



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FISCAL YEAR ENDED
SEPTEMBER 30, 2021**



City of Round Rock, Texas

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2021

ELECTED OFFICIALS

Craig Morgan, Mayor

Rene Flores, Mayor Pro-Tem

Michelle Ly, Council Member

Matthew Baker, Council Member

Frank Ortega, Council Member

Kristin Stevens, 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



TABLE OF CONTENTS

INTRODUCTORY SECTION:

Letter of Transmittal	1
City Organizational Chart	9
Certificate of Achievement for Excellence in Financial Reporting	10

FINANCIAL SECTION:

Independent Auditors' Report	11
-------------------------------------	----

Management's Discussion and Analysis	15
---	----

Basic Financial Statements

Government Wide Financial Statements:

Statement of Net Position	30
Statement of Activities	32

Fund Financial Statements:

Governmental Funds:	
Balance Sheet	34
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	36
Statement of Revenues, Expenditures and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	40
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	41
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Round Rock Transportation and Economic Development Corporation Fund	42
Proprietary Funds:	
Statement of Net Position	44
Statement of Revenues, Expenses and Changes in Net Position	46
Statement of Cash Flows	47

Notes to the Financial Statements	49
--	----

Required Supplementary Information

Texas Municipal Retirement System (TMRS) Plan - Schedule of Changes in the Net Pension Liability and Related Ratios	94
Texas Municipal Retirement System (TMRS) Plan - Schedule of Contributions	96
Schedule of Changes in the Total OPEB Liability and Related Ratios	98

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	102

TABLE OF CONTENTS

Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:

General Fund	106
Debt Service Fund	110
Nonmajor Special Revenue Funds:	
Community Development Block Grant	111
Hotel-Motel Occupancy Tax	112
Hotel-Motel Occupancy Venue Tax	113
Innovation and Development	114
Library and Recreational	115
Public Safety	116
Public Education & Government	117
Roadway Impact Fees	118

STATISTICAL SECTION (UNAUDITED):

Financial Trends:

Net Position by Component – Last Ten Fiscal Years	120
Changes in Net Position – Last Ten Fiscal Years	122
Fund Balances of Governmental Funds – Last Ten Fiscal Years	126
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	128

Revenue Capacity:

Actual and Taxable Assessed Value of Property – Last Ten Fiscal Years	130
Property Tax Rates – Direct and Overlapping Governments	
Per \$100 of Assessed Value – Last Ten Fiscal Years	131
Principal Property Taxpayers – Current Year and Nine Years Ago	132
Property Tax Levies and Collections – Last Ten Fiscal Years	133
Sales Tax and Ad Valorem Tax - Last Ten Fiscal Years	134
Taxable Sales by Category – Last Ten Calendar Years	136
Hotel Taxpayers	138
Hotel Occupancy Tax Collection History by Quarter – Last Ten Fiscal Years	139

Debt Capacity:

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	140
Ratios of Net General Bonded Debt Outstanding to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years	141
Computation of Direct and Overlapping Governmental Activities Debt	142
Legal Debt Margin Information – Last Ten Fiscal Years	144
Condensed Utility Statement of Operations - Last Ten Fiscal Years	146

Demographic and Economic Information:

Demographic and Economic Statistics – Last Ten Fiscal Years	149
Principal Employers – Current Year and Nine Years Ago	150

Operating Information:

Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	151
Operating Indicators by Function – Last Ten Fiscal Years	152
Capital Asset Statistics by Function – Last Ten Fiscal Years	154
Top Ten Water Customers	156
Water and Sewer Retail Rates	157

TABLE OF CONTENTS

SINGLE AUDIT SECTION:

Schedule of Expenditures of Federal Awards	159
Notes to Schedule of Expenditures of Federal Awards	160
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 <i>Government Auditing Standards</i>	161
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	163
Schedule of Findings and Questioned Costs	165
Summary Schedule of Prior Audit Findings	166
Corrective Action Plan	167





Mayor
Craig Morgan

Mayor Pro-Tem
Rene Flores

Councilmembers
Michelle Ly
Matthew Baker
Frank Ortega
Kristin Stevens
Hilda Montgomery

City Manager
Laurie Hadley

City Attorney
Stephan L. Sheets

February, 7, 2022

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

The Annual Comprehensive Financial Report of the City of Round Rock, Texas for the fiscal year ended September 30, 2021, 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, 2021. 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, wastewater and stormwater utility system and a golf course. 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

Along with the entire Central Texas region, the City has experienced tremendous population growth over the past several years 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 January, 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.

The goals and objectives identified by Council most recently are:

Financially Sound City Providing High Value Services



- Diversify City revenues to support defined City services and service levels
- Expand the City tax base through economic expansion and diversity
- Maintain responsible financial reserves consistent with City financial policies and national standards
- Maintain City facilities, equipment, and apparatus
- Develop, update, and use long-range organization and strategic master planning
- Hire and retain top-quality, diverse City workforce dedicated to serving the Round Rock community

City Infrastructure: Today and For Tomorrow



- Maintain responsible potable water use by City customers, City facilities and parks
- Invest in City infrastructure to support future community growth and economic development
- Expand water reuse system throughout the City where feasible
- Improve mobility throughout the City and the region
- Upgrade and expand roads
- Upgrade and expand drainage and stormwater system

"The Sports Capital of Texas" for Tourism and Residents



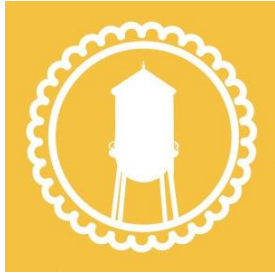
- Expand sports facilities (Sports Center/Multipurpose Complex) to support tourism
- Increase number of tournaments: regional and national
- Develop and maintain additional sports fields - practice, games, sports tourism
- Upgrade the quality and maintenance of current City sports facilities
- Increase revenues from sports tourism/convention for the benefit of residents and the local economy
- Expand conventions/conferences

Great Community to Live



- Expand and diversify the local business and job opportunities for residents
- Redevelop older commercial areas and corridors
- Expand and maintain quality-of-life amenities for residents
- Build a community where people prefer to live
- Diversify housing opportunities
- Expand education campuses and programs
- Expand medical/healthcare businesses

Authentic Downtown - Exciting Community Destination



- Increase public and commercial use of Brushy Creek
- Expand housing opportunities: townhomes, apartments, condos
- Develop The Depot and Tower Project
- Increase Downtown connectivity
- Provide safe, convenient, lighted parking
- More attractive, aesthetically pleasing Downtown

Sustainable Neighborhoods



- Maintain reputation as a safe city
- Upgrade older housing stock: exterior and interior
- Ensure homes and commercial areas comply with City codes
- Increase neighborhood connectivity through streets and trails
- Increase effectiveness of homeowner associations/neighborhood associations
- Repair and upgrade neighborhood infrastructure: streets, sidewalks, utilities, fences, streetscapes
- Upgrade neighborhood parks and open spaces

The budget adopted for fiscal year 2022 reflects a fiscally responsible approach to improving the City's infrastructure and meets current demands while maintaining the City's strong financial position. This includes restoring the budget reductions adopted for fiscal year 2021 in response to the pandemic, in addition to new programs and new positions being approved.

Economy

Round Rock has experienced robust economic growth despite the lingering pandemic. As the largest city in Williamson County, and part of the Austin Metropolitan Statistical Area (MSA), Round Rock is a key part of one of the fastest growing regions in Texas and the country. From 2012 to the projected population for 2022, the City of Round Rock will have experienced a 10-year population growth of 21.4%. Our 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 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 3 by Milkeninstitute.org as one of the "Best Performing Cities"
- Ranked number 25 by Money.com as one of the "Best Places to Live in America"
- Ranked number 14 by Niche.com as one of the "Best Cities to Buy a House in America"
- Ranked number 11 by SmartAsset.com as one of the "Most Recession-Resistant Cities"
- Ranked number 9 by SmartAsset.com as one of the "Most Livable Mid-Sized Cities"
- Awarded the "Leading the Way Award" by ETC Institute, an award that recognizes local governments for outstanding achievement in the delivery of services to residents
- The American Planning Association (APA) Texas Chapter named Round Rock 2030, the City's comprehensive plan, the Best Comprehensive Plan in the state of Texas and awarded the City of Round Rock the "Community of the Year Award"

Economic Development

The City understands that diversification of Round Rock's economy is a key to financial stability. 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 new prospects through an inspired approach to economic development for Round Rock.

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. **Cargill Meat Solutions** acquired ProPortion Foods LLC, a Los Angeles-based food service company, which relocated its office, food processing, storage, and warehouse facility to the City in 2016, bringing in at least 400 full-time jobs.

Dell is the largest employer in Round Rock with an estimated 13,000 employees in 2021. Since Dell relocated its global headquarters to Round Rock in 1994, the economic impact to the City has been transformative. Dell remains the City's largest sales taxpayer with continued sales tax receipts projected to continue to grow into fiscal year 2022. Due to 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.

Over the next five years, new economic development projects will reshape Round Rock's economy by diversifying the economy and bringing in new residents and visitors. The City entered into an agreement with Mark IV Capital for **The District** on February 14, 2019. The planned \$200 million project will be a live, work, and play community located near the intersection of IH 35 and SH 45. The 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.

Amazon has opened a new delivery station in Round Rock with an estimated 600 employees in fiscal year 2021. The 32-acre site is located at the Chisholm Trail Center near I-35 and Old Settlers Boulevard and is comprised of three industrial buildings. The larger building is 180,550 square-feet and is used as the campus distribution center. The smaller two buildings total 260,970 square-feet and are used as parking for employees and delivery vehicles. The delivery station has created hundreds of local jobs.

Triple Temp Cold Storage LLC will be operating a new cold storage and manufacturing facility in southwest Round Rock which started construction July 2021. The facility will be 125,000 square-feet on a 10-acre site near Bratton Lane and expected to generate 60 new jobs with salaries averaging \$60,000 a year. The new facility will also serve as an incubator for entrepreneurs to create new food products and take them to market. This cold storage and incubator will be the first to market in the Austin-Round Rock area.

East/West Manufacturing opened a new 43,000 square-foot facility in Round Rock in November 2021. East/West manufactures electronics and will relocate 30 jobs and create 30 new jobs over five years with the average salary being \$50,000 a year. The company will invest \$5 million into the new facility with an additional \$650,000 in business personal property.

A new **Embassy Suites Hotel and Conference Center** is being built for \$20 million on about 6-acres of land near Bass Pro Shops and the 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.

United Parcel Service (UPS) opened a new facility in Round Rock in late 2018. This \$70 million regional distribution center is 225,000 square-feet and is located on 50-acres of land near SH 45 and A.W. Grimes Boulevard. The new center employs more than 300 people with an annual average salary of at least \$50,000.

Kalahari Resorts and Conventions made its debut in Round Rock on November 12, 2020, as planned, with an estimated 1,000 employees in 2021. The Round Rock location represents its fourth family resort and convention center. The authentically African-themed Kalahari Resorts and Convention Center features 975 well-appointed guest rooms, full-service amenities, fully equipped fitness centers, on-site restaurants, unique retail shops, state-of-the-art 150,000 square-foot conference center, and a 200,000 square-foot indoor/outdoor water park. This opens up new opportunities for Round Rock and will provide substantial property tax revenues and diversify the local economy and available employment opportunities.

Round Rock also has several higher education facilities, many of which focus on healthcare disciplines. These institutions of higher learning include the **Texas State University, Austin Community College, and Texas A&M Health Science Center**. Texas State University opened its newest building, Willow Hall, on May 24, 2018. This \$67.5 million, 107,000 square-foot facility is home to the university's departments of communication disorders, physical therapy, and respiratory care which moved from the university's San Marcos campus as the university continues to consolidate the College of Health Professionals here in Round Rock. The 87th Texas Legislature, during its third special session in October 2021, passed Senate Bill 52 authorizing \$3.3 billion in tuition revenue bonds for the construction of public university and health institution projects. Texas State University will receive an allocation from those funds for Esperanza Hall, the fourth academic building for the College of Health Professions on the Round Rock Campus.

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 made room for the enrollment of an additional 1,000 students.

Round Rock will become the new home of **Ametrine, Inc.**, a camouflage systems manufacturer relocating from Maryland. Ametrine will bring 140 new jobs with an average salary of \$75,000 a year to a 40,000 square-foot facility where they hope to continue to grow the presence of the defense industry. The company will invest an estimated \$8.6 million in business personal property and real property improvements and must sign a lease at the facility for at least 10 years.

Switch, Inc., the exascale technology infrastructure corporation, will locate its Fifth Prime data center campus in Round Rock. Switch will build a 1.5 million square-foot campus of highly resilient Tier 5® data center space next to Dell. This new campus will be called "The Rock" and will continue with Switch's industry-leading commitment to sustainability by powering this facility with 100 percent renewable energy. Switch, Dell, and FedEx are working together to develop exascale multi-cloud edge infrastructure services to bring computer, storage, and connectivity to the network edge, and help customers overcome performance barriers for latency-sensitive applications.

KingsIsle Entertainment, Inc., a digital technology company known for online role-playing games, will relocate its headquarters to Round Rock to expand its footprint in the City. The relocation comes after KingsIsle was acquired by Media and Games Invest. The company will lease a 33,000 square-foot facility for a minimum of three years to serve as its consolidated central office. It will invest a minimum of \$500,000 in real property improvements and business personal property and create 150 diverse primary jobs.

Relevant Financial Policies

Accounting System and Controls

The General Fund Reserve Policy remains at 25% of operating expenditures. 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. Due to this type of 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 \$84.4 million in sales tax revenue for fiscal year 2022, net of sales tax rebates paid to Dell, Bass Pro Shops, and Kalahari Resorts and Conventions in accordance with economic development agreements in effect. This amount includes the 0.5% or \$22 million in additional sales and use tax for roads and economic development. The remaining 1.5% is projected to generate \$62.4 million for general operations, property tax reduction, and capital projects.

Dell continues to be a key driver for both the Round Rock and Central Texas region. To ensure good overall financial stability for the City, 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. In fiscal year 2019, 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, with any excess being deposited to a capital projects fund. In fiscal year 2021, as part of the fiscal year 2022 budget adoption process, City Council adopted a revision to this financial policy that further reduces reliance on Dell sales tax performance. The not-to-exceed 20% will drop to 15% by fiscal year 2024.

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 updated during 2021 and the results showed no water rate increases were needed for the next several years. The City's wastewater rates are decreasing 8.8% in fiscal year 2022. The utility rate model showed the cost of service for wastewater had decreased from the prior study projections due to the cost savings in taking over operations at the regional wastewater plant. The Utility Fund continued to show cost savings by reducing its power costs, improving operations, and lowering interest payments by refinancing its debt in prior years for both water and wastewater utility services.

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. A deep-water intake and underground raw waterline tunnel are anticipated to start construction in the summer of 2022 with projected completion in 2027. The City's cost share in the project is budgeted at \$73.5 million.

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 assumed operational control of the BCRWWS effective October 1, 2018. This has increased 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 (GO) bonds also received an upgraded rating to AAA; this rating was affirmed in April 2021. Round Rock is one of only eight (8) cities in Texas with AAA ratings for both 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.

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.

In June 2020, the Round Rock City Council adopted Round Rock 2030 as its comprehensive plan for the next decade. The nationally recognized award-winning plan was crafted over two years, with extensive community input. The Round Rock 2030 establishes a set of land use and development policies, including a Future Land Use Map and location criteria for specific land uses. With the City's natural commercial attractiveness, a strong economic development plan and a strengthening economy, projections for the future remain positive.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Round Rock, Texas for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the **thirty-fifth 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 annual comprehensive 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 annual comprehensive 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, 2020. 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, 2020. This award recognizes the City's ability to extract information from their annual comprehensive 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.

During fiscal year 2021, GFOA awarded the City the "Triple Crown" award which recognized Round Rock for receiving all three GFOA awards for fiscal year 2019: the Certificate of Achievement for Excellence in Financial Reporting Award; the Distinguished Budget Presentation Award; and the Certificate of Outstanding Achievement in Popular Annual Financial Report.

The City's investment policy was awarded the Certificate of Distinction by the Government Treasurers' Organization of Texas (GTOT) in January 2020. This is the second consecutive period the City has received this distinction. This certification recognizes the investment policy for meeting strict criteria in safeguarding the City's investments and is good for a two-year period.

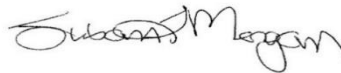
The City of Round Rock has earned all five Transparency Stars from the Texas Comptroller's Office recognizing the City's efforts to make information on the City's traditional finances, debt obligations, public pensions, economic development, and contracts and procurement transparent and readily available. The City of Round Rock is one of only 12 cities in Texas to earn all five stars.

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. Acknowledgment 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,



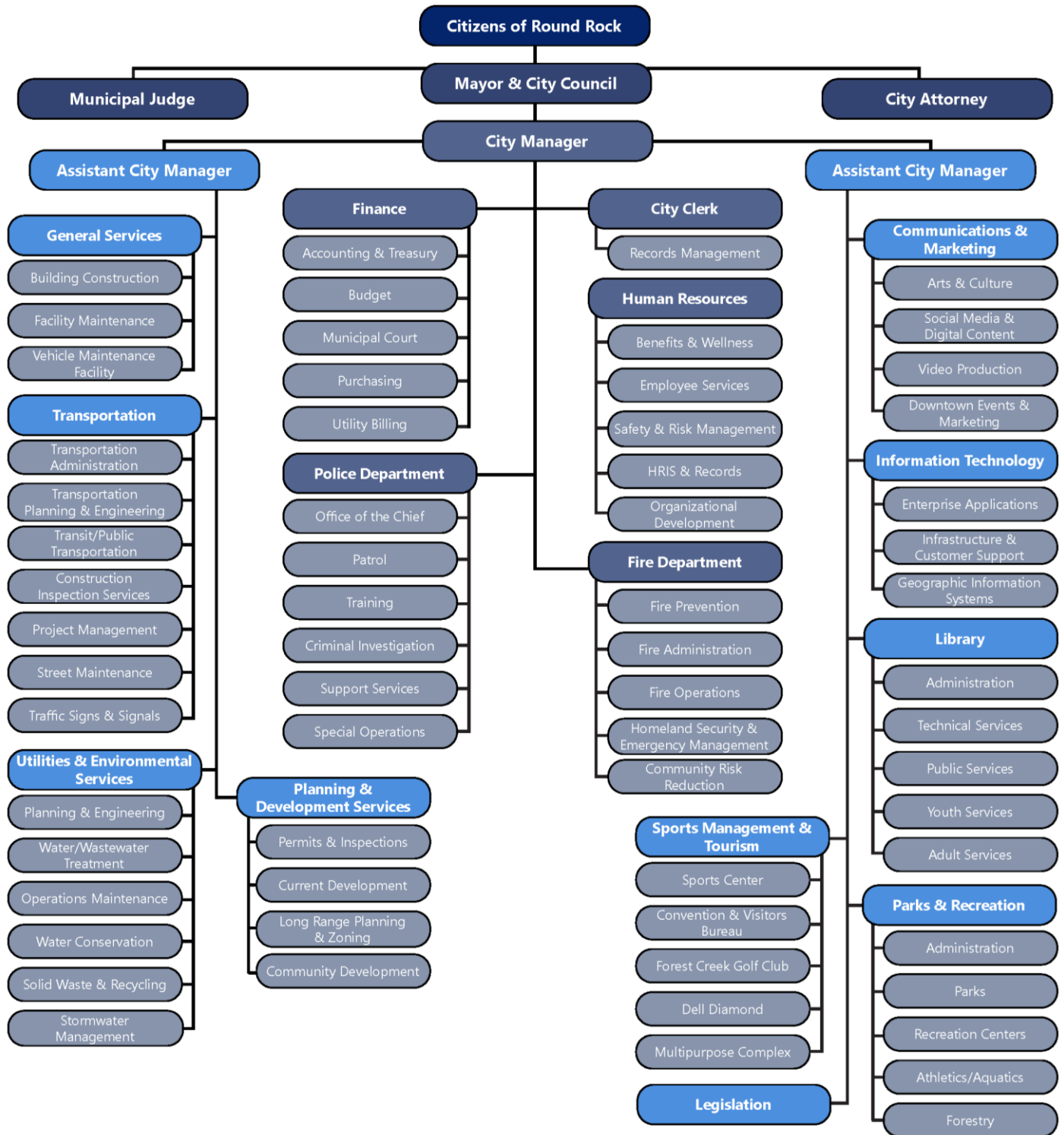
Laurie Hadley
City Manager



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

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, 2021, 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, 2021, and the respective changes in financial position, the respective budgetary comparison statements for the General Fund and the Round Rock Transportation and Economic Development Corporation 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and pension information, and other post-employment benefits information, as listed in the table of contents, 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 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2022, 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 7, 2022



CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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, 2021. 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 September 30, 2021, by \$1,040,613,589 (*net position*). Of this amount, \$742,363,304 (71.3%) is invested in capital assets. Net position restricted for specific purposes totals \$104,523,279 (10.0%). The remaining amount, \$193,727,006 (18.7%) (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City of Round Rock's total net position increased by \$60,646,113. The increase can be attributed to \$36.6 million of operating and capital grants and contributions from both governmental and business-type activities, as well as increases in general revenues. Year over year, property taxes increased \$3.4 million, sales tax increased \$12.0 million, and Hotel Occupancy Tax (HOT) increased \$6.9 million. Sales tax increased due to increases in the retail trade and utilities sales tax categories. Retail sales tax was up 20.4% from the prior year. The increase in HOT is primarily due to the opening of Kalahari Resorts & Conventions in November 2020.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$251,420,475, an increase of \$91,904,271 in comparison to the prior year. The increase is due in part to \$78.5 million of bonds being issued in fiscal year 2021, along with \$27.4 million more revenue compared to fiscal year 2020. This increase can be attributed to increased sales, property, and HOT taxes and charges for services. This is in addition to a \$28.9 million decrease in current year expenditures compared to last year. The decrease in expenditures is mostly related to capital projects. *Unassigned fund balance* of \$58,913,029, or 23.4% of the total fund balance, is *available for spending* at the government's discretion.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$58,913,029, or 51.1% of the total General Fund expenditures. The City's fund balance policy requires the General Fund's fund balance to be a minimum of 25% of expenditures, or \$28,817,593. The General Fund's total fund balance was \$59,290,439, which is 26.4% more than the fund balance policy requirement.
- The City of Round Rock's total debt increased by \$56,305,000 during the current fiscal year. The change can be attributed to the issuance of certificates of obligation bonds, limited tax notes, and sales tax revenue bonds, along with the offset of 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 are intended to serve as an introduction to the City of Round Rock's basic financial statements. The City's basic financial statements comprise of 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Round Rock is improving or deteriorating.

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

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Both 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 stormwater 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 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.

Since the focus of governmental funds is more narrow 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 13 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, the Debt Service Fund, the Round Rock Transportation and Economic Development Corporation (RRTEDC) Fund, the Debt-Financed Capital Projects Fund, and the Self-Financed Construction Fund, all of which are considered to be major funds. Data from the other eight (8) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

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

Proprietary funds

The City of Round Rock maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and stormwater 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, 2021. 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 stormwater utility, and for the golf course. The water, sewer and stormwater utility is considered a major fund of the City. Since the Golf Course Fund

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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 fully understanding 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.

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 94 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 \$1,040,613,589 as of September 30, 2021.

The largest portion of the City's net position, \$742,363,304 (71.3%) 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, \$104,523,279 (10.0%) represents resources that are subject to external restriction on how they may be utilized. Restricted net position increased \$64.7 million, or 162.7%, compared to the prior year. Restricted net position for the governmental activities increased \$69.3 million, a direct result of the City's issuance of bonds to reimburse the City for contributions towards the Kalahari Convention Center and onsite and offsite improvements. The \$4.6 million decrease in restricted net position for business-type activities is a result of \$0.5 million in drainage revenue bonds being liquidated on eligible projects and \$3.8 million in utility impact fees used to reimburse impact fee eligible capital project costs. The remaining balance is unrestricted net position of \$193,727,006 which may be used to meet the City's ongoing obligations to citizens and creditors.

