u>	<u>38,635,963</u>
<u>\$ 16,780,557</u>	<u>\$ 12,005,536</u>	<u>\$ 23,314,244</u>	<u>\$ 31,489,951</u>	<u>\$ 44,638,845</u>	<u>\$ 53,991,370</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ -	\$ -	\$ 288,758	\$ 321,044
<i>Restricted for-</i>				
Debt service	2,887,281	1,944,761	2,238,270	2,301,340
Authorized construction	90,000,407	88,064,514	88,021,123	81,424,206
Hotel-motel tax	7,005,856	7,314,509	8,114,729	8,927,441
Public safety	497,243	862,273	1,024,405	937,105
General government	-	-	-	-
<i>Committed to-</i>				
General government	158,886	158,990	901,229	911,674
Capital projects funds	31,250,099	33,739,591	35,731,396	35,645,374
Streets and drainage	-	-	573,809	1,179,777
Culture and recreation	14,302	11,176	11,239	6,625
<i>Assigned to-</i>				
Culture and recreation	574,093	571,705	542,779	248,771
<i>Unassigned</i>	<u>36,785,055</u>	<u>36,857,155</u>	<u>36,238,854</u>	<u>36,912,381</u>
Total governmental funds	<u>\$ 169,173,222</u>	<u>\$ 169,524,674</u>	<u>\$ 173,686,591</u>	<u>\$ 168,815,738</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 375,087	\$ 397,271	\$ 430,821	\$ 372,288	\$ 232,004	\$ 253,592
2,415,427	2,278,062	2,351,780	2,749,645	3,880,982	4,853,517
43,630,036	106,539,802	117,515,606	77,545,478	81,086,426	62,649,029
9,549,082	11,173,765	10,934,476	12,653,710	6,526,672	7,863,705
1,249,246	1,050,349	1,274,293	676,724	585,878	750,657
-	-	-	-	1,269,075	1,268,233
865,493	684,199	856,977	1,081,159	124,703	232,243
31,856,334	26,570,024	24,696,122	24,865,777	28,397,665	21,934,876
1,570,994	-	1,145,826	1,152,195	-	-
10,530	12,438	322,576	293,694	-	-
283,518	264,662	272,666	212,080	1,004,583	1,274,658
<u>38,604,781</u>	<u>38,726,365</u>	<u>50,277,389</u>	<u>52,427,796</u>	<u>50,090,080</u>	<u>53,558,920</u>
<u>\$ 130,410,528</u>	<u>\$ 187,696,937</u>	<u>\$ 210,078,532</u>	<u>\$ 174,030,546</u>	<u>\$ 173,198,068</u>	<u>\$ 154,639,430</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues-				
Taxes and franchise	\$ 95,097,743	\$ 98,990,298	\$ 101,914,916	\$ 104,318,270
Licenses, permits and fees	1,053,959	907,705	2,155,358	3,094,983
Charges for services	3,757,215	3,767,565	3,985,634	4,198,815
Fines and forfeitures	2,057,353	2,260,401	2,492,261	2,814,987
Intergovernmental	1,232,594	3,953,092	3,302,276	2,158,621
Hotel occupancy tax	2,394,145	2,291,326	2,684,046	3,252,543
Investment and other	8,406,513	3,652,629	3,786,134	2,635,613
Contributions	<u>1,729,637</u>	<u>972,641</u>	<u>3,282,812</u>	<u>5,858,346</u>
Total revenues	<u>115,729,159</u>	<u>116,795,657</u>	<u>123,603,437</u>	<u>128,332,178</u>
Expenditures-				
General government	22,640,290	22,874,155	24,346,515	25,332,577
Public safety	34,099,601	34,539,844	36,556,318	37,646,821
Public works	10,065,601	9,565,430	8,797,799	9,791,618
Culture and recreation	11,813,663	11,157,995	11,336,602	11,958,179
Capital projects	38,798,458	21,184,635	22,981,288	39,916,082
Debt service-				
Principal retirement	10,942,820	11,456,810	11,815,968	13,040,604
Interest and fiscal charges	9,290,481	9,097,057	8,072,821	6,825,065
Payment to refunding agent	-	-	-	-
Other charges	<u>-</u>	<u>1,327,989</u>	<u>247,433</u>	<u>256,373</u>
Total expenditures	<u>137,650,914</u>	<u>121,203,915</u>	<u>124,154,744</u>	<u>144,767,319</u>
Excess of revenues over (under) expenditures	<u>(21,921,755)</u>	<u>(4,408,258)</u>	<u>(551,307)</u>	<u>(16,435,141)</u>
Other financing sources (uses)-				
Issuance of lease	1,505,390	1,310,569	1,372,023	500,000
Payment to borrower	-	-	-	-
Issuance of debt	-	18,575,000	16,145,000	27,295,000
Premium on bonds issued	-	1,387,593	223,248	1,317,881
Payment to refunded bond escrow agent	-	(19,682,356)	(16,083,357)	(20,616,784)
Transfers in	33,385,722	24,459,490	27,752,457	34,447,300
Transfers out	<u>(30,579,894)</u>	<u>(21,290,586)</u>	<u>(24,696,147)</u>	<u>(31,379,109)</u>
Total other financing sources (uses)	<u>4,311,218</u>	<u>4,759,710</u>	<u>4,713,224</u>	<u>11,564,288</u>
Net change in fund balances	<u>\$ (17,610,537)</u>	<u>\$ 351,452</u>	<u>\$ 4,161,917</u>	<u>\$ (4,870,853)</u>
Capital outlay including amounts reported under departmental current expenditures	<u>\$ 40,000,535</u>	<u>\$ 22,684,310</u>	<u>\$ 23,932,697</u>	<u>\$ 41,282,292</u>
Debt service as a percentage of noncapital expenditures	20.7%	20.9%	19.8%	19.2%

