



City of Round Rock, Texas

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2023

ELECTED OFFICIALS

Craig Morgan, Mayor
Matthew Baker, Mayor Pro - Tem
Michelle Ly, Council Member
Rene Flores, Council Member
Frank Ortega, Council Member
Kristin Stevens, Council Member
Hilda Montgomery, Council Member

MANAGEMENT STAFF

Laurie Hadley
City Manager

Brooks Bennett
Assistant City Manager

Bryan Williams
Assistant City Manager

OFFICIAL ISSUING REPORT

Susan L. Morgan, CPA
Chief Financial Officer



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Mayor
Craig Morgan

Mayor Pro-Tem
Matthew Baker

Councilmembers
Michelle Ly
Rene Flores
Frank Ortega
Kristin Stevens
Hilda Montgomery

City Manager
Laurie Hadley

City Attorney
Stephanie L. Sandre

February 5, 2024

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

The Annual Comprehensive Financial Report of the City of Round Rock, Texas for the fiscal year ended September 30, 2023, is submitted herein. 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, 2023. 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 monitored at the department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors; however, the level of control at which expenditures may not exceed the budget is at the fund level. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available.

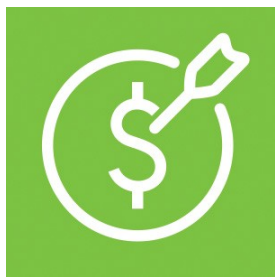
Significant Local Economic Events

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
- Be recognized as a financially responsible City by maintaining a "AAA" bond rating

City Infrastructure: Today and For Tomorrow



- Maintain responsible potable water used 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
- Maintain, upgrade and expand regional wastewater system

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
- Retain medical/healthcare businesses

"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

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
- 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
- Develop positive working relationships with 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 2024 reflects a fiscally responsible approach to improving the City's infrastructure and meets current demands while maintaining the City's strong financial position.

Economy

Round Rock has experienced robust economic growth in recent years. 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 2014 to the projected population for 2024, the City of Round Rock will have experienced 10-year population growth of 30%. Our long-range population estimates predict this increase continuing at a growth rate of around 2.5% 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 161,000 within the City limits and over 229,000 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 1 by Bankrate.com as one of the "Best Places to Live"
- Ranked number 1 by Bankrate.com as one of the "Best Cities in America to Start a Career"
- Ranked number 2 by Milkeninstitute.org as one of the "Best Performing Cities"
- Ranked number 14 by SmartAsset.com as one of the "Safest Cities in America"
- Ranked number 19 by Niche.com as one of the "Best Cities to Raise a Family in America"
- 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 the Round Rock Chamber of Commerce 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.

Strong Local Base

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**, a global engineering, technology, and software company, opened its \$70 million, 282,000 square-foot international headquarters in January 2014. In February 2022, the City approved an economic development agreement for Emerson's \$9 million expansion plan which is to include 50 to 60 additional employees by the end of the agreement. **TECO-Westinghouse** is the largest manufacturer of electric motors in North America.

Round Rock is home to **Dell's** global headquarters with an estimated 12,000 employees in 2023. 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. Because of the company's commitment to Round Rock, the employment opportunities they offer, and the property tax and sales tax revenues they generate, Dell remains a major driver to the City's economy.

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 fifty acres of land near SH 45 and A.W. Grimes Boulevard. The new center employs more than 500 people with an annual average salary of at least \$50,000.

Kalahari Resorts and Conventions made its debut in Round Rock in November 2020, with an estimated 700 employees in 2023. 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 223,000 square-foot indoor/outdoor water park with a recent expansion. This resort has presented new opportunities for Round Rock and has provided substantial sales and hotel occupancy tax revenues, as well as diversify the local economy and available employment opportunities.

Amazon opened a new delivery station in Round Rock in 2021 and has an estimated 650 employees. 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. Amazon is expanding in Round Rock with plans to build a distribution center, data center, and electrical substation on 149 acres along County Road 172 and McNeil Road, north of SH 45.

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** opened May 3, 2022, on nearly six acres of land near Bass Pro Shops and the Round Rock Premium Outlets. The hotel features 180 rooms with over 17,000 square-feet of beautiful event space with a grand ballroom for up to 600 guests. Embassy Suites Hotel and Conference Center has generated 77 jobs as of June 2022.

Round Rock is 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.

Triple Temp Cold Storage LLC recently opened a new cold storage and manufacturing facility in southwest Round Rock which started construction July 2021. The facility is 125,000 square-feet on a 10-acre site near Bratton Lane and generated 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 are the first to market in the Austin-Round Rock area, strategically located in central Texas along the I-35 corridor. Triple Temp Cold Storage LLC was completed late in fiscal year 2023.

On the Horizon

Toppan Photomasks first established its U.S. presence in Round Rock in 1986 and is an advanced manufacturer of photomasks, which is a key component in the process of creating a semiconductor chip that is used by global companies such as Samsung, Texas Instruments, and others. Due to new funding opportunities through the U.S. CHIPS & Science Act, Toppan has been evaluating opportunities to modernize and expand to meet the demands of the rapidly advancing global semiconductor industry while also competing with China. After evaluating investment opportunities worldwide and in the U.S., Toppan selected its existing Round Rock location to move forward with a near \$200 million expansion and modernization project that will create at least 50 new jobs.

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 recently announced plans to open another data center less than a mile away from their current one under construction. 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.

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** in February 2019, and proposed changes to the development were unveiled to Round Rock’s City Council in June 2022. The planned development will be located near the intersection of I-35 and SH 45. Revised plans for the development show The District is comprised of two to three million-square-feet of office space, 1,600 luxury multifamily residential units, 230,000 square-feet of lifestyle retail and hospitality space, walkable amenities, and open green space. This mixed-use development will be a great opportunity for continued growth and diversification of the City’s economy.

Sabey Data Centers (SDC), a premier colocation data center provider, broke ground in July 2022, on a new, 40 acre data center campus in Round Rock; it's the company's first location in Texas. The new campus will provide up to 72-megawatt power capacity, supported by Sabey's industry-leading commitments to reliability, security, connectivity, and sustainability. In addition, Sabey's new campus will feature its latest innovations that maximize available data center space while shrinking its construction footprint. SDC will construct its data center on property formerly occupied by a Sears call center. The facility will consist of two buildings housing a data storage. Once completed, the facility's operation will bring 20 primary jobs to the area. The company will invest an estimated \$185 million in real property improvements and \$5 million in business personal property.

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.

Valex Corporation, a leading manufacturer of ultra-high purity process components used in the semiconductor, TFT/LCD and solar industries, will open its first Texas facility in Round Rock. The company currently operates three manufacturing locations in California, Korea, and China. The manufacturing company will invest a minimum of \$5 million in property improvements and \$7 million in new equipment to an existing 60,000 square-foot facility in the Crystal Park business development.

Higher Education and Healthcare

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, in May 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. The hall will be 81,651 square-feet with an estimated total project cost of \$52.4 million and will include classrooms, labs, and offices to support the College of Health Professions. Construction is expected to start Summer of 2024 and estimated to be complete January 2026.

Austin Community College (ACC) celebrated the opening of a \$33 million, 45,000 square-foot expansion of its Round Rock campus in September 2018, featuring the college's third state-of-the-art ACCelerators, advanced science labs, classrooms, and made room for the enrollment of an additional 1,000 students. In November 2022, a bond proposition was passed that includes the next expansion of the campus for skilled trades, advanced manufacturing, and health science programs. On November 8, 2022, a bond proposition passed for another expansion to the Round Rock campus for Skilled Trades, Advanced Manufacturing, and Health Sciences programs.

In January 2023, **Baylor Scott & White** announced a \$220 million expansion of their Round Rock facilities to include a neonatal intensive care unit, expanded labor and delivery department, additional operating rooms, cardiac catheterization, interventional radiology and testing laboratories, expanded emergency department, and other facility support, as well as more patient beds. The expansion is expected to be completed in 2026.

In October 2023, **Ascension Seton** announced a \$230 million expansion to their Round Rock campus. The expansion features a six story tower totaling 216,000 square-feet with 160 patient rooms, two operating rooms, more department space, a build out of nearby medical plaza to add outpatient and rehab care, and add over 400 positions.

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 revenues 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. Sales tax is a less stable revenue source than property tax but provides the taxpayers with more discretion and a lower property tax rate. Because of this revenue makeup, the City estimates sales tax revenues conservatively and introduces new programs somewhat more cautiously until projected revenue levels are attained. The City is also more attentive to the health of its economy because of the reliance upon commerce to produce sales tax.

The City's economy is expected to generate approximately \$113.9 million in sales tax revenue for fiscal year 2024, net of sales tax incentives 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% in additional sales and use tax for roads and economic development. The remaining 1.5% is projected to generate \$82.6 million for general operations, property tax reduction and capital projects.

Dell continues to be a key driver for both Round Rock and the Central Texas region. To ensure good overall financial stability for the City, a concentration risk fund has been established to mitigate the City's annual net exposure to declining sales tax from any single sales taxpayer. Therefore, any single taxpayer that represents more than 15% of total budgeted sales tax revenue, net of incentives, will be limited to 15% in FY 2024 and thereafter in the General Fund, with excess being recognized in the General Self-Financed Construction Fund. In fiscal year 2022, the City Council adopted new financial policies to cap the sales tax reliance in the General Fund. Any expected or realized sales tax in the General Fund will not exceed 45% of the operating budget. Any amount above 45% will be recognized in the General Self-Financed Construction Fund for pay-as-you-go one-time capital expenditures of projects.

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 decreased, and the new rates went into effect February 1, 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 continues to plan 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 contract was awarded in the summer of 2022 is on schedule to start construction and projected to be completed in 2027. The City's cost share in the project is budgeted at \$84.7 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. 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 bond 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 2022. 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, 2022. This was the **thirty-seventh 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, 2022, for the twenty-sixth consecutive year. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The GFOA also awarded the City a Certificate of Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2022. 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 2023, GFOA awarded the City the "Triple Crown" award which recognized Round Rock for receiving all three GFOA awards for fiscal year 2022: 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 June 2022. This is the third 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.