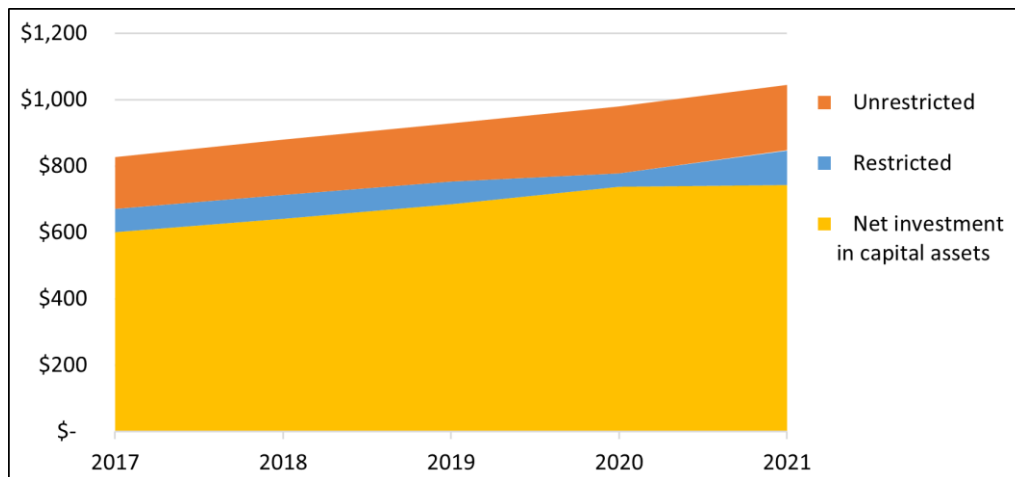
As of September 30, 2021, and 2020, the City was able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Net Position
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 289,473	\$ 194,482	\$ 241,771	\$ 218,756	\$ 531,244	\$ 413,238
Capital assets	696,336	685,504	377,927	365,583	1,074,263	1,051,087
Total assets	985,809	879,986	619,698	584,339	1,605,507	1,464,325
Deferred outflows of resources	17,204	16,692	5,941	6,044	23,145	22,736
Long term liabilities	391,986	326,622	75,914	79,542	467,900	406,164
Other liabilities	64,694	61,732	46,942	29,764	111,636	91,496
Total liabilities	456,680	388,354	122,856	109,306	579,536	497,660
Deferred inflows of resources	7,482	8,302	1,020	1,132	8,502	9,434
Net position:						
Net investment in capital assets	432,349	442,969	310,014	294,760	742,363	737,729
Restricted	92,773	23,472	11,751	16,315	104,524	39,787
Unrestricted	13,729	33,582	179,998	168,869	193,727	202,451
Total net position	\$ 538,851	\$ 500,023	\$ 501,763	\$ 479,944	\$ 1,040,614	\$ 979,967

Total Net Position
Governmental & Business-Type Activities
(in millions)



CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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, 2021, with comparisons to the previous year.

Changes in Net Position (in thousands)							
	Governmental Activities		Business-Type Activities		Total		
	2021	2020	2021	2020	2021	2020	
Revenues:							
Program revenues:							
Charges for services	\$ 11,000	\$ 10,998	\$ 64,125	\$ 63,495	\$ 75,125	\$ 74,493	
Operating grants and contributions	4,262	3,742	-	-	4,262	3,742	
Capital grants and contributions	10,055	9,464	22,289	18,444	32,344	27,908	
General revenues:							
Property taxes	68,187	64,745	-	-	68,187	64,745	
Franchise taxes	6,808	7,060	-	-	6,808	7,060	
Sales tax	90,407	78,362	-	-	90,407	78,362	
Hotel occupancy tax	11,003	4,112	-	-	11,003	4,112	
Public service taxes	868	621	-	-	868	621	
Investment earnings and other	12,651	9,082	2,364	4,011	15,015	13,093	
Total revenues	<u>215,241</u>	<u>188,186</u>	<u>88,778</u>	<u>85,950</u>	<u>304,019</u>	<u>274,136</u>	
Expenses:							
General government	35,906	27,468	-	-	35,906	27,468	
Public safety	64,976	64,152	-	-	64,976	64,152	
Public works	43,589	38,606	-	-	43,589	38,606	
Culture and recreation	26,874	26,356	-	-	26,874	26,356	
Interest on long-term debt	10,264	9,382	-	-	10,264	9,382	
Water and sewer utility	-	-	58,063	54,000	58,063	54,000	
Golf course	-	-	3,700	2,819	3,700	2,819	
Total expenses	<u>181,609</u>	<u>165,964</u>	<u>61,763</u>	<u>56,819</u>	<u>243,372</u>	<u>222,783</u>	
Increases in net position before transfers	33,632	22,222	27,015	29,131	60,647	51,353	
Transfers	5,196	4,058	(5,196)	(4,058)	-	-	
Increase in net position	38,828	26,280	21,819	25,073	60,647	51,353	
Net position - beginning	500,023	473,743	479,944	454,871	979,967	928,614	
Net position - ending	<u>\$ 538,851</u>	<u>\$ 500,023</u>	<u>\$ 501,763</u>	<u>\$ 479,944</u>	<u>\$1,040,614</u>	<u>\$ 979,967</u>	

Governmental Activities

During the current fiscal year, governmental activities increased the City's net position by \$38,827,913, or 64.0% of the total increase in the net position of the City over the prior year. Key factors for the increase in net position are as follows:

Revenues

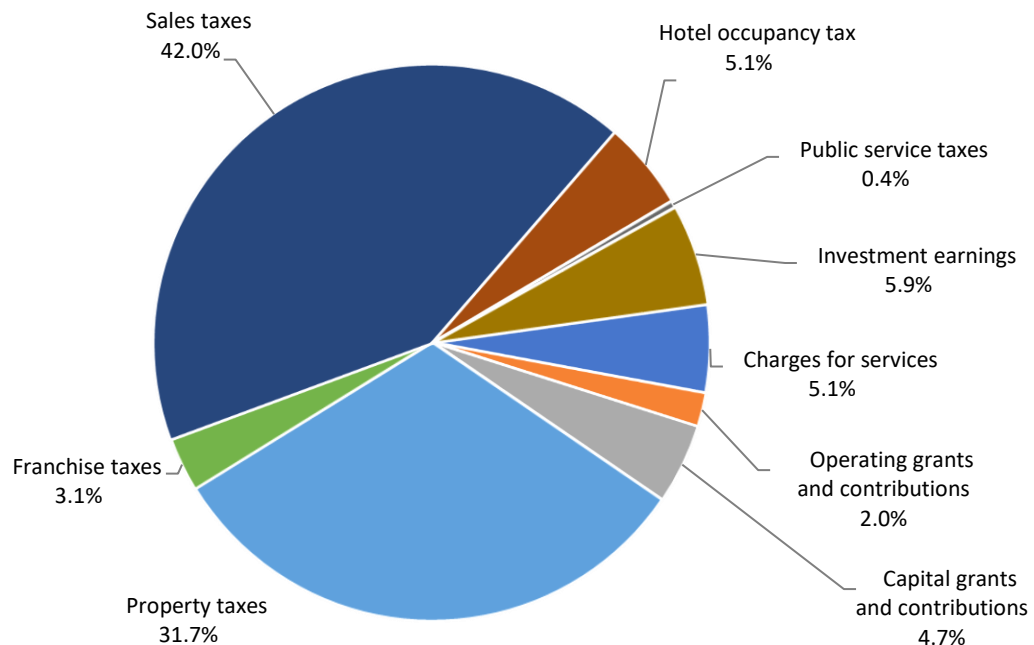
- Amounts received for property taxes increased from last year by 5.3% primarily due to an increase in taxable assessed value from \$14.6 billion for fiscal year 2020 to \$15.4 billion for fiscal year 2021. The fiscal year 2021 tax rate of \$0.439000

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

is 3.2% above the no-new-revenue rate (formerly known as the "effective tax rate"), \$0.425550. Property tax makes up 35.9% of total general revenues.

- Sales tax collections of \$90.4 million increased 15.4%, compared to prior year. Dell remains one of the City's top sales taxpayers for fiscal year 2021. Retail trade sales tax was 20.4% higher than collections in the prior year. This growth combined with strong underlying growth in other city businesses led to the increase in sales tax collections.
- HOT revenues totaled \$11.0 million compared to \$4.1 million in the prior year. This large increase is primarily due to the opening of Kalahari Resorts and Conventions in November 2020. Prior year HOT revenues were down due to COVID-19.
- Charges for services remained flat. General government charges for services decreased \$1.7 million due to increased contract and claims expense in the self-funded health insurance fund, while culture and recreation charges for services increased \$1.7 million, the result of COVID-19 restrictions being lifted, and the City's recreation programs, facilities, and rentals resumed normal operations.
- Grants and contribution revenues increased \$1.1 million over the prior year. This increase is due to reimbursement of COVID-19 eligible expenses from Coronavirus Relief Funds (CARES) and Coronavirus Response & Relief Supplemental Appropriations Act (CRRSA) from the U.S. Department of Transportation, as well as capital related contributions.
- Unrestricted investment earnings and other general revenues increased \$3.6 million, a direct result of sales tax and HOT rebates from the State offset by a decrease in investment income of \$1.8 million compared to the prior year.

Revenues by Type - Governmental Activities



Expenses

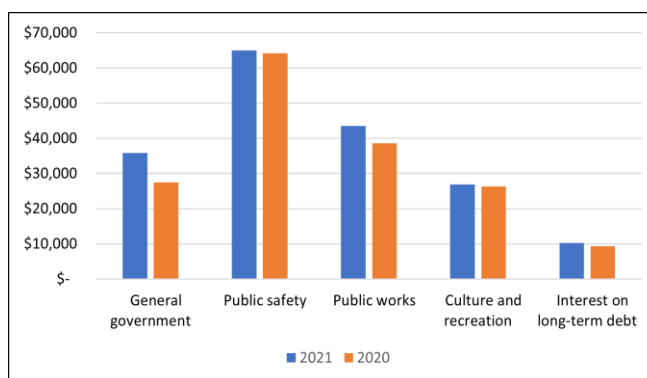
Expenses for governmental activities for the City totaled \$181,608,760 for the year ended September 30, 2021. Significant factors are listed below:

- General government costs increased \$8.4 million from \$27.5 million in 2020 to \$35.9 million in 2021, an increase of 30.7%. The increase can be attributed to an increase in economic development incentive payments, increased capital related expenses, and bond issuance costs.
- Public safety program costs including police and fire department activities totaled about \$65.0 million, or 35.8% of total expenses for governmental activities. Total costs increased 1.3% over the prior year, due largely to personnel costs relating to Fire overtime due to deployments, COVID-19, and the winter storm.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

- Public works program costs increased \$5.0 million, or 12.9%, compared to prior year. The increase is a result of increased capital-related expenses, specifically expenses related to the Kalahari Resorts and Convention Center project that are not considered the City's assets.
- Culture and recreation increased \$0.5 million from \$26.4 million in 2020 to \$26.9 million, or 2.0%, in 2021. This increase is due to the increase in demand for recreational services from the prior summer.

**Expenses - Governmental Activities
(in thousands)**



Business-Type Activities

Business-type activities increased the City's net position by \$21,818,200 or 36.0% of the total growth in the net position of the City over the prior year. This increase was due to \$22.3 million in capital grants and contributions. Additionally, charges for services were up \$0.6 million and expenses increased \$4.9 million over the prior year. Key factors for the increase in net position are as follows:

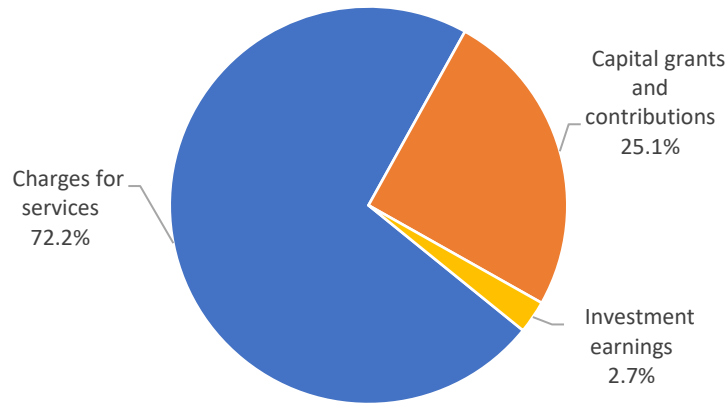
Revenues

The City's water, sewer and stormwater 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:

	2021	2020
Operating revenues	\$ 60,578,478	\$ 60,389,659
Operating income	5,169,141	9,199,641
Income available for debt service	28,112,944	32,687,905
Annual debt service	6,073,581	6,082,481
Coverage	4.63	5.37

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

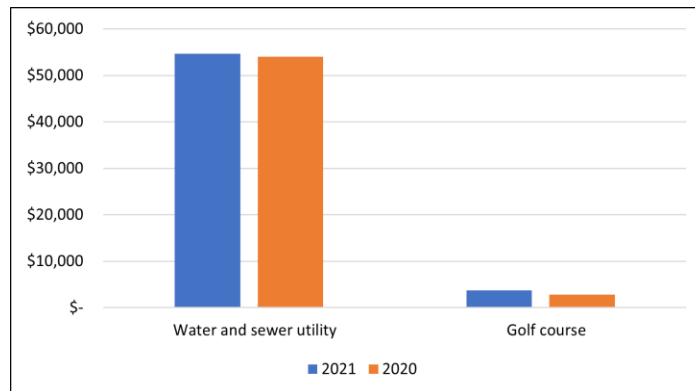
Revenues - Business-Type Activities



Expenses

Expenses of the business-type activities increased \$4.9 million over the prior year. The increase is a result of water and stormwater capital projects that were delayed due to the pandemic and an increase in operating costs for the golf course.

**Expenses - Business-Type Activities
(in thousands)**



Financial Analysis of the Government's Funds

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

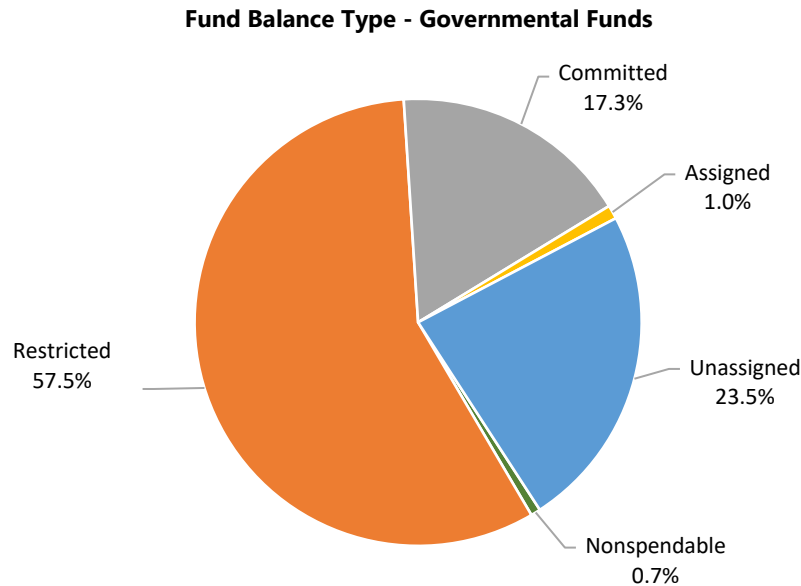
Governmental Funds

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

For the fiscal year ended September 30, 2021, the City's governmental funds reported combined ending fund balances of \$251,420,475. This is an increase of \$91.9 million, or 57.6% over the prior year. Unassigned fund balance is \$58,913,029, or

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

approximately 23.4% of the total fund balance amount, is available for spending at the City's discretion. \$2,496,916 is assigned to culture and recreation while \$43,621,361 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 \$7,901,595, (2) fund authorized construction of \$124,312,278, (3) other restricted purposes of \$12,392,088 or (4) non-spendable of \$1,783,208.



The General Fund is the chief operating fund of the City. At the close of the current fiscal year, the fund balance of the General Fund reached \$59,290,439, of which \$58,913,029, or 99.4%, of the total amount is unassigned. To measure the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represented 51.1% of total general fund expenditures.

During the current fiscal year, the fund balance of the General Fund decreased by \$523,457 due to a budgeted transfer to the Self-Financed Construction Fund for one-time capital projects. The General Fund's total revenues exceeded the budget by \$2,425,029. 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 \$5,519,166 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 \$439,075. Debt service expenditure requirements increased by \$1,976,090 during the fiscal year and were adequately funded by the debt service portion of the property tax rate.

The fund balance of the RRTEDC Fund was \$76,075,651, an increase of \$66,313,617 compared to the prior year. In fiscal year 2020, the City contributed towards the Kalahari Convention Center and onsite and offsite improvements to accommodate the Kalahari Resorts and Conventions. The City's contributions, totaling \$70.0 million, were reimbursed in the current fiscal year from debt proceeds.

The fund balance of the Debt-Financed Capital Projects Fund was \$49,146,230, an increase of \$1,772,544 compared to the prior year. This is a result of the issuance of certificates of obligation bonds for road improvement and expansion projects, offset by costs incurred on road and expansion projects during the fiscal year.

The fund balance of the Self-Financed Construction Fund was \$40,265,036, an increase of \$20,001,133 compared to the prior year. The increase is the result of budgeted transfers for authorized projects approved by City Council and excess sales tax revenues of \$16.0 million. The City has a policy that sales tax received from Dell, net of rebate, are not to exceed 20% of budgeted sales tax revenues in the General Fund. Any excess funds will be deposited in the Self-Financed Construction Fund for pay-as-you-go, one-time capital expenditures or projects.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Enterprise Funds

The City's enterprise fund statements provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, total net position of the enterprise funds totaled \$500,223,159, an increase of \$21,778,311 over the prior year. Unrestricted net position of the funds totaled \$178,458,445 at September 30, 2021. The unrestricted net position represented 35.7% of the enterprise funds' total net position.

The Water and Sewer Fund's net position increased \$21,970,391 over the prior year due to infrastructure and impact fee contributions. Operating revenues totaled \$60,578,478, compared to \$60,389,659 in the prior year. Operating expenses were \$55,409,337, an increase of \$4,219,319 over the prior year. The increase is a result of consulting and engineering services related to regional water and stormwater projects that were delayed due to the pandemic. This includes completion of an updated water and wastewater masterplan that will project the future capital water and wastewater needs of the Utility Department for the next five years.

The Golf Course Fund ended the year with a net position of \$9,866,732. Operating revenues totaled \$3,506,792, a 30.7% increase for the year, compared to \$2,684,066 in the prior year. Rounds of golf played increased to 57,336 compared to 52,053 in the prior year. With the COVID-19 pandemic still a real threat in fiscal year 2021, golf is an activity that can easily be played while maintaining social distancing. Operating expenses were \$3,699,848, which is \$881,359 higher than the previous year. The increase in golf rounds played increased the amount of maintenance costs for the course and equipment.

General Fund Budgetary Highlights

One budget amendment was taken to City Council for the General Fund for the year ended September 30, 2021. The budget amendment added one (1) full time equivalent (FTE) to help meet immediate staffing needs for the Library's new bookmobile program. The budget amendment also restored COVID-19 budget cuts for Library, Parks and Recreation, Police, and Transportation to help meet their operating needs. The amendment also transferred \$5.3 million to the Self-Financed Construction Fund for several delayed commitments: Kinningham House, Parks and Recreation holiday decorations, Planning and Development Services software replacement, automated external defibrillators in Fire Services, and restoring the Facility Maintenance and Information Technology replacement funds.

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, 2021, amounted to \$1,074,263,064 (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 for the year ended September 30, 2021, included the following:

Downtown Improvements

- Construction is underway on the Northeast Downtown Improvements project with \$6.2 million spent to date.
- Construction is underway on the new Downtown Parking Garage with \$4.4 million spent to date.
- Construction was completed on the Downtown Streetscape Improvements project at a cost of \$2.8 million.

Facility Improvements

- Construction was completed on the new Fire Station #3 at a cost of \$6.3 million. Of the \$6.3 million spent, \$5.9 million was funded from the 2017 General Obligation (GO) bonds.
- Construction is underway for the new library with \$12.8 million spent to date. Of this \$12.8 million, \$1.5 million was funded from the 2014 GO bonds.

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Kalahari Convention Center and Road Improvements

- Construction was completed on the Kalahari family resort, water park, and convention center with \$40.0 million spent by the City on the convention center.
- Onsite roadway improvements were completed at a cost of \$15.0 million.
- Offsite roadway improvements were completed at a cost of \$15.0 million.

Park Improvements and Trails

- Design is underway on the new Kinningham House with \$154,000 spent to date.
- Construction was completed on the Old Settlers Park Yonders Point at a cost of \$811,000.
- Expansion of other city-wide trails is underway at an estimated cost of \$19.6 million with \$6.8 million spent to date. Of this \$6.8 million, \$5.2 million was funded from the 2014 and 2017 GO bonds.
- Neighborhood park improvements, upgrades to comply with the American with Disabilities Act (ADA), and facility improvements are underway and at various stages of completion. Completed projects totaled \$669,000 while construction in progress at year-end approximated \$403,000. Of the \$669,000 in completed projects, \$134,000 was funded from the 2017 GO bonds.

Transportation Improvements

- Major arterial, signal, and road projects for transportation are underway and at various stages of completion. Completed projects totaled \$13.0 million while construction in progress at year-end approximated \$25.5 million.
- Various neighborhood street improvement projects were completed at a cost of \$3.3 million.
- Developers contributed \$6.2 million for transportation infrastructure improvements.

Water, Wastewater, and Stormwater Improvements

- Various water pump station improvements were completed at a cost of \$7.6 million and similar projects were in progress with \$122,000 spent to date.
- Various water and wastewater line improvement projects were completed and placed in service at a cost of \$5.8 million and similar projects were in progress with \$5.5 million spent to date.
- The City completed stormwater projects in the Greenfield and Oak Bluff neighborhoods at a cost of \$2.1 million.
- Various additional stormwater improvement projects are in process with \$1.2 million spent to date.
- Developers contributed \$12.5 million for water, sewer, and stormwater system infrastructure improvements.
- The City has partnered with the cities of Cedar Park, Austin, and Leander on the Brushy Creek Regional Wastewater Treatment Plant Expansion project with estimated completion in 2023. Construction is underway with \$9.2 million spent to date by the City.

Capital Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 114,073	\$ 110,451	\$ 8,483	\$ 8,453	\$ 122,556	\$ 118,904
Buildings and improvements	987,211	912,287	581,135	552,090	1,568,346	1,464,377
Machinery and equipment	89,892	89,079	17,574	18,380	107,466	107,459
Accumulated depreciation	(537,865)	(518,217)	(252,515)	(232,351)	(790,380)	(750,568)
Construction in progress	43,025	91,904	23,250	19,011	66,275	110,915
Total	<u>\$ 696,336</u>	<u>\$ 685,504</u>	<u>\$ 377,927</u>	<u>\$ 365,583</u>	<u>\$ 1,074,263</u>	<u>\$ 1,051,087</u>

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

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Long-Term Debt

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$397,805,000. Of this amount, \$278,205,000 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).

During the current fiscal year, the City of Round Rock's total debt increased by \$56,305,000. Regularly scheduled debt principal was retired during 2021. The City issued venue tax and hotel occupancy tax revenue refunding bonds, series 2021, which resulted in reduced debt service payments of \$1,268,548 and an economic gain of \$821,993. Additionally, the City issued combination tax and limited revenue certificates of obligation, series 2021A – \$27,460,000; series 2021B – \$13,745,000; and series 2021C – \$13,810,000. The City also issued \$2,770,000 limited tax notes, series 2021 and \$20,695,000 senior lien sales tax revenue bonds, taxable series 2021. Details of the refunding and new bond issues can be found in Note IV (F)(4) to the financial statements.

Long-Term Debt
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 131,555	\$ 141,220	\$ -	\$ -	\$ 131,555	\$ 141,220
Certificates of obligation	140,250	88,025	-	-	140,250	88,025
Limited tax notes	6,400	4,500	-	-	6,400	4,500
Hotel tax revenue bonds	8,065	9,780	-	-	8,065	9,780
Sales tax revenue bonds	44,670	27,785	-	-	44,670	27,785
Water and wastewater revenue bonds	-	-	66,865	70,190	66,865	70,190
Total	<u>\$ 330,940</u>	<u>\$ 271,310</u>	<u>\$ 66,865</u>	<u>\$ 70,190</u>	<u>\$ 397,805</u>	<u>\$ 341,500</u>

The City of Round Rock benefits substantially in reduced interest costs resulting from the bond rating by Standard & Poor's of AAA for both General Obligation and 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 \$2.6 billion of bonds. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.1427, or 9.5%. Of \$68,133,164 levied in property taxes for the fiscal year ended September 30, 2021, 99.69% of taxes levied were collected during the fiscal year. The City is conservative in how it issues debt and has adopted a "pay as you go" philosophy by using excess cash funds to fund current projects and issuing debt only when deemed necessary.

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

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

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 2021-2022 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 2021-2022 budget process the City Manager and Executive team focused on various budget drivers in the decision-making process.

- Addressing Council's Strategic Goals
- Meeting the demands of growth with additions to maintain service levels
- Biennial citizen survey results
- Debt payments for new programs
- Competitive employee compensation and benefits
- Maintenance of parks, facilities, and streets
- Compliance with financial policies

Revenue assumptions, in general for fiscal year 2021-2022, are expected to follow the growth curve of new jobs, population, retail sales activity, and new housing developments.

The City's economy is expected to generate approximately \$84.4 million in sales tax revenue for fiscal year 2022. This amount includes the 0.5% or \$22.0 million in additional sales and use tax for roads and economic development. The remaining 1.5% is projected to generate \$62.4 million for general operations, property tax reduction, and capital projects.

The fiscal year 2022 certified taxable property value for Round Rock is \$17.7 billion, an increase of 14.9% from last year's \$15.4 billion. The adopted property tax rate for fiscal year 2022 is \$0.397000 per \$100 of valuation. The tax rate is an increase of 1.0 cent over the no-new-revenue rate of \$0.387441, and well below the voter approval rate of \$0.426786. The 1.0 cent increase over the no-new-revenue tax rate allows the City to provide the planned additional funding for roads. With an adopted rate of \$0.397000, 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 are no utility rate increases budgeted for fiscal year 2022. The City has not increased water rates since October 2018 and wastewater has not increased since 2016.