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 107,417,612	\$ 111,592,909	\$ 115,508,506	\$ 119,211,433	\$ 121,142,245	\$ 134,637,978
3,567,437	1,243,857	1,704,374	1,843,633	1,646,077	2,037,211
4,436,779	4,645,527	4,513,428	5,172,465	6,307,377	6,563,868
3,208,637	2,673,670	2,451,316	1,573,476	1,440,795	1,616,922
1,225,195	3,044,095	1,679,993	990,683	2,950,833	9,511,022
4,140,920	4,646,208	5,083,556	5,407,667	5,515,163	5,714,235
3,565,842	4,783,567	7,207,478	7,963,854	8,253,614	9,260,526
2,567,327	3,152,100	600,919	368,748	931,601	2,335,783
<u>130,129,749</u>	<u>135,781,933</u>	<u>138,749,570</u>	<u>142,531,959</u>	<u>148,187,705</u>	<u>171,677,545</u>
23,783,735	24,375,794	23,838,520	24,394,392	21,055,932	21,574,730
39,475,791	42,306,841	43,067,272	44,388,881	47,595,884	52,839,347
11,852,443	11,291,499	12,328,284	12,062,839	12,682,503	14,748,037
12,440,948	13,775,702	14,766,040	15,078,964	17,219,700	18,513,216
65,523,775	38,694,239	33,476,554	65,414,999	63,268,686	59,809,511
12,852,059	14,395,697	13,919,366	13,463,922	13,287,160	14,325,970
6,797,281	7,372,652	8,597,372	9,641,498	8,306,767	9,244,645
-	-	-	-	10,050,443	-
98,630	862,888	942,596	229,245	423,510	-
<u>172,824,662</u>	<u>153,075,312</u>	<u>150,936,004</u>	<u>184,674,740</u>	<u>193,890,585</u>	<u>191,055,456</u>
<u>(42,694,913)</u>	<u>(17,293,379)</u>	<u>(12,186,434)</u>	<u>(42,142,781)</u>	<u>(45,702,880)</u>	<u>(19,377,911)</u>
1,000,000	1,450,000	2,000,000	2,250,000	-	5,981,044
-	-	-	-	-	(2,200,000)
8,615,000	77,350,000	70,665,000	11,450,000	38,725,000	-
-	6,161,887	6,369,020	1,094,690	2,652,531	-
(8,509,756)	(11,682,994)	(48,205,991)	(12,309,895)	-	-
49,547,722	32,984,237	27,070,865	30,552,126	31,908,470	22,678,818
(46,363,263)	(31,683,342)	(23,330,865)	(26,942,126)	(28,415,599)	(25,640,589)
<u>4,289,703</u>	<u>74,579,788</u>	<u>34,568,029</u>	<u>6,094,795</u>	<u>44,870,402</u>	<u>819,273</u>
<u>\$ (38,405,210)</u>	<u>\$ 57,286,409</u>	<u>\$ 22,381,595</u>	<u>\$ (36,047,986)</u>	<u>\$ (832,478)</u>	<u>\$ (18,558,638)</u>
<u>\$ 67,059,226</u>	<u>\$ 38,644,877</u>	<u>\$ 35,385,140</u>	<u>\$ 65,116,395</u>	<u>\$ 90,020,515</u>	<u>\$ 46,896,225</u>
18.6%	19.0%	19.5%	19.3%	20.8%	16.4%

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

	Actual Assessed Value			Less:	Total	
Fiscal Year	Real Property	Personal Property	Total	Tax Exempt Property	Taxable Assessed Valuation	Total Direct Tax Rate
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
2017	10,935,482,664	1,031,249,775	11,966,732,439	639,556,585	11,327,175,854	0.4250
2018	12,013,959,238	1,124,094,154	13,138,053,392	686,899,632	12,451,153,760	0.4300

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	
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
2017	0.2719	0.1531	0.4250	1.3325	0.4765	0.1220	2.3560
2018	0.2879	0.1421	0.4300	1.3048	0.4665	0.1208	2.3221