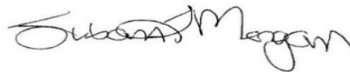
The City of Round Rock has earned all five Transparency Stars from the Texas Comptroller's Office recognizing the City's efforts to make information on the City's traditional finances, debt obligations, public pensions, economic development, and contracts and procurement transparent and readily available.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

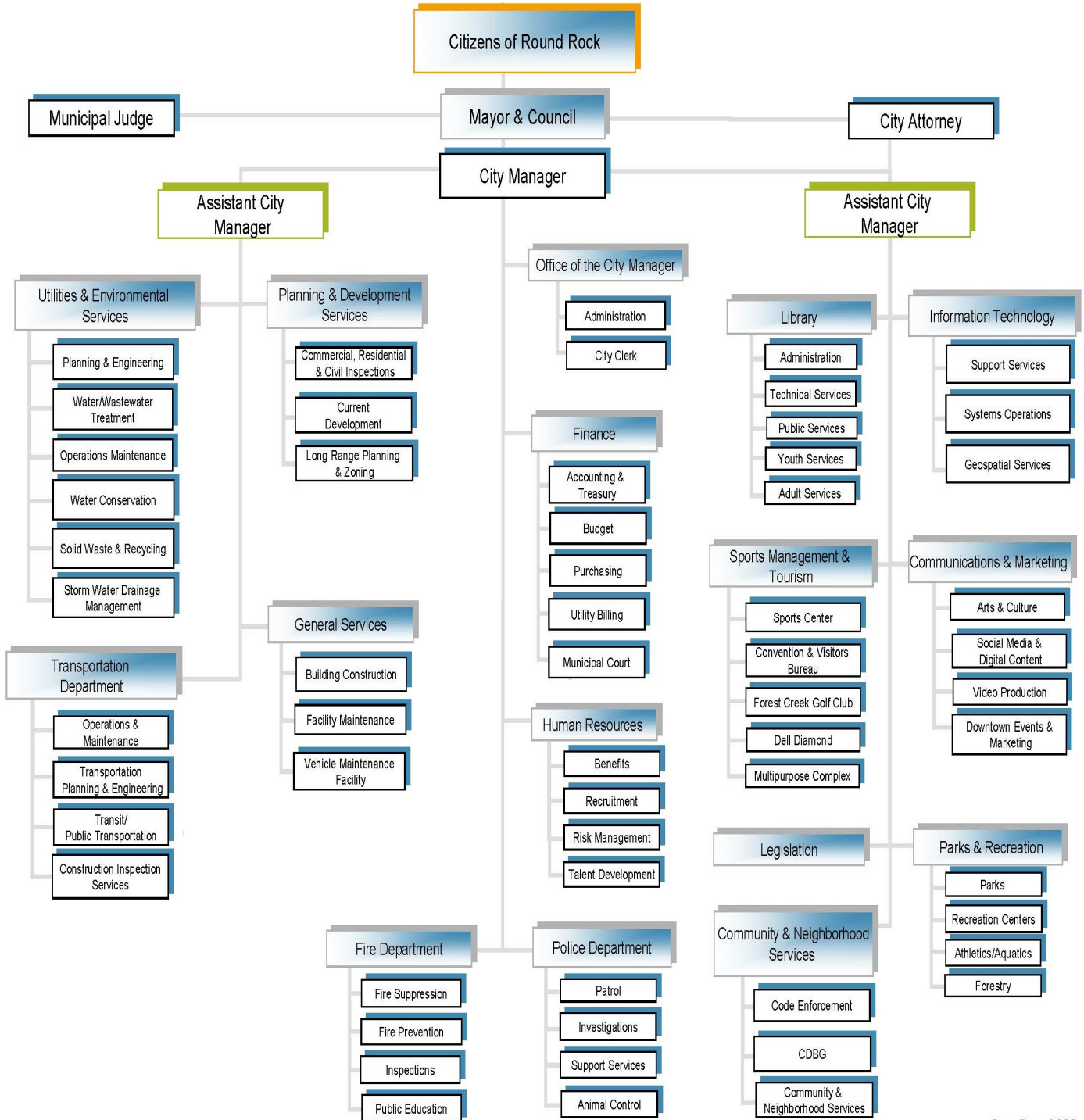


Susan L. Morgan, CPA
Chief Financial Officer



CITY OF ROUND ROCK, TEXAS

CITY ORGANIZATIONAL CHART



Rev. Dec. 2023



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, 2022

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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024, 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.

Whitley Penn LLP

Austin, Texas
February 5, 2024



CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

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, 2023. 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, 2023, by \$1,247,124,860 (*net position*). Of this amount, \$822,958,278 (66.0%) is invested in capital assets. Net position restricted for specific purposes totals \$196,820,152 (15.8%). The remaining amount, \$227,346,430 (18.2%) (*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 \$110,199,638. The increase can be attributed to \$71.8 million of operating and capital grants and contributions from both governmental and business-type activities. Grants and contributions increased \$9.5 million compared to the previous year due in part to infrastructure contributions on completed residential and commercial developments. Total general revenues increased \$33.5 million. Year over year, property taxes increased \$3.5 million, sales tax was relatively stable with a slight increase of \$0.3 million due to professional services. Hotel Occupancy Tax (HOT) increased \$1.9 million primarily due to additional hotels and an increase in average daily room rates.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$309,383,934, a decrease of \$5,034,757 in comparison to the prior year. The decrease is due in part to spending down debt issued in prior year for capital projects and no new debt being issued. The increase in revenues can be attributed to increased sales, property, and HOT taxes. Additionally, contributions increased \$4.6 million, a result of reimbursements from Williamson County for local road projects, while investments and other revenue increased \$18.4 million due to investment income from favorable market conditions and an increase in the Fire protection MUD contract. The increase in revenues was offset by an increase in expenditures of \$16.6 million compared to last year. The increase in expenditures is mostly related to capital project costs and personnel. *Unassigned fund balance* of \$63,341,210, or 20.5% of the total fund balance is *available for spending* at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$63,341,210, or 45.8% 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 \$34,554,149. The General Fund's total fund balance, \$63,699,353, is 84.3% more than the fund balance policy requirement.
- The City of Round Rock's total debt decreased by \$21,554,052 during the current fiscal year. The decrease is the result 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 is intended to serve as an introduction to the City of Round Rock's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Round Rock's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

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

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

Both of the government-wide financial statements distinguish functions of the City of Round Rock that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Round Rock include water, wastewater, 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 of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Round Rock maintains 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, wastewater, and stormwater utility and for its golf course.

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

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, 2023. 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, wastewater, and stormwater utility and for the golf course. The water, wastewater, and stormwater utility is considered a major fund of the City. Since the Golf Course Fund is the only remaining enterprise fund, it is presented separately even though it does not meet the criteria of a major fund in GASB Statement No. 34. The Internal Service Fund is a single presentation in the proprietary fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

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

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 102 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 \$1,247,124,860 as of September 30, 2023.

The largest portion of the City's net position, \$822,958,278 (66.0%) reflects its investments in capital assets (e.g., land, buildings and improvements, improvements other than buildings, machinery and equipment, right-to-use lease assets, right-to-use subscriptions, 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, \$196,820,152 (15.8%) represents resources that are subject to external restriction on how they may be utilized. Restricted net position increased \$50.6 million, or 34.6%, compared to the prior year. Restricted net position for the governmental activities increased \$54.0 million, a result of an increase in capital assets combined with a decrease in related debt balances. The \$3.5 million decrease in restricted net position for business-type activities is a result of capital project costs contributed to the Brushy Creek Regional Utility Authority (BCRUA) deep water intake project. The remaining balance is unrestricted net position of \$227,346,430 which may be used to meet the City's ongoing obligations to citizens and creditors.

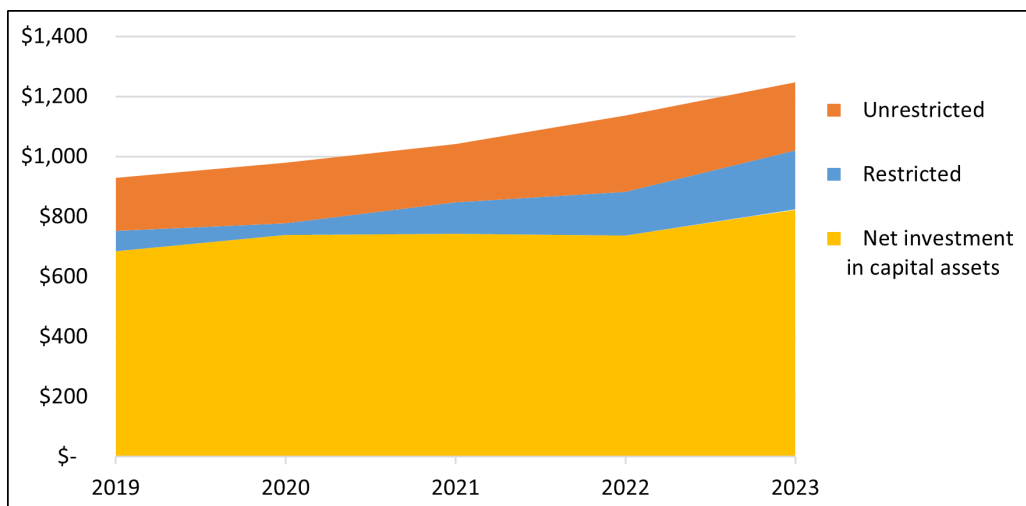
As of September 30, 2023, and 2022, the City was able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

**Net Position
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 359,561	\$ 362,014	\$ 245,993	\$ 242,007	\$ 605,554	\$ 604,021
Capital assets	820,576	754,674	423,025	398,172	1,243,601	1,152,846
Total assets	1,180,137	1,116,688	669,018	640,179	1,849,155	1,756,867
Deferred outflows of resources	43,004	19,760	9,073	6,268	52,076	26,028
Long term liabilities	462,152	434,339	72,910	70,716	535,062	505,055
Other liabilities	83,999	80,010	31,148	39,731	115,148	119,741
Total liabilities	546,151	514,349	104,058	110,447	650,209	624,797
Deferred inflows of resources	3,552	18,631	347	2,541	3,899	21,172
Net position:						
Net investment in capital assets	461,229	402,308	361,729	333,196	822,958	735,504
Restricted	186,392	132,351	10,428	13,866	196,820	146,217
Unrestricted	25,817	68,809	201,529	186,397	227,346	255,206
Total net position, as restated	\$ 673,438	\$ 603,468	\$ 573,686	\$ 533,459	\$ 1,247,124	\$ 1,136,927

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



CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

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, 2023, with comparisons to the previous year.