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, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 34,266,566	\$ 43,868,331	\$ 78,134,897
Investments	101,057,682	134,442,639	235,500,321
Receivables (net of allowance for uncollectibles)-			
Property taxes	430,365	-	430,365
Accounts and other	11,606,916	25,820,728	37,427,644
Accrued interest	72,822	1,389,830	1,462,652
Intergovernmental	-	3,008,445	3,008,445
Grants	1,890,636	-	1,890,636
Interfund	(1,539,861)	1,539,861	-
Inventories	285,779	558,085	843,864
Prepaid items	1,584,929	430,119	2,015,048
Restricted assets -			
Cash and cash equivalents	39,540,855	5,509,341	45,050,196
Investments	97,759,939	8,108,548	105,868,487
Property tax receivable	238,317	-	238,317
Accounts and other	2,225,691	-	2,225,691
Accrued interest	51,919	4,637	56,556
Investment in joint venture	-	17,090,044	17,090,044
Capital assets -			
Land and construction in progress	157,097,376	31,733,372	188,830,748
Capital assets, net of accumulated depreciation	539,238,334	346,193,982	885,432,316
Total assets	<u>985,808,265</u>	<u>619,697,962</u>	<u>1,605,506,227</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refundings	2,384,306	3,956,055	6,340,361
Deferred outflows related to pensions	12,803,561	1,710,135	14,513,696
Deferred outflows related to OPEB	2,016,120	274,926	2,291,046
Total deferred outflows of resources	<u>17,203,987</u>	<u>5,941,116</u>	<u>23,145,103</u>

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

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 14,877,091	\$ 34,451,147	\$ 49,328,238
Accrued payroll	2,682,518	354,715	3,037,233
Unearned revenue	18,043,041	5,427,501	23,470,542
Accrued interest payable	2,095,533	431,272	2,526,805
Customer deposits	-	1,892,846	1,892,846
Due within one year			
Bonds, notes, leases, compensated absences	26,995,630	4,384,562	31,380,192
Due in more than one year			
Net pension liability	35,020,987	4,775,590	39,796,577
Total OPEB liability	17,951,408	2,447,920	20,399,328
Bonds, notes, leases, compensated absences	339,013,682	68,690,260	407,703,942
Total liabilities	<u>456,679,890</u>	<u>122,855,813</u>	<u>579,535,703</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	6,859,903	935,441	7,795,344
Deferred inflows related to OPEB	621,890	84,804	706,694
Total deferred inflows of resources	<u>7,481,793</u>	<u>1,020,245</u>	<u>8,502,038</u>
NET POSITION			
Net investment in capital assets	432,348,991	310,014,313	742,363,304
Restricted for -			
Debt service	6,044,379	209,605	6,253,984
Capital projects	74,336,411	11,540,796	85,877,207
Hotel-motel tax	10,222,462	-	10,222,462
Public safety	735,896	-	735,896
General government	1,433,730	-	1,433,730
Unrestricted	<u>13,728,700</u>	<u>179,998,306</u>	<u>193,727,006</u>
Total net position	<u>\$ 538,850,569</u>	<u>\$ 501,763,020</u>	<u>\$ 1,040,613,589</u>

CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 35,906,343	\$ 2,824,567	\$ 4,207,076	\$ -
Public safety	64,975,588	1,396,999	10,405	-
Public works	43,588,532	970,763	-	10,054,791
Culture and recreation	26,874,261	5,807,940	44,346	-
Interest on long-term debt	10,264,036	-	-	-
Total governmental activities	181,608,760	11,000,269	4,261,827	10,054,791
Business-type activities:				
Water and sewer utility	58,063,832	60,618,367	-	22,288,498
Golf course	3,699,848	3,506,792	-	-
Total business-type activities	61,763,680	64,125,159	-	22,288,498
Total primary government	\$ 243,372,440	\$ 75,125,428	\$ 4,261,827	\$ 32,343,289

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position Primary Government		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (28,874,700)	\$ -	\$ (28,874,700)
Public safety	(63,568,184)	-	(63,568,184)
Public works	(32,562,978)	-	(32,562,978)
Culture and recreation	(21,021,975)	-	(21,021,975)
Interest on long-term debt	(10,264,036)	-	(10,264,036)
Total governmental activities	(156,291,873)	-	(156,291,873)
Business-type activities:			
Water and sewer utility	-	24,843,033	24,843,033
Golf course	-	(193,056)	(193,056)
Total business-type activities	-	24,649,977	24,649,977
Total primary government	(156,291,873)	24,649,977	(131,641,896)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	43,462,519	-	43,462,519
Property taxes, levied for debt service	24,724,843	-	24,724,843
Franchise taxes	6,808,434	-	6,808,434
Sales taxes	90,406,552	-	90,406,552
Hotel occupancy tax	11,003,127	-	11,003,127
Public service taxes	867,626	-	867,626
Unrestricted investment earnings and other	12,650,685	2,364,223	15,014,908
Transfers	5,196,000	(5,196,000)	-
Total general revenues and transfers	195,119,786	(2,831,777)	192,288,009
Change in net position	38,827,913	21,818,200	60,646,113
Net position-beginning	500,022,656	479,944,820	979,967,476
Net position-ending	\$ 538,850,569	\$ 501,763,020	\$ 1,040,613,589

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
ASSETS			
Cash and cash equivalents	\$ 16,412,191	\$ -	\$ 99,746
Investments	48,392,275	-	304,216
Receivables (net of allowance for uncollectibles) -			
Property taxes, including interest and penalties	430,365	-	-
Accounts and other	7,858,390	-	156,295
Accrued interest	42,330	-	210
Interfund	-	10,882	-
Grants	489,495	-	1,074,621
Inventories	285,779	-	-
Prepaid items	91,631	-	-
Restricted assets -			
Cash and cash equivalents	-	5,508,284	19,249,635
Investments	-	-	56,785,062
Receivables -			
Property taxes, including interest and penalties	-	238,317	-
Sales tax	-	-	2,225,691
Accrued interest	-	-	43,791
Total assets	<u>\$ 74,002,456</u>	<u>\$ 5,757,483</u>	<u>\$ 79,939,267</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 8,873,552	\$ -	\$ 3,687,348
Accrued payroll	2,629,525	-	-
Interfund payables	10,882	-	-
Unearned revenue	2,771,141	-	176,268
Total liabilities	<u>14,285,100</u>	<u>-</u>	<u>3,863,616</u>
Deferred inflows of resources -			
Unavailable revenue - property taxes	426,917	238,317	-
Total deferred inflows of resources	<u>426,917</u>	<u>238,317</u>	<u>-</u>
Fund balances -			
Nonspendable	377,410	-	-
Restricted - debt service	-	5,519,166	2,382,429
Restricted - authorized construction	-	-	73,285,672
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Restricted - general government	-	-	-
Committed - general government	-	-	-
Committed - capital projects funds	-	-	407,550
Committed - culture and recreation	-	-	-
Assigned - culture and recreation	-	-	-
Unassigned	58,913,029	-	-
Total fund balances	<u>59,290,439</u>	<u>5,519,166</u>	<u>76,075,651</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 74,002,456</u>	<u>\$ 5,757,483</u>	<u>\$ 79,939,267</u>

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

Debt-Financed Capital Projects Fund	Self-Financed Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 9,910,511	\$ 4,685,603	\$ 31,108,051
-	29,235,308	13,808,486	91,740,285
-	-	-	430,365
-	-	952,231	8,966,916
-	11,944	12,509	66,993
-	-	-	10,882
-	-	326,520	1,890,636
-	-	-	285,779
-	1,405,798	-	1,497,429
13,317,346	-	1,465,590	39,540,855
36,651,489	-	4,323,388	97,759,939
-	-	-	238,317
-	-	-	2,225,691
7,032	-	1,096	51,919
<u>\$ 49,975,867</u>	<u>\$ 40,563,561</u>	<u>\$ 25,575,423</u>	<u>\$ 275,814,057</u>
\$ 829,637	\$ 100,136	\$ 533,264	\$ 14,023,937
-	-	52,993	2,682,518
-	-	-	10,882
-	198,389	3,865,213	7,011,011
<u>829,637</u>	<u>298,525</u>	<u>4,451,470</u>	<u>23,728,348</u>
-	-	-	665,234
-	-	-	665,234
-	1,405,798	-	1,783,208
-	-	-	7,901,595
49,146,230	-	1,880,376	124,312,278
-	-	10,222,462	10,222,462
-	-	735,896	735,896
-	-	1,433,730	1,433,730
-	-	881,812	881,812
-	38,859,238	1,989,706	41,256,494
-	-	1,483,055	1,483,055
-	-	2,496,916	2,496,916
-	-	-	58,913,029
<u>49,146,230</u>	<u>40,265,036</u>	<u>21,123,953</u>	<u>251,420,475</u>
<u>\$ 49,975,867</u>	<u>\$ 40,563,561</u>	<u>\$ 25,575,423</u>	<u>\$ 275,814,057</u>

CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds

\$ 251,420,475

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	\$ 114,072,773	
Construction in progress	43,024,603	
Building and improvements	987,211,249	
Equipment	89,892,372	
Accumulated depreciation	(537,865,287)	
Total capital assets	<u>\$ 696,335,710</u>	696,335,710

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

2,384,306

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

7,797,415

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

(1,853,757)

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

527,421

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

866,809

Property tax revenues collected in advance of the fiscal year to which they apply are recorded as deferred inflows of resources in the funds and recognized as revenue of the period to which they apply.

665,233

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.

10,176,226

Unearned revenue associated with long-term economic development agreements are not a current financial resource and, therefore, are not reported in the funds.

(11,032,029)

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 expenditure, and not as a receivable.

2,640,000

Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end.

(2,095,533)

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).

(418,981,707)

Net Position of Governmental Activities

\$ 538,850,569

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



**CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2021**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 100,208,484	\$ 24,647,695	\$ 25,108,759
Licenses, permits, and fees	2,402,843	-	-
Charges for services	4,880,297	-	-
Fines and forfeitures	1,027,327	-	-
Intergovernmental	3,103,417	-	1,574,912
Hotel occupancy tax	-	-	-
Contributions	-	-	2,118,058
Investment and other	5,226,654	34,682	708,960
Total revenues	<u>116,849,022</u>	<u>24,682,377</u>	<u>29,510,689</u>
Expenditures -			
Current -			
General government	24,547,018	-	-
Public safety	59,445,458	-	-
Public works	15,416,404	-	1,530,260
Culture and recreation	15,861,492	-	-
Debt service -			
Principal retirement	-	20,148,502	-
Interest and fiscal charges	-	10,367,705	-
Issuance costs	-	174,445	335,331
Capital projects	-	-	26,234,042
Total expenditures	<u>115,270,372</u>	<u>30,690,652</u>	<u>28,099,633</u>
Excess (deficiency) of revenues over expenditures	<u>1,578,650</u>	<u>(6,008,275)</u>	<u>1,411,056</u>
Other financing sources (uses) -			
Issuance of debt	-	-	20,695,000
Issuance of refunding bonds	-	5,560,000	-
Issuance of premium	-	1,100,137	-
Payment to refunded bond escrow agent	-	(6,482,675)	-
Transfers in	6,257,264	6,281,080	51,889,619
Transfers out	(8,359,371)	(11,192)	(7,682,058)
Total other financing sources (uses)	<u>(2,102,107)</u>	<u>6,447,350</u>	<u>64,902,561</u>
Net change in fund balances	(523,457)	439,075	66,313,617
Fund balances, October 1, 2020	<u>59,813,896</u>	<u>5,080,091</u>	<u>9,762,034</u>
Fund balances, September 30, 2021	<u>\$ 59,290,439</u>	<u>\$ 5,519,166</u>	<u>\$ 76,075,651</u>

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

Debt-Financed Capital Projects Fund	Self-Financed Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 16,095,932	\$ 191,140	\$ 166,252,010
-	-	140,300	2,543,143
-	-	2,212,288	7,092,585
-	-	125,663	1,152,990
-	-	6,722,578	11,400,907
-	-	11,003,127	11,003,127
-	177,740	43,138	2,338,936
186,845	898,539	205,633	7,261,313
186,845	17,172,211	20,643,867	209,045,011
-	-	6,777,896	31,324,914
-	-	-	59,445,458
-	-	-	16,946,664
-	-	4,069,652	19,931,144
-	-	-	20,148,502
-	-	-	10,367,705
669,705	46,126	-	1,225,607
10,664,350	8,983,158	1,659,171	47,540,721
11,334,055	9,029,284	12,506,719	206,930,715
(11,147,210)	8,142,927	8,137,148	2,114,296
55,015,000	2,770,000	-	78,480,000
-	-	-	5,560,000
5,659,644	276,869	-	7,036,650
-	-	-	(6,482,675)
1,833,107	9,026,277	686,192	75,973,539
(49,587,997)	(214,940)	(4,921,981)	(70,777,539)
12,919,754	11,858,206	(4,235,789)	89,789,975
1,772,544	20,001,133	3,901,359	91,904,271
47,373,686	20,263,903	17,222,594	159,516,204
\$ 49,146,230	\$ 40,265,036	\$ 21,123,953	\$ 251,420,475

**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, 2021**

Net Change in Fund Balances-Total Governmental Funds	\$	91,904,271
---	----	------------

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

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. They are detailed in Note III (B).		5,119,505
---	--	-----------

The net effect of various miscellaneous transactions involving capital assets (e.g. sales, disposals, and donations) is to increase net position. They are detailed in Note III (B).		5,712,304
--	--	-----------

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		17,964
---	--	--------

The issuance of long-term debt (e.g. 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. They are detailed in Note III (B).		(64,568,806)
---	--	--------------

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 are detailed in Note III (B) and include:

Pension costs, net		2,017,796
OPEB costs, net		(1,305,518)
Interest and employee expense		(281,154)

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.		211,551
--	--	---------

Change in Net Position of Governmental Activities	\$	38,827,913
--	-----------	-------------------

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

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance -
	Original	Final	Actual	Positive (Negative)
Revenues -				
Taxes and franchise, including interest and penalties	\$ 99,633,918	\$ 100,504,918	\$ 100,208,484	\$ (296,434)
Licenses, permits and fees	1,493,294	1,493,294	2,402,843	909,549
Charges for services	3,891,311	3,891,311	4,880,297	988,986
Fines and forfeitures	1,047,669	1,047,669	1,027,327	(20,342)
Intergovernmental	1,706,500	1,706,500	3,103,417	1,396,917
Investment and other	5,780,301	5,780,301	5,226,654	(553,647)
Total revenues	113,552,993	114,423,993	116,849,022	2,425,029
Expenditures -				
Current -				
General government	25,705,376	25,096,355	24,547,018	549,337
Public safety	58,735,181	59,746,900	59,445,458	301,442
Public works	19,031,333	16,467,478	15,416,404	1,051,074
Culture and recreation	16,173,106	16,221,263	15,861,492	359,771
Total expenditures	119,644,996	117,531,996	115,270,372	2,261,624
Excess (deficiency) of revenues over expenditures	(6,092,003)	(3,108,003)	1,578,650	4,686,653
Other financing sources (uses) -				
Transfers in	6,107,000	6,107,000	6,257,264	150,264
Transfers out	-	(8,359,371)	(8,359,371)	-
Total other financing sources (uses), net	6,107,000	(2,252,371)	(2,102,107)	150,264
Net change in fund balances	\$ 14,997	\$ (5,360,374)	(523,457)	\$ 4,836,917
Fund balance, October 1, 2020			59,813,896	
Fund balance, September 30, 2021			\$ 59,290,439	

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

CITY OF ROUND ROCK, TEXAS
ROUND ROCK TRANSPORTATION AND ECONOMIC DEVELOPMENT CORPORATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Sales tax	\$ 18,900,000	\$ 18,900,000	\$ 25,108,759	\$ 6,208,759
Intergovernmental	1,219,198	1,219,198	1,574,912	355,714
Contributions	-	-	2,118,058	2,118,058
Investment and other	500,000	500,000	708,960	208,960
Total revenues	20,619,198	20,619,198	29,510,689	8,891,491
Expenditures -				
Current -				
Public works	13,418,595	13,083,263	1,530,260	11,553,003
Debt Service -				
Issuance costs	-	335,331	335,331	-
Capital projects	26,234,041	26,234,042	26,234,042	-
Total expenditures	39,652,636	39,652,636	28,099,633	11,553,003
Excess (deficiency) of revenues over expenditures	(19,033,438)	(19,033,438)	1,411,056	20,444,494
Other financing sources (uses) -				
Issuance of debt	-	-	20,695,000	20,695,000
Transfers in	30,000,000	51,889,619	51,889,619	-
Transfers out	(911,000)	(7,682,059)	(7,682,058)	1
Total other financing sources (uses)	29,089,000	44,207,560	64,902,561	20,695,001
Net change in fund balances	\$ 10,055,562	\$ 25,174,122	66,313,617	\$ 41,139,495
Fund balance, October 1, 2020			9,762,034	
Fund balance, September 30, 2021			\$ 76,075,651	

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



**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 43,548,986	\$ 319,345	\$ 43,868,331	\$ 3,158,515
Investments	133,983,118	459,521	134,442,639	9,317,397
Receivables (net of allowance for uncollectibles of \$883,407) -				
Accounts and other	25,745,728	75,000	25,820,728	-
Accrued interest	1,389,622	208	1,389,830	5,829
Intergovernmental	3,008,445	-	3,008,445	-
Inventories	558,085	-	558,085	-
Prepaid items	430,119	-	430,119	87,500
Total current assets	208,664,103	854,074	209,518,177	12,569,241
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	4,417,712	-	4,417,712	-
Construction	7,118,447	-	7,118,447	-
Customer deposits	1,872,125	-	1,872,125	-
Revenue bond covenant accounts	209,605	-	209,605	-
Restricted accounts receivable:				
Accrued Interest	4,637	-	4,637	-
Investment in joint venture	17,090,044	-	17,090,044	-
Capital assets:				
Land and construction in progress	29,842,197	1,891,175	31,733,372	-
Capital assets being depreciated	339,008,383	7,185,599	346,193,982	-
Total capital assets (net of accumulated depreciation of \$252,514,579)	368,850,580	9,076,774	377,927,354	-
Total noncurrent assets	399,563,150	9,076,774	408,639,924	-
Total assets	608,227,253	9,930,848	618,158,101	12,569,241
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refundings	3,956,055	-	3,956,055	-
Deferred outflows related to pensions	1,710,135	-	1,710,135	-
Deferred outflows related to OPEB	274,926	-	274,926	-
Total deferred outflows of resources	5,941,116	-	5,941,116	-

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
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 34,387,031	\$ 64,116	\$ 34,451,147	\$ 853,154
Accrued payroll	354,715	-	354,715	-
Accrued benefit obligations	578,154	-	578,154	-
Unearned revenue	5,427,501	-	5,427,501	-
Accrued interest	431,272	-	431,272	-
Customer deposits	1,892,846	-	1,892,846	-
Bonds payable	3,806,408	-	3,806,408	-
Total current liabilities	<u>46,877,927</u>	<u>64,116</u>	<u>46,942,043</u>	<u>853,154</u>
Noncurrent liabilities:				
Net pension liability	4,775,590	-	4,775,590	-
Total OPEB liability	2,447,920	-	2,447,920	-
Accrued benefit obligations	153,687	-	153,687	-
Bonds payable	68,536,573	-	68,536,573	-
Total noncurrent liabilities	<u>75,913,770</u>	<u>-</u>	<u>75,913,770</u>	<u>-</u>
Total liabilities	<u>122,791,697</u>	<u>64,116</u>	<u>122,855,813</u>	<u>853,154</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	935,441	-	935,441	-
Deferred inflows related to OPEB	84,804	-	84,804	-
Total deferred inflows of resources	<u>1,020,245</u>	<u>-</u>	<u>1,020,245</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	300,937,539	9,076,774	310,014,313	-
Restricted for:				
Debt service	209,605	-	209,605	-
Capital projects	11,540,796	-	11,540,796	-
Unrestricted	177,668,487	789,958	178,458,445	11,716,087
Total net position	<u>\$ 490,356,427</u>	<u>\$ 9,866,732</u>	<u>500,223,159</u>	<u>\$ 11,716,087</u>
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			<u>1,539,861</u>	
Net position of business-type activities			<u>\$ 501,763,020</u>	

CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
Operating revenues -				
Charges for services	\$ 55,106,110	\$ 3,506,792	\$ 58,612,902	\$ 14,796,708
Licenses, permits, and fees	5,472,368	-	5,472,368	-
Total revenues	60,578,478	3,506,792	64,085,270	14,796,708
Operating expenses -				
Personnel services	12,896,946	-	12,896,946	-
Contractual services	16,476,180	3,098,248	19,574,428	3,190,270
Supplies	1,276,682	-	1,276,682	23,475
Repair and maintenance	1,774,568	62,689	1,837,257	5,355
Heat, light, and power	2,404,405	55,416	2,459,821	5,769
Claims expense	-	-	-	11,652,169
Depreciation	20,580,556	483,495	21,064,051	-
Total operating expenses	55,409,337	3,699,848	59,109,185	14,877,038
Operating income (loss)	5,169,141	(193,056)	4,976,085	(80,330)
Nonoperating revenues (expenses) -				
Investment and other revenues	2,363,247	976	2,364,223	331,770
Interest and fiscal charges	(2,654,495)	-	(2,654,495)	-
Total nonoperating revenues (expenses)	(291,248)	976	(290,272)	331,770
Income before contributions and transfers	4,877,893	(192,080)	4,685,813	251,440
Contributions and transfers -				
Contributions - impact fees	8,473,363	-	8,473,363	-
Contributions - infrastructure	12,514,399	-	12,514,399	-
Contributions - other	1,300,736	-	1,300,736	-
Transfers out	(5,196,000)	-	(5,196,000)	-
Total contributions and transfers	17,092,498	-	17,092,498	-
Change in net position	21,970,391	(192,080)	21,778,311	251,440
Net position, October 1, 2020	468,386,036	10,058,812		11,464,647
Net position, September 30, 2021	\$ 490,356,427	\$ 9,866,732		\$ 11,716,087

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

39,889

Change in net position of business-type activities

\$ 21,818,200

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, 2021**

	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	\$ 54,084,445	\$ 3,506,792	\$ 57,591,237	\$ 842,712
Cash received from other funds for services provided	-	-	-	14,007,396
Cash payments to suppliers for goods and services	(10,740,859)	(3,326,789)	(14,067,648)	(14,212,477)
Cash payments to employees for services	(12,926,646)	-	(12,926,646)	-
Net cash provided (used) by operating activities	<u>30,416,940</u>	<u>180,003</u>	<u>30,596,943</u>	<u>637,631</u>
Cash flows from noncapital financing activities:				
Transfers to other funds	(5,196,000)	-	(5,196,000)	-
Net cash provided (used) by noncapital financing activities	<u>(5,196,000)</u>	<u>-</u>	<u>(5,196,000)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	70,884	-	70,884	-
Proceeds from ARPA grant	5,427,501	-	5,427,501	-
Acquisition and construction of capital assets	(20,788,696)	(92,688)	(20,881,384)	-
Investment in joint venture	(242,581)	-	(242,581)	-
Principal paid on revenue bonds	(3,656,408)	-	(3,656,408)	-
Contributions	1,313,806	-	1,313,806	-
Impact fees	8,473,363	-	8,473,363	-
Interest and fiscal charges paid	(2,365,773)	-	(2,365,773)	-
Net cash provided (used) by capital and related financing activities	<u>(11,767,904)</u>	<u>(92,688)</u>	<u>(11,860,592)</u>	<u>-</u>
Cash flows from investing activities:				
Sale (purchase) of investments	2,515,106	4,086	2,519,192	192,060
Investment and other income	2,291,522	1,070	2,292,592	340,507
Net cash provided (used) by investing activities	<u>4,806,628</u>	<u>5,156</u>	<u>4,811,784</u>	<u>532,567</u>
Net increase (decrease) in cash and cash equivalents	18,259,664	92,471	18,352,135	1,170,198
Cash and cash equivalents at beginning of year	<u>30,798,663</u>	<u>226,874</u>	<u>31,025,537</u>	<u>1,988,317</u>
Cash and cash equivalents at end of year	<u>\$ 49,058,327</u>	<u>\$ 319,345</u>	<u>\$ 49,377,672</u>	<u>\$ 3,158,515</u>

(CONTINUED)

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

CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021

	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	\$ 43,548,986	\$ 319,345	\$ 43,868,331	\$ 3,158,515
Restricted assets -				
Cash and cash equivalents	5,509,341	-	5,509,341	-
Cash and cash equivalents	<u>\$ 49,058,327</u>	<u>\$ 319,345</u>	<u>\$ 49,377,672</u>	<u>\$ 3,158,515</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>				
Operating income (loss)	\$ 5,169,141	\$ (193,056)	\$ 4,976,085	\$ (80,330)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	20,580,556	483,495	21,064,051	-
Provision for bad debts	139,655	-	139,655	-
(Increase) decrease in:				
Receivables	(6,825,221)	-	(6,825,221)	53,400
Customer deposits	(174,579)	-	(174,579)	-
Inventory	(131,500)	-	(131,500)	-
Other assets	(3,105)	-	(3,105)	-
Pension related deferred outflows	(139,487)	-	(139,487)	-
OPEB related deferred outflows	(19,273)	-	(19,273)	-
Increase (decrease) in:				
Accounts payable	11,500,160	(110,436)	11,389,724	664,561
Customer deposits	191,533	-	191,533	-
Compensated absences	67,427	-	67,427	-
Pension related deferred inflows	(94,447)	-	(94,447)	-
OPEB related deferred inflows	(17,341)	-	(17,341)	-
Net pension liability	(41,220)	-	(41,220)	-
Total OPEB liability	214,641	-	214,641	-
Total adjustments	<u>25,247,799</u>	<u>373,059</u>	<u>25,620,858</u>	<u>717,961</u>
Net cash provided (used) by operations	<u>\$ 30,416,940</u>	<u>\$ 180,003</u>	<u>\$ 30,596,943</u>	<u>\$ 637,631</u>

NOTES:

Noncash capital and related financing activities:

In fiscal year 2021, the Water and Sewer Fund had \$12,514,399 in capital assets contributed, recognized a change of (\$264,567) in fair value of investments, and a change of \$242,581 in joint venture net position.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 (RRTEDC) is a blended component unit presented as a major special revenue fund of the City and does not issue separate financial statements. The governing body of the RRTEDC consists of a seven-member board appointed by the City Council. The purpose of the RRTEDC is to utilize sales tax revenues for the improvement of the City's transportation system and for economic development purposes, covered under local government code. The City Council maintains budgetary control of the RRTEDC.