Source: Williamson County Tax Office

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

Name of Taxpayer	2018			2009		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 394,116,340	1	3.165 %	\$ 197,709,697	1	2.413 %
CPG Round Rock, LP/ Round Rock Premium Outlets	144,548,264	2	1.161	122,593,318	2	1.496
CMF 15 Portfolio, LLC/ Colonial Grand Apartments	80,725,992	3	0.648	37,413,622	7	0.457
Baltgem Development Corp./ La Frontera Village	73,065,199	4	0.587	90,144,431	3	1.100
Columbia/ St. David Healthcare	70,935,634	5	0.570	59,356,180	4	0.724
Fisher-Rosemount Systems Inc.	63,496,059	6	0.510	-	-	-
Dell Computer Corp.	61,115,478	7	0.491	53,332,060	5	0.651
Baev-Lasalle Round Rock University Blvd LLC	54,350,711	8	0.437	-	-	-
FST La Frontera LLC	52,855,810	9	0.423	-	-	-
Las Brisas Luxury Apartment Homes LLC	50,411,848	10	0.405	-	-	-
Oncor Electricity Delivery Co.	-	-	-	40,913,638	6	0.499
Toppan Photomasks, Inc.	-	-	-	36,692,978	8	0.448
2800 La Frontera #1A, LTD	-	-	-	33,610,124	9	0.410
HEB Grocery Co., LP	-	-	-	30,107,994	10	0.367
	<u>\$ 1,045,621,335</u>		<u>8.397 %</u>	<u>\$ 701,874,042</u>		<u>8.565 %</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
2009	\$	29,931,048	\$ 29,745,017	99.38 %	\$ 289	\$ 29,745,306	99.38 %
2010		33,001,196	32,822,350	99.46	2,023	32,824,373	99.46
2011		33,469,184	33,330,239	99.58	132	33,330,371	99.59
2012		34,255,559	34,161,567	99.73	187	34,161,754	99.73
2013		34,865,783	34,717,536	99.57	2,482	34,720,018	99.58
2014		36,452,223	36,281,479	99.53	3,872	36,285,351	99.54
2015		39,792,302	39,697,745	99.76	2,791	39,700,536	99.77
2016		44,063,923	43,894,949	99.62	1,431	43,896,380	99.62
2017		49,113,540	48,988,540	99.75	37,529	49,026,069	99.82
2018		53,890,399	53,775,618	99.79	-	53,775,618	99.79

**CITY OF ROUND ROCK, TEXAS
SALES TAX AND AD VALOREM TAX
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Total 1% Sales Tax Collected</u>	<u>Ad Valorem Tax Levy</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Population</u>	<u>1% Sales Tax Per Capita</u>
2009	\$ 30,849,792	\$ 29,931,048	103.07 %	\$ 0.3765	99,500	\$ 310
2010	30,758,801	33,001,196	93.21	0.3696	99,887	308
2011	31,306,675	33,469,184	93.54	0.3905	100,659	311
2012	31,652,958	34,255,559	92.40	0.3909	101,702	311
2013	33,108,223	34,865,783	94.96	0.3993	102,349	323
2014	34,231,146	36,452,223	93.91	0.3939	103,107	332
2015	33,810,424	39,792,302	84.97	0.3509	105,405	321
2016	33,670,060	44,063,923	76.41	0.3209	106,591	316
2017	34,970,879	49,113,540	71.20	0.3087	108,353	323
2018	40,929,405	53,890,399	75.95	0.3287	112,201	365

Note: The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the bonds. Collections and enforcements are effected through the office of the Texas Comptroller of Public Accounts who remits the proceeds of the tax, after deduction of a 2% service fees, to the City monthly.

The calculations above are only based on the 1% sales and use tax, not the 1/2% sales and use tax collected for reduction of ad valorem taxes and 1/2% sales and use tax collected for transportation improvements.



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

<u>Calendar Year</u>	<u>Retail Trade</u>	<u>Manufacturing</u>	<u>Services</u>	<u>Wholesale Trade</u>	<u>Utilities</u>
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	145,345,099	16,322,477
2010	1,070,089,059	1,111,487,638	331,304,579	117,424,010	17,788,882
2011	1,107,689,836	1,095,938,383	346,422,899	85,234,726	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	1,556,013,209	951,496,554	476,798,645	123,940,513	41,822,044
2016	1,592,542,371	905,719,610	505,372,604	141,775,154	41,190,339
2017	<u>1,582,407,350</u>	<u>925,729,209</u>	<u>521,326,342</u>	<u>132,124,078</u>	<u>38,444,682</u>
	<u>\$ 13,336,939,543</u>	<u>\$ 10,206,615,792</u>	<u>\$ 4,053,208,827</u>	<u>\$ 1,284,571,873</u>	<u>\$ 284,654,151</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.

<u>Construction</u>	<u>Finance, Insurance</u>	<u>Total</u>	<u>City Direct Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Over- lapping</u>
\$ 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
135,370,923	2,951,985	3,324,922,986	2.00	6.25	8.25
<u>144,818,546</u>	<u>2,773,206</u>	<u>3,347,623,413</u>	2.00	6.25	8.25
<u>\$ 831,141,361</u>	<u>\$ 24,959,701</u>	<u>\$ 30,022,091,248</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2018**

<u>Taxpayer</u>	<u>Hotel Motel Occupancy Tax</u>	<u>Hotel Motel Occupancy Venue Tax</u>	<u>Total Collections Year Ended September 30, 2018</u>	<u>Number of Rooms</u>	<u>% of Total Collections</u>
Austin Marriott North	\$ 639,194	\$ 182,627	\$ 821,821	295	14.4 %
Homewood Suites	303,337	86,668	390,005	115	6.8
Hilton Garden Inn	264,307	75,516	339,823	122	6.0
Hyatt Place	250,287	71,511	321,798	138	5.6
Home 2 Suites	217,646	62,184	279,830	91	4.9
Courtyard Marriot	208,545	59,584	268,129	113	4.7
Holiday Inn Express N	199,213	56,918	256,131	109	4.5
Hampton Inn	196,688	56,197	252,885	93	4.4
Residence Inn	186,453	53,272	239,725	96	4.2
Holiday Inn	165,561	47,303	212,864	116	3.7
Towneplace Suites	148,241	42,355	190,596	102	3.3
Springhill Suites	142,768	40,791	183,558	104	3.2
La Quinta S	137,018	39,153	176,172	96	3.1
La Quinta N	116,948	33,414	150,362	116	2.6
Staybridge Suites	112,133	32,038	144,171	81	2.5
Wingate Inn	108,891	31,111	140,002	100	2.5
Holiday Inn Express S	105,167	30,026	135,193	91	2.4
Best Western	103,277	29,501	132,778	64	2.3
Red Roof Inn	100,728	28,779	129,507	107	2.3
Microtel	99,064	28,290	127,354	82	2.2
Sleep Inn	97,646	27,899	125,545	74	2.2
Motel 6	79,851	22,815	102,666	59	1.8
Comfort Suites	78,745	22,499	101,244	63	1.8
Value Place (Woodsprings)	71,269	20,363	91,632	121	1.6
Extended Stay America #6030	67,990	18,467	86,457	138	1.5
Country Inn	63,812	18,232	82,044	63	1.4
Candlewood Suites	60,000	17,143	77,143	98	1.4
Days Inn & Suites	57,978	16,561	74,539	48	1.3
Extended Stay American #6197	55,888	16,929	72,817	104	1.3
VRBO Homes	5,310	1,517	6,827	4	0.1
Provident Crossing Retirement	480	137	617	2	0.0
	<u>\$ 4,444,435</u>	<u>\$ 1,269,800</u>	<u>\$ 5,714,235</u>	<u>3,005</u>	<u>100.0 %</u>