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 14,439	\$ 12,087	\$ 72,166	\$ 71,093	\$ 86,605	\$ 83,180
Operating grants and contributions	4,950	4,802	308	-	5,258	4,802
Capital grants and contributions	27,815	23,442	38,688	34,040	66,503	57,482
General revenues:						
Property taxes	74,006	70,551	-	-	74,006	70,551
Franchise taxes	8,018	7,430	-	-	8,018	7,430
Sales tax	104,714	104,397	-	-	104,714	104,397
Hotel occupancy tax	17,048	15,128	-	-	17,048	15,128
Public service taxes	1,158	1,021	-	-	1,158	1,021
Investment earnings and other	31,393	11,176	7,004	95	38,397	11,271
Total revenues	<u>283,541</u>	<u>250,034</u>	<u>118,166</u>	<u>105,228</u>	<u>401,707</u>	<u>355,262</u>
Expenses:						
General government	48,259	41,213	-	-	48,259	41,213
Public safety	78,793	67,534	-	-	78,793	67,534
Public works	46,225	40,068	-	-	46,225	40,068
Culture and recreation	34,899	30,668	-	-	34,899	30,668
Interest on long-term debt	11,000	11,293	-	-	11,000	11,293
Water and wastewater utility	-	-	68,229	63,886	68,229	63,886
Golf course	-	-	4,104	4,291	4,104	4,291
Total expenses	<u>219,176</u>	<u>190,776</u>	<u>72,333</u>	<u>68,177</u>	<u>291,509</u>	<u>258,953</u>
Increases in net position before transfers	64,365	59,258	45,833	37,051	110,198	96,309
Transfers	5,605	5,355	(5,605)	(5,355)	-	-
Increase in net position	69,970	64,613	40,228	31,696	110,198	96,309
Net position - beginning, as restated	603,466	538,853	533,459	501,763	1,136,925	1,040,616
Net position - ending	<u>\$ 673,436</u>	<u>\$ 603,466</u>	<u>\$ 573,687</u>	<u>\$ 533,459</u>	<u>\$ 1,247,123</u>	<u>\$ 1,136,925</u>

Governmental Activities

During the current fiscal year, governmental activities increased the City's net position by \$69,969,774 or 63.5% 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:

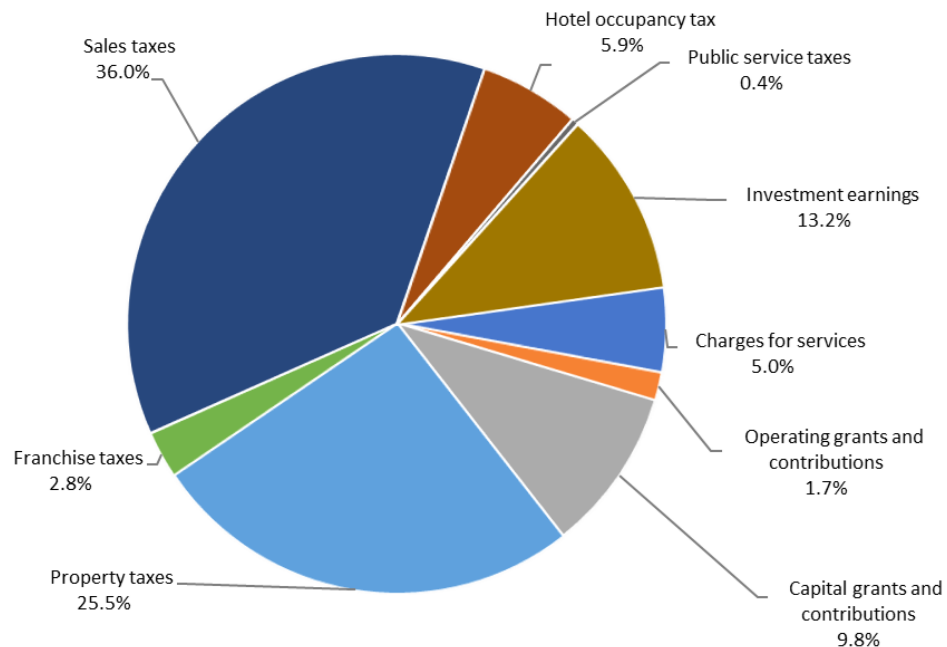
Revenues

- Amounts received for property taxes increased from last year by 4.9% due primarily to \$423 million in new taxable property and a 4.8% increase in the property tax rate. The fiscal year 2023 tax rate of \$0.342000 is 4.8% above the no-new-revenue rate of \$0.326408. Property tax makes up 31.3% of total general revenues.
- Sales tax collections of \$104.7 million increased 0.3%, compared to prior year. Dell remains one of the City's top sales taxpayers for fiscal year 2023. Professional services sales tax was 37.3% 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.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

- Hotel occupancy tax (HOT) revenues totaled \$17.0 million compared to \$15.1 million in the prior year, up 12.7% from the prior year. The increase is due in part to rising average daily room rates in the region, an increase in local events, as well as the Embassy Suites, which opened in April of 2022, being open a full year providing additional meeting and convention space.
- Charges for services increased \$2.4 million, or 19.5% over the prior year. The increase, in part, can be attributed to culture and recreation which saw an increase in demand for services, increased participation in programming, and an increase in admission fees to the City's water park and pool facilities.
- Grants and contribution revenues increased \$4.5 million over the prior year due to reimbursement of the American Rescue Plan Act (ARPA) for the Crisis Response Unit costs, as well as capital related contributions.
- Unrestricted investment earnings and other general revenues increased \$20.2 million. The increase can be attributed to market conditions and a sudden change in interest rates.

Revenues by Type - Governmental Activities



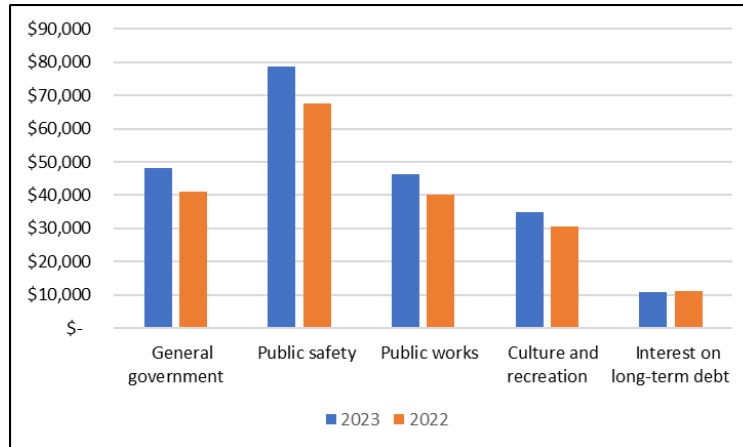
Expenses

Expenses for governmental activities for the City totaled \$219,176,418 for the year ended September 30, 2023. Significant factors are listed below:

- General government costs increased \$7.0 million from \$41.2 million in 2022 to \$48.3 million in 2023, an increase of 17.1%. The increase can be attributed to economic development incentive payments and salary costs. The City provided its employees with a 4% cost of living adjustment mid-year FY 2022. This increase was recognized for the full year in FY 2023.
- Public safety program costs including police and fire department activities totaled about \$78.8 million, or 35.9% of total expenses for governmental activities. Total costs increased 16.7% over the prior year, due largely to personnel costs relating to Fire overtime due to deployments, as well as public safety salary increases.
- Public works program costs increased \$6.2 million, or 15.4%, compared to prior year. The increase is a result of increased salary expenses.
- Culture and recreation increased \$4.2 million from \$30.7 million in 2022 to \$34.9 million, or 13.8%, in 2023. This increase is due to salary expenses, in addition to the expansion and expenses associated with special events and programs.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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



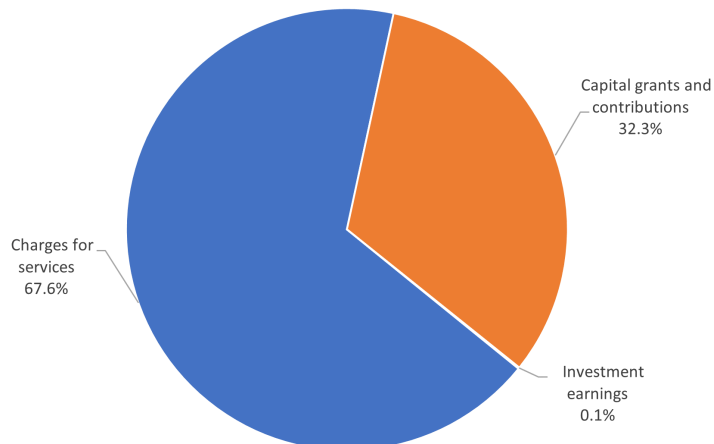
Business-Type Activities

Business-type activities increased the City's net position by \$40,227,369 or 36.5% of the total growth in the net position of the City over the prior year. This increase can be attributed to \$39.0 million in capital grants and contributions. Additionally, charges for services were up \$1.1 million, which is offset with an increase in expenses by \$4.2 million over the prior year. Key factors for the increase in net position are as follows:

Revenues

The City's water, wastewater, and stormwater utility continues to show increases in the number of customers and operating revenues. Planned uses of impact fees and rate revenues have allowed current rates to remain stable while still providing adequate times coverage of utility bonded debt service.