A five-year project spending plan is presented and adopted at least annually to ensure adequate funds are available for transportation, economic development, and other allowed uses of RRTEDC funds. This five-year plan is reviewed by staff at least bi-annually and updates are presented to the RRTEDC board as needed for transportation capital improvements programs, economic incentive programs, and other legally allowable projects approved by the RRTEDC board and ratified by Council.

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.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets, including infrastructure.

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 for the determination of major funds (i.e., funds whose revenues, expenditures/expenses, assets, or liabilities are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all governmental and enterprise funds). The major governmental funds are the General Fund, the Debt Service Fund, the Round Rock Transportation and Economic Development Corporation Fund, the Debt-Financed Capital Projects 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. Since the principal users are the City's governmental activities, financial statements of the Internal Service Fund are consolidated into the governmental column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (general government, public safety, public works, etc.).

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 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:

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 that are legally restricted to expenditures for specified purposes.

There are nine (9) 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*
- *Innovation & Development Fund*
- *Library & Recreational Fund*
- *Public Safety Fund*
- *Public Education & Government Fund*
- *Roadway Impact Fees 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 transportation system improvements, including maintenance and capital costs associated with such authorized projects.

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

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

Major Funds

- *Debt-Financed Capital Projects Fund*
- *Self-Financed Construction Fund*

The Self-Financed Construction Fund and the Debt-Financed Capital Projects 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, such as sales tax. Dell sales tax receipts, net of rebate, are not to exceed 20% of budgeted sales tax revenues in the General Fund. Dell sales tax receipts, net of rebate, in excess of 20% will be budgeted and deposited in the Self-Financed Construction Fund for pay-as-you go one-time capital expenditures or projects. In fiscal year 2021, as part of the fiscal year 2022 budget adoption process, City Council adopted a revision to the financial policies that further reduces reliance on Dell sales tax performance, dropping to 15% by fiscal year 2024. The Debt-Financed Capital Projects Fund accounts for projects related to fire department facilities, parks and recreational purposes, library facilities, police and fire training facilities, street maintenance and road construction. Financing is provided by general obligation bonds and certificates of obligation.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 income before contributions and transfers, net position, and cash flows. The City maintains both Enterprise Funds and an Internal Service Fund.

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 Funds consists of the Water and Sewer Fund, which includes the City's stormwater program, and the Golf Course Fund. These funds are primarily supported by user charges.

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.

E. 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.

F. 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 grantor/provider have been met.

Fund Financial Statements

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

Governmental Funds

Revenue Recognition

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

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.

G. 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

H. 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*.

I. INVENTORIES AND PREPAID ITEMS

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The consumption method is used to account for prepaids such as postage, while equipment is recognized as an expenditure when the equipment is received.

J. 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.

K. 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 \$5,000 and greater for machinery and equipment with a useful life of at least five (5) years and \$50,000 and greater with a useful life of at least 10 years for other asset categories. Donated capital assets, donated works of art, and similar items are reported at acquisition value rather than fair value.

Public domain capital assets (infrastructure) have been capitalized. Infrastructure consists of certain improvements other than buildings, including roads, curbing, gutters, streets and sidewalks, and stormwater 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>40 years</i>
<i>Improvements to buildings</i>	<i>10 years</i>
<i>Improvements other than buildings</i>	<i>10 - 30 years</i>
<i>Machinery and equipment</i>	<i>5 - 7 years</i>

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

L. 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.

Limited Tax Notes have been issued for the purpose of purchasing City vehicles. The notes are to be repaid from ad valorem taxes.

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

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.

Taxable sales tax revenue bonds have been issued to fund the City's portion of the construction of a convention center facility located at Kalahari Resorts and Conventions. The bonds are to be repaid from sales tax, venue tax and ad valorem tax generated by Kalahari Resorts and Conventions.

M. ACCRUED BENEFIT OBLIGATIONS

Unpaid Compensated Absences

Regular full-time employees and regular part-time employees who are normally scheduled to work at least 20 hours per week are eligible to accrue vacation leave. Public service employees, including the police department, can accrue a maximum of 320 hours. Regular, full-time suppression firefighters have a maximum accrual of 656 hours, while regular, full-time administration firefighters can earn a maximum of 437 hours. 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.*

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

- *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.

The governmental funds typically used to liquidate other post-employment benefit liabilities are the General, Hotel-Motel Occupancy Tax, Hotel-Motel Occupancy Venue Tax, and Library and Recreational Funds.

N. 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.

O. 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

P. 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 legally or contractually required to be maintained intact.

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

Committed fund balance – Committed fund balances are amounts that are committed to specific purposes by City Council through an ordinance. Amounts cannot be used for other purposes unless the City Council takes the same action to remove or change the constraint. The most significant commitments are for general government in the special revenue funds and for park improvements in the capital projects funds.

Assigned fund balance – Assigned fund balances are amounts that are subject to a purpose constraint that represents an intended use established by City Council or the City Manager as defined in the Financial Policies of the City.

Unassigned fund balance – Unassigned fund balances are amounts that are available for any legal purposes. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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.

Q. MINIMUM FUND BALANCE POLICY

It is the desire of the City to maintain an adequate fund balance in the General Fund to maintain liquidity in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 90 days or 25% of annual budgeted expenditures.

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

- OPEB and pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference between projected and actual investment earnings on pension assets, difference between expected and actual economic experience on pension and OPEB assets, and changes in actuarial assumptions used to determine the net pension and total OPEB liabilities.

In addition to liabilities, the statement of net 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 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, the property tax receivable is offset by unavailable revenue and reported as deferred inflows because this receivable will not be received within 60 days after fiscal year end.

S. 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.

The City adopted a roadway impact fee ordinance in March 2019. Roadway impact fees are intended to recover the incremental cost of each new unit of development on the arterial and collector roadway infrastructure. Effective January 1, 2020, assessment of roadway impact fees began but no roadway impact fees were charged for any building permit application dated before January 1, 2021. The roadway impact fees were charged effective January 1, 2021. There are three phases in the roadway impact fee schedule. Phase 1 of the roadway impact fees are for final plat dates prior to January 1, 2022; phase 2 is for final plat dates between January 1, 2022, and December 31, 2023; and phase 3 is for final plat dates on or after January 1, 2024.

T. 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.

U. 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 (GRS), in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27.

The governmental funds typically used to liquidate pension liabilities are the General, Hotel-Motel Occupancy Tax, Hotel-Motel Occupancy Venue Tax, and Library and Recreational Funds.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

V. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following statements which became effective for fiscal year 2021, as well as statements that are effective in future fiscal years, but the City implemented early.

Statement No. 84, *"Fiduciary Activities"* – This Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. Established criteria for identifying fiduciary activities is focused on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The City does not have any fiduciary activities to report.

Statement No. 90, *"Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61"* – This Statement will improve financial reporting by providing financial statement users with essential information presented for majority equity interests in legally separate organizations. A majority equity interest in a legally separate organization should be reported as an investment if the government's holding of the equity interest meets the definition of an investment. The statement also provides for improved relevance of financial statement information for certain component units. If a government has a 100 percent equity interest, it must account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest. The City does not have any majority equity interests to report.

Statement No. 98, *"The Annual Comprehensive Financial Report"* – This Statement establishes the term *Annual Comprehensive Financial Report* and its acronym *ACFR*. The new term and acronym replace instances of *Comprehensive Annual Financial Report* and its acronym in generally accepted accounting principles for state and local governments.

GASB Statement No. 89, *"Accounting for Interest Cost Incurred Before the End of a Construction Period"* – The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement is not applicable to the City as we do not currently capitalize interest costs incurred before the end of construction.

The GASB has issued the following statements which will become effective for fiscal year 2022:

GASB Statement No. 87, *"Leases"* – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

GASB Statement No. 92, *"Omnibus 2020"* – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Statement No. 93, *"Replacement of Interbank Offered Rates (IBOR)"* – The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR due to global

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

reference rate reform. This will improve the usefulness of information for users of state and local government financial statements. The London Interbank Offered Rate (LIBOR) is expected to cease to exist at the end of 2021.

GASB Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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, 2021

The budgets of the various funds are prepared on a basis consistent with generally accepted accounting principles as described above. The table below compares original to final budgets for the General Fund.

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 99,633,918	\$ 871,000	\$ 100,504,918
Licenses, permits and fees	1,493,294	-	1,493,294
Charges for services	3,891,311	-	3,891,311
Fines and forfeitures	1,047,669	-	1,047,669
Intergovernmental	1,706,500	-	1,706,500
Investment and other	5,780,301	-	5,780,301
Total revenues	<u>113,552,993</u>	<u>871,000</u>	<u>114,423,993</u>
Expenditures -			
Current -			
General government	25,705,376	(609,021)	25,096,355
Public safety	58,735,181	1,011,719	59,746,900
Public works	19,031,333	(2,563,855)	16,467,478
Culture and recreation	16,173,106	48,157	16,221,263
Total expenditures	<u>119,644,996</u>	<u>(2,113,000)</u>	<u>117,531,996</u>
Excess (deficiency) of revenues over expenditures	<u>(6,092,003)</u>	<u>2,984,000</u>	<u>(3,108,003)</u>
Other financing sources (uses) -			
Transfers in	6,107,000	-	6,107,000
Transfers out	-	(8,359,371)	(8,359,371)
Total other financing sources (uses)	<u>6,107,000</u>	<u>(8,359,371)</u>	<u>(2,252,371)</u>
Net change in fund balances	<u>\$ 14,997</u>	<u>\$ (5,375,371)</u>	<u>\$ (5,360,374)</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 encumbrances and significant commitments at September 30, 2021, 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*,” are summarized below:

Major Funds

Round Rock Transportation and Economic Development Corporation Fund	\$ 33,147,000
Self-Financed Construction Fund	2,128,000
Debt-Financed Capital Projects Fund	31,514,000

Nonmajor Funds

Special revenue funds	\$ 508,000
-----------------------	------------

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 "some long-term liabilities 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 and certificates payable - public placement	\$ 290,610,000
Plus: Issuance premium (amortized against interest expense)	21,615,176
Less: Issuance discount (amortized against interest expense)	(47,353)
Bonds and certificates payable - private placement	40,330,000
Capital leases payable	4,169,069
Net pension liability	35,020,987
Compensated absences	9,332,420
Total OPEB liability	<u>17,951,408</u>
Net adjustment to reduce fund balance - total governmental funds	
to arrive at net position - governmental activities	<u>\$ 418,981,707</u>

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

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

Capital outlay	\$ 40,870,035
Depreciation expense	<u>(35,750,530)</u>
Net adjustment to increase net changes in fund balances -	
total governmental funds to arrive at changes in net position	
of governmental activities	<u>\$ 5,119,505</u>

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

Donations	\$ 6,184,081
Reclassifications, disposals, and transfers	<u>(471,777)</u>
Net adjustment to increase net changes in fund balances -	
total governmental funds to arrive at changes in net position	
of governmental activities	<u>\$ 5,712,304</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 - public placement	\$ (84,040,000)
Premiums received on issuance of debt - public placement	(7,036,650)
Debt payments/refundings - public placement	16,785,000
Debt payments/refundings - private placement	7,625,000
Deferred amount on refunding - public placement	(127,325)
Capital lease payments	<u>2,225,169</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (64,568,806)</u>

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	\$ 302,283
Increase in deferred outflows related to pensions	1,022,901
Decrease in deferred inflows related to pensions	<u>692,612</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,017,796</u>

Increase in total OPEB liability	\$ (1,574,028)
Increase in deferred outflows related to OPEB	141,341
Decrease in deferred inflows related to OPEB	<u>127,169</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,305,518)</u>

Change in compensated absences	\$ (508,156)
Amortization of bond premium/discount - public placement	1,360,080
Change in accrued interest - public placement	(759,663)
Change in accrued interest - private placement	151,919
Amortization of deferred amount on refunding - public placement	(476,965)
Amortization of deferred amount on refunding - private placement	<u>(48,369)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (281,154)</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Cash and investments at September 30, 2021, reconciled to the statement of net position amounts for cash and cash equivalents and investments is as follows:

Cash in banks	\$ 95,681,971
Investments	368,871,930
Total cash and investments	<u>\$ 464,553,901</u>
Statement of net position presentation:	
Cash and cash equivalents	\$ 78,134,897
Investments	235,500,321
Restricted assets -	
Cash and cash equivalents	45,050,196
Investments	105,868,487
Total cash and cash equivalents and investments	<u>\$ 464,553,901</u>

At September 30, 2021, the carrying amount of deposits was a debit balance of \$95,681,971, including \$171,568 in outstanding checks, and the respective bank balances totaled \$95,853,539. The City's bank balances were fully insured or collateralized with securities held by the City's agent in the City's name and/or letters of credit.

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.

	Carrying Amount	Fair Value	Weighted Average Maturity (Days)
U. S. Government Securities	\$ 32,125,165	\$ 32,125,165	635
Municipal Bonds	13,344,663	13,344,663	492
Certificates of Deposit	295,898,976	295,898,976	309
State Investment Pools	27,503,126	27,503,126	40
	<u>\$ 368,871,930</u>	<u>\$ 368,871,930</u>	
Portfolio weighted average maturity			324

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, 2021, the City has the recurring fair value measurements for U.S. Government securities of \$32,125,165 valued using quoted prices for similar assets in active markets (Level 2 inputs).

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

Foreign Currency Risk – The City's deposits and investments are not exposed to foreign currency risk.

Custodial Credit Risk – The City's policy is to be collateralized. The City was fully collateralized during the year.

Interest Rate Risk – In compliance with the City's Investment Policy, as of September 30, 2021, the City minimized its interest rate risk in the portfolio by limiting the weighted average maturity to 540 days, 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, monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by PFIA, and investing operating funds primarily in short-term securities, money market mutual funds, money market accounts, or government investment pools.

Credit Risk – In compliance with the City's Investment Policy, as of September 30, 2021, the City minimized credit risk losses due to default of security issuer or backer by limiting investments to the safest rated securities, using a registered investment advisor to provide investment and market advice, and diversifying the investment portfolio so that potential losses on individual securities were minimized. All the City's purchased investments in U. S. Agencies were rated AA+ by Standard & Poor's and Moody's respectively.

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 fiscal year 2021 were in the aforementioned categories.

Local Government Investment Pools

As of September 30, 2021, 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. The City had \$19,949,967 invested in TexPool, \$200,527 invested in TexSTAR, and \$7,352,632 in TexasDAILY at September 30, 2021.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, authorized by the PFIA. The Texas State Comptroller of Public Accounts has oversight responsibility for 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 AAAm by Standard and Poor's. This rating indicates excellent safety and superior capacity to maintain principal value and limit exposure to loss.

The City is invested in Texas Short Term Asset Reserve program (TexSTAR), 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.

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. TexSTAR uses amortized cost 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.

The City is also invested in TexasDAILY, a portfolio of TexasTERM Local Government Investment Pool (Pool). The Pool was established by the Texas Term Common Investment Contract, in conformity with Chapters 791 (Interlocal Cooperation Act) and PFIA. 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's investment advisor and administrator is PFM Asset Management, LLC.

TexasDAILY is a money market portfolio with daily liquidity that is rated AAAm 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.

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.

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 2020 tax roll. The tax rate, based on total taxable assessed valuation of \$15,357,959,326 was \$0.439000 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.296308 and \$0.142692, respectively.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Property taxes receivable as of September 30, 2021, were as follows:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 137,817	\$ 66,181	\$ 203,998
Prior years' levies	296,860	174,543	471,403
	<u>434,677</u>	<u>240,724</u>	<u>675,401</u>
Less - allowance for uncollectible taxes	<u>(4,312)</u>	<u>(2,407)</u>	<u>(6,719)</u>
	<u><u>\$ 430,365</u></u>	<u><u>\$ 238,317</u></u>	<u><u>\$ 668,682</u></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, 2021, were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
Debt Service Fund	General Fund	<u>\$ 10,882</u>	<u>\$ 10,882</u>
Governmental Funds		<u><u>\$ 10,882</u></u>	<u><u>\$ 10,882</u></u>

Remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The City reports interfund transfers between many of its funds. These routine transfers are consistent with the activities of the funds.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund -		
Water and Sewer Fund	\$ 5,196,000	\$ -
Self-Financed Construction Fund	-	8,359,371
RRTEDC Fund	911,000	-
Nonmajor Governmental Funds	150,264	-
	<u>6,257,264</u>	<u>8,359,371</u>
Debt Service Fund -		
RRTEDC Fund	4,937,951	-
Nonmajor Governmental Funds	1,343,129	11,192
	<u>6,281,080</u>	<u>11,192</u>
RRTEDC Fund -		
General Fund	-	911,000
Debt Service Fund	-	4,937,951
Self-Financed Construction Fund	214,940	-
Debt-Financed Capital Projects Fund	49,292,250	1,833,107
Nonmajor Governmental Funds	2,382,429	-
	<u>51,889,619</u>	<u>7,682,058</u>
Debt-Financed Capital Projects Fund -		
RRTEDC Fund	1,833,107	49,292,250
Self-Financed Construction Fund	-	295,747
	<u>1,833,107</u>	<u>49,587,997</u>
Self-Financed Construction Fund -		
General Fund	8,359,371	-
Debt-Financed Capital Projects Fund	295,747	-
RRTEDC Fund	-	214,940
Nonmajor Governmental Funds	371,159	-
	<u>9,026,277</u>	<u>214,940</u>
Other Governmental Funds -		
General Fund	-	150,264
Debt Service Fund	-	1,343,129
Self-Financed Construction Fund	-	371,159
RRTEDC Fund	-	2,382,429
Nonmajor Governmental Funds	686,192	675,000
	<u>686,192</u>	<u>4,921,981</u>
Subtotal of Governmental Funds	<u>75,973,539</u>	<u>70,777,539</u>
<u>Proprietary Funds</u>		
Water and Sewer Fund -		
General Fund	-	5,196,000
	<u>-</u>	<u>5,196,000</u>
Total Transfers	<u>\$ 75,973,539</u>	<u>\$ 75,973,539</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021

	Total	City's Interest
ASSETS		
Cash and cash equivalents	\$ 3,184,025	\$ 218,239
Prepays	13,616	5,151
Restricted investments	17,488,531	8,096,165
Capital assets	181,901,380	62,306,636
Total assets	<u>202,587,552</u>	<u>70,626,191</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>12,570,718</u>	<u>4,898,435</u>
LIABILITIES		
Accounts payable	452,043	158,578
Retainage payable	702,955	187,478
Due to partner cities	1,365,433	(34,527)
Current portion of bonds payable	6,580,000	2,190,000
Accrued bond interest payable	995,439	336,399
Total current liabilities	<u>10,095,870</u>	<u>2,837,928</u>
Noncurrent portion of bonds payable	169,995,905	55,596,654
Total liabilities	<u>180,091,775</u>	<u>58,434,582</u>
NET POSITION	<u>\$ 35,066,495</u>	<u>\$ 17,090,044</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2021

	Total	City's Interest
Operating revenues	\$ 2,240,361	\$ 415,399
Interest expense	(5,585,304)	(1,746,018)
Other operating expenses	(6,229,434)	(2,677,557)
Other income	22,535	15,151
Changes in Net Position	<u>(9,551,842)</u>	<u>(3,993,025)</u>
Net position, October 1, 2020	31,980,751	16,847,463
Contribution of capital, net	12,637,586	4,235,606
Net position, September 30, 2021	<u>\$ 35,066,495</u>	<u>\$ 17,090,044</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	October 1, 2020	Additions/ Completions	Retirements/ Adjustments	September 30, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 110,451,124	\$ 3,621,649	\$ -	\$ 114,072,773
Construction in progress	91,903,856	44,681,874	(93,561,127)	43,024,603
Total capital assets not being depreciated	202,354,980	48,303,523	(93,561,127)	157,097,376
Capital assets being depreciated:				
Buildings and improvements	912,286,412	85,911,162	(10,986,325)	987,211,249
Equipment	89,079,498	6,295,005	(5,482,131)	89,892,372
Total capital assets being depreciated	1,001,365,910	92,206,167	(16,468,456)	1,077,103,621
Less accumulated depreciation for:				
Buildings and improvements	451,427,635	27,682,168	(10,745,557)	468,364,246
Equipment	66,789,354	8,068,362	(5,356,675)	69,501,041
Total accumulated depreciation	518,216,989	35,750,530	(16,102,232)	537,865,287
Total capital assets being depreciated, net	483,148,921	56,455,637	(366,224)	539,238,334
Governmental activities capital assets, net	\$ 685,503,901	\$ 104,759,160	\$ (93,927,351)	\$ 696,335,710
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 8,452,956	\$ 30,393	\$ -	\$ 8,483,349
Construction in progress	19,010,536	21,985,512	(17,746,025)	23,250,023
Total capital assets not being depreciated	27,463,492	22,015,905	(17,746,025)	31,733,372
Capital assets being depreciated:				
Buildings and improvements	552,090,401	29,461,743	(417,358)	581,134,786
Equipment	18,380,242	470,269	(1,276,736)	17,573,775
Total capital assets being depreciated	570,470,643	29,932,012	(1,694,094)	598,708,561
Less accumulated depreciation for:				
Building and improvements	220,024,285	18,731,782	350,750	239,106,817
Equipment	12,327,116	2,332,269	(1,251,623)	13,407,762
Total accumulated depreciation	232,351,401	21,064,051	(900,873)	252,514,579
Total capital assets being depreciated, net	338,119,242	8,867,961	(793,221)	346,193,982
Business-type activities capital assets, net	\$ 365,582,734	\$ 30,883,866	\$ (18,539,246)	\$ 377,927,354

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

Governmental Activities:

General government	\$ 2,482,391
Public safety	5,623,784
Public works	20,645,332
Culture and recreation	6,999,023
Total depreciation expense - governmental activities	<u>\$ 35,750,530</u>

Business-Type Activities:

Water and sewer utility	\$ 20,580,556
Golf course	483,495
Total depreciation expense - business-type activities	<u>\$ 21,064,051</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, 2021, follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Total capital assets (net of accumulated depreciation)	\$ 696,335,710	\$ 377,927,354	\$ 1,074,263,064
Plus capital-related deferred outflows of resources	2,384,306	3,956,055	6,340,361
Less capital-related long-term debt	(316,346,892)	(72,342,981)	(388,689,873)
Plus unspent bond proceeds	<u>49,975,867</u>	<u>473,885</u>	<u>50,449,752</u>
Net investment in capital assets (net of related debt)	<u>\$ 432,348,991</u>	<u>\$ 310,014,313</u>	<u>\$ 742,363,304</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021:

	Balance October 1, 2020	Additions	Refundings/ Retirements	Balance September 30, 2021	Due within one year
Governmental Activities					
<u>Public Placement</u>					
General obligation bonds	\$ 134,240,000	\$ -	\$ (7,660,000)	\$ 126,580,000	\$ 8,815,000
Certificates of obligation	58,025,000	55,015,000	(1,850,000)	111,190,000	1,915,000
Hotel tax revenue bonds	9,780,000	5,560,000	(7,275,000)	8,065,000	690,000
Sales tax revenue bonds	21,310,000	20,695,000	-	42,005,000	1,030,000
Limited tax notes	-	2,770,000	-	2,770,000	495,000
Plus deferred amount:					
For issuance premium	15,952,285	7,036,650	(1,373,759)	21,615,176	1,159,764
For issuance discount	(61,032)	-	13,679	(47,353)	11,116
Total Public Placement	239,246,253	91,076,650	(18,145,080)	312,177,823	14,115,880
<u>Private Placement</u>					
General obligation bonds	6,980,000	-	(2,005,000)	4,975,000	1,270,000
Certificates of obligation	30,000,000	-	(940,000)	29,060,000	1,110,000
Limited tax notes	4,500,000	-	(870,000)	3,630,000	890,000
Sales tax revenue bonds	6,475,000	-	(3,810,000)	2,665,000	1,320,000
Total Private Placement	47,955,000	-	(7,625,000)	40,330,000	4,590,000
Lease purchase payable	6,394,238	-	(2,225,169)	4,169,069	2,037,029
Compensated absences	8,824,264	6,420,413	(5,912,257)	9,332,420	6,252,721
Total governmental activities	302,419,755	97,497,063	(33,907,506)	366,009,312	26,995,630
Business-Type Activities					
<u>Public Placement</u>					
Revenue bonds	70,190,000	-	(3,325,000)	66,865,000	3,475,000
Plus deferred amount:					
For issuance premium	5,809,389	-	(331,408)	5,477,981	331,408
Compensated absences	708,788	582,995	(559,942)	731,841	578,154
Total Public Placement	76,708,177	582,995	(4,216,350)	73,074,822	4,384,562
Total business-type activities	76,708,177	582,995	(4,216,350)	73,074,822	4,384,562
Total primary government	\$ 379,127,932	\$ 98,080,058	\$ (38,123,856)	\$ 439,084,134	\$ 31,380,192