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

<u>Fiscal Year</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>
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
2017	1,249,406	1,411,265	1,509,276	1,345,218	5,515,165
2018	1,365,737	1,429,006	1,637,645	1,281,847	5,714,235

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				
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	2,813
2011	105,980,000	12,965,000	60,691,660	89,888,648		269,525,308	8.63	2,678
2012	101,185,000	12,380,000	62,571,173	87,765,660		263,901,833	8.27	2,595
2013	96,340,000	11,770,000	56,131,110	85,392,673		249,633,783	7.56	2,439
2014	155,780,000	11,135,000	55,963,734	90,799,894		313,678,628	9.12	3,042
2015	154,925,000	29,675,000	56,701,818	87,827,948		329,129,766	10.00	3,123
2016	149,540,000	27,095,000	52,746,502	89,364,624		318,746,126	6.43	2,990
2017	170,615,000	26,315,000	49,477,613	86,027,443		332,435,056	6.87	3,068
2018	162,820,000	25,520,000	48,520,464	82,997,070		319,857,534	5.93	2,851

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	(1) Population	Net Assessed Value (in thousands)	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
2009	99,500	\$ 8,194,468	\$ 127,721,445	\$ 2,887,281	\$ 124,834,164	1.52 %	\$ 1,255
2010	99,887	8,322,297	123,017,131	1,944,761	121,072,370	1.45	1,212
2011	100,659	8,017,148	118,122,822	2,238,270	115,884,552	1.45	1,151
2012	101,702	8,096,658	114,268,570	2,301,340	111,967,230	1.38	1,101
2013	102,349	8,291,050	108,241,436	2,415,427	105,826,009	1.28	1,034
2014	103,107	8,689,652	172,890,871	2,278,062	170,612,809	1.96	1,655
2015	105,405	9,634,156	181,245,000	2,351,780	178,893,220	1.86	1,697
2016	106,591	10,492,086	173,280,000	2,749,645	170,530,355	1.63	1,600
2017	108,353	11,327,176	196,930,000	3,880,982	193,049,018	1.70	1,782
2018	112,201	12,451,154	188,340,000	4,853,517	183,486,483	1.47	1,635

Note: Includes Certificates of Obligation and General Obligation Bonds.

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



CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2018

<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	\$878,234,942 *	20.54%	\$ 180,389,457
Round Rock Independent School District	717,150,000 *	36.52	261,903,180
Travis County	705,136,179 *	0.24	1,692,327
Austin Community College	418,335,000 *	5.96	24,932,766
Georgetown ISD	317,130,000 *	0.19	602,547
Travis County Healthcare District	9,380,000 *	0.24	<u>22,512</u>
Subtotal, overlapping debt			469,542,789
City direct debt			<u>236,860,464</u>
Total direct and overlapping debt			<u><u>\$ 706,403,253</u></u>

* Gross Debt as of September 30, 2018

** 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 1,468,905,352	\$ 1,491,819,433	\$ 1,437,119,854	\$ 1,451,372,470
Total net debt applicable to limit	<u>122,512,295</u>	<u>117,540,239</u>	<u>112,406,730</u>	<u>107,568,660</u>
Legal debt margin	<u><u>\$ 1,346,393,057</u></u>	<u><u>\$ 1,374,279,194</u></u>	<u><u>\$ 1,324,713,124</u></u>	<u><u>\$ 1,343,803,810</u></u>
Total net debt applicable to the limit as a percentage of debt limit	8.34%	7.88%	7.82%	7.41%

Legal Debt Margin Calculation for Fiscal Year 2018

Total assessed value	<u>\$ 12,451,153,760</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 2,120,343,710
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 188,340,000
Less:	
Amount available in Debt Service Fund	<u>(4,853,517)</u>
Total net debt applicable to debt limit	<u>183,486,483</u>
Legal debt margin	<u><u>\$ 1,936,857,227</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, 2017, assessed valuation of \$12,451,153,760 at 100% collection, tax revenue of \$186,767,306 would be produced. This revenue could service the debt on \$ 2,120,343,710 issued as 20-year serial bonds at 5.50% (with level debt service payment).