Revenues - Business-Type Activities



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

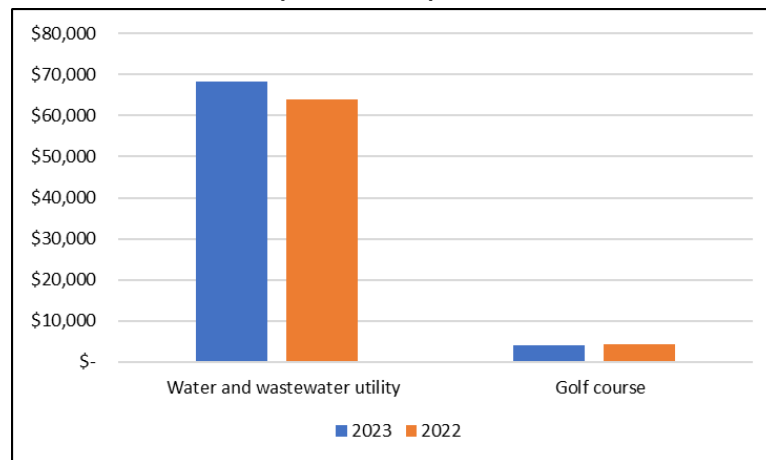
Comparative data for the past two fiscal years is presented as follows:

	2023	2022
Operating revenues	\$ 68,264,956	\$ 67,225,390
Operating income	2,368,005	5,832,830
Income available for debt service	33,664,516	28,163,395
Annual debt service	5,956,631	6,062,631
Coverage	5.65	4.65

Expenses

Expenses of the business-type activities increased \$4.2 million over the prior year due to the fulfillment of significant personnel vacancies from the prior year and an increase in depreciation and amortization.

**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

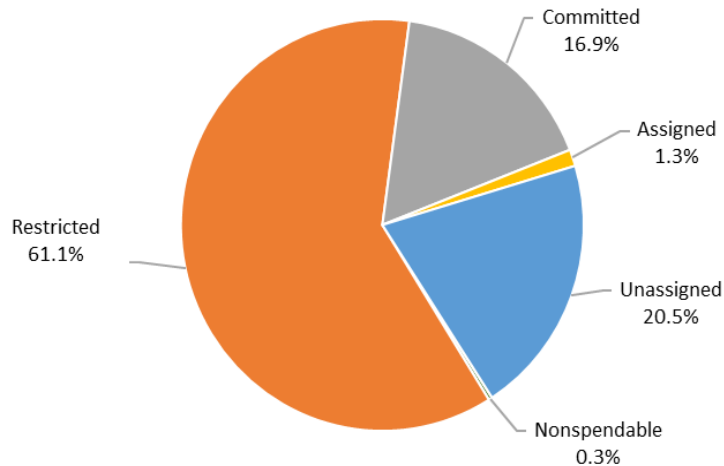
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net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

For the fiscal year ended September 30, 2023, the City's governmental funds reported combined ending fund balances of \$309,383,934. This is a decrease of \$5.0 million, or 1.6% change from the prior year. Unassigned fund balance is \$63,341,210, or approximately 20.5% of the total fund balance amount, is available for spending at the City's discretion. \$4,022,080 is assigned to culture and recreation while \$52,315,059 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 restricted to 1) pay debt service of \$6,492,541, 2)

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

fund authorized construction of \$160,664,737, 3) other restricted purposes of \$21,617,587 or 4) non-spendable of \$930,720.

Fund Balance Type - Governmental Funds



The General Fund is the primary operating fund of the City. At the close of the current fiscal year, fund balance of the General Fund reached \$63,699,353, of which \$63,341,210, 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 45.8% of total general fund expenditures.

During the current fiscal year, the fund balance of the General Fund increased by \$15,046,511 due to an increase in revenues over prior year. The General Fund's total revenues increased \$19,128,116 and exceeded the budget by \$7,817,075 due to subdivision development fees, building permits, and an increase to investment income due to favorable market conditions. The City continues to budget revenues conservatively but with the continued population growth and increase in property values, the property taxes, and other revenues continue to surpass budgeted projections. The increase in revenues was offset by an increase in expenditures totaling \$12,353,078, a result of a cost of living adjustment in salaries and an increase in salaries and operating expenses for public safety.

The Debt Service Fund had a total fund balance of \$4,110,112 at the end of the fiscal year, all of which is restricted for the payment of debt service. Fund balance decreased during the year by \$548,870. Debt service expenditure requirements increased by \$5,321,728 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 \$124,814,265, an increase of \$12,932,052 compared to the prior year. The increase can be attributed to investment earnings increasing with the change in market conditions as well as contributed developer infrastructure.

The fund balance of the Debt-Financed Capital Projects Fund was \$36,151,062, a decrease of \$25,627,272 compared to the prior year. The prior year's fund balance included the issuance of general obligation bonds, certificates of obligation, and limited tax notes. No new debt was issued this year.

The fund balance of the Self-Financed Construction Fund was \$47,277,029, a decrease of \$12,610,291 compared to the prior year. Excess sales tax revenues were \$10.0 million, down from the prior year by \$7.6 million. The City has a policy that Dell sales tax receipts, net of incentive, exceeding 15% of budgeted General Fund revenues, is deposited in the General Self-Financed Construction Fund for pay-as-you-go, one-time capital expenditures. The decrease in revenues is offset with an increase of \$5.6 million in capital project expenditures.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023**

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 \$572,064,644, an increase of \$40,092,536 over the prior year. Unrestricted net position of the funds totaled \$199,907,378 at September 30, 2023. The unrestricted net position represented 34.9% of the enterprise funds' total net position.

The Water and Wastewater Fund's net position increased \$40,249,212 over the prior year due to charges for service remaining high for a second consecutive drought summer and an increase in contributed infrastructure. Operating revenues totaled \$68,264,956, compared to \$67,225,390 in the prior year relative to customer growth. Operating expenses were \$65,896,951, an increase of \$4,504,391 over the prior year. The increase is a result of fewer personnel vacancies, as well as higher chemical costs and repair.

The Golf Course Fund ended the year with a net position of \$11,757,353. Operating revenues totaled \$3,765,883, a 3.9% decrease for the year, compared to \$3,920,614 in the prior year. Operating expenses were \$4,104,094, which is \$186,432 lower than the previous year. The decrease can be attributed to personnel vacancies. Fee revenue decreased 4% due to extended summer heat.

General Fund Budgetary Highlights

One budget amendment was taken to City Council for the General Fund for the year ended September 30, 2023. The budget amendment added one (1) full-time equivalent (FTE) to create a Project Manager under the Transportation department. The budget amendment also added funds for Fire department personnel, as a result of the latest meet and confer agreement. The budget amendment increased funds due higher costs in the Parks and Recreation Department's personnel and operating expenditures related to attendance and events. The higher costs were offset by increased Park and Recreation fee revenues.

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, 2023, amounted to \$1,243,601,984 (net of accumulated depreciation/amortization). This investment includes land, buildings and improvements (including infrastructure), machinery and equipment, right-to-use lease assets, right-to-use subscriptions and construction in progress.

Major capital asset events for the year ended September 30, 2023, included the following:

Downtown Improvements

- Construction was completed on the new Downtown Parking Garage at a total cost of \$12.4 million.
- Design is underway on the Griffith Building Remodel and new Paseo with \$1.1 million spent to date.

Facility Improvements

- City facility improvements were completed at a cost of \$1.2 million.
- Information technology infrastructure upgrades were completed at a cost of \$382,000.
- Construction is underway on the new Fire Station #1 with \$4.2 million spent to date.
- Construction was completed on the new library at a total cost of \$33.7 million. Of this \$33.7 million, \$23.3 million was funded from the 2014 and 2023 General Obligation (GO) bonds.
- Design is underway on the Sports Center Expansion with \$1.1 million spent to date.
- Design is underway on the Dell Diamond Renovation & Expansion with \$348,000 spent to date.

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

Park Improvements and Trails

- Expansion of other citywide trails is underway with \$15.1 million spent to date. Of this \$15.1 million, \$13.5 million was funded from the 2014 and 2017 GO bonds.
- Additional park and facility improvements were completed at a cost of \$1.3 million.

Transportation Improvements

- Major arterial, signal, and road projects for transportation are underway and at various stages of completion. Completed projects totaled \$45.8 million while construction in progress at year-end approximated \$49.8 million.
- Various neighborhood street improvement projects were completed at a cost of \$3.7 million.
- Developers contributed \$13.7 million for transportation infrastructure improvements.

Water, Wastewater, and Stormwater Improvements

- Various water and wastewater system improvement projects were completed and placed in service at a cost of \$2.8 million and similar projects were in progress with \$19.0 million spent to date.
- Various additional stormwater improvement projects are in process with \$2.8 million spent to date.
- Developers contributed \$30.0 million for water, wastewater, 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 2024. Construction is underway with \$15.2 million spent to date by the City.

Capital Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 124,457	\$ 116,588	\$ 9,463	\$ 10,916	\$ 133,920	\$ 127,504
Buildings and improvements	1,117,465	1,022,181	658,277	627,420	1,775,742	1,649,601
Machinery and equipment	103,496	94,034	19,778	21,698	123,274	115,732
Right-to-use lease assets	902	547	214	214	1,116	761
Right-to-use subscription assets	8,726	598	-	-	8,726	598
Accumulated depreciation/amortization	(608,110)	(571,511)	(292,937)	(274,513)	(901,047)	(846,024)
Construction in progress	73,640	92,833	28,230	12,437	101,870	105,270
Total, as restated	<u>\$ 820,576</u>	<u>\$ 755,270</u>	<u>\$ 423,025</u>	<u>\$ 398,172</u>	<u>\$ 1,243,601</u>	<u>\$ 1,153,442</u>

Restatement results from implementation of GASB 96, Subscription-Based Information Technology Arrangements for right-to-use assets associated with subscriptions effective in fiscal year 2023.

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, 2023

Long-Term Debt

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$438,578,978. Of this amount, \$305,910,904 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 decreased by \$21,554,052. Regularly scheduled debt principal was retired during 2023. The City did not issue any new debt in 2023.