The General, Hotel-Motel Occupancy Tax, Hotel-Motel Occupancy Venue Tax, and Library and Recreational Funds are responsible for liquidating the liability for compensated absences in the governmental activities and the Water and Sewer Fund is responsible for liquidating the liability for compensated absences in the business-type activities.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Long-term debt at September 30, 2021, is comprised of the following:

	Governmental Activities Public Placement	Governmental Activities Private Placement	Business- Type Activities Public Placement
General Obligation Bonds:			
\$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%	\$ 1,395,000	\$ -	\$ -
\$66,885,000 2014 GO bonds due in annual installments of \$-0- to \$4,790,000 through 2039; interest at 3.0% to 5.0%	60,715,000	-	-
\$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%	22,580,000	-	-
\$6,995,000 2016 refunding bonds due in annual installments of \$-0- to \$1,755,000 through 2032; interest at 2.0% to 4.0%	4,590,000	-	-
\$28,585,000 2017 refunding bonds due in annual installments of \$-0- to \$1,945,000 through 2042; interest at 3.0% to 5.0%	27,795,000	-	-
\$12,210,000 2019 refunding bonds due in annual installments of \$1,330,000 to \$1,775,000 through 2027; interest at 3.0% to 5.0%	9,505,000	-	-
\$6,980,000 2020 refunding bonds due in annual installments of \$375,000 to \$2,005,000 through 2027; interest at 1.21%	-	4,975,000	-
Total General Obligation Bonds	<u>126,580,000</u>	<u>4,975,000</u>	<u>-</u>
Certificates of Obligation:			
\$27,270,000 2014 Combination tax and limited revenue certificates of obligation due in installments of \$175,000 to \$1,700,000 through 2039; interest at 2.0% to 4.0%	22,980,000	-	-
\$6,915,000 2018 Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$510,000 through 2038; interest at 3.0% to 5.0%	6,650,000	-	-
\$27,250,000 2019 Combination tax and revenue certificates of obligation due in installments of \$-0- to \$1,740,000 through 2044; interest at 2.0% to 5.0%	26,545,000	-	-
\$30,000,000 2020 Combination tax and limited revenue certificates of obligation due in installments of \$940,000 to \$3,480,000 through 2032; interest at 1.81%	-	29,060,000	-
\$27,460,000 2021A Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$1,510,000 through 2046; interest at 2.0% to 5.0%	27,460,000	-	-
\$13,745,000 2021B Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$740,000 through 2046; interest at 2.0% to 5.0%	13,745,000	-	-
\$13,810,000 2021C Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$715,000 through 2046; interest at 2.0% to 4.0%	13,810,000	-	-
Total Certificates of Obligation	<u>111,190,000</u>	<u>29,060,000</u>	<u>-</u>
Limited Tax Notes:			
\$4,500,000 2020 Limited tax notes due in annual installments of \$870,000 to \$925,000 through 2025; interest at 1.15%	-	3,630,000	-
\$2,770,000 2021 Limited tax notes due in annual installments of \$495,000 to \$605,000 through 2026; interest at 2.0% to 4.0%	2,770,000	-	-
Total Limited Tax Notes	<u>2,770,000</u>	<u>3,630,000</u>	<u>-</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

	Governmental Activities Public Placement	Governmental Activities Private Placement	Business- Type Activities Public Placement
Hotel Tax Revenue Bonds:			
\$7,715,000 2012 venue tax and hotel bonds due in annual installments of \$10,000 to \$590,000 through 2022; interest at 2.0% to 4.0%	\$ 135,000	\$ -	\$ -
\$4,455,000 2016 refunding bonds due in annual installments of \$30,000 to \$630,000 through 2024; interest at 2.0% to 4.0%	2,370,000	-	-
\$5,560,000 2021 refunding bonds due in annual installments of \$75,000 to \$515,000 through 2037; interest at 4.0%	5,560,000	-	-
Total Hotel Tax Revenue Bonds	8,065,000	-	-
Sales Tax Revenue Bonds:			
\$10,140,000 2017 refunding bonds due in annual installments of \$1.32 to \$1.92 million through 2023; interest at 1.78%	-	2,665,000	-
\$21,310,000 2019 taxable bonds due in annual installments of \$-0- to \$1.22 million through 2044; interest at 2.15% to 3.68%	21,310,000	-	-
\$20,695,000 2021 taxable bonds due in annual installments of \$-0- to \$1,010,000 through 2046; interest at 0.45% to 3.25%	20,695,000	-	-
Total Sales Tax Revenue Bonds	42,005,000	2,665,000	-
Utility System Revenue Bonds:			
\$8,000,000 2014 bonds due in annual installments of \$-0- to \$585,000 through 2034; interest at 2.0% to 4.0%	-	-	5,995,000
\$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%	-	-	34,365,000
\$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%	-	-	26,505,000
Total Utility System Revenue Bonds	-	-	66,865,000
Issuance premium	21,615,176	-	5,477,981
Issuance discount	(47,353)	-	-
Lease purchases payable:			
\$11,131,044 leases due in semi-annual installments including interest ranging from 1.325%-2.9474% due in 2024. The lease obligation is funded with general revenue sources.	4,169,069	-	-
Compensated absences	9,332,420	-	731,841
Total Primary Government Debt	\$ 325,679,312	\$ 40,330,000	\$ 73,074,822

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The annual requirements to amortize bonded, certificates of obligation, loan, and lease debt at September 30, 2021, including interest, are as follows:

Governmental Activities:

Year Ending Sept. 30,	General Obligation Bonds and Certificates of Obligation					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 10,730,000	\$ 9,813,903	\$ 20,543,903	\$ 2,380,000	\$ 586,183	\$ 2,966,183
2023	13,140,000	8,960,906	22,100,906	2,420,000	550,726	2,970,726
2024	11,775,000	8,418,050	20,193,050	3,285,000	514,634	3,799,634
2025	11,825,000	7,899,481	19,724,481	2,395,000	463,005	2,858,005
2026	12,105,000	7,433,344	19,538,344	3,415,000	421,875	3,836,875
2027-2031	56,185,000	29,416,056	85,601,056	16,660,000	1,216,695	17,876,695
2032-2036	54,190,000	17,535,125	71,725,125	3,480,000	62,988	3,542,988
2037-2041	47,580,000	7,032,825	54,612,825	-	-	-
2042-2046	20,240,000	1,291,100	21,531,100	-	-	-
	<u>\$ 237,770,000</u>	<u>\$ 97,800,790</u>	<u>\$ 335,570,790</u>	<u>\$ 34,035,000</u>	<u>\$ 3,816,106</u>	<u>\$ 37,851,106</u>

Year Ending Sept. 30,	Limited Tax Notes					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 495,000	\$ 122,553	\$ 617,553	\$ 890,000	\$ 41,745	\$ 931,745
2023	535,000	78,900	613,900	900,000	31,510	931,510
2024	555,000	57,500	612,500	915,000	21,160	936,160
2025	580,000	35,300	615,300	925,000	10,638	935,638
2026	605,000	12,100	617,100	-	-	-
	<u>\$ 2,770,000</u>	<u>\$ 306,353</u>	<u>\$ 3,076,353</u>	<u>\$ 3,630,000</u>	<u>\$ 105,053</u>	<u>\$ 3,735,053</u>

Year Ending Sept. 30,	Hotel Tax Revenue Bonds - Public Placement		
	Principal	Interest	Total
2022	\$ 690,000	\$ 248,818	\$ 938,818
2023	655,000	281,900	936,900
2024	680,000	255,200	935,200
2025	705,000	227,500	932,500
2026	320,000	207,000	527,000
2027-2031	1,800,000	828,400	2,628,400
2032-2036	2,205,000	429,500	2,634,500
2037-2038	1,010,000	40,800	1,050,800
	<u>\$ 8,065,000</u>	<u>\$ 2,519,118</u>	<u>\$ 10,584,118</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Year Ending Sept. 30,	Sales Tax Revenue Bonds					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,030,000	\$ 1,258,220	\$ 2,288,220	\$ 1,320,000	\$ 47,437	\$ 1,367,437
2023	1,940,000	1,119,083	3,059,083	1,345,000	23,941	1,368,941
2024	1,970,000	1,091,684	3,061,684	-	-	-
2025	2,000,000	1,060,930	3,060,930	-	-	-
2026	2,040,000	1,023,475	3,063,475	-	-	-
2027-2031	9,650,000	4,439,444	14,089,444	-	-	-
2032-2036	7,215,000	3,378,416	10,593,416	-	-	-
2037-2041	8,410,000	2,186,425	10,596,425	-	-	-
2042-2046	7,750,000	696,282	8,446,282	-	-	-
	<u>\$ 42,005,000</u>	<u>\$ 16,253,959</u>	<u>\$ 58,258,959</u>	<u>\$ 2,665,000</u>	<u>\$ 71,378</u>	<u>\$ 2,736,378</u>

Year Ending Sept. 30,	Lease Purchases		
	Principal	Interest	Total
2022	\$ 2,037,029	\$ 78,193	\$ 2,115,222
2023	1,531,203	36,703	1,567,906
2024	600,837	8,675	609,512
	<u>\$ 4,169,069</u>	<u>\$ 123,571</u>	<u>\$ 4,292,640</u>

Business-Type Activities:

Year Ending Sept. 30,	Utility System Revenue Bonds		
	Principal	Interest	Total
2022	\$ 3,475,000	\$ 2,587,631	\$ 6,062,631
2023	3,530,000	2,426,631	5,956,631
2024	3,685,000	2,263,181	5,948,181
2025	3,860,000	2,092,331	5,952,331
2026	4,045,000	1,908,950	5,953,950
2027-2031	17,675,000	7,663,869	25,338,869
2032-2036	18,310,000	4,809,025	23,119,025
2037-2039	12,285,000	1,058,675	13,343,675
	<u>\$ 66,865,000</u>	<u>\$ 24,810,293</u>	<u>\$ 91,675,293</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, 2021, 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

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 2021, net revenues available for debt service were 4.68 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.

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 \$498,319 at September 30, 2021, 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 \$866,675 at September 30, 2021. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires half 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.

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 half 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 the RRTEDC.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The debt service fund for the sales tax revenue bonds, aggregating \$1,638,571 at September 30, 2021, is reported in the governmental funds. Bond covenants require that RRTEDC's share of the sales tax is 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.

2021 Refunding/Issuances

In May 2021, the City issued \$2,770,000 Limited Tax Notes, Series 2021. The proceeds from the sale will be used to purchase vehicles and equipment. The notes were issued with an interest rate of 2% to 4% and mature through 2026.

Additionally, in May 2021, the City issued three (3) Combination Tax and Limited Revenue Certificates of Obligation:

- Series 2021A - \$27,460,000. Proceeds from the sale of the Certificates will be used for public improvements. The bonds were issued with an interest rate of 2.0% to 5.0% and mature through 2046.
- Series 2021B - \$13,745,000. Proceeds from the sale of the Certificates were used for off-site infrastructure related to the Kalahari project to include transportation improvement projects, extending water, wastewater, and drainage system, and extending a reuse water transmission line. The bonds were issued with an interest rate of 2.0% to 5.0% and mature through 2046. All debt payments will be paid from tax revenues generated by the Kalahari project.
- Series 2021C - \$13,810,000. Proceeds from the sale of the Certificates were used for on-site infrastructure related to the Kalahari project and includes transportation improvements, and constructing, improving or extending the City's water, wastewater, and drainage system. The bonds were issued with an interest rate of 2.0% to 4.0% and mature through 2046. All debt payments will be paid from tax revenues generated by the Kalahari project.

In May 2021, the City also issued \$20,695,000 of Senior Lien Sales Tax Revenue Bonds, Taxable Series 2021. Proceeds were used to construct a convention center facility. The bonds were issued with an interest rate of 0.45% to 3.25% to mature through 2046.

In September 2021, the City issued \$5,560,000 Venue Tax and Hotel Occupancy Tax Revenue Refunding Bonds, Series 2021. This debt was issued to refund \$6,610,000 of Series 2012 Venue Tax and Hotel Occupancy Tax Revenue Bonds. The bonds were issued with an interest rate of 4.0% and mature through 2038. The refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements. This is a current refunding and was recorded as an expenditure on the Statement of Revenues, Expenditures, and Change in Fund Balance.

This refunding reduced the total debt service payments over the next 17 years by \$1,268,548 and resulted 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 \$821,993.

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2021, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2020	\$ 8,824,264	\$ 708,788
Additions	6,420,413	582,995
Reductions	(5,912,257)	(559,942)
Balance, September 30, 2021	<u>\$ 9,332,420</u>	<u>\$ 731,841</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Accrued compensated absences due within one year were \$6,252,721 for governmental activities and \$578,154 for business-type activities. Liabilities for accrued compensated absences are funded from General, Hotel-Motel Occupancy Tax, Hotel-Motel Occupancy Venue Tax, and Library and Recreational Funds' revenues for the governmental activities and Water and Sewer Fund program revenues for the business-type activities.

H. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2021:

	Cash and Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service Fund	\$ 5,508,284	\$ -	\$ 238,317	\$ -	\$ -
Restricted by debt covenants - Round Rock Transportation and Economic Development Corporation Fund	19,249,635	56,785,062	-	2,225,691	43,791
Debt-Financed Capital Projects Fund	13,317,346	36,651,489	-	-	7,032
Other Governmental funds	1,465,590	4,323,388	-	-	1,096
Total Governmental Activities	<u>\$ 39,540,855</u>	<u>\$ 97,759,939</u>	<u>\$ 238,317</u>	<u>\$ 2,225,691</u>	<u>\$ 51,919</u>
	Cash and Cash Equivalents	Investments	Accrued Interest Receivable		
Business-Type Activities:					
Water and Sewer Fund - Impact fees	\$ 1,118,428	\$ 3,299,284	\$ -		
Construction	2,309,183	4,809,264	-		
Customer deposits	1,872,125	-	-		
Revenue bond debt service	209,605	-	-		
Accrued interest receivable	-	-	4,637		
Total Business-Type Activities	<u>\$ 5,509,341</u>	<u>\$ 8,108,548</u>	<u>\$ 4,637</u>		

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 \$10,035 and Travis County was paid \$911 for the fiscal year ended September 30, 2021.

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, the City's cost under this contract was \$530,880.

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 Lake Stillhouse Hollow" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet per year at the new system rate. For the fiscal year ended September 30, 2021, the City's cost under this contract was \$1,432,586.

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, 2021, the City's cost under these contracts was \$1,666,587.

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

Regional Wastewater Project

In December 2009, the cities of Round Rock, Austin and Cedar Park purchased the Brushy Creek Regional Wastewater System (BCRWWS) assets from the Lower Colorado River Authority 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 BCRWWS treatment plant ownership is allocated based on the amount of reserved capacity each city has in the 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 reserved capacity in the system is 20.1 MGD, or 81.96%, of total treatment capacity. The BCRWWS East Plant is currently undergoing a 10 MGD expansion project of which 1.2 MGD will be allocated to the City Round Rock. Construction is ongoing as of September 30, 2021, and is estimated for completion in summer 2023.

The cities of Round Rock, Austin, Cedar Park, and Leander entered into an interlocal agreement in July 2018 for the City of Round Rock to take over operations and maintenance of the BCRWWS effective October 1, 2018. Previously, the BCRWWS was operated by the Brazos River Authority on behalf of the cities.

The cost of the BCRWWS operation and maintenance expenses are allocated based on each city's annual flow percentage into the system. For fiscal year ended September 30, 2021, the City of Round Rock's allocated share of operation and maintenance expenses was 67.95%.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, 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 (IRC), 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.

Tax Abatements

The City enters into economic development agreements designed to promote development and redevelopment within the City, create primary jobs, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of Round Rock. The City negotiates property tax, hotel occupancy tax, sales tax, and mixed beverage tax rebates on an individual basis. Each agreement was negotiated under Chapter 380 of the Texas Local Government Code. Under a 380 agreement, the recipient pays the total taxes due to the City, and the City rebates a portion of the taxes paid based on the terms of the agreement. The City has a recapture clause in each agreement. Amounts paid for the tax abatement and tax rebate programs for the year ended September 30, 2021, are summarized below:

<u>Tax Rebate Program</u>	<u>Amount of Taxes Rebated</u>
Hotel Occupancy Tax	\$ 91,468
Mixed Beverage Tax	102,201
Property Tax	2,422,279
Sales Tax	9,953,216

In addition to reduced taxes, the City has some agreements that include economic incentive payments. Tax revenues were reduced as a result of the City's 380 agreements. The City is not subject to any tax abatement agreements entered into by other governmental entities. However, the City may also act as a conduit for the refunding of state sales and hotel occupancy taxes generated by a qualifying project under Sections 151.429(h), 351.102(b), and 351.1022 of the Texas Tax Code, Section 2303.5055 of the Texas Government Code, and other applicable laws.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

Self-Funded Health Insurance Fund

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

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

Fiscal Year	Beginning Liability	Claims and Changes in Estimates	Actual Claim Payments	Ending Liability
2019	\$ 486,782	\$ 11,412,211	\$ 11,313,542	\$ 585,451
2020	585,451	9,899,294	10,296,152	188,593
2021	188,593	11,652,169	10,987,608	853,154

C. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates as one of 895 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 annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 and any age, vested and age 60
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, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	397
Inactive employees entitled to but not yet receiving benefits	437
Active employees	<u>974</u>
Total	<u><u>1,808</u></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. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time. 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 2020 and 2021 as follows:

	<u>2020</u>	<u>2021</u>
Total Retirement Rate	15.35%	15.84%
Supplemental Death Benefit	<u>0.14</u>	<u>0.14</u>
Total Combined Contribution	<u><u>15.49%</u></u>	<u><u>15.98%</u></u>

Accordingly, contributions to TMRS for the year ended September 30, 2021, were \$11,865,291 and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2020, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the 4-year period from December 31, 2014, to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019, actuarial valuation. The post-retirement mortality assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) 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 2021 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
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, 2021

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2019	\$ 311,206,293	\$ 271,066,213	\$ 40,140,080
Changes for the year:			
Service cost	13,315,518	-	13,315,518
Interest	21,130,343	-	21,130,343
Difference between expected and actual experience	2,225,761	-	2,225,761
Changes of assumptions	-	-	-
Contributions - employer	-	11,366,407	(11,366,407)
Contributions - employee	-	5,184,834	(5,184,834)
Net investment income	-	20,602,217	(20,602,217)
Benefit payments, including refunds of employee contributions	(9,643,873)	(9,643,873)	-
Administrative expense	-	(133,140)	133,140
Other	-	(5,193)	5,193
Net changes	27,027,749	27,371,252	(343,503)
Balance at December 31, 2020	\$ 338,234,042	\$ 298,437,465	\$ 39,796,577

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	Current	1% Increase
	5.75%	Discount Rate	7.75%
		6.75%	
City's Net Pension Liability	\$ 94,216,328	\$ 39,796,577	\$ (4,374,727)

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, 2021

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

For the year ended September 30, 2021, the City recognized pension expense of \$9,572,342. At September 30, 2021, 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	\$ 5,240,130	\$ 32,548
Difference between projected and actual investment earnings	-	7,703,447
Changes in actuarial assumptions used to determine pension liability	395,144	59,349
Pension contributions after measurement date	8,878,422	-
Total	<u>\$ 14,513,696</u>	<u>\$ 7,795,344</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$8,878,422 will be recognized as a reduction of the NPL for the measurement year ending December 31, 2021 (i.e., recognized in the City's financial statements September 30, 2022). 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
2021	\$ (1,317,187)
2022	1,487,407
2023	(3,114,897)
2024	511,266
2025	273,341
Thereafter	-
Total	<u>\$ (2,160,070)</u>

D. OTHER POST-EMPLOYMENT BENEFITS

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.

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, dental and vision insurance until age 65. Medical insurance includes prescription drug coverage. 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 retiree or dependent becomes eligible for Medicare at age 65, he/she is no longer eligible for benefits. Also, retirees are no longer eligible if they have insurance or are eligible for insurance through another employer. 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 considered a single-employer defined benefit OPEB plan.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 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, 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 is ineligible to continue retiree medical, dental, and/or vision coverage. However, a surviving spouse may elect COBRA coverage for no more than 36 months and are required to pay the entire COBRA premium plus a 2 percent administrative fee.

Employees Covered by Benefit Terms

At the December 31, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

SDBF:

Inactive employees currently receiving benefits	321
Inactive employees entitled to but not yet receiving benefits	134
Active employees	974
Total	<u>1,429</u>

Self-Funded Health Insurance:

Inactive employees (retirees)	36
Active employees	941
Total	<u>977</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 2021, 2020, and 2019 were \$16,388, \$14,889, and \$14,528, 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 0.05% for the year ended 2021 and 0.02% for the years ended 2020 and 2019.

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, vision, and life insurance premiums are reported in this fund.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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, 2021, the City recognized a total OPEB liability of \$20,399,328, \$3,090,138 of which was for the SDBF, and \$17,309,190 for the Self-Funded Health Insurance plan. Both were measured as of December 31, 2020, and were determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

	SDBF	Self-Funded Health Insurance
Inflation	2.5%	2.5%
Salary increases	3.5% to 11.5% including inflation	3.0%
Discount rate**	2.00%	2.75%
Healthcare cost trend rate	None	Getzen model (6.86% to 4.29%)
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	For service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. For disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.	Mortality rates were based on the RP-2014 Dynamic Table projected using MP-2019
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 average 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, 2020.

*** 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 liability is calculated individually for each member. The normal cost rate for an

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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 were developed primarily from the actuarial investigation of the experience of TMRS over the period December 31, 2014, to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019, actuarial valuation.

Changes in the Total OPEB Liability

	SDBF	Self-Funded Health Insurance	Total
Balance at December 31, 2019	\$ 2,468,900	\$ 16,141,759	\$ 18,610,659
Changes for the year:			
Service cost	148,032	1,405,816	1,553,848
Interest	69,727	472,779	542,506
Differences between expected and actual experience	(42,783)	-	(42,783)
Changes in assumptions or other inputs	461,065	-	461,065
Benefit payments	(14,803)	(711,164)	(725,967)
Net changes	621,238	1,167,431	1,788,669
Balance at December 31, 2020	\$ 3,090,138	\$ 17,309,190	\$ 20,399,328

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

The following tables present the total OPEB liability of the City, calculated using the discount rate (2% for SDBF and 2.75% for the Self-Funded Health Insurance 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 or 1-percentage-point higher than the current discount rate:

	1% Decrease 1.00%	Current Discount Rate 2.00%	1% Increase 3.00%
SDBF	\$ 3,881,200	\$ 3,090,138	\$ 2,495,537

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
Self-Funded Health Insurance	\$ 18,455,877	\$ 17,309,190	\$ 16,198,057

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

The following table presents the total OPEB liability of the City, calculated using the healthcare trend rate of 6.86% to 4.29%, 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 (5.86% to 3.29%) or 1-percentage-point higher (7.86% to 5.29%) than the current healthcare trend rate:

	1% Decrease	Healthcare Trend Rate	1% Increase
Self-Funded Health Insurance	\$ 15,487,206	\$ 17,309,190	\$ 19,414,093

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

For the fiscal year ended September 30, 2021, the City recognized total OPEB expense of \$1,514,175, \$328,447 of which was for the SDBF, and \$1,185,728 for the Self-Funded Health Insurance plan. At September 30, 2021, 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		Total	SDBF		Total
Difference between expected and actual economic experience	\$ -	\$ -	\$ -	\$ 88,001	\$ 175,725	\$ 263,726
Changes in assumptions and other inputs	793,242	898,460	1,691,702	94,614	348,354	442,968
OPEB contributions after measurement date	26,552	572,792	599,344	-	-	-
Total	<u>\$ 819,794</u>	<u>\$ 1,471,252</u>	<u>\$ 2,291,046</u>	<u>\$ 182,615</u>	<u>\$ 524,079</u>	<u>\$ 706,694</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$599,344 will be recognized as a reduction of the total OPEB for the measurement year ending December 31, 2021 (i.e. recognized in the City's financial statements September 30, 2022). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources	
		Self-Funded Health Insurance
Measurement Year Ended December 31,	SDBF	
2021	\$ 110,688	\$ 120,425
2022	110,688	120,425
2023	110,688	72,350
2024	94,857	61,181
2025	104,842	-
Thereafter	78,864	-
Total	<u>\$ 610,627</u>	<u>\$ 374,381</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

E. MUNICIPAL GOLF COURSE

Management Agreement

Management of the City's golf course has been performed by a private operator in accordance with the terms of a Management Agreement since 1989. The current Management Agreement had an initial term of three years that shall automatically renew for two additional 1-year terms. The agreement began on January 1, 2017, with the second 1-year renewal period beginning on January 1, 2021. The contract will continue automatic 1-year renewal terms unless one of the parties chooses to terminate. 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.

F. SUBSEQUENT EVENTS

Crow Group Series, LLC

On July 26, 2018, the City entered into an Economic Development Program Agreement with Crow Group Series, LLC (Crow) to promote economic development. Crow intended 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 is required to invest approximately \$24.0 million in improvements to the property and the City provided funding through an economic development loan for \$2.2 million to defray a portion of the Project's costs. The loan is secured by a first lien on a portion of the land to be developed. The project consists of three phases. As of December 31, 2020, Crow is in default on the agreement as Phase 2 has not been completed by the date specified in the agreement. The City and Crow Group are in negotiations to resolve the default.





CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021
(UNAUDITED)

Texas Municipal Retirement System (TMRS) Plan
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)	171,346,855	177,785,177	196,038,725
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	2018	2019	2020
\$ 10,430,650	\$ 11,165,127	\$ 12,125,301	\$ 13,315,518
16,360,878	17,747,611	19,262,844	21,130,343
671,908	773,706	4,071,075	2,225,761
-	-	608,160	-
<u>(7,483,495)</u>	<u>(7,089,473)</u>	<u>(8,347,798)</u>	<u>(9,643,873)</u>
19,979,941	22,596,971	27,719,582	27,027,749
240,909,799	260,889,740	283,486,711	311,206,293
<u>\$ 260,889,740</u>	<u>\$ 283,486,711</u>	<u>\$ 311,206,293</u>	<u>\$ 338,234,042</u>
\$ 9,138,705	\$ 9,753,253	\$ 10,471,204	\$ 11,366,407
4,113,985	4,406,956	4,793,245	5,184,834
27,187,574	(6,861,490)	35,438,150	20,602,217
(7,483,495)	(7,089,473)	(8,347,798)	(9,643,873)
(140,808)	(132,486)	(199,970)	(133,140)
<u>(7,136)</u>	<u>(6,921)</u>	<u>(6,007)</u>	<u>(5,193)</u>
32,808,825	69,839	42,148,824	27,371,252
196,038,725	228,847,550	228,917,389	271,066,213
228,847,550	228,917,389	271,066,213	298,437,465
<u>\$ 32,042,190</u>	<u>\$ 54,569,322</u>	<u>\$ 40,140,080</u>	<u>\$ 39,796,577</u>
87.72%	80.75%	87.10%	88.23%
\$ 58,533,388	\$ 62,831,331	\$ 68,196,291	\$ 74,016,219
54.74%	86.85%	58.86%	53.77%

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021
(UNAUDITED)

Texas Municipal Retirement System (TMRS) Plan
Schedule of Contributions

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

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	24 years
Asset Valuation Method	10-year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% 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 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

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

2018	2019	2020	2021
\$ 9,582,199	\$ 10,313,421	\$ 10,806,103	\$ 11,542,600
9,618,245	10,377,168	10,635,298	11,865,291
\$ (36,046)	\$ (63,747)	\$ 170,805	\$ (322,691)
\$ 61,743,107	\$ 67,091,746	\$ 68,196,291	\$ 74,016,219
15.57%	15.46%	15.60%	16.03%

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021
(UNAUDITED)

Schedule of Changes in the Total OPEB Liability and Related Ratios

Supplemental Death Benefit Fund

Measurement period ending December 31,	2017	2018	2019	2020
Service Cost	\$ 87,800	\$ 106,813	\$ 102,294	\$ 148,032
Interest	63,146	66,031	72,369	69,727
Changes in assumptions or other inputs	176,033	(160,017)	438,301	461,065
Differences between expected and actual experience	-	(41,694)	(36,755)	(42,783)
Benefit payments	(11,707)	(12,566)	(13,639)	(14,803)
Net change in total OPEB liability	315,272	(41,433)	562,570	621,238
Total OPEB liability - beginning	1,632,491	1,947,763	1,906,330	2,468,900
Total OPEB liability - ending	<u>\$ 1,947,763</u>	<u>\$ 1,906,330</u>	<u>\$ 2,468,900</u>	<u>\$ 3,090,138</u>
Covered payroll	\$ 58,533,338	\$ 62,831,331	\$ 68,196,291	\$ 74,016,219
Total OPEB liability as a percentage of covered payroll	3.33%	3.03%	3.62%	4.17%

Self-Funded Health Insurance

Measurement period ending December 31,	2017	2018	2019	2020
Service Cost	\$ 837,881	\$ 886,296	\$ 919,177	\$ 1,405,816
Interest	477,714	498,983	532,239	472,780
Changes in assumptions or other inputs	798,106	(643,572)	882,735	-
Differences between expected and actual experience	(114,595)	-	(196,828)	-
Benefit payments	(431,570)	(465,610)	(597,720)	(711,164)
Net change in total OPEB liability	1,567,536	276,097	1,539,603	1,167,432
Total OPEB liability - beginning	12,758,523	14,326,059	14,602,156	16,141,759
Total OPEB liability - ending	<u>\$ 14,326,059</u>	<u>\$ 14,602,156</u>	<u>\$ 16,141,759</u>	<u>\$ 17,309,191</u>
Covered payroll	\$ 58,533,338	\$ 62,831,331	\$ 68,196,291	\$ 74,016,219
Total OPEB liability as a percentage of covered payroll	24.5%	23.2%	23.7%	23.4%

Notes to Schedules:

- 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 Governmental 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, ongoing repairs, maintenance and capital improvements to the City-owned Dell Diamond, a minor league baseball stadium and conference center, and for 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.

Innovation and Development Fund – To account for the activities of select economic development and Chapter 380 agreements.

Library and Recreational Fund – To account for amounts received through the City's landscape ordinance, contributions and general government resources designated for library and recreational programs of the City.

Public Safety Fund – To account for amounts received through child safety fines, court security, court technology fees, and drug enforcement actions, some of which promote traffic safety programs.

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

Roadway Impact Fees Fund – To account for amounts received from developers to recover the incremental cost of each new unit of development on the arterial and collector roadway infrastructure and identify them by designated service area.

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2021**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Innovation and Development
ASSETS				
Cash and cash equivalents	\$ -	\$ 613,690	\$ 1,754,662	\$ 73,235
Investments	-	1,810,341	5,166,839	216,038
Receivables -				
Accounts and other	-	740,611	211,620	-
Accrued interest	-	2,431	3,444	2,049
Grants	326,520	-	-	-
Restricted cash	-	477,471	-	375,464
Restricted investments	-	1,408,508	-	1,107,591
Restricted accrued interest	-	224	-	-
Total assets	<u>\$ 326,520</u>	<u>\$ 5,053,276</u>	<u>\$ 7,136,565</u>	<u>\$ 1,774,377</u>
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ 326,520	\$ 23,054	\$ 31,127	\$ 21
Accrued payroll	-	14,634	24,105	-
Unearned revenue	-	-	-	-
Total liabilities	<u>326,520</u>	<u>37,688</u>	<u>55,232</u>	<u>21</u>
Fund balances -				
Restricted - authorized construction	-	1,874,459	-	-
Restricted - hotel-motel tax	-	3,141,129	7,081,333	-
Restricted - public safety	-	-	-	-
Restricted - general government	-	-	-	-
Committed - general government	-	-	-	-
Committed - capital projects funds	-	-	-	-
Committed - culture and recreation	-	-	-	1,483,055
Assigned - culture and recreation	-	-	-	291,301
Total fund balances	<u>-</u>	<u>5,015,588</u>	<u>7,081,333</u>	<u>1,774,356</u>
Total liabilities and fund balances	<u>\$ 326,520</u>	<u>\$ 5,053,276</u>	<u>\$ 7,136,565</u>	<u>\$ 1,774,377</u>

Library and Recreational	Public Safety	Public Education & Government	Roadway Impact Fees	Total Nonmajor Governmental Funds
\$ 1,690,454	\$ 186,211	\$ 367,351	\$ -	\$ 4,685,603
4,982,295	549,313	1,083,660	-	13,808,486
-	-	-	-	952,231
3,460	376	749	-	12,509
-	-	-	-	326,520
-	-	-	612,655	1,465,590
-	-	-	1,807,289	4,323,388
-	-	-	872	1,096
<u>\$ 6,676,209</u>	<u>\$ 735,900</u>	<u>\$ 1,451,760</u>	<u>\$ 2,420,816</u>	<u>\$ 25,575,423</u>

\$ 134,499	\$ 4	\$ 18,030	\$ 9	\$ 533,264
14,254	-	-	-	52,993
1,450,323	-	-	2,414,890	3,865,213
<u>1,599,076</u>	<u>4</u>	<u>18,030</u>	<u>2,414,899</u>	<u>4,451,470</u>

-	-	-	5,917	1,880,376
-	-	-	-	10,222,462
-	735,896	-	-	735,896
-	-	1,433,730	-	1,433,730
881,812	-	-	-	881,812
1,989,706	-	-	-	1,989,706
-	-	-	-	1,483,055
2,205,615	-	-	-	2,496,916
<u>5,077,133</u>	<u>735,896</u>	<u>1,433,730</u>	<u>5,917</u>	<u>21,123,953</u>
<u>\$ 6,676,209</u>	<u>\$ 735,900</u>	<u>\$ 1,451,760</u>	<u>\$ 2,420,816</u>	<u>\$ 25,575,423</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2021**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Innovation and Development
Revenues -				
Taxes and franchise	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Charges for services	-	-	1,372,042	-
Fines and forfeitures	-	-	-	-
Intergovernmental	1,114,064	15	589	5,607,306
Hotel occupancy tax	-	4,286,888	2,445,138	4,271,101
Contributions	-	-	-	-
Investment and other	-	28,901	59,645	15,469
Total revenues	<u>1,114,064</u>	<u>4,315,804</u>	<u>3,877,414</u>	<u>9,893,876</u>
Expenditures -				
Current -				
General government	896,572	-	-	5,525,670
Culture and recreation	-	1,251,398	1,654,812	-
Capital projects	217,492	134,414	-	-
Total expenditures	<u>1,114,064</u>	<u>1,385,812</u>	<u>1,654,812</u>	<u>5,525,670</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>2,929,992</u>	<u>2,222,602</u>	<u>4,368,206</u>
Other financing sources (uses) -				
Transfers in	-	-	-	11,192
Transfers out	<u>-</u>	<u>(1,578,000)</u>	<u>(617,780)</u>	<u>(2,605,042)</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,578,000)</u>	<u>(617,780)</u>	<u>(2,593,850)</u>
Net change in fund balances	-	1,351,992	1,604,822	1,774,356
Fund balances, October 1, 2020	<u>-</u>	<u>3,663,596</u>	<u>5,476,511</u>	<u>-</u>
Fund balances, September 30, 2021	<u>\$ -</u>	<u>\$ 5,015,588</u>	<u>\$ 7,081,333</u>	<u>\$ 1,774,356</u>

Library and Recreational	Public Safety	Public Education & Government	Roadway Impact Fees	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 191,140	\$ -	\$ 191,140
140,300	-	-	-	140,300
840,246	-	-	-	2,212,288
-	125,663	-	-	125,663
604	-	-	-	6,722,578
-	-	-	-	11,003,127
43,138	-	-	-	43,138
58,223	26,217	11,261	5,917	205,633
<u>1,082,511</u>	<u>151,880</u>	<u>202,401</u>	<u>5,917</u>	<u>20,643,867</u>
132,943	52,109	170,602	-	6,777,896
1,163,442	-	-	-	4,069,652
1,307,265	-	-	-	1,659,171
<u>2,603,650</u>	<u>52,109</u>	<u>170,602</u>	<u>-</u>	<u>12,506,719</u>
<u>(1,521,139)</u>	<u>99,771</u>	<u>31,799</u>	<u>5,917</u>	<u>8,137,148</u>
675,000	-	-	-	686,192
<u>-</u>	<u>(121,159)</u>	<u>-</u>	<u>-</u>	<u>(4,921,981)</u>
<u>675,000</u>	<u>(121,159)</u>	<u>-</u>	<u>-</u>	<u>(4,235,789)</u>
(846,139)	(21,388)	31,799	5,917	3,901,359
<u>5,923,272</u>	<u>757,284</u>	<u>1,401,931</u>	<u>-</u>	<u>17,222,594</u>
<u>\$ 5,077,133</u>	<u>\$ 735,896</u>	<u>\$ 1,433,730</u>	<u>\$ 5,917</u>	<u>\$ 21,123,953</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, 2021
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts			Variance - Positive (Negative)	2020 Actual
	Original	Final	Actual		
Revenues -					
Taxes and franchise -					
Property tax	\$ 44,150,000	\$ 44,150,000	\$ 43,431,612	\$ (718,388)	\$ 41,849,470
Penalty and interest	82,000	82,000	90,091	8,091	114,297
Sales tax	48,330,861	49,201,861	49,201,861	-	54,209,511
Franchise	6,622,749	6,622,749	6,617,294	(5,455)	6,848,882
Bingo tax	27,000	27,000	50,538	23,538	49,074
Mixed drink tax	421,308	421,308	817,088	395,780	571,922
Total taxes and franchise	99,633,918	100,504,918	100,208,484	(296,434)	103,643,156
Licenses, permits and fees -					
Building permits	657,766	657,766	1,014,677	356,911	651,520
Other permits	40,222	40,222	39,670	(552)	46,008
Fees	795,306	795,306	1,348,496	553,190	943,164
Total licenses, permits, and fees	1,493,294	1,493,294	2,402,843	909,549	1,640,692
Charges for services -					
Trash collection fees	1,210,571	1,210,571	1,292,994	82,423	1,262,420
Swimming pool fees	1,013,809	1,013,809	1,366,839	353,030	768,091
Recreation program fees	1,597,269	1,597,269	2,142,331	545,062	1,451,340
Filing and reproduction fees	17,999	17,999	10,949	(7,050)	16,524
Other	51,663	51,663	67,184	15,521	24,743
Total charges for services	3,891,311	3,891,311	4,880,297	988,986	3,523,118
Fines and forfeitures	1,047,669	1,047,669	1,027,327	(20,342)	1,454,794
Grants	1,706,500	1,706,500	3,103,417	1,396,917	2,317,254
Investment and other -					
Investment income	990,000	990,000	625,132	(364,868)	1,220,377
Other	4,790,301	4,790,301	4,601,522	(188,779)	5,027,273
Total investment and other	5,780,301	5,780,301	5,226,654	(553,647)	6,247,650
Total revenues	113,552,993	114,423,993	116,849,022	2,425,029	118,826,664

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts			Variance - Positive (Negative)	2020 Actual
	Original	Final	Actual		
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 15,336,997	\$ 14,179,741	\$ 14,089,331	\$ 90,410	\$ 13,902,636
Operations	9,153,334	9,822,430	9,419,139	403,291	8,617,406
Capital outlay	75,000	35,479	3,759	31,720	75,000
Total executive	<u>24,565,331</u>	<u>24,037,650</u>	<u>23,512,229</u>	<u>525,421</u>	<u>22,595,042</u>
Judicial -					
Personnel services	1,063,305	981,965	972,497	9,468	1,006,336
Operations	76,740	76,740	62,292	14,448	86,850
Total judicial	<u>1,140,045</u>	<u>1,058,705</u>	<u>1,034,789</u>	<u>23,916</u>	<u>1,093,186</u>
Total general government	<u>25,705,376</u>	<u>25,096,355</u>	<u>24,547,018</u>	<u>549,337</u>	<u>23,688,228</u>
Public safety					
Police -					
Personnel services	30,554,945	30,034,204	30,021,401	12,803	29,336,746
Operations	3,655,988	3,817,988	3,542,335	275,653	3,501,495
Capital outlay	20,432	20,432	11,310	9,122	1,431
Total police	<u>34,231,365</u>	<u>33,872,624</u>	<u>33,575,046</u>	<u>297,578</u>	<u>32,839,672</u>
Fire -					
Personnel services	22,457,048	23,926,508	23,923,015	3,493	21,640,594
Operations	2,046,768	1,947,768	1,947,397	371	1,837,956
Total fire	<u>24,503,816</u>	<u>25,874,276</u>	<u>25,870,412</u>	<u>3,864</u>	<u>23,478,550</u>
Total public safety	<u>58,735,181</u>	<u>59,746,900</u>	<u>59,445,458</u>	<u>301,442</u>	<u>56,318,222</u>

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts			Variance - Positive (Negative)	2020 Actual
	Original	Final	Actual		
Expenditures -					
Current -					
Public works					
Administration -					
Personnel services	\$ 4,871,623	\$ 5,007,805	\$ 4,887,707	\$ 120,098	\$ 4,813,350
Operations	3,342,399	3,314,399	3,198,330	116,069	2,868,486
Capital outlay	-	-	-	-	28,152
Total administration	<u>8,214,022</u>	<u>8,322,204</u>	<u>8,086,037</u>	<u>236,167</u>	<u>7,709,988</u>
Streets -					
Personnel services	2,909,479	2,720,459	2,628,372	92,087	2,602,792
Operations	6,084,984	3,544,984	2,904,679	640,305	2,760,359
Capital outlay	136,000	136,000	124,731	11,269	65,522
Total streets	<u>9,130,463</u>	<u>6,401,443</u>	<u>5,657,782</u>	<u>743,661</u>	<u>5,428,673</u>
Maintenance shop -					
Personnel services	1,431,075	1,466,073	1,466,071	2	1,473,580
Operations	235,773	229,758	200,021	29,737	199,124
Capital outlay	20,000	48,000	6,493	41,507	19,290
Total maintenance shop	<u>1,686,848</u>	<u>1,743,831</u>	<u>1,672,585</u>	<u>71,246</u>	<u>1,691,994</u>
Total public works	<u>19,031,333</u>	<u>16,467,478</u>	<u>15,416,404</u>	<u>1,051,074</u>	<u>14,830,655</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, 2021
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts			Variance - Positive (Negative)	2020 Actual
	Original	Final	Actual		
Expenditures -					
Current -					
Culture and recreation					
Library -					
Personnel services	\$ 2,543,833	\$ 2,642,547	\$ 2,598,651	\$ 43,896	\$ 2,396,599
Operations	699,422	730,045	691,976	38,069	661,343
Total library	3,243,255	3,372,592	3,290,627	81,965	3,057,942
Parks and recreation -					
Personnel services	9,227,524	8,961,344	8,830,738	130,606	8,892,957
Operations	3,620,327	3,790,327	3,682,420	107,907	2,965,021
Capital outlay	82,000	97,000	57,707	39,293	98,666
Total parks and recreation	12,929,851	12,848,671	12,570,865	277,806	11,956,644
Total culture and recreation	16,173,106	16,221,263	15,861,492	359,771	15,014,586
Total expenditures	119,644,996	117,531,996	115,270,372	2,261,624	109,851,691
Excess (deficiency) of revenues over expenditures	(6,092,003)	(3,108,003)	1,578,650	4,686,653	8,974,973
Other financing sources (uses) -					
Transfers in	6,107,000	6,107,000	6,257,264	150,264	5,061,250
Transfers out	-	(8,359,371)	(8,359,371)	-	(3,947,201)
Total other financing sources (uses)	6,107,000	(2,252,371)	(2,102,107)	150,264	1,114,049
Net change in fund balances	\$ 14,997	\$ (5,360,374)	(523,457)	\$ 4,836,917	10,089,022
Fund balance, October 1, 2020			59,813,896		49,724,874
Fund balance, September 30, 2021			\$ 59,290,439		\$ 59,813,896

**CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Revenues -				
Taxes and franchise	\$ 24,364,717	\$ 24,364,717	\$ 24,647,695	\$ 282,978
Investment and other	50,000	50,000	34,682	(15,318)
Total revenues	<u>24,414,717</u>	<u>24,414,717</u>	<u>24,682,377</u>	<u>267,660</u>
Expenditures -				
Debt service -				
Principal retirement	19,360,169	21,708,671	20,148,502	1,560,169
Interest and fiscal charges	9,904,424	10,367,705	10,367,705	-
Issuance costs	350,000	350,000	174,445	175,555
Total expenditures	<u>29,614,593</u>	<u>32,426,376</u>	<u>30,690,652</u>	<u>1,735,724</u>
Excess (deficiency) of revenues over expenditures	<u>(5,199,876)</u>	<u>(8,011,659)</u>	<u>(6,008,275)</u>	<u>2,003,384</u>
Other financing sources (uses) -				
Issuance of refunding bonds	-	-	5,560,000	5,560,000
Issuance of premium	-	-	1,100,137	1,100,137
Payment to refunded bond escrow agent	-	(6,482,675)	(6,482,675)	-
Transfers in	262,500	262,500	6,281,080	6,018,580
Transfers out	-	-	(11,192)	(11,192)
Total other financing sources (uses)	<u>262,500</u>	<u>(6,220,175)</u>	<u>6,447,350</u>	<u>12,667,525</u>
Net change in fund balances	<u>\$ (4,937,376)</u>	<u>\$ (14,231,834)</u>	<u>439,075</u>	<u>\$ 14,670,909</u>
Fund balance, October 1, 2020			<u>5,080,091</u>	
Fund balance, September 30, 2021			<u>\$ 5,519,166</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 FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Intergovernmental	\$ 1,114,064	\$ 1,114,064	\$ 1,114,064	\$ -
Total revenues	1,114,064	1,114,064	1,114,064	-
Expenditures -				
Current -				
General government -				
Operations	896,572	896,572	896,572	-
Capital projects	217,492	217,492	217,492	-
Total expenditures	1,114,064	1,114,064	1,114,064	-
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balance, October 1, 2020			-	
Fund balance, September 30, 2021			\$ -	

**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, 2021**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Intergovernmental	\$ -	\$ -	\$ 15	\$ 15
Hotel occupancy tax	3,395,231	3,395,231	4,286,888	891,657
Investment and other	112,373	112,373	28,901	(83,472)
Total revenues	3,507,604	3,507,604	4,315,804	808,200
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	510,957	511,882	482,614	29,268
Operations	1,336,695	1,435,770	768,784	666,986
Capital projects	-	163,514	134,414	29,100
Total expenditures	1,847,652	2,111,166	1,385,812	725,354
Excess (deficiency) of revenues over expenditures	1,659,952	1,396,438	2,929,992	1,533,554
Other financing sources (uses) -				
Transfers out	-	(1,578,000)	(1,578,000)	-
Total other financing sources (uses)	-	(1,578,000)	(1,578,000)	-
Net change in fund balances	\$ 1,659,952	\$ (181,562)	1,351,992	\$ 1,533,554
Fund balance, October 1, 2020			3,663,596	
Fund balance, September 30, 2021			\$ 5,015,588	

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, 2021

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Charges for services	\$ 1,175,000	\$ 1,175,000	\$ 1,372,042	\$ 197,042
Intergovernmental	-	-	589	589
Hotel occupancy tax	1,254,835	1,254,835	2,445,138	1,190,303
Investment and other	80,938	80,938	59,645	(21,293)
Total revenues	2,510,773	2,510,773	3,877,414	1,366,641
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	1,268,068	1,236,068	1,053,986	182,082
Operations	567,873	649,873	600,826	49,047
Total expenditures	1,835,941	1,885,941	1,654,812	231,129
Excess (deficiency) of revenues over expenditures	674,832	624,832	2,222,602	1,597,770
Other financing sources (uses) -				
Transfers out	(367,780)	(617,780)	(617,780)	-
Total other financing sources (uses)	(367,780)	(617,780)	(617,780)	-
Net change in fund balances	\$ 307,052	\$ 7,052	1,604,822	\$ 1,597,770
Fund balance, October 1, 2020			5,476,511	
Fund balance, September 30, 2021			\$ 7,081,333	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
INNOVATION AND DEVELOPMENT FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Intergovernmental	-	5,607,306	5,607,306	-
Hotel occupancy tax	-	4,271,101	4,271,101	-
Investment and other	-	15,469	15,469	-
Total revenues	-	9,893,876	9,893,876	-
Expenditures -				
Current -				
General Government- Operations	-	5,525,670	5,525,670	-
Total expenditures	-	5,525,670	5,525,670	-
Excess (deficiency) of revenues over expenditures	-	4,368,206	4,368,206	-
Other financing sources (uses) -				
Transfers in	-	11,192	11,192	-
Transfers out	-	(2,605,042)	(2,605,042)	-
Total other financing sources (uses)	-	(2,593,850)	(2,593,850)	-
Net change in fund balances	\$ -	\$ 1,774,356	1,774,356	\$ -
Fund balance, October 1, 2020			-	
Fund balance, September 30, 2021			\$ 1,774,356	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LIBRARY AND RECREATIONAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Licenses, permits and fees	\$ 35,000	\$ 35,000	\$ 140,300	\$ 105,300
Charges for services	547,112	547,112	840,246	293,134
Intergovernmental	-	-	604	604
Contributions	4,000	4,000	43,138	39,138
Investment and other	247,053	247,053	58,223	(188,830)
Total revenues	833,165	833,165	1,082,511	249,346
Expenditures -				
Current -				
General government -				
Operations	776,738	612,093	132,943	479,150
Total general government	776,738	612,093	132,943	479,150
Culture and recreation -				
Personnel services	582,157	582,157	530,068	52,089
Operations	659,666	749,566	633,374	116,192
Total culture and recreation	1,241,823	1,331,723	1,163,442	168,281
Capital Projects	1,607,311	2,897,078	1,307,265	1,589,813
Total expenditures	3,625,872	4,840,894	2,603,650	2,237,244
Excess (deficiency) of revenues over expenditures	(2,792,707)	(4,007,729)	(1,521,139)	2,486,590
Other financing sources (uses) -				
Transfers in	675,000	675,000	675,000	-
Total other financing sources (uses)	675,000	675,000	675,000	-
Net change in fund balances	\$ (2,117,707)	\$ (3,332,729)	(846,139)	\$ 2,486,590
Fund balance, October 1, 2020			5,923,272	
Fund balance, September 30, 2021			<u>\$ 5,077,133</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC SAFETY FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Fines and forfeitures	\$ 107,000	\$ 107,000	\$ 125,663	\$ 18,663
Investment and other	3,600	3,600	26,217	22,617
Total revenues	110,600	110,600	151,880	41,280
Expenditures -				
Current-				
General government-				
Operations	698,974	698,974	52,109	646,865
Total expenditures	698,974	698,974	52,109	646,865
Excess (deficiency) of revenues over expenditures	(588,374)	(588,374)	99,771	688,145
Other financing sources (uses) -				
Transfers out	-	(121,159)	(121,159)	-
Total other financing sources (uses)	-	(121,159)	(121,159)	-
Net change in fund balances	<u>\$ (588,374)</u>	<u>\$ (709,533)</u>	(21,388)	<u>\$ 688,145</u>
Fund balance, October 1, 2020			<u>757,284</u>	
Fund balance, September 30, 2021			<u>\$ 735,896</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC EDUCATION & GOVERNMENT FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise	\$ 220,000	\$ 220,000	\$ 191,140	\$ (28,860)
Investment and other	11,000	11,000	11,261	261
Total revenues	231,000	231,000	202,401	(28,599)
Expenditures -				
Current -				
General Government- Operations	336,000	367,706	170,602	197,104
Total expenditures	336,000	367,706	170,602	197,104
Net change in fund balances	<u>\$ (105,000)</u>	<u>\$ (136,706)</u>	31,799	<u>\$ 168,505</u>
Fund balance, October 1, 2020			<u>1,401,931</u>	
Fund balance, September 30, 2021			<u><u>\$ 1,433,730</u></u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
ROADWAY IMPACT FEES FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Investment and other	\$ -	\$ -	\$ 5,917	\$ 5,917
Total revenues	-	-	5,917	5,917
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	5,917	<u>\$ 5,917</u>
Fund balance, October 1, 2020			-	
Fund balance, September 30, 2021			<u>\$ 5,917</u>	

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

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	120
Revenue Capacity These schedules contain information to help the reader assess the City's significant local revenue sources, the property and sales tax.	130
Debt Capacity These schedules present information to help the reader assess the affordability of the City's currently outstanding debt and the City's ability to issue additional debt in the future.	140
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	149
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information contained in the City's financial report relates to the services the City provides and the activities it performs.	151

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

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

	2012	2013	2014	2015
Governmental activities-				
Net investment in capital assets	\$ 252,984,681	\$ 295,777,997	\$ 303,977,353	\$ 299,730,557
Restricted	72,780,050	42,970,091	43,974,370	48,019,726
Unrestricted	76,870,782	74,833,175	44,713,408	53,355,360
Total governmental activities net position	<u>\$ 402,635,513</u>	<u>\$ 413,581,263</u>	<u>\$ 392,665,131</u>	<u>\$ 401,105,643</u>
Business-type activities-				
Net investment in capital assets	\$ 212,883,311	\$ 214,178,908	\$ 221,062,599	\$ 228,866,895
Restricted	13,994,028	6,868,062	7,764,750	19,215,972
Unrestricted	104,985,805	116,650,981	114,901,064	110,519,279
Total business-type activities net position	<u>\$ 331,863,144</u>	<u>\$ 337,697,951</u>	<u>\$ 343,728,413</u>	<u>\$ 358,602,146</u>
Primary government-				
Net investment in capital assets	\$ 465,867,992	\$ 509,956,905	\$ 525,039,952	\$ 528,597,452
Restricted	86,774,078	49,838,153	51,739,120	67,235,698
Unrestricted	181,856,587	191,484,156	159,614,472	163,874,639
Total primary government net position	<u>\$ 734,498,657</u>	<u>\$ 751,279,214</u>	<u>\$ 736,393,544</u>	<u>\$ 759,707,789</u>

Source: Annual Comprehensive 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 was restated.