Interest and Sinking Fund Budget Projection

General Obligation Debt Service Requirements, Fiscal Year 2019	\$ 18,833,566
Tax Year 2018 Interest and Sinking Fund Tax Levy @ 99% Collection	\$ 19,427,448
Interest and Sinking Fund Balance as of 9-30-18	4,853,517
	<u>24,280,965</u>
Estimated Balance, 9-30-19	<u><u>\$ 5,447,399</u></u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,486,218,341	\$ 1,557,670,054	\$ 1,640,628,922	\$ 1,786,728,268	\$ 1,928,938,196	\$ 2,120,343,710
<u>101,824,573</u>	<u>161,006,938</u>	<u>178,893,220</u>	<u>170,530,355</u>	<u>193,049,018</u>	<u>183,486,483</u>
<u><u>\$ 1,384,393,768</u></u>	<u><u>\$ 1,396,663,116</u></u>	<u><u>\$ 1,461,735,702</u></u>	<u><u>\$ 1,616,197,913</u></u>	<u><u>\$ 1,735,889,178</u></u>	<u><u>\$ 1,936,857,227</u></u>
6.85%	10.34%	10.90%	9.54%	10.01%	8.65%

CITY OF ROUND ROCK, TEXAS
CONDENSED UTILITY STATEMENT OF OPERATIONS
LAST TEN FISCAL YEARS

	2009	2010	2011	2012
Gross Revenue (1)				
Charges for services	\$ 37,802,909	\$ 37,512,213	\$ 44,922,715	\$ 43,327,656
Licenses, permits and fees	-	-	1,114,142	1,921,789
Interest income and other	1,292,130	1,728,177	1,292,672	770,977
Total	39,095,039	39,240,390	47,329,529	46,020,422
Direct Operating Expense (2)				
Personnel services	7,258,877	7,479,392	8,576,547	8,599,771
Contracted services	15,790,749	11,305,080	9,839,091	9,913,713
Materials and supplies	1,785,769	1,652,634	2,055,399	2,106,220
Heat, light and power	2,521,364	1,806,175	2,474,391	1,966,864
Total	27,356,759	22,243,281	22,945,428	22,586,568
Net available for Debt Service	<u>\$ 11,738,280</u>	<u>\$ 16,997,109</u>	<u>\$ 24,384,101</u>	<u>\$ 23,433,854</u>
Debt Service Requirements (P&I)	\$ 568,400	\$ 4,007,882	\$ 5,081,298	\$ 5,893,953
Revenue Bond Coverage	20.65	4.24	4.79	3.87
Metered Water Customers	30,001	30,362	30,676	30,989
Metered Sewer Customers	29,407	29,759	30,061	30,359
Average Annual Principal and Interest Requirements, 2019-2039				\$ 5,234,952
Coverage of Average Requirements by fiscal 2018 Net Revenue				5.05 times
Estimated Maximum Principal and Interest Requirements, 2019				\$ 6,102,631
Estimated Coverage of Maximum Requirements by 2018 Net Revenue				4.34 times
Parity Debt Outstanding at FY2018				\$ 76,430,000

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

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

	2013	2014	2015	2016	2017	2018
\$	43,094,185	\$ 40,762,523	\$ 41,880,906	\$ 44,406,721	\$ 47,769,478	\$ 50,715,034
	1,941,121	2,943,355	4,017,184	4,247,067	4,211,137	4,226,721
	1,385,965	1,397,259	863,900	1,211,532	2,284,171	3,122,041
	<u>46,421,271</u>	<u>45,103,137</u>	<u>46,761,990</u>	<u>49,865,320</u>	<u>54,264,786</u>	<u>58,063,796</u>
	8,634,094	8,939,263	9,228,272	9,742,128	11,871,681	10,940,702
	14,335,824	14,200,624	14,500,269	15,222,355	14,854,212	16,695,290
	1,890,480	2,163,731	1,837,026	2,091,331	2,504,640	2,392,415
	<u>1,951,428</u>	<u>1,829,036</u>	<u>1,783,408</u>	<u>1,662,779</u>	<u>1,618,297</u>	<u>1,578,540</u>
	26,811,826	27,132,654	27,348,975	28,718,593	30,848,830	31,606,947
\$	<u>19,609,445</u>	<u>17,970,483</u>	<u>19,413,015</u>	<u>21,146,727</u>	<u>23,415,956</u>	<u>26,456,849</u>
\$	6,101,113	\$ 6,347,632	\$ 6,894,788	\$ 5,994,842	\$ 6,352,459	\$ 5,444,927
	3.13	2.83	2.82	3.53	3.88	4.86
	31,431	32,012	32,447	32,930	33,602	34,581
	30,766	31,133	31,531	31,984	32,614	33,277



**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>
2009	99,500	\$ 2,971,866,000	\$ 29,868	31.2	41,867	6.4%
2010	99,887	3,038,262,879	30,417	31.4	42,683	6.2
2011	100,659	3,096,874,794	30,766	31.6	44,331	6.1
2012	101,702	3,164,864,538	31,119	32.0	45,000	5.9
2013	102,349	3,221,434,775	31,475	32.0	45,361	5.0
2014	103,107	3,282,514,452	31,836	31.7	45,924	4.2
2015	105,405	4,104,259,890	38,938	33.5	47,093	3.2
2016	106,591	4,636,495,318	43,498	33.9	47,580	3.3
2017	108,353	4,841,103,687	44,679	34.4	48,121	3.0
2018	112,201	5,395,858,291	48,091	34.2	48,888	2.9