Long-Term Debt
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 149,840	\$ 162,165	\$ -	\$ -	\$ 149,840	\$ 162,165
Certificates of obligation	143,025	148,300	-	-	143,025	148,300
Limited tax notes	5,155	6,915	-	-	5,155	6,915
Hotel tax revenue bonds	6,720	7,375	-	-	6,720	7,375
Sales tax revenue bonds	39,035	42,320	-	-	39,035	42,320
State infrastructure bank loan	27,000	27,000	-	-	27,000	27,000
Notes payable	601	2,132	-	-	601	2,132
Leases	503	403	53	133	556	536
Subscriptions	6,787	595	-	-	6,787	595
Water and wastewater revenue bonds	-	-	59,860	63,390	59,860	63,390
Total, as restated	<u>\$ 378,666</u>	<u>\$ 397,205</u>	<u>\$ 59,913</u>	<u>\$ 63,523</u>	<u>\$ 438,579</u>	<u>\$ 460,728</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 \$3.6 billion of bonds. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.1176, or 7.84%. Of \$74,262,463 levied in property taxes for the fiscal year ended September 30, 2023, 99.67% 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, 2023

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 2023-2024 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 2023-2024 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
- Inflation impacting both wage and operating costs

Revenue assumptions, in general for fiscal year 2023-2024, have been built based on a slowing economy, rising interest rates, slowly declining inflation and recovery of availability and delivery of materials.

The City's economy is expected to generate approximately \$113.9 million in sales tax revenue for fiscal year 2024. This amount includes the 0.5%, or \$31.3 million, in additional sales and use tax for roads and economic development. The remaining 1.5% is projected to generate \$82.6 million for general operations, property tax reduction, and capital projects.

The fiscal year 2024 certified taxable property value for Round Rock is \$24.1 billion, an increase of 11.1% from last year's \$21.7 billion. The adopted property tax rate for fiscal year 2024 is \$0.342000 per \$100 of valuation. The tax rate is an increase of 2.6 cents over the no-new-revenue rate of \$0.316334, and well below the voter approval rate of \$0.344659. The 2.6 cents increase over the no-new-revenue tax rate allows the City to provide funding for additional public safety positions with competitive salaries, as well as additional staffing for parks, library, and other departments. With an adopted rate of \$0.342000, 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 rate increases for retail water, wastewater, or stormwater budgeted for fiscal year 2024. The City has not increased retail water rates since October 2018 and retail 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, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,284,535	\$ 27,541,019	\$ 43,825,554
Investments	143,913,428	134,617,299	278,530,727
Receivables (net of allowance for uncollectibles)-			
Property taxes	367,048	-	367,048
Accounts and other	12,409,913	20,828,011	33,237,924
Accrued interest	855,531	3,083,144	3,938,675
Intergovernmental	-	3,915,615	3,915,615
Grants	1,881,576	-	1,881,576
Interfund	(1,621,812)	1,621,812	-
Inventories	331,614	956,385	1,287,999
Prepaid items	1,008,882	608,298	1,617,180
Restricted assets -			
Cash and cash equivalents	70,568,000	2,480,852	73,048,852
Investments	110,347,590	9,249,465	119,597,055
Property tax receivable	209,688	-	209,688
Accounts and other	2,286,128	-	2,286,128
Accrued interest	718,588	51,072	769,660
Investment in joint venture	-	41,039,999	41,039,999
Capital assets -			
Land and construction in progress	198,096,184	37,693,484	235,789,668
Capital assets, net of accumulated depreciation/amortization	622,480,275	385,332,041	1,007,812,316
Total assets	<u>1,180,137,168</u>	<u>669,018,496</u>	<u>1,849,155,664</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refundings	368,327	3,432,261	3,800,588
Deferred outflows related to pensions	40,479,734	5,484,160	45,963,894
Deferred outflows related to OPEB	2,156,298	294,043	2,450,341
Total deferred outflows of resources	<u>43,004,359</u>	<u>9,210,464</u>	<u>52,214,823</u>

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

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 22,769,861	\$ 12,148,288	\$ 34,918,149
Accrued payroll	5,483,139	814,333	6,297,472
Unearned revenue	21,852,382	11,671,261	33,523,643
Accrued interest payable	1,462,247	377,197	1,839,444
Customer deposits	-	1,376,253	1,376,253
Due within one year			
Bonds, notes, leases, compensated absences	32,431,558	4,761,076	37,192,634
Due in more than one year			
Net pension liability	70,456,397	9,607,692	80,064,089
Total OPEB liability	18,035,791	2,459,426	20,495,217
Bonds, notes, leases, compensated absences	373,659,634	60,842,597	434,502,231
Total liabilities	546,151,009	104,058,123	650,209,132
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	3,552,114	484,381	4,036,495
Total deferred inflows of resources	3,552,114	484,381	4,036,495
NET POSITION			
Net investment in capital assets	461,228,728	361,729,550	822,958,278
Restricted for -			
Debt service	4,110,112	81,555	4,191,667
Capital projects	160,664,737	10,346,161	171,010,898
Hotel-motel tax	19,061,932	-	19,061,932
Public safety	918,100	-	918,100
General government	1,637,555	-	1,637,555
Unrestricted	25,817,240	201,529,190	227,346,430
Total net position	\$ 673,438,404	\$ 573,686,456	\$ 1,247,124,860

CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 48,259,094	\$ 3,619,177	\$ 4,933,254	\$ -
Public safety	78,793,508	1,626,659	9,144	-
Public works	46,224,524	1,874,377	-	27,622,958
Culture and recreation	34,898,867	7,318,494	7,334	192,322
Interest on long-term debt	11,000,425	-	-	-
Total governmental activities	219,176,418	14,438,707	4,949,732	27,815,280
Business-type activities:				
Water and wastewater utility	68,229,079	68,399,789	308,019	38,529,032
Golf course	4,104,094	3,765,883	-	158,595
Total business-type activities	72,333,173	72,165,672	308,019	38,687,627
Total primary government	<u>\$ 291,509,591</u>	<u>\$ 86,604,379</u>	<u>\$ 5,257,751</u>	<u>\$ 66,502,907</u>

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	\$ (39,706,663)	\$ -	\$ (39,706,663)
Public safety	(77,157,705)	-	(77,157,705)
Public works	(16,727,189)	-	(16,727,189)
Culture and recreation	(27,380,717)	-	(27,380,717)
Interest on long-term debt	(11,000,425)	-	(11,000,425)
Total governmental activities	(171,972,699)	-	(171,972,699)
Business-type activities:			
Water and wastewater utility	-	39,007,761	39,007,761
Golf course	-	(179,616)	(179,616)
Total business-type activities	-	38,828,145	38,828,145
Total primary government	(171,972,699)	38,828,145	(133,144,554)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	48,625,359	-	48,625,359
Property taxes, levied for debt service	25,381,002	-	25,381,002
Franchise taxes	8,017,834	-	8,017,834
Sales taxes	104,713,662	-	104,713,662
Hotel occupancy tax	17,048,182	-	17,048,182
Public service taxes	1,157,865	-	1,157,865
Unrestricted investment earnings and other	31,393,569	7,004,224	38,397,793
Transfers	5,605,000	(5,605,000)	-
Total general revenues and transfers	241,942,473	1,399,224	243,341,697
Change in net position	69,969,774	40,227,369	110,197,143
Net position-beginning, as restated	603,468,630	533,459,087	1,136,927,717
Net position-ending	\$ 673,438,404	\$ 573,686,456	\$ 1,247,124,860

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
ASSETS			
Cash and cash equivalents	\$ 6,900,794	\$ -	\$ 42,272
Investments	60,946,923	-	373,933
Receivables (net of allowance for uncollectibles) -			
Property taxes, including interest and penalties	367,048	-	-
Accounts and other	8,208,740	-	2,819,215
Accrued interest	412,341	-	2,133
Interfund	628	-	-
Grants	340,724	-	1,507,783
Inventories	331,614	-	-
Prepaid items	26,529	-	-
Restricted assets -			
Cash and cash equivalents	1,905,987	4,112,138	34,168,669
Investments	-	-	92,046,324
Receivables -			
Property taxes, including interest and penalties	-	209,688	-
Sales tax	-	-	2,286,128
Accrued interest	-	-	660,120
Total assets	<u>\$ 79,441,328</u>	<u>\$ 4,321,826</u>	<u>\$ 133,906,577</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 7,599,900	\$ -	\$ 8,523,992
Accrued payroll	5,334,366	-	-
Interfund payables	-	628	-
Unearned revenue	2,440,661	-	568,320
Total liabilities	<u>15,374,927</u>	<u>628</u>	<u>9,092,312</u>
Deferred inflows of resources -			
Unavailable revenue - property taxes	367,048	211,086	-
Total deferred inflows of resources	<u>367,048</u>	<u>211,086</u>	<u>-</u>
Fund balances -			
Nonspendable	358,143	-	-
Restricted - debt service	-	4,110,112	2,382,429
Restricted - authorized construction	-	-	122,013,498
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Restricted - general government	-	-	-
Committed - general government	-	-	-
Committed - capital projects funds	-	-	418,338
Committed - culture and recreation	-	-	-
Assigned - culture and recreation	-	-	-
Unassigned	63,341,210	-	-
Total fund balances	<u>63,699,353</u>	<u>4,110,112</u>	<u>124,814,265</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 79,441,328</u>	<u>\$ 4,321,826</u>	<u>\$ 133,906,577</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
\$ -	\$ 5,072,131	\$ 3,026,329	\$ 15,041,526
-	44,867,575	26,729,466	132,917,897
-	-	-	367,048
-	-	1,381,958	12,409,913
-	192,443	186,809	793,726
-	-	-	628
-	-	33,071	1,881,578
-	-	-	331,614
439,890	132,687	-	599,106
29,305,813	-	1,075,393	70,568,000
8,788,445	-	9,512,821	110,347,590
-	-	-	209,688
-	-	-	2,286,128
27,120	-	31,348	718,588
<u>\$ 38,561,268</u>	<u>\$ 50,264,836</u>	<u>\$ 41,977,195</u>	<u>\$ 348,473,030</u>