2016	2017	2018	2019	2020	2021
\$ 310,185,706	\$ 356,586,425	\$ 373,007,353	\$ 400,490,136	\$ 442,969,195	\$ 432,348,991
51,813,118	48,954,352	48,357,161	44,334,128	23,471,549	92,772,878
52,451,939	29,054,168	28,585,838	28,918,565	33,581,912	13,728,700
<u>\$ 414,450,763</u>	<u>\$ 434,594,945</u>	<u>\$ 449,950,352</u>	<u>\$ 473,742,829</u>	<u>\$ 500,022,656</u>	<u>\$ 538,850,569</u>
\$ 234,981,264	\$ 245,005,044	\$ 268,467,171	\$ 283,846,141	\$ 294,760,377	\$ 310,014,313
15,275,659	19,800,722	22,628,600	24,343,881	16,315,836	11,750,401
126,490,054	126,634,362	138,980,320	146,681,470	168,868,607	179,998,306
<u>\$ 376,746,977</u>	<u>\$ 391,440,128</u>	<u>\$ 430,076,091</u>	<u>\$ 454,871,492</u>	<u>\$ 479,944,820</u>	<u>\$ 501,763,020</u>
\$ 545,166,970	\$ 601,591,469	\$ 641,474,524	\$ 684,336,277	\$ 737,729,572	\$ 742,363,304
67,088,777	68,755,074	70,985,761	68,678,009	39,787,385	104,523,279
178,941,993	155,688,530	167,566,158	175,600,035	202,450,519	193,727,006
<u>\$ 791,197,740</u>	<u>\$ 826,035,073</u>	<u>\$ 880,026,443</u>	<u>\$ 928,614,321</u>	<u>\$ 979,967,476</u>	<u>\$ 1,040,613,589</u>

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

	2012	2013	2014	2015
Expenses:				
Governmental activities-				
General government	\$ 30,406,768	\$ 27,923,780	\$ 28,050,936	\$ 28,860,077
Public safety	40,944,978	41,842,363	45,283,826	45,236,987
Public works	29,295,041	31,215,489	33,537,533	33,412,841
Culture and recreation	15,069,456	15,702,435	18,024,001	19,202,557
Interest on long-term debt	7,144,755	6,915,772	8,478,700	8,118,490
Total governmental activities expenses	<u>122,860,998</u>	<u>123,599,839</u>	<u>133,374,996</u>	<u>134,830,952</u>
Business-type activities-				
Water and sewer utility	38,842,107	42,657,792	44,605,155	46,069,705
Golf course	157,135	141,153	71,090	144,993
Total business-type activities expenses	<u>38,999,242</u>	<u>42,798,945</u>	<u>44,676,245</u>	<u>46,214,698</u>
Total primary government expenses	<u>161,860,240</u>	<u>166,398,784</u>	<u>178,051,241</u>	<u>181,045,650</u>
Program revenues:				
Governmental activities-				
Charges for services-				
General government	3,104,355	2,822,715	2,559,380	2,168,842
Public safety	4,215,243	3,248,867	2,652,480	2,461,782
Public works	2,760,386	2,942,382	726,785	749,524
Culture and recreation	2,737,969	2,844,842	3,032,109	3,288,970
Operating grants and contributions	1,135,386	829,367	1,042,301	1,199,574
Capital grants and contributions	9,782,214	5,310,541	5,901,038	4,234,018
Total governmental activities program revenues	<u>23,735,553</u>	<u>17,998,714</u>	<u>15,914,093</u>	<u>14,102,710</u>
Business-type activities-				
Charges for services-				
Water and sewer utility	43,327,656	43,094,185	43,705,878	45,898,090
Golf course	480,116	522,169	382,081	320,846
Capital grants and contributions	7,533,264	6,514,369	10,226,302	17,742,568
Total business-type activities program revenues	<u>51,341,036</u>	<u>50,130,723</u>	<u>54,314,261</u>	<u>63,961,504</u>
Total primary government program revenues	<u>75,076,589</u>	<u>68,129,437</u>	<u>70,228,354</u>	<u>78,064,214</u>
Net (expense) revenue-				
Governmental activities	(99,125,445)	(105,601,125)	(117,460,903)	(120,728,242)
Business-type activities	<u>12,341,794</u>	<u>7,331,778</u>	<u>9,638,016</u>	<u>17,746,806</u>
Total primary government net expense	<u>(86,783,651)</u>	<u>(98,269,347)</u>	<u>(107,822,887)</u>	<u>(102,981,436)</u>

2016	2017	2018	2019	2020	2021
\$ 28,434,006	\$ 24,864,772	\$ 23,408,887	\$ 27,861,595	\$ 27,467,722	\$ 35,906,343
49,439,902	52,243,460	57,987,997	64,196,001	64,151,715	64,975,588
33,448,357	34,359,785	47,120,999	36,261,500	38,606,348	43,588,532
20,885,009	24,130,067	25,218,145	27,821,410	26,355,801	26,874,261
8,294,279	8,075,351	8,415,687	8,525,551	9,382,120	10,264,036
140,501,553	143,673,435	162,151,715	164,666,057	165,963,706	181,608,760
47,947,818	49,400,833	51,749,727	54,388,260	53,999,588	58,063,832
133,270	1,857,334	1,642,036	2,399,582	2,818,489	3,699,848
48,081,088	51,258,167	53,391,763	56,787,842	56,818,077	61,763,680
188,582,641	194,931,602	215,543,478	221,453,899	222,781,783	243,372,440
2,258,333	19,778,439	2,273,091	3,189,150	4,529,682	2,824,567
1,669,550	1,478,161	1,762,172	2,298,635	1,684,921	1,396,999
742,437	607,398	693,223	1,347,815	700,442	970,763
3,919,254	5,133,816	5,489,515	5,649,283	4,082,796	5,807,940
946,604	1,202,810	2,574,008	2,987,128	3,742,160	4,261,827
8,013,039	5,958,205	18,206,390	9,914,802	9,464,089	10,054,791
17,549,217	34,158,829	30,998,399	25,386,813	24,204,090	25,316,887
48,653,788	51,980,615	55,139,117	56,951,931	60,811,441	60,618,367
360,371	733,883	299,761	1,971,887	2,684,066	3,506,792
19,607,086	15,642,381	30,495,633	21,584,780	18,443,560	22,288,498
68,621,245	68,356,879	85,934,511	80,508,598	81,939,067	86,413,657
86,170,462	102,515,708	116,932,910	105,895,411	106,143,157	111,730,544
(122,952,336)	(109,514,606)	(131,153,316)	(139,279,244)	(141,759,616)	(156,291,873)
20,540,157	17,098,712	32,542,748	23,720,756	25,120,990	24,649,977
(102,412,179)	(92,415,894)	(98,610,568)	(115,558,488)	(116,638,626)	(131,641,896)

(CONTINUED)

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

	2012	2013	2014	2015
General revenues and other changes in net position:				
Governmental activities-				
Taxes-				
Property	\$ 34,379,529	\$ 34,979,578	\$ 36,502,409	\$ 39,932,573
Franchise	6,326,735	5,952,712	6,460,448	7,255,212
Sales	63,305,917	66,216,447	68,462,292	67,620,848
Hotel occupancy	3,252,542	4,140,920	4,646,208	5,083,556
Public service	316,320	347,846	477,606	515,778
Investment earnings and other	1,635,630	2,026,554	1,882,139	5,020,786
Transfers	2,464,967	2,882,818	1,800,895	3,740,000
Total governmental activities	<u>111,681,640</u>	<u>116,546,875</u>	<u>120,231,997</u>	<u>129,168,753</u>
Business-type activities-				
Investment earnings and other	772,102	1,385,847	1,397,321	866,927
Transfers	<u>(2,464,967)</u>	<u>(2,882,818)</u>	<u>(1,800,895)</u>	<u>(3,740,000)</u>
Total business-type activities	<u>(1,692,865)</u>	<u>(1,496,971)</u>	<u>(403,574)</u>	<u>(2,873,073)</u>
Total primary government	<u>109,988,775</u>	<u>115,049,904</u>	<u>119,828,423</u>	<u>126,295,680</u>
Change in net position:				
Governmental activities	12,556,195	10,945,750	2,771,094	8,440,511
Business-type activities	<u>10,648,929</u>	<u>5,834,807</u>	<u>9,234,442</u>	<u>14,873,733</u>
Total primary government	<u>\$ 23,205,124</u>	<u>\$ 16,780,557</u>	<u>\$ 12,005,536</u>	<u>\$ 23,314,244</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 44,239,067	\$ 49,107,424	\$ 54,082,288	\$ 57,396,623	\$ 64,744,623	\$ 68,187,362
7,175,948	7,103,548	7,140,940	7,407,178	7,060,026	6,808,434
67,340,120	64,209,719	72,861,565	75,690,767	78,361,955	90,406,552
5,407,667	5,515,163	5,714,235	6,000,447	4,111,858	11,003,127
566,712	627,164	647,243	697,835	620,996	867,626
7,957,942	8,201,944	9,024,223	12,180,534	9,081,735	12,650,685
3,610,000	3,492,871	(2,961,771)	3,698,337	4,058,250	5,196,000
<u>136,297,456</u>	<u>138,257,833</u>	<u>146,508,723</u>	<u>163,071,721</u>	<u>168,039,443</u>	<u>195,119,786</u>
1,214,674	2,289,777	3,131,444	4,772,982	4,010,588	2,364,223
(3,610,000)	(3,492,871)	2,961,771	(3,698,337)	(4,058,250)	(5,196,000)
<u>(2,395,326)</u>	<u>(1,203,094)</u>	<u>6,093,215</u>	<u>1,074,645</u>	<u>(47,662)</u>	<u>(2,831,777)</u>
<u>133,902,130</u>	<u>137,054,739</u>	<u>152,601,938</u>	<u>164,146,366</u>	<u>167,991,781</u>	<u>192,288,009</u>
13,345,120	28,743,227	15,355,407	23,792,477	26,279,827	38,827,913
18,144,831	15,895,618	38,635,963	24,795,401	25,073,328	21,818,200
<u>\$ 31,489,951</u>	<u>\$ 44,638,845</u>	<u>\$ 53,991,370</u>	<u>\$ 48,587,878</u>	<u>\$ 51,353,155</u>	<u>\$ 60,646,113</u>

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

	2012	2013	2014	2015
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ 321,044	\$ 375,087	\$ 397,271	\$ 430,821
<i>Restricted for-</i>				
Debt service	2,301,340	2,415,427	2,278,062	2,351,780
Authorized construction	81,424,206	43,630,036	106,539,802	117,515,606
Hotel-motel tax	8,927,441	9,549,082	11,173,765	10,934,476
Public safety	937,105	1,249,246	1,050,349	1,274,293
General government	-	-	-	-
<i>Committed to-</i>				
General government	911,674	865,493	684,199	856,977
Capital projects funds	35,645,374	31,856,334	26,570,024	24,696,122
Streets and drainage	1,179,777	1,570,994	-	1,145,826
Culture and recreation	6,625	10,530	12,438	322,576
<i>Assigned to-</i>				
Culture and recreation	248,771	283,518	264,662	272,666
<i>Unassigned</i>	36,912,381	38,604,781	38,726,365	50,277,389
Total governmental funds	<u>\$ 168,815,738</u>	<u>\$ 130,410,528</u>	<u>\$ 187,696,937</u>	<u>\$ 210,078,532</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 372,288	\$ 232,004	\$ 253,592	\$ 226,190	\$ 1,094,653	\$ 1,783,208
2,749,645	3,880,982	4,853,517	5,019,375	5,080,091	7,901,595
77,545,478	81,086,426	62,649,029	72,690,649	58,069,777	124,312,278
12,653,710	6,526,672	7,863,705	6,807,382	7,440,558	10,222,462
676,724	585,878	750,657	1,025,501	757,284	735,896
-	1,269,075	1,268,233	1,439,377	1,401,931	1,433,730
1,081,159	124,703	232,243	883,883	1,030,812	881,812
24,865,777	28,397,665	21,934,876	28,971,259	23,259,722	41,256,494
1,152,195	-	-	-	-	-
293,694	-	-	-	-	1,483,055
212,080	1,004,583	1,274,658	1,638,534	1,834,073	2,496,916
52,427,796	50,090,080	53,558,920	49,498,684	59,547,303	58,913,029
<u>\$ 174,030,546</u>	<u>\$ 173,198,068</u>	<u>\$ 154,639,430</u>	<u>\$ 168,200,834</u>	<u>\$ 159,516,204</u>	<u>\$ 251,420,475</u>

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

	2012	2013	2014	2015
Revenues-				
Taxes and franchise	\$ 104,318,270	\$ 107,417,612	\$ 111,592,909	\$ 115,508,506
Licenses, permits and fees	3,094,983	3,567,437	1,243,857	1,704,374
Charges for services	4,198,815	4,436,779	4,645,527	4,513,428
Fines and forfeitures	2,814,987	3,208,637	2,673,670	2,451,316
Intergovernmental	2,158,621	1,225,195	3,044,095	1,679,993
Hotel occupancy tax	3,252,543	4,140,920	4,646,208	5,083,556
Investment and other	5,858,346	2,567,327	3,152,100	600,919
Contributions	2,635,613	3,565,842	4,783,567	7,207,478
Total revenues	128,332,178	130,129,749	135,781,933	138,749,570
Expenditures-				
General government	25,332,577	23,783,735	24,375,794	23,838,520
Public safety	37,646,821	39,475,791	42,306,841	43,067,272
Public works	9,791,618	11,852,443	11,291,499	12,328,284
Culture and recreation	11,958,179	12,440,948	13,775,702	14,766,040
Capital projects	39,916,082	65,523,775	38,694,239	33,476,554
Debt service-				
Principal retirement	13,040,604	12,852,059	14,395,697	13,919,366
Interest and fiscal charges	6,825,065	6,797,281	7,372,652	8,597,372
Payment to refunding agent	-	-	-	-
Other charges	256,373	98,630	862,888	942,596
Total expenditures	144,767,319	172,824,662	153,075,312	150,936,004
Excess of revenues over (under) expenditures	(16,435,141)	(42,694,913)	(17,293,379)	(12,186,434)
Other financing sources (uses)-				
Issuance of lease	500,000	1,000,000	1,450,000	2,000,000
Issuance of debt	27,295,000	8,615,000	77,350,000	70,665,000
Premium on bonds issued	1,317,881	-	6,161,887	6,369,020
Payment to refunded bond escrow agent	(20,616,784)	(8,509,756)	(11,682,994)	(48,205,991)
Transfers in	34,447,300	49,547,722	32,984,237	27,070,865
Transfers out	(31,379,109)	(46,363,263)	(31,683,342)	(23,330,865)
Total other financing sources (uses)	11,564,288	4,289,703	74,579,788	34,568,029
Net change in fund balances	\$ (4,870,853)	\$ (38,405,210)	\$ 57,286,409	\$ 22,381,595
Capital outlay including amounts reported under departmental current expenditures	\$ 41,282,292	\$ 67,059,266	\$ 38,644,877	\$ 35,385,140
Debt service as a percentage of noncapital expenditures	19.2%	18.6%	19.0%	19.5%

2016	2017	2018	2019	2020	2021
\$ 119,211,433	\$ 121,142,245	\$ 134,637,978	\$ 141,150,180	\$ 150,717,481	\$ 166,252,010
1,843,633	1,646,077	2,037,211	2,703,240	1,834,311	2,543,143
5,172,465	6,307,377	6,563,868	6,916,463	5,274,975	7,092,585
1,573,476	1,440,795	1,616,922	2,153,309	1,623,976	1,152,990
990,683	2,950,833	9,511,022	3,822,463	5,540,163	11,400,907
5,407,667	5,515,163	5,714,235	6,000,447	4,111,858	11,003,127
368,748	931,601	2,335,783	4,670,671	9,165,467	7,261,313
7,963,854	8,253,614	9,260,526	12,728,177	3,336,036	2,338,936
142,531,959	148,187,705	171,677,545	180,144,950	181,604,267	209,045,011
24,394,392	21,055,932	23,744,730	22,423,018	24,841,662	31,324,914
44,388,881	47,595,884	52,839,347	56,063,867	56,494,602	59,445,458
12,062,839	12,682,503	14,748,037	15,077,947	17,290,725	16,946,664
15,078,964	17,219,700	18,513,216	20,213,897	19,022,847	19,931,144
65,414,999	63,268,686	59,809,511	90,837,258	82,350,573	47,540,721
13,463,922	13,287,160	14,325,970	17,792,363	18,296,526	20,148,502
9,641,498	8,306,767	9,244,645	8,616,675	10,243,591	10,367,705
-	10,050,443	-	13,758,972	7,010,563	-
229,245	423,510	-	967,009	276,058	1,225,607
184,674,740	193,890,585	193,225,456	245,751,006	235,827,147	206,930,715
(42,142,781)	(45,702,880)	(21,547,911)	(65,606,056)	(54,222,880)	2,114,296
2,250,000	-	5,981,044	2,900,000	-	-
11,450,000	38,725,000	-	67,685,000	41,480,000	84,040,000
1,094,690	2,652,531	-	4,884,123	-	7,036,650
(12,309,895)	-	-	-	-	(6,482,675)
30,552,126	31,908,470	22,678,818	42,110,430	39,495,337	75,973,539
(26,942,126)	(28,415,599)	(25,640,589)	(38,412,093)	(35,437,087)	(70,777,539)
6,094,795	44,870,402	3,019,273	79,167,460	45,538,250	89,789,975
\$ (36,047,986)	\$ (832,478)	\$ (18,528,638)	\$ 13,561,404	\$ (8,684,630)	\$ 91,904,271
\$ 65,116,395	\$ 90,020,515	\$ 46,896,225	\$ 87,242,801	\$ 80,820,915	\$ 40,870,035
19.3%	20.8%	16.1%	16.7%	18.4%	18.4%

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

Fiscal Year	Actual Assessed Value			Less:	Total	Total Direct Tax Rate
	Real Property	Personal Property	Total	Tax Exempt Property	Taxable Assessed Valuation	
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	0.4203
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
2019	13,176,805,756	1,160,970,549	14,337,776,305	738,356,451	13,599,419,854	0.4200
2020	14,022,511,023	1,427,644,784	15,450,155,807	802,376,438	14,647,779,369	0.4390
2021	14,769,011,872	1,302,409,762	16,071,421,634	713,462,308	15,357,959,326	0.4390

Source: Williamson Central Appraisal District/Travis Central Appraisal District

Notes: 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	
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
2019	0.2981	0.1219	0.4200	1.3048	0.4590	0.1248	2.3086
2020	0.3135	0.1255	0.4390	1.2348	0.4587	0.1249	2.2574
2021	0.2963	0.1427	0.4390	1.2212	0.4587	0.1258	2.2447

Source: Williamson County Tax Office

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

Name of Taxpayer	2021			2012		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 401,534,906	1	2.615 %	\$ 155,280,931	1	1.918 %
Kalahari Resorts and Conventions	201,530,519	2	1.312	-		-
CPG Round Rock, LP/ Round Rock Premium Outlets	167,439,916	3	1.090	130,431,679	2	1.611
Dell Computer Corp.	93,865,287	4	0.611	57,801,317	5	0.714
2811 LA Frontera LP/ Griffis Apartments	87,955,490	5	0.573	-		-
Baltgem Development Corp./ La Frontera Village	87,753,234	6	0.571	75,531,830	3	0.933
CMF 15 Portfolio, LLC/ Colonial Grand Apartments	87,550,060	7	0.570	43,928,400	6	0.543
Fisher-Rosemount Systems, Inc.	73,200,000	8	0.477	-		-
Columbia/ St. David Healthcare	66,820,000	9	0.435	61,513,369	4	0.760
Baev-Lasalle Round Rock/ University Commons	63,087,625	10	0.411	-		-
Inland American University Oaks, LP	-		-	39,479,777	7	0.488
Oncor Electric Delivery Co.	-		-	39,320,400	8	0.486
Round Rock Luxury Apts, LTD	-		-	32,000,000	9	0.395
FST La Frontera, LLC	-		-	29,914,916	10	0.369
	<u>\$ 1,330,737,037</u>		<u>8.665 %</u>	<u>\$ 665,202,619</u>		<u>8.217 %</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
2012	\$ 34,255,559	\$ 34,161,567	99.73 %	\$ 1,129	\$ 34,162,696	99.73 %	
2013	34,865,783	34,717,536	99.57	1,139	34,718,675	99.58	
2014	36,452,223	36,281,479	99.53	1,137	36,282,616	99.53	
2015	39,792,302	39,697,745	99.76	1,237	39,698,982	99.77	
2016	44,063,923	43,894,949	99.62	1,520	43,896,469	99.62	
2017	49,113,540	48,988,540	99.75	3,103	48,991,643	99.75	
2018	53,890,399	53,775,618	99.79	(5,516)	53,770,102	99.78	
2019	57,296,592	57,106,114	99.67	(9,399)	57,096,715	99.65	
2020	64,708,293	64,443,984	99.59	71,599	64,515,583	99.70	
2021	68,133,164	67,922,644	99.69	-	67,922,644	99.69	

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

Fiscal Year	Total 1% Sales Tax Collected	Ad Valorem Tax Levy	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Population	1% Sales Tax Per Capita
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
2019	41,348,047	57,296,592	72.16	0.3040	116,120	356
2020	42,562,498	64,708,293	65.78	0.2906	118,024	361
2021	50,217,518	68,133,164	73.70	0.3270	122,827	409

Notes: 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 fee, to the City monthly.

The calculations above are only based on the 1% sales and use tax, not the 0.5% sales and use tax collected for reduction of ad valorem taxes and the 0.5% sales and use tax collected for transportation improvements.