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	2018			2009		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Dell Technologies	13,000	1	19.53 %	8,500	1	16.80 %
Round Rock Independent School District	6,106	2	9.17	5,400	2	10.68
City of Round Rock, Texas	965	3	1.45	839	4	1.64
Emerson Process Management	875	4	1.31			
Round Rock Premium Outlets	800	5	1.20			
Scott & White Healthcare	750	6	1.13	800	5	1.58
Round Rock Medical Center	689	7	1.04	710	6	1.40
Liquidation Channel	600	8	0.90			
Sears Teleserv	600	9	0.90	1,300	3	2.57
Wayne, a GE Energy Business	550	10	0.83	420	9	0.83
Texas Guaranteed Student Loan	485	11	0.73	700	7	1.38
Seton Medical Center Williamson	450	12	0.68	500	8	0.99
Field Asset Services	440	13	0.66			
ProPortion Foods	380	14	0.57			
AirCo Mechanical	375	15	0.56			
Michael Angelo's Gourmet Food	370	15	0.55	400	10	0.79
Chasco Constructors	300	16	0.45			
TECO-Westinghouse Motor Company	300	17	0.45			
Toppan Photomask	250	18	0.37			
Premier Research Labs	220	19	0.33			
	<u>28,505</u>		<u>42.88 %</u>	<u>19,561</u>		<u>38.66 %</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	176	176	165	147	149	157	159	163	179	194
Public safety-										
Police-										
Officers	152	152	152	152	153	159	167	168	174	176
Civilians	61	61	67	67	68	64	67	72	74	75
Fire-										
Firefighters & officers	124	124	124	124	124	129	129	132	134	149
Civilians	5	5	5	5	6	8	8	8	8	9
Public works-										
Streets & Drainage	48	48	48	64	70	70	69	76	73	77
Shop	15	15	15	15	15	16	18	19	18	18
Culture & Recreation-										
Library	29	29	29	29	30	31	31	31	31	31
Parks & Recreation	97	98	94	94	91	91	91	106	102	105
Water & Sewer Utility	<u>132</u>	<u>132</u>	<u>125</u>	<u>127</u>	<u>126</u>	<u>128</u>	<u>129</u>	<u>128</u>	<u>128</u>	<u>131</u>
Total	<u>839</u>	<u>840</u>	<u>824</u>	<u>826</u>	<u>832</u>	<u>853</u>	<u>868</u>	<u>903</u>	<u>921</u>	<u>965</u>

Source: City of Round Rock Finance Department

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

Function:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police-				
Arrests	3,908	4,328	4,521	6,715
Accident reports	1,646	1,877	2,747	4,485
Index crimes reported	2,960	3,154	3,154	2,777
Crimes per thousand residents	30.30	31.30	31.30	27.10
Officers per thousand of population	1.52	1.48	1.48	1.49
Fire-				
Incident volume	8,000	8,500	8,141	8,350
Priority calls answered	5,800	6,000	5,916	3,475
Non-emergency calls answered	2,200	2,500	2,225	4,875
Priority calls-response less than 6 minutes	65%	65%	65%	60%
Public Works-				
Street-				
Street resurfacing (lane miles)	137	137	45	60
Potholes repaired annually	4,000	4,000	4,000	4,000
Signals maintained	59	59	68	76
Shop-				
Work orders	6,330	6,930	4,609	5,336
Number of departments served	12	12	12	12
Culture and Recreation-				
Library-				
Number of items circulated	780,000	810,000	854,000	903,219
Number of card holders	51,000	53,000	59,000	55,336
Number of library visits	310,000	320,000	292,000	294,768
Parks & Recreation-				
Total park acres maintained	1,757	1,780	1,935	2,035
Number of athletic fields maintained	43	45	46	49
Number of trees planted	877	350	345	558
*Number of recreation enrollees	401,000	401,000	420,000	420,000
Number of recreation participants	-	-	-	-
Water-				
New connections	254	356	335	313
Line maintenance work orders	4,226	4,044	3,185	3,279
Average monthly consumption	589,159,550	466,096,342	655,615,475	560,281,041
Sewer-				
Average monthly treatment	301,433,205	327,351,600	475,482,100	457,967,400
Line feet reviewed for infiltration & inflow	156,934	114,176	317,789	361,784

Source: City of Round Rock Finance Department

*Note: Parks and Recreation started recording all participants in all programs in Fiscal Year 2015

2013	2014	2015	2016	2017	2018
6,182	5,773	4,600	4,476	4,600	4,152
4,845	6,383	2,249	2,370	2,370	2,762
2,632	2,338	2,329	2,383	2,383	2,870
25.10	21.70	22.00	22.50	22.50	26.50
1.46	1.42	1.53	1.43	1.48	1.56
8,749	9,027	9,928	9,346	10,777	11,328
3,728	3,713	2,780	3,735	2,548	5,083
5,021	5,314	7,148	5,611	8,229	6,245
60%	63%	56%	61%	58%	53%
80	80	40	60	60	60
4,000	4,000	1,500	400	300	300
79	83	84	83	89	90
4,447	4,178	4,399	4,761	4,620	4,733
12	12	12	12	12	12
940,135	975,291	972,094	1,080,312	1,188,757	1,229,141
81,620	74,192	99,822	77,818	79,415	81,181
323,384	309,167	388,625	391,256	389,930	388,732
2,035	2,045	2,045	2,045	2,270	2,270
49	49	49	49	49	49
163	165	110	195	408	43
487,455	490,704	-	-	-	-
-	-	832,184	988,337	1,080,853	1,140,094
442	360	402	480	665	911
5,500	6,734	3,317	3,512	3,346	3,013
549,154,150	491,936,100	505,251,158	536,082,308	571,062,558	612,026,451
409,000,000	394,000,000	385,611,068	416,357,161	425,631,471	426,330,521
377,783	459,128	187,464	189,418	206,675	169,579