\$ 2,410,206	\$ 2,987,807	\$ 244,937	\$ 21,766,842
-	-	148,773	5,483,139
-	-	-	628
-	-	8,251,372	11,260,353
<u>2,410,206</u>	<u>2,987,807</u>	<u>8,645,082</u>	<u>38,510,962</u>
-	-	-	578,134
-	-	-	578,134
439,890	132,687	-	930,720
-	-	-	6,492,541
35,711,172	-	2,940,067	160,664,737
-	-	19,061,932	19,061,932
-	-	918,100	918,100
-	-	1,637,555	1,637,555
-	-	1,198,346	1,198,346
-	47,144,342	2,070,978	49,633,658
-	-	1,483,055	1,483,055
-	-	4,022,080	4,022,080
-	-	-	63,341,210
<u>36,151,062</u>	<u>47,277,029</u>	<u>33,332,113</u>	<u>309,383,934</u>
<u>\$ 38,561,268</u>	<u>\$ 50,264,836</u>	<u>\$ 41,977,195</u>	<u>\$ 348,473,030</u>

CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds \$ 309,383,934

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	\$ 124,456,531	
Construction in progress	73,639,653	
Building and improvements	1,117,464,780	
Equipment and right-to-use assets	113,125,374	
Accumulated depreciation/amortization	(608,109,879)	
Total capital assets	<u>\$ 820,576,459</u>	820,576,459

Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds. 368,327

Contributions to the pension plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 20,769,357

Pension actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. 19,710,377

Contributions to the OPEB plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 517,230

OPEB actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. (1,913,046)

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. 576,736

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. 10,085,302

Unearned revenue associated with long-term economic development agreements are not a current financial resource and, therefore, are not reported in the funds. (10,590,645)

Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end. (1,462,247)

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). (494,583,380)

Net Position of Governmental Activities \$ 673,438,404

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, 2023**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 123,005,330	\$ 25,546,523	\$ 29,372,531
Licenses, permits and fees	4,360,656	-	-
Charges for services	5,936,306	-	-
Fines and forfeitures	1,048,377	-	-
Intergovernmental	4,212,345	-	6,268,237
Hotel occupancy tax	-	-	-
Contributions	-	-	5,184,981
Investment and other	8,297,834	858,737	5,924,782
Total revenues	<u>146,860,848</u>	<u>26,405,260</u>	<u>46,750,531</u>
Expenditures -			
Current -			
General government	27,642,483	-	1,512,808
Public safety	71,483,729	-	-
Public works	18,977,936	-	405,633
Culture and recreation	20,112,448	-	-
Debt service -			
Principal retirement	-	24,867,905	-
Interest and fiscal charges	-	12,237,746	-
Capital projects	-	-	45,463,934
Total expenditures	<u>138,216,596</u>	<u>37,105,651</u>	<u>47,382,375</u>
Excess (deficiency) of revenues over expenditures	<u>8,644,252</u>	<u>(10,700,391)</u>	<u>(631,844)</u>
Other financing sources (uses) -			
Transfers in	6,905,000	10,151,521	17,157,329
Transfers out	(502,741)	-	(3,593,433)
Total other financing sources (uses)	<u>6,402,259</u>	<u>10,151,521</u>	<u>13,563,896</u>
Net change in fund balances	15,046,511	(548,870)	12,932,052
Fund balances, October 1, 2022	<u>48,652,842</u>	<u>4,658,982</u>	<u>111,882,213</u>
Fund balances, September 30, 2023	<u>\$ 63,699,353</u>	<u>\$ 4,110,112</u>	<u>\$ 124,814,265</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
\$ -	\$ 10,020,131	\$ 274,939	\$ 188,219,454
-	-	82,575	4,443,231
-	-	2,812,816	8,749,122
-	-	197,977	1,246,354
-	-	9,707,899	20,188,481
-	-	17,048,182	17,048,182
-	-	2,695,989	7,880,970
2,439,290	2,047,892	1,675,697	21,244,232
2,439,290	12,068,023	34,496,074	269,020,026
-	-	10,437,386	39,592,677
-	-	175,008	71,658,737
-	-	-	19,383,569
-	-	6,508,045	26,620,493
-	-	-	24,867,905
-	-	-	12,237,746
16,811,735	22,357,909	1,319,942	85,953,520
16,811,735	22,357,909	18,440,381	280,314,647
(14,372,445)	(10,289,886)	16,055,693	(11,294,621)
5,902,502	2,657,605	675,000	43,448,957
(17,157,329)	(4,978,010)	(10,957,580)	(37,189,093)
(11,254,827)	(2,320,405)	(10,282,580)	6,259,864
(25,627,272)	(12,610,291)	5,773,113	(5,034,757)
61,778,334	59,887,320	27,559,000	314,418,691
\$ 36,151,062	\$ 47,277,029	\$ 33,332,113	\$ 309,383,934

**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, 2023**

Net Change in Fund Balances-Total Governmental Funds \$ (5,034,757)

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization. They are detailed in Note III (B). 49,012,711

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position. They are detailed in Note III (B). 13,549,842

Note receivable satisfied through lien transfer of collateral land, resulting in a gain on restructure. Related economic development project has been cancelled. 544,007

Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (323,732)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. 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). 25,533,326

Governmental funds do not report recognition of increases to lease or subscription debt. In contrast, the Statement of Activities treats these as increases in long-term liabilities. (8,443,180)

Governmental funds report repayment of leases and subscriptions principal as expenditures. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 2,151,381

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	(5,932,298)
OPEB costs, net	(1,298,189)
Interest and employee expense	118,143

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. 92,520

Change in Net Position of Governmental Activities **\$ 69,969,774**

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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues -				
Taxes and franchise, including interest and penalties	\$ 121,580,000	\$ 122,372,000	\$ 123,005,330	\$ 633,330
Licenses, permits and fees	2,073,075	2,248,075	4,360,656	2,112,581
Charges for services	4,515,200	4,780,200	5,936,306	1,156,106
Fines and forfeitures	1,125,000	1,125,000	1,048,377	(76,623)
Intergovernmental	3,535,198	3,535,198	4,212,345	677,147
Investment and other	4,123,527	4,323,527	7,638,061	3,314,534
Total revenues	136,952,000	138,384,000	146,201,075	7,817,075
Expenditures -				
Current -				
General government	33,186,839	30,941,522	27,642,483	3,299,039
Public safety	70,614,914	72,595,972	71,483,729	1,112,243
Public works	20,531,151	21,033,171	18,977,936	2,055,235
Culture and recreation	19,129,096	20,450,835	20,112,448	338,387
Total expenditures	143,462,000	145,021,500	138,216,596	6,804,904
Excess (deficiency) of revenues over expenditures	(6,510,000)	(6,637,500)	7,984,479	14,621,979
Other financing sources (uses) -				
Transfers in	6,905,000	6,905,000	6,905,000	-
Transfers out	(200,000)	(502,741)	(502,741)	-
Total other financing sources (uses)	6,705,000	6,402,259	6,402,259	-
Net change in fund balances	\$ 195,000	\$ (235,241)	14,386,738	\$ 14,621,979
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			659,773	
Fund balance, October 1, 2022			48,652,842	
Fund balance, September 30, 2023			\$ 63,699,353	

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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues -				
Sales tax	\$ 30,523,263	\$ 30,523,263	\$ 29,372,531	\$ (1,150,732)
Intergovernmental	11,994,594	11,994,594	6,268,237	(5,726,357)
Contributions	15,350,000	15,350,000	5,184,981	(10,165,019)
Investment and other	-	-	4,865,130	4,865,130
Total revenues	<u>57,867,857</u>	<u>57,867,857</u>	<u>45,690,879</u>	<u>(12,176,978)</u>
Expenditures -				
Current -				
General government	10,369,332	10,369,332	1,512,808	8,856,524
Public works	650,000	650,000	405,633	244,367
Debt Service -				
Capital projects	<u>113,724,558</u>	<u>113,724,558</u>	<u>45,463,934</u>	<u>68,260,624</u>
Total expenditures	<u>124,743,890</u>	<u>124,743,890</u>	<u>47,382,375</u>	<u>77,361,515</u>
Excess (deficiency) of revenues over expenditures	<u>(66,876,033)</u>	<u>(66,876,033)</u>	<u>(1,691,496)</u>	<u>65,184,537</u>
Other financing sources (uses) -				
Transfers in	40,209,628	40,209,628	17,157,329	(23,052,299)
Transfers out	<u>(3,118,941)</u>	<u>(3,593,433)</u>	<u>(3,593,433)</u>	-
Total other financing sources (uses)	<u>37,090,687</u>	<u>36,616,195</u>	<u>13,563,896</u>	<u>(23,052,299)</u>
Net change in fund balances	<u>\$ (29,785,346)</u>	<u>\$ (30,259,838)</u>	<u>11,872,400</u>	<u>\$ 42,132,238</u>
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			1,059,652	
Fund balance, October 1, 2022			<u>111,882,213</u>	
Fund balance, September 30, 2023			<u>\$ 124,814,265</u>	

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



**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 26,809,599	\$ 731,420	\$ 27,541,019	\$ 1,243,009
Investments	134,428,612	188,687	134,617,299	10,995,531
Receivables (net of allowance for uncollectibles of \$1,120,049) -				
Accounts and other	20,801,015	26,996	20,828,011	-
Accrued interest	3,081,089	2,055	3,083,144	61,805
Intergovernmental	3,915,615	-	3,915,615	-
Inventories	956,385	-	956,385	-
Prepaid items	469,390	138,908	608,298	409,776
Total current assets	190,461,705	1,088,066	191,549,771	12,710,121
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	3,812,037	-	3,812,037	-
Construction	6,483,052	-	6,483,052	-
Customer deposits	1,353,673	-	1,353,673	-
Revenue bond covenant accounts	81,555	-	81,555	-
Restricted accrued interest	51,072	-	51,072	-
Investment in joint venture	41,039,999	-	41,039,999	-
Capital assets:				
Land and construction in progress	33,389,170	4,304,314	37,693,484	-
Capital assets being depreciated/amortized	378,608,387	6,723,654	385,332,041	-
Total capital assets (net of accumulated depreciation/amortization of \$292,937,045)	411,997,557	11,027,968	423,025,525	-
Total noncurrent assets	464,818,945	11,027,968	475,846,913	-
Total assets	655,280,650	12,116,034	667,396,684	12,710,121
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refundings	3,432,261	-	3,432,261	-
Deferred outflows related to pensions	5,484,160	-	5,484,160	-
Deferred outflows related to OPEB	294,043	-	294,043	-
Total deferred outflows of resources	9,210,464	-	9,210,464	-