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

Calendar Year	Retail Trade	Manufacturing	Services	Wholesale Trade	Utilities
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	1,582,407,350	925,729,209	521,326,342	132,124,078	38,444,682
2018	1,766,233,513	1,022,456,613	544,823,077	144,551,512	44,328,814
2019	1,806,032,459	953,019,073	570,848,600	197,736,186	42,248,207
2020	<u>1,782,012,610</u>	<u>843,382,610</u>	<u>523,120,666</u>	<u>221,749,525</u>	<u>24,315,005</u>
	<u>\$ 15,350,628,117</u>	<u>\$ 9,848,104,350</u>	<u>\$ 4,705,249,098</u>	<u>\$ 1,406,055,310</u>	<u>\$ 344,786,338</u>

Source: Texas Comptroller of Public Accounts

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

Construction	Finance, Insurance	Total	City Direct Sales Tax Rate	State Sales Tax Rate	Over- lapping
\$ 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
144,818,546	2,773,206	3,347,623,413	2.00	6.25	8.25
162,271,653	2,449,613	3,687,114,795	2.00	6.25	8.25
175,871,253	2,898,780	3,748,654,558	2.00	6.25	8.25
159,456,159	3,103,437	3,557,140,012	2.00	6.25	8.25
<u>\$ 1,206,030,714</u>	<u>\$ 27,496,752</u>	<u>\$ 32,888,350,679</u>			

CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
YEAR ENDED SEPTEMBER 30, 2021

Taxpayer	Hotel Motel Occupancy Tax	Hotel Motel Occupancy Venue Tax	Total Collections Year Ended Sept. 30, 2021	Number of Rooms	% of Total Collections
Kalahari Resorts & Conventions	\$ 4,561,699	\$ 1,303,342	\$ 5,865,041	975	53.30 %
Austin Marriott North	296,379	84,679	381,058	295	3.46
Hyatt Place	229,317	65,519	294,836	138	2.68
Hilton Garden Inn	208,341	59,526	267,867	122	2.44
Holiday Inn Express N	176,059	50,303	226,362	109	2.06
Homewood Suites	173,109	49,460	222,569	115	2.02
Tru by Hilton	158,561	45,303	203,864	98	1.85
Springhill Suites	153,421	43,835	197,256	104	1.79
Element	145,570	41,591	187,161	123	1.70
Aloft	136,405	38,973	175,378	120	1.59
Holiday Inn	135,453	38,687	174,140	116	1.58
Home2 Suites	128,339	36,658	164,997	91	1.50
Courtyard Marriott	123,855	35,387	159,243	113	1.45
Towneplace Suites	122,760	35,074	157,834	102	1.44
Residence Inn	117,124	33,464	150,588	96	1.37
Red Roof Inn	113,554	32,444	145,998	107	1.33
La Quinta S	111,531	31,866	143,397	86	1.30
Staybridge Suites	109,557	31,302	140,859	81	1.28
Microtel	109,490	31,283	140,773	82	1.28
Wingate Inn	102,622	29,321	131,943	100	1.20
La Quinta N	94,490	26,997	121,487	116	1.10
Holiday Inn Express S	92,883	26,538	119,421	91	1.09
Hampton Inn	92,660	26,474	119,134	93	1.08
Ruby Hotel	92,418	26,405	118,823	39	1.08
Best Western	81,146	23,184	104,330	68	0.95
Comfort Suites	79,121	22,625	101,746	63	0.92
Sleep Inn	79,034	22,605	101,639	74	0.92
Extended Stay America #6030	74,171	21,192	95,363	138	0.87
Motel 6	74,028	21,151	95,179	60	0.87
Quality Inn	64,658	18,474	83,131	49	0.76
Country Inn	61,464	17,561	79,025	61	0.72
Woodspring Suites	59,322	16,949	76,271	121	0.69
Candlewood Suites	53,101	15,149	68,250	98	0.62
La Quinta E	44,009	12,574	56,583	99	0.51
Extended Stay America #6197	35,899	10,257	46,156	104	0.42
AVID	33,753	9,642	43,395	89	0.39
Short Term Rentals	32,613	9,323	41,936	4	0.38
Provident Crossings Retirement	73	21	94	2	0.01
	<u>\$ 8,557,989</u>	<u>\$ 2,445,138</u>	<u>\$ 11,003,127</u>	<u>4,542</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 – Sep.</u>	<u>Total</u>
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
2019	1,365,684	1,546,937	1,661,651	1,426,175	6,000,447
2020	1,574,968	1,289,910	483,480	763,500	4,111,858
2021	1,145,806	2,201,407	3,689,498	3,966,416	11,003,127

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			
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
2019	151,405,000	58,870,000	68,930,433	79,510,797	358,716,230	6.08	3,089
2020	141,220,000	88,025,000	64,350,491	75,999,389	369,594,880	5.89	3,132
2021	131,555,000	140,250,000	84,871,892	72,342,981	429,019,873	6.16	3,493

Notes: 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	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
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	203,112,523	2,351,780	200,760,743	2.08	1,905
2016	106,591	10,492,086	195,911,354	2,749,645	193,161,709	1.84	1,812
2017	108,353	11,327,176	216,797,444	3,880,982	212,916,462	1.88	1,965
2018	112,201	12,451,154	211,532,890	4,853,517	206,679,373	1.66	1,842
2019	116,120	13,599,420	236,945,452	5,019,375	231,926,077	1.71	1,997
2020	118,024	14,647,779	255,778,105	5,080,091	250,698,014	1.71	2,124
2021	122,827	15,357,959	298,467,896	5,519,166	292,948,730	1.91	2,385

*Source: Planning Department, City of Round Rock

Note: Includes Certificates of Obligation, General Obligation Bonds, Limited Tax Notes, and Capital Leases, net of related premiums and discounts.

CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
YEAR ENDED SEPTEMBER 30, 2021

Name of Governmental Unit	Total General Debt Outstanding*	Estimated Percentage Applicable**	Estimated Share of Overlapping Debt
Debt repaid with property taxes-			
Williamson County	\$ 1,116,790,000	19.80 %	\$ 221,124,420
Round Rock Independent School District	865,785,000	37.19	321,985,442
Travis County	1,054,720,000	0.24	2,531,328
Austin Community College	436,260,000	5.86	25,564,836
Georgetown ISD	400,265,000	0.46	1,841,219
Travis County Healthcare District	82,490,000	0.24	197,976
Subtotal, overlapping debt			573,245,221
City direct debt			356,676,892
Total direct and overlapping debt			\$ 929,922,113

* Gross Debt as of September 30, 2021

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

Source: City of Round Rock Finance Department and Municipal Advisory of Texas (Texas MAC)

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**

	2012	2013	2014	2015
Debt limit	\$ 1,451,372,470	\$ 1,486,218,341	\$ 1,557,670,054	\$ 1,640,628,922
Total net debt applicable to limit	<u>107,568,660</u>	<u>101,824,573</u>	<u>161,006,938</u>	<u>178,893,220</u>
Legal debt margin	<u>\$ 1,343,803,810</u>	<u>\$ 1,384,393,768</u>	<u>\$ 1,396,663,116</u>	<u>\$ 1,461,735,702</u>
Total net debt applicable to the limit as a percentage of debt limit	7.41%	6.85%	10.34%	10.90%

Legal Debt Margin Calculation for Fiscal Year 2021

Total assessed value	<u>\$ 15,357,959,326</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 2,615,352,206
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 271,805,000
Less:	
Amount available in Debt Service Fund	<u>(5,519,166)</u>
Total net debt applicable to debt limit	<u>266,285,834</u>
Legal debt margin	<u>\$ 2,349,066,372</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, 2020, assessed valuation of \$15,357,959,326 at 100% collection, tax revenue of \$230,369,390 would be produced. This revenue could service the debt on \$2,615,352,206 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 2022	\$ 23,510,086
Tax Year 2021 Interest and Sinking Fund Tax Levy @ 99% Collection	\$ 24,925,540
Interest and Sinking Fund Balance as of September 30, 2021	<u>5,519,166</u>
	<u>30,444,706</u>
Estimated Balance, September 30, 2022	<u>\$ 6,934,620</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,786,728,268	\$ 1,928,938,196	\$ 2,120,343,710	\$ 2,315,885,331	\$ 2,494,413,566	\$ 2,615,352,206
<u>170,530,355</u>	<u>193,049,018</u>	<u>183,486,483</u>	<u>205,255,625</u>	<u>224,164,909</u>	<u>266,285,834</u>
<u>\$ 1,616,197,913</u>	<u>\$ 1,735,889,178</u>	<u>\$ 1,936,857,227</u>	<u>\$ 2,110,629,706</u>	<u>\$ 2,270,248,657</u>	<u>\$ 2,349,066,372</u>
9.54%	10.01%	8.65%	8.86%	8.99%	10.18%

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

	2012	2013	2014	2015
Gross Revenue (1)				
Charges for services	\$ 43,327,656	\$ 43,094,185	\$ 40,762,523	\$ 41,880,906
Licenses, permits and fees	1,921,789	1,941,121	2,943,355	4,017,184
Interest income and other	770,977	1,385,965	1,397,259	863,900
Total	46,020,422	46,421,271	45,103,137	46,761,990
Direct Operating Expense (2)				
Personnel services	8,599,771	8,634,094	8,939,263	9,228,272
Contracted services	9,913,713	14,335,824	14,200,624	14,500,269
Materials and supplies	2,106,220	1,890,480	2,163,731	1,837,026
Heat, light and power	1,966,864	1,951,428	1,829,036	1,783,408
Total	22,586,568	26,811,826	27,132,654	27,348,975
Net available for Debt Service	<u>\$ 23,433,854</u>	<u>\$ 19,609,445</u>	<u>\$ 17,970,483</u>	<u>\$ 19,413,015</u>
Debt Service Requirements (P&I)	\$ 5,893,953	\$ 6,101,113	\$ 6,347,632	\$ 6,894,788
Revenue Bond Coverage	3.98	3.21	2.83	2.82
Metered Water Customers	30,989	31,431	32,012	32,447
Metered Sewer Customers	30,359	30,766	31,133	31,531
Average Annual Principal and Interest Requirements, FY 2022-2040				\$ 5,093,072
Coverage of Average Requirements by FY 2021 Net Revenue				5.52 times
Estimated Maximum Principal and Interest Requirements, FY 2022				\$ 6,062,631
Estimated Coverage of Maximum Requirements by FY 2021 Net Revenue				4.64 times
Parity Debt Outstanding at FY 2021				\$ 66,865,000

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

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

2016	2017	2018	2019	2020	2021
\$ 44,406,721	\$ 47,769,478	\$ 50,715,034	\$ 51,973,150	\$ 55,695,939	\$ 55,106,110
4,247,067	4,211,137	4,226,721	4,828,792	4,693,720	5,472,368
1,211,532	2,284,171	3,122,041	4,772,982	4,010,185	2,363,247
49,865,320	54,264,786	58,063,796	61,574,924	64,399,844	62,941,725
9,742,128	11,871,681	10,940,702	12,809,236	12,751,829	12,896,946
15,222,355	14,854,212	16,695,290	14,844,774	13,759,401	16,476,180
2,091,331	2,504,640	2,392,415	3,385,739	2,747,862	3,051,250
1,662,779	1,618,297	1,578,540	2,188,155	2,452,847	2,404,405
28,718,593	30,848,830	31,606,947	33,227,904	31,711,939	34,828,781
\$ 21,146,727	\$ 23,415,956	\$ 26,456,849	\$ 28,347,020	\$ 32,687,905	\$ 28,112,944
\$ 5,994,842	\$ 6,352,459	\$ 5,444,927	\$ 6,102,631	\$ 6,082,481	\$ 6,073,581
3.53	3.67	4.86	4.65	5.37	4.63
32,930	33,602	34,581	35,397	35,998	36,593
31,984	32,614	33,277	34,085	35,299	35,879



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

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(3) Median Age	(4) School Enrollment	(3) Unemployment Rate
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
2019	116,120	5,896,109,120	50,776	33.7	50,345	2.6
2020	118,024	6,272,385,480	53,145	33.7	50,966	5.4
2021	122,827	6,963,431,111	56,693	33.7	48,366	3.3

Sources: (1) Planning Department, City of Round Rock
(2) 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.
(3) Round Rock Chamber of Commerce
(4) Round Rock Independent School District

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

Name of Employer	2021			2012		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Dell Technologies	13,000	1	17.58 %	10,000	1	19.47 %
Round Rock Independent School District	6,750	2	9.13	5,750	2	11.20
City of Round Rock, Texas	1,021	3	1.38	824	4	1.60
Kalahari Resorts & Conventions	1,000	4	1.38			
Round Rock Premium Outlets	800	5	1.08			
Ascension Seton Medical Center Williamson	750	6	1.01	450	10	0.88
Baylor Scott & White Healthcare	750	6	1.01	750	5	1.46
St. David's Round Rock Medical Center	689	7	0.93	689	7	1.34
Emerson Automation Solutions	682	8	0.92	750	5	1.46
Amazon	600	9	0.81			
United Parcel Services	563	10	0.76			
Sears TeleServe				1,500	3	2.92
Dresser Wayne, Inc.				633	8	1.23
Texas Guaranteed Student Loan				625	9	1.22
	<u>26,605</u>		<u>35.99 %</u>	<u>21,971</u>		<u>42.78 %</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General government	147	149	157	159	163	179	194	202	205	206
Public safety-										
Police-										
Officers	152	153	159	167	168	174	176	176	180	180
Civilians	67	68	64	67	72	74	75	78	78	78
Fire-										
Firefighters & officers	124	124	129	129	132	134	149	152	153	155
Civilians	5	6	8	8	8	8	9	10	10	8
Public works-										
Street & Stormwater	64	70	70	69	76	73	77	81	82	82
Shop	15	15	16	18	19	18	18	19	19	19
Culture & Recreation-										
Library	29	30	31	31	31	31	31	32	33	34
Parks & Recreation	94	91	91	91	106	102	105	107	108	108
Water & Sewer Utility	<u>127</u>	<u>126</u>	<u>128</u>	<u>129</u>	<u>128</u>	<u>128</u>	<u>131</u>	<u>151</u>	<u>151</u>	<u>151</u>
Total	<u>824</u>	<u>832</u>	<u>853</u>	<u>868</u>	<u>903</u>	<u>921</u>	<u>965</u>	<u>1,008</u>	<u>1,019</u>	<u>1,021</u>

Source: City of Round Rock Finance Department

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

Function:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police-				
Arrests	6,715	6,182	5,773	4,600
Accident reports	4,485	4,845	6,383	2,249
Index crimes reported*	2,777	2,632	2,338	2,329
Crimes per thousand residents*	27.10	25.10	21.70	22.00
Officers per thousand of population	1.49	1.46	1.42	1.53
Fire-				
Incident volume	8,350	8,749	9,027	9,928
Priority calls answered	3,475	3,728	3,713	2,780
Non-emergency calls answered	4,875	5,021	5,314	7,148
Priority calls-response less than 6 minutes	60%	60%	63%	56%
Public Works-				
Street-				
Street resurfacing (lane miles)	60	80	80	40
Potholes repaired annually	4,000	4,000	4,000	1,500
Signals maintained	76	79	83	84
Shop-				
Work orders	5,336	4,447	4,178	4,399
Number of departments served	12	12	12	12
Culture and Recreation-				
Library-				
Number of items circulated	903,219	940,135	975,291	972,094
Number of card holders	55,336	81,620	74,192	99,822
Number of library visits	294,768	323,384	309,167	388,625
Parks & Recreation-				
Total park acres maintained	2,035	2,035	2,045	2,045
Number of athletic fields maintained	49	49	49	49
Number of trees planted	558	163	165	110
Number of recreation enrollees**	420,000	487,455	490,704	-
Number of recreation participants	-	-	-	832,184
Water-				
New connections	313	442	360	402
Line maintenance work orders	3,279	5,500	6,734	3,317
Average monthly consumption	560,281,041	549,154,150	491,936,100	505,251,158
Sewer-				
Average monthly treatment	457,967,400	409,000,000	394,000,000	385,611,068
Line feet reviewed for infiltration & inflow	361,784	377,783	459,128	187,464

Source: City of Round Rock Finance Department

*The Police Department started using the NIBRS System in FY 2020 to report to the State

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

2016	2017	2018	2019	2020	2021
4,476	4,600	4,152	4,272	3,592	3,049
2,370	2,370	2,762	2,698	2,636	2,236
2,383	2,383	2,870	2,648	2,400	6,960
22.50	22.50	26.50	23.40	21.00	56.10
1.43	1.48	1.56	1.53	1.53	1.49
9,346	10,777	11,328	11,813	12,189	13,193
3,735	2,548	5,083	4,078	3,248	2,590
5,611	8,229	6,245	7,735	6,905	4,770
61%	58%	53%	79%	73%	72%
60	60	60	121	183	190
400	300	300	280	250	220
83	89	90	93	100	100
4,761	4,620	4,733	4,936	4,980	2,972
12	12	12	12	12	12
1,080,312	1,188,757	1,229,141	1,315,186	986,686	1,105,973
77,818	79,415	81,181	83,507	80,656	65,159
391,256	389,930	388,732	416,391	219,736	156,742
2,045	2,270	2,270	2,285	2,285	2,295
49	49	49	49	51	51
195	408	43	74	98	73
-	-	-	-	-	-
988,337	1,080,853	1,140,094	892,870	332,895	513,322
480	665	911	789	534	486
3,512	3,346	3,013	1,778	2,366	2,383
536,082,308	571,062,558	612,026,451	543,547,232	620,080,709	622,781,309
416,357,161	425,631,471	426,330,521	410,300,487	440,156,307	498,103,453
189,418	206,675	169,579	133,098	109,080	102,296

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

Function:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police-				
Number of stations	1	1	1	1
Number of units	199	201	229	240
Fire-				
Number of stations	7	7	7	7
Number of fire trucks	16	16	14	16
Public Works-				
Street-				
Lane miles	1,200	1,250	1,250	1,250
Drainage miles	100	150	150	150
Number of street lights	5,312	6,000	6,800	5,400
Number of traffic signals	76	79	83	84
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	19
Culture and Recreation-				
Library-				
Number of library books	195,000	150,211	154,278	156,277
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	2,035	2,035	2,035	2,035
Number of athletic fields	49	49	49	49
Number of parks	62	62	62	62
Number of tennis courts	23	23	25	25
Number of pools	4	4	4	4
Water-				
Number of miles of water lines	585	587	601	608
Pumping stations	10	10	10	10
Tanks	20	20	19	19
Treatment capacity (millions of gallons/day)	52	52	52	52
Sewer-				
Number of miles of sewer mains	422	424	432	424
Wastewater lift stations	12	12	12	12

Source: City of Round Rock Finance Department

2016	2017	2018	2019	2020	2021
1 259	1 256	1 261	1 241	1 252	1 258
7 15	9 16	9 16	9 17	9 17	9 17
1,200 150 5,433 83	1,200 151 5,604 89	1,300 200 5,674 90	1,350 200 5,733 93	1,450 333 5,771 100	1,500 352 5,749 100
1 13	1 18	1 18	1 18	2 21	2 21
257,667 1	213,381 1	225,903 1	230,094 1	227,880 1	228,866 1
2,035 49 62 25 4	2,270 59 61 22 4	2,270 59 61 21 4	2,285 61 61 21 4	2,285 61 61 21 4	2,295 61 61 21 4
615 10 19 52	614 10 19 52	651 10 19 52	636 11 19 52	667 11 19 61	698 11 20 61
427 12	428 12	461 12	445 11	467 11	477 11

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
YEAR ENDED SEPTEMBER 30, 2021**

<u>Name of Customer</u>	<u>Type of Business</u>	<u>Water Consumption in Gallons</u>	<u>% of Total Water Consumption in Gallons</u>
City of Georgetown, Texas	Municipality	434,634,900	5.816 %
Fern Bluff Municipal Utility District	Municipal Utility District	281,819,000	3.771
Paloma Lake Municipal Utility District #1 & #2	Municipal Utility District	232,568,100	3.112
Williamson County Municipal Utility District #11	Municipal Utility District	200,765,700	2.686
Williamson County Municipal Utility District #10	Municipal Utility District	180,838,300	2.420
Chandler Creek Municipal Utility District	Municipal Utility District	147,078,500	1.968
Vista Oaks Municipal Utility District	Municipal Utility District	115,265,900	1.542
Kalahari Resorts & Conventions	Hotel	93,178,500	1.247
Round Rock Independent School District	Public Schools	78,228,300	1.047
Mid America Apartments, LP	Property Management	<u>76,784,500</u>	<u>1.027</u>
		<u><u>1,841,161,700</u></u>	<u><u>24.636 %</u></u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2021**

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	Monthly Water
Four block structure for use in excess of predetermined amounts set by meter size -	<u>Serving Customer</u>	<u>Service Charge</u>
Block 1: \$2.56	5/8 inch	\$ 16.52
Block 2: \$3.20	3/4 inch	23.00
Block 3: \$3.85	1 inch	36.32
Block 4: \$5.77	1 1/2 inch	69.59
	2 inch	109.51
<i>Billing periods for commercial:</i>	3 inch	202.68
\$2.80 per 1,000 gallons of water used by all customers	4 inch	335.79
	6 inch	1,046.86
<i>Billing periods for irrigation:</i>	8 inch	1,829.77
Four block structure for use in excess of predetermined amounts set by meter size -	10 inch	2,873.67
Block 1: \$3.20	12 inch	3,526.11
Block 2: \$3.85		
Block 3: \$5.77		

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

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

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

Source: City of Round Rock Chapter 44, Section 44-32, Code of Ordinances (2018 Edition). Amended with ordinance No. O-2019-0379.



CITY OF ROUND ROCK, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	ALN*	Grant or Identifying Number	Pass-Through to Non-State Entities	Direct Expenditures	Total Expenditures
Institute of Museum and Library Services					
<i>Pass-Through from Texas State Library and Archives Commission</i>					
Grants to States	45.310	LS-246193-OLS-20	\$ -	\$ 8,962	\$ 8,962
Grants to States (Covid-19)	45.310	LS-246561-OLS-20	-	24,762	24,762
Total Institute of Museum and Library Services			-	33,724	33,724
U.S. Department of Homeland Security					
<i>Pass-Through from Texas A&M Engineering Extension Service</i>					
National Urban Search & Rescue Response System					
Tropical Cyclone Sally	97.025	20-09001	-	13,486	13,486
<i>Total National Urban Search & Rescue Response System</i>			-	13,486	13,486
<i>Pass-Through from Texas A&M Engineering Extension Service</i>					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)					
July Tropical Weather	97.036	20-0012	-	14,112	14,112
August Tropical Weather	97.036	20-0013	-	16,697	16,697
<i>Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)</i>			-	30,809	30,809
Total U.S. Department of Homeland Security			-	44,295	44,295
U.S. Department of Housing & Urban Development					
Community Development Block Grants/Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218	B14MC480514	21,145	-	21,145
Community Development Block Grants/Entitlement Grants	14.218	B17MC480514	-	17,366	17,366
Community Development Block Grants/Entitlement Grants	14.218	B18MC480514	52,303	30,459	82,762
Community Development Block Grants/Entitlement Grants	14.218	B19MC480514	59,808	169,668	229,476
Community Development Block Grants/Entitlement Grants	14.218	B20MC480514	91,359	231,071	322,430
Community Development Block Grants/Entitlement Grants (Covid-19)	14.218	B20MW480514	440,885	-	440,885
<i>Total Community Development Block Grants/Entitlement Grants Cluster</i>			665,500	448,564	1,114,064
Total U.S. Department of Housing & Urban Development			665,500	448,564	1,114,064
U.S. Department of Justice					
Bulletproof Vest Partnership Program	16.607	FY2020 BVP Program	-	4,648	4,648
<i>Pass-Through from Texas Office of the Governor, Criminal Justice Division</i>					
Crime Victim Assistance	16.575	2019-V-2-GX-0011 3756802	-	87,982	87,982
Total U.S. Department of Justice			-	92,630	92,630
U.S. Department of the Treasury					
Equitable Sharing Program	21.016	TX2460500	-	7,073	7,073
<i>Pass-Through from Williamson County, Texas</i>					
CARES Act Coronavirus Relief Fund (Covid-19)	21.019	Wilco Forward Phase II Covid-19	-	384,400	384,400
Total U.S. Department of the Treasury			-	391,473	391,473
U.S. Department of Transportation					
Federal Transit Cluster					
Federal Transit Formula Grants	20.507	TX-2019-053-00	-	64,849	64,849
Federal Transit Formula Grants (Covid-19)	20.507	TX-2020-164-00	-	1,065,459	1,065,459
Federal Transit Formula Grants (Covid-19)	20.507	TX-2021-031-00	-	990,747	990,747
Federal Transit Formula Grants (Covid-19)	20.507	TX-2021-082-00	-	62,293	62,293
<i>Total Federal Transit Cluster</i>			-	2,183,348	2,183,348
Highway Planning and Construction Cluster					
<i>Pass-Through from Texas Department of Transportation</i>					
University Boulevard East (AW Grimes to SH130)	20.205	0914-05-193	-	1,574,912	1,574,912
<i>Total Highway Planning and Construction Cluster</i>			-	1,574,912	1,574,912
Total U.S. Department of Transportation			-	3,758,260	3,758,260
Total Expenditures of Federal Awards			\$ 665,500	\$ 4,768,946	\$ 5,434,446

*Assistance Listing Number (ALN) formerly known as Catalog of Federal Domestic Assistance (CFDA).

CITY OF ROUND ROCK, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

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 Tropical Cyclone Sally, July Tropical Weather, and August Tropical Weather that were passed through the Texas A&M Engineering Extension Service to the City of Round Rock from the US. 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 FY2021. 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, 2021, 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 7, 2022.

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) as a basis for designing 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 financial statements. 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.

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

Austin, Texas
February 7, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
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, 2021. 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.

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, 2021.

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

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 7, 2022

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

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)?	None

Identification of Major Programs:

Name of Federal Program or Cluster	Assistance Listing Number
Community Development Block Grants/Entitlement Grants Cluster	14.218
Federal Transit Cluster	20.507
Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	No

II. Financial Statement Findings

None noted

III. Federal Award Findings and Questioned Costs

None noted

CITY OF ROUND ROCK, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None noted

CITY OF ROUND ROCK, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2021

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

The Corrective Action Plan for the year ended September 30, 2021 has been prepared to address these requirements.

I. Corrective Action Plan

Not applicable