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

Function:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police-				
Number of stations	1	1	1	1
Number of units	195	199	199	199
Fire-				
Number of stations	7	7	7	7
Number of fire trucks	14	15	16	16
Public Works-				
Street-				
Lane miles	1,124	1,137	1,200	1,200
Drainage miles	100	100	100	100
Number of street lights	5,103	5,104	5,119	5,312
Number of traffic signals	59	59	68	76
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	19
Culture and Recreation-				
Library-				
Number of library books	185,000	185,000	183,000	195,000
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	1,855	2,119	2,274	2,035
Number of athletic fields	44	46	47	49
Number of parks	60	84	85	62
Number of tennis courts	23	23	23	23
Number of pools	5	5	4	4
Water-				
Number of miles of water lines	503	591	584	585
Pumping stations	10	10	10	10
Tanks	19	20	20	20
Treatment capacity (millions of gallons/day)	48	52	52	52
Sewer-				
Number of miles of sewer mains	400	417	422	422
Wastewater lift stations	12	12	12	12

Source: City of Round Rock Finance Department

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1 201	1 229	1 240	1 259	1 256	1 261
7 16	7 14	7 16	7 15	9 16	9 16
1,250 150 6,000 79	1,250 150 6,800 83	1,250 150 5,400 84	1,200 150 5,433 83	1,200 151 5,604 89	1,300 200 5,674 90
1 19	1 19	1 19	1 13	1 18	1 18
150,211 1	154,278 1	156,277 1	257,667 1	213,381 1	225,903 1
2,035 49 62 23 4	2,035 49 62 25 4	2,035 49 62 25 4	2,035 49 62 25 4	2,270 59 61 22 4	2,270 59 61 21 4
587 10 20 52	601 10 19 52	608 10 19 52	615 10 19 52	614 10 19 52	651 10 19 52
424 12	432 12	424 12	427 12	428 12	461 12

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2018**

<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	311,809,800	4.370 %
Paloma Lake Municipal Utility District #1 & #2	Municipal Utility District	211,147,900	2.959
Williamson County Municipal Utility District #11	Municipal Utility District	191,439,930	2.683
Williamson County Municipal Utility District #10	Municipal Utility District	169,649,000	2.378
Chandler Creek Municipal Utility District	Municipal Utility District	160,247,000	2.246
Vista Oaks Municipal Utility District	Municipal Utility District	128,158,900	1.796
Dell, Inc.	Electronic Equipment	110,086,900	1.543
Round Rock Independent School District	Public Schools	87,019,800	1.220
Mid America Apartments, LP	Property Management	65,507,000	0.918
Walsh Ranch Municipal Utility District	Municipal Utility District	<u>54,672,200</u>	<u>0.766</u>
		<u><u>1,489,738,430</u></u>	<u><u>20.880 %</u></u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2018**

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

Volume Rate	Monthly Service Charge	
<i>Billing periods for residential:</i>	Meter Size Base Serving Customer	Monthly Water Service Charge
Four block structure for use in excess of predetermined amounts set by meter size -		
Block 1: \$2.49	5/8 inch	\$ 16.04
Block 2: \$3.11	3/4 inch	22.33
Block 3: \$3.74	1 inch	35.26
Block 4: \$5.60	1 1/2 inch	67.56
	2 inch	106.32
<i>Billing periods for commercial:</i>	3 inch	196.78
\$2.72 per 1,000 gallons of water used by all customers	4 inch	326.01
	6 inch	1,016.37
<i>Billing periods for irrigation:</i>	8 inch	1,776.48
Four block structure for use in excess of predetermined amounts set by meter size -	10 inch	2,789.97
Block 1: \$3.11	12 inch	3,423.41
Block 2: \$3.74		
Block 3: \$5.60		

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 Serving Customer	Monthly Sewer Service Charge
	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

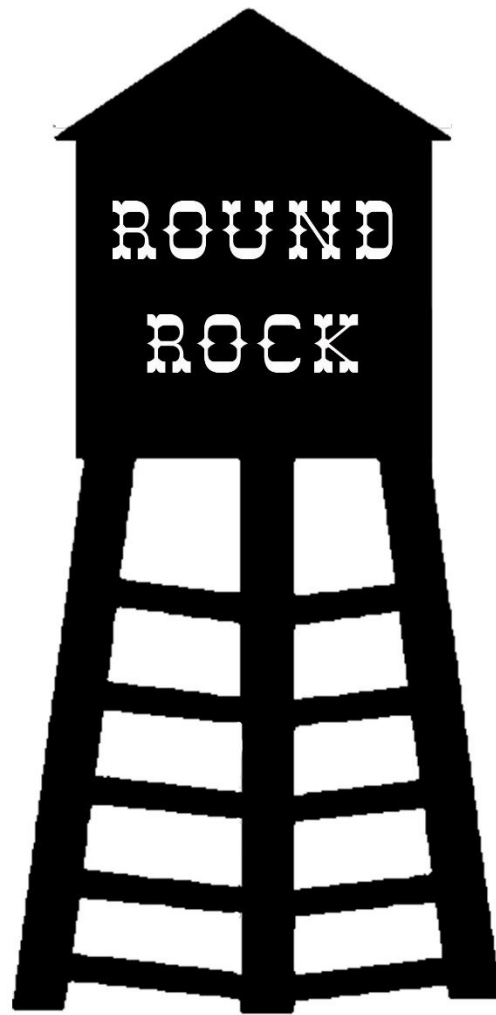
* Sewer customers' volume is measured as the rate per 1,000 gallons of the lesser of a three-month winter average or actual water use.