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

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS (CONTINUED)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 11,966,587	\$ 181,701	\$ 12,148,288	\$ 1,003,007
Accrued payroll	814,333	-	814,333	-
Accrued benefit obligations	691,595	-	691,595	-
Unearned revenue	11,546,983	124,278	11,671,261	-
Accrued interest	377,197	-	377,197	-
Customer deposits	1,376,253	-	1,376,253	-
Lease payable	371	52,702	53,073	-
Bonds payable	4,016,408	-	4,016,408	-
Total current liabilities	30,789,727	358,681	31,148,408	1,003,007
Noncurrent liabilities:				
Net pension liability	9,607,692	-	9,607,692	-
Total OPEB liability	2,459,426	-	2,459,426	-
Accrued benefit obligations	183,842	-	183,842	-
Bonds payable	60,658,755	-	60,658,755	-
Total noncurrent liabilities	72,909,715	-	72,909,715	-
Total liabilities	103,699,442	358,681	104,058,123	1,003,007
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	484,381	-	484,381	-
Total deferred inflows of resources	484,381	-	484,381	-
NET POSITION				
Net investment in capital assets	350,754,284	10,975,266	361,729,550	-
Restricted for:				
Debt service	81,555	-	81,555	-
Capital projects	10,346,161	-	10,346,161	-
Unrestricted	199,125,291	782,087	199,907,378	11,707,114
Total net position	\$ 560,307,291	\$ 11,757,353	572,064,644	\$ 11,707,114
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			1,621,812	
Net position of business-type activities			\$ 573,686,456	

CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
Operating revenues -				
Charges for services	\$ 61,870,880	\$ 3,765,883	\$ 65,636,763	\$ 16,455,350
Licenses, permits, and fees	6,394,076	-	6,394,076	-
Total revenues	68,264,956	3,765,883	72,030,839	16,455,350
Operating expenses -				
Personnel services	16,702,089	-	16,702,089	-
Contractual services	17,758,878	3,536,094	21,294,972	2,810,058
Supplies	1,806,816	144	1,806,960	45
Repair and maintenance	2,512,717	-	2,512,717	5,869
Heat, light and power	3,109,243	61,829	3,171,072	6,641
Claims expense	-	-	-	13,468,525
Depreciation and amortization	24,007,208	506,027	24,513,235	-
Total operating expenses	65,896,951	4,104,094	70,001,045	16,291,138
Operating income (loss)	2,368,005	(338,211)	2,029,794	164,212
Nonoperating revenues (expenses) -				
Investment and other revenues	7,289,303	22,940	7,312,243	718,005
Interest and fiscal charges	(2,332,128)	-	(2,332,128)	-
Total nonoperating revenues (expenses)	4,957,175	22,940	4,980,115	718,005
Income before contributions and transfers	7,325,180	(315,271)	7,009,909	882,217
Contributions and transfers -				
Contributions - impact fees	7,625,427	-	7,625,427	-
Contributions - infrastructure	30,099,159	-	30,099,159	-
Contributions - other	804,446	158,595	963,041	-
Transfers out	(5,605,000)	-	(5,605,000)	(654,864)
Total contributions and transfers	32,924,032	158,595	33,082,627	(654,864)
Change in net position	40,249,212	(156,676)	40,092,536	227,353
Net position, October 1, 2022	520,058,079	11,914,029		11,479,761
Net position, September 30, 2023	<u>\$ 560,307,291</u>	<u>\$ 11,757,353</u>		<u>\$ 11,707,114</u>

Reconciliation to government-wide statement of activities:

Adjustment to reflect the net profit of the internal

service fund that was allocated to enterprise fund functions

Change in net position of business-type activities

134,833

\$ 40,227,369

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, 2023**

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 66,805,317	\$ 3,968,165	\$ 70,773,482	\$ 1,084,817
Cash received from other funds for services provided	-	-	-	15,370,533
Cash payments to suppliers for goods and services	(33,755,428)	(3,624,574)	(37,380,002)	(15,900,106)
Cash payments to employees for services	(15,247,989)	-	(15,247,989)	-
Net cash provided (used) by operating activities	17,801,900	343,591	18,145,491	555,244
Cash flows from noncapital financing activities:				
Transfers to other funds	(5,605,000)	-	(5,605,000)	(654,864)
Net cash provided (used) by noncapital financing activities	(5,605,000)	-	(5,605,000)	(654,864)
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	2,590,130	-	2,590,130	-
Acquisition and construction of capital assets	(20,847,361)	(215,936)	(21,063,297)	-
Investment in joint venture	(16,206,812)	-	(16,206,812)	-
Liability associated with right-to-use assets	(1,434)	(78,903)	(80,337)	-
Acquisition of right-to-use assets	-	-	-	-
Principal paid on revenue bonds	(3,861,412)	-	(3,861,412)	-
Interest paid on revenue, certificates of obligation bonds, and leases	(2,359,370)	-	(2,359,370)	-
Contributions and grant proceeds	804,446	-	804,446	-
Impact fees	7,625,427	-	7,625,427	-
Net cash provided (used) by capital and related financing activities	(32,256,386)	(294,839)	(32,551,225)	-
Cash flows from investing activities:				
Purchase of investments	(66,122,249)	(86,836)	(66,209,085)	(5,060,265)
Proceeds from sale and maturities of investments	87,440,003	474,495	87,914,498	4,302,213
Investment and other income	5,331,571	22,366	5,353,937	689,883
Net cash provided (used) by investing activities	26,649,325	410,025	27,059,350	(68,169)
Net increase (decrease) in cash and cash equivalents	6,589,839	458,777	7,048,616	(167,789)
Cash and cash equivalents at beginning of year	22,700,612	272,643	22,973,255	1,410,798
Cash and cash equivalents at end of year	<u>\$ 29,290,451</u>	<u>\$ 731,420</u>	<u>\$ 30,021,871</u>	<u>\$ 1,243,009</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, 2023

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Position				
Cash and cash equivalents	\$ 26,809,599	\$ 731,420	\$ 27,541,019	\$ 1,243,009
Restricted assets -				
Cash and cash equivalents	2,480,852	-	2,480,852	-
Cash and cash equivalents	<u>\$ 29,290,451</u>	<u>\$ 731,420</u>	<u>\$ 30,021,871</u>	<u>\$ 1,243,009</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 2,368,005	\$ (338,211)	\$ 2,029,794	\$ 164,212
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation & amortization	24,007,208	506,027	24,513,235	-
Provision for bad debts	70,711	-	70,711	-
(Increase) decrease in:				
Receivables	(551,332)	78,004	(473,328)	-
Inventory	(321,685)	-	(321,685)	-
Other assets	(2,366)	9,840	7,474	(97,276)
Pension related deferred outflows	(5,684,098)	-	(5,684,098)	-
OPEB related deferred outflows	423,253	-	423,253	-
Increase (decrease) in:				
Accounts payable	(8,243,723)	(36,347)	(8,280,070)	488,308
Customer deposits	(670,998)	124,278	(546,720)	-
Accrued payroll	468,125	-	468,125	-
Unearned Revenue	(308,020)	-	(308,020)	-
OPEB related deferred inflows	-	-	-	-
Net pension liability	6,493,048	-	6,493,048	-
Total OPEB liability	(246,228)	-	(246,228)	-
Total adjustments	<u>15,433,895</u>	<u>681,802</u>	<u>16,115,697</u>	<u>391,032</u>
Net cash provided (used) by operations	<u>\$ 17,801,900</u>	<u>\$ 343,591</u>	<u>\$ 18,145,491</u>	<u>\$ 555,244</u>

NOTES:

Noncash capital and related financing activities:

In fiscal year 2023, the Water and Wastewater Fund had \$30,099,159 in capital assets contributed, recognized a change of \$1,011,992 in fair value of investments, and a change of \$16,206,812 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, 2023

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, a transportation system, and a waterworks and wastewater 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 blended component unit provides services entirely to the City for financial and economic benefits. The purpose of the RRTEDC is to utilize sales tax revenues for economic development by the improvement of the City's transportation system and payment of economic development incentives, covered under local government code. The City Council maintains budgetary control for 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.

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Government-wide Statements

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

The City's statement of net position 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 and amortization 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. Because the principal users are the City's governmental activities, financial statements of the Internal Service Fund are consolidated into the governmental column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (general government, public safety, public works, etc.).

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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:

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*

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.

- *Self-Financed Construction Fund*

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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. In fiscal year 2022, as part of the fiscal year 2023 budget adoption process, City Council adopted revisions to the financial policies. To reduce reliance on any single sales tax provider or group, all are limited not to exceed 16% of total General Fund budgeted sales tax revenue, net of incentives in fiscal year 2023, and 15% thereafter. Sales tax receipts, net of incentives, in excess of these amounts will be budgeted and deposited in the Self-Financed Construction Fund. Secondly, expected or realized sales tax total revenue in the General Fund exceeding 45% of the operating budget will be recognized in the Self-Financed Construction Fund. All funds in the Self-Financed Construction Fund are available for pay-as-you-go one-time capital expenditures or projects.

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 Wastewater 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,

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revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Governmental Funds

Revenue Recognition

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

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

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, but are not included in the budget basis. The fair market value change is reported as a separate impact on fund balance below the net change in fund balance.

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

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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 Wastewater 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/amortization 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.