Note: New rates and rate structure became effective October 1, 2017.

Source: City of Round Rock Chapter 44, Section 44-32, Code of Ordinances. (2010 Edition) amended with ordinance No. O-2017-4779



SINGLE AUDIT SECTION





CITY OF ROUND ROCK, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2018

Federal Grantor/Pass-Through Entity Program Name	CFDA Number	Grant or Identifying Number	Pass- Through to Non-State Entities	Expenditures Direct	Total
Institute of Museum and Library Services					
<i>Pass-Through from Texas State Library and Archives Commission</i>					
Grants to States	45.310	LS-00-17-0044-17	\$ - \$	19,268 \$	19,268
Total Institute of Museum and Library Services			-	19,268	19,268
U.S. Department of Health & Human Services					
<i>Pass-Through from Texas Health and Human Services</i>					
State Targeted Response to the Opioid Crisis Grants	93.788	HHS000122100001	220,913	748,840	969,753
Total U.S. Department of Health & Human Services			220,913	748,840	969,753
U.S. Department of Homeland Security					
<i>Pass-Through from the Texas A&M Engineering Extension Service</i>					
Hurricane Maria (Puerto Rico)	97.025	DR-4339	-	8,643	8,643
Hurricane Harvey	97.025	DR-4332	-	35,703	35,703
<i>Pass-Through from Texas Division of Emergency Management</i>					
Hurricane Harvey for SOC Warehouse San Antonio and Tender	97.036	DR-4332	-	82,380	82,380
Total U.S. Department of Homeland Security			-	126,726	126,726
U.S. Department of Housing & Urban Development					
<i>Community Development Block Grants/Entitlement Grants Cluster</i>					
Community Development Block Grants/ Entitlement Grants	14.218	B13MC480514	11,447	-	11,447
Community Development Block Grants/ Entitlement Grants	14.218	B14MC480514	73,560	37,064	110,624
Community Development Block Grants/ Entitlement Grants	14.218	B15MC480514	90,000	-	90,000
Community Development Block Grants/ Entitlement Grants	14.218	B16MC480514	-	142,661	142,661
Community Development Block Grants/ Entitlement Grants	14.218	B17MC480514	85,486	118,853	204,339
Total Community Development Block Grants/ Entitlement Grants Cluster			260,493	298,578	559,071
Total U.S. Department of Housing & Urban Development			260,493	298,578	559,071
U.S. Department of Transportation					
Federal Transit Formula Grants	20.507	TX-2017-035-00	-	754,948	754,948
<i>Pass-Through from Capitol Metropolitan Transportation Authority</i>					
Job Access and Reverse Commute Program	20.516	TX-37-X065-01	-	43,932	43,932
<i>Highway Planning and Construction Cluster</i>					
<i>Pass-Through from Texas Department of Transportation</i>					
Quiet Zone Project	20.205	CSJ# 0914-05-164/ 0914-05-165	-	30,016	30,016
RM 620 Right of Way Acquisitions Project	20.205	CSJ 0883-01-056	-	7,520,396	7,520,396
Southwest Downtown Infrastructure Improvements Project	20.205	CSJ 0914-05-185	-	432,336	432,336
Total Highway Planning and Construction Cluster			-	7,982,748	7,982,748
Total U.S. Department of Transportation			-	8,781,628	8,781,628
Total Expenditures of Federal Awards			\$ 481,406 \$	\$ 9,975,040 \$	\$ 10,456,446

CITY OF ROUND ROCK, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2018

1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (SEFA) 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 are received on a reimbursement basis.

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.

4. EXPENDITURES INCURRED IN A PRIOR YEAR

Expenditures recorded in the SEFA associated with Hurricanes Maria and Harvey that were passed through the Texas A&M Engineering Extension Service to the City of Round Rock from the U.S. Department of Homeland Security, were incurred in a prior year.

Similarly, a portion of the funds passed through the Texas Division of Emergency Management to the City of Round Rock from the U.S. Department of Homeland Security, were incurred in a prior year.

Even though the expenditures were incurred in a prior year, the final invoices were not approved for payment until FY2018. Accordingly, these expenditures are being reported on the City of Round Rock's SEFA in the year they were approved for payment, in compliance with the OMB Compliance Supplement.

**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 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 City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2019.

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.

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

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.

Whitley Penn LLP

Austin, Texas
February 6, 2019

**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 City Council
City of Round Rock, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Round Rock, Texas' (the "City") compliance with the types of 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, 2018. 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.

Auditor's 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.

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

Opinion on Each Major Federal Program

In our opinion, the City 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, 2018.

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 a 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Austin, Texas
February 6, 2019

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

Name of Federal Program or Cluster	CFDA Number
CDBG - Entitlement Grants Cluster:	
Community Development Block Grants/Entitlement Grants	14.218
Federal Transit Cluster:	
Federal Transit Formula Grants	20.507
Medicaid Cluster:	
Texas Targeted Opioid Response (TTOR)	93.788
Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018

II. Financial Statement Findings

None Noted

III. Federal Award Findings and Questioned Costs

None Noted