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 (other current assets) 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

The 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.

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K. CAPITAL ASSETS

Capital assets are stated at historical cost, except for intangible right-to-use lease assets and right-to-use subscriptions. 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 ten (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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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 and amortization of plant, equipment, and the right-to-use lease assets and right-to-use subscriptions 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>
<i>Right-to-use lease assets</i>	<i>5 - 7 years</i>
<i>Right-to-use subscriptions</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.

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 and amortization 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.

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A loan from the State Infrastructure Bank has been received to fund transportation improvements. The loan will be repaid from revenues of the Round Rock Transportation and Economic Development Corporation.

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.

Principal and interest expenditures on lease and subscription liabilities are recognized based on specific accounting rules applicable when payment is due. General capital asset acquisitions, including entering into contracts giving the City right-to-use lease assets and subscriptions, are reported as expenditures while issuance of financing through leases and subscriptions are reported as other financing sources in governmental funds.

M. ACCRUED BENEFIT OBLIGATIONS

Unpaid Compensated Absences

Regular full-time employees and regular part-time employees who are normally scheduled to work at least twenty (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.*
- *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

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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/amortization, outstanding balances of capital-related borrowings, and capital-related deferred outflows (inflows) of resources. Net position classified as restricted is balances with constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

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

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

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

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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 but are neither restricted nor committed. Assignments are made 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 operating 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting in this category by the City include the following:

- Deferred charges on refundings - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred charge on refundings is reported in the government-wide statement of net position.
- OPEB and pension contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference 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.

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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 assets 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 wastewater 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 wastewater 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, 2023; phase 2 is for final plat dates between January 1, 2023, 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.

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V. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following statements which became effective for fiscal year 2023, as well as statements that are effective in future fiscal years, but the City implemented early.

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*"- This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

GASB Statement No 99, "*Omnibus 2023*"- The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The GASB has issued the following statement which will become effective for fiscal year 2024:

GASB Statement No. 100, "*Accounting for Changes and Error Corrections*"- an Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, "*Compensated Absences*"- The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

W. PRIOR PERIOD ADJUSTMENT

The City restated its government-wide net position as of September 30, 2022, to recognize beginning net position due to implementation of GASB Statement 96, "*Subscription-Based Information Technology Arrangements*".

	Government-Wide Statement of Activities		
	Governmental Activities	Business-Type Activities	Total
Net Position at September 30, 2022, as previously reported	\$ 603,466,135	\$ 533,459,087	\$ 1,136,925,222
Subscription assets	598,057	-	598,057
Subscription liabilities	(595,562)	-	(595,562)
Net restatement	2,495	-	2,495
Net position at September 30, 2022, as restated	<u>\$ 603,468,630</u>	<u>\$ 533,459,087</u>	<u>\$ 1,136,927,717</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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) Fair market value adjustments related to investments are not included in the budgetary basis due to the non-cash nature of those changes.
- (6) 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.
- (7) 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.
- (8) 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, 2023

The budgets of the various funds are prepared on a basis consistent with generally accepted accounting principles, with one exception 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	\$ 121,580,000	\$ 792,000	\$ 122,372,000
Licenses, permits and fees	2,073,075	175,000	2,248,075
Charges for services	4,515,200	265,000	4,780,200
Fines and forfeitures	1,125,000	-	1,125,000
Intergovernmental	3,535,198	-	3,535,198
Investment and other	4,123,527	200,000	4,323,527
Total revenues	<u>136,952,000</u>	<u>1,432,000</u>	<u>138,384,000</u>
Expenditures -			
Current -			
General government	33,186,839	(2,245,317)	30,941,522
Public safety	70,614,914	1,981,058	72,595,972
Public works	20,531,151	502,020	21,033,171
Culture and recreation	19,129,096	1,321,739	20,450,835
Total expenditures	<u>143,462,000</u>	<u>1,559,500</u>	<u>145,021,500</u>
Excess (deficiency) of revenues over expenditures	<u>(6,510,000)</u>	<u>(127,500)</u>	<u>(6,637,500)</u>
Other financing sources (uses) -			
Transfers in	6,905,000	-	6,905,000
Transfers out	(200,000)	(302,741)	(502,741)
Total other financing sources (uses)	<u>6,705,000</u>	<u>(302,741)</u>	<u>6,402,259</u>
Net change in fund balances	<u>\$ 195,000</u>	<u>\$ (430,241)</u>	<u>\$ (235,241)</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, 2023, 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	\$ 40,965,000
Self-Financed Construction Fund	12,389,000
Debt-Financed Capital Projects Fund	11,095,000

Nonmajor Funds

Special revenue funds	\$ 1,739,000
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CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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, certificates, and limited tax notes payable - public placement	\$ 312,700,000
Plus: Issuance premium (amortized against interest expense)	17,226,338
Less: Issuance discount (amortized against interest expense)	(25,121)
Bonds, certificates, and limited tax notes payable - private placement	31,075,000
State infrastructure bank loan	27,000,000
Notes payable	600,837
Right-to-use lease payable	503,368
Right-to-use subscriptions payable	6,786,702
Net pension liability	70,456,397
Compensated absences	10,224,068
Total OPEB liability	<u>18,035,791</u>
Net adjustment to reduce fund balance - total governmental funds	
to arrive at net position - governmental activities	<u>\$ 494,583,380</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/amortization expense." The details of this difference are as follows:

Capital outlay	\$ 90,130,318
Depreciation/amortization expense	<u>(41,117,607)</u>
Net adjustment to increase net changes in fund balances -	
total governmental funds to arrive at changes in net position	
of governmental activities	<u>\$ 49,012,711</u>

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

Donations	\$ 13,669,740
Reclassifications, disposals, and transfers	<u>(119,898)</u>
Net adjustment to increase net changes in fund balances -	
total governmental funds to arrive at changes in net position	
of governmental activities	<u>\$ 13,549,842</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Another element of the reconciliation states that "The issuance of long-term debt (i.e., bonds, leases and subscriptions) 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." Lastly, expenses related to accrued interest and amortization of premiums, discounts, and deferred gains/losses on refunding transactions are reported in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details of this difference are as follows:

Debt payments - public placement	\$ 18,635,000
Debt payments - private placement	4,665,000
Notes payments	1,531,203
Amortization of bond premium/discounts	957,756
Amortization of deferred amount on refunding - public placement	(207,249)
Amortization of deferred amount on refunding - private placement	<u>(48,384)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 25,533,326</u></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	\$ (47,615,683)
Increase in deferred outflows related to pensions	4,399,072
Increase in deferred inflows related to pensions	<u>37,284,313</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (5,932,298)</u></u>
Increase in total OPEB liability	\$ 1,805,670
Decrease in deferred outflows related to OPEB	(1,166,863)
Decrease in deferred inflows related to OPEB	<u>(1,936,996)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (1,298,189)</u></u>
Change in compensated absences	\$ (453,742)
Change in accrued interest - public placement	562,891
Change in accrued interest - private placement	<u>8,994</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 118,143</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Cash and investments at September 30, 2023, reconciled to the statement of net position amounts for cash and cash equivalents and investments is as follows:

Cash in banks	\$ 57,883,628
Investments	<u>457,118,560</u>
 Total cash and investments	 <u><u>\$ 515,002,188</u></u>
 Statement of net position presentation:	
Cash and cash equivalents	\$ 43,825,554
Investments	278,530,727
Restricted assets -	
Cash and cash equivalents	73,048,852
Investments	<u>119,597,055</u>
 Total cash and cash equivalents and investments	 <u><u>\$ 515,002,188</u></u>

At September 30, 2023, the carrying amount of deposits was a debit balance of \$57,883,628, including \$5,648,146 in outstanding checks, and the respective bank balances totaled \$63,531,773. 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	\$ 312,529,146	\$ 312,529,146	200
Certificates of Deposit	85,598,636	85,598,636	96
State Investment Pools	58,990,778	58,990,778	4
	<u><u>\$ 457,118,560</u></u>	<u><u>\$ 457,118,560</u></u>	
Portfolio weighted average maturity			300

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, 2023, the City has the recurring fair value measurements for U.S. Government securities of \$312,529,146 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, 2023

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, the 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, 2023, 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, 2023, 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 2023 were in the aforementioned categories.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Local Government Investment Pools

As of September 30, 2023, 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 \$51,083,819 invested in TexPool, \$211,170 invested in TexSTAR, and \$7,695,789 in TexasDAILY at September 30, 2023.

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. TexSTAR is currently rated AAAM by S&P Global. 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 and TexasDAILY Select of the Texas Range Investment Program (Program). Texas Range Investment Program was established by the Common Investment Contract in conformity with Chapters 791 (Interlocal Cooperation Act) and 2256 (PFIA) of the Texas Government Code. An elected Advisory Board is responsible for the overall management of the Program, including formation and implementation of its investment and operating policies. The Program's investment advisor and administrator is PFM Asset Management, LLC.

TexasDAILY is a money market portfolio with daily liquidity that is rated AAAMmf by Fitch. TexasDAILY's investment objectives are to provide shareholders with as high a level of current income as is consistent with stability, safety of principal, and liquidity, and to maintain a stable net asset value (NAV) of \$1.00 per share.

TexasDAILY Select invests in the full range of PFIA permitted investments and is rated AAAMmf by Fitch. TexasDAILY Select's investment objectives are to earn the highest income consistent with preserving principal and maintaining liquidity, and to maintain a stable 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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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 2022 tax roll. The tax rate, based on total taxable assessed valuation of \$21,693,026,463 was \$0.342000 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.224400 and \$0.117600, respectively.

Property taxes receivable as of September 30, 2023, were as follows:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 118,968	\$ 58,596	\$ 177,564
Prior years' levies	251,788	154,622	406,410
	<u>370,756</u>	<u>213,218</u>	<u>583,974</u>
Less - allowance for uncollectible taxes	<u>(3,708)</u>	<u>(3,530)</u>	<u>(7,238)</u>
	<u><u>\$ 367,048</u></u>	<u><u>\$ 209,688</u></u>	<u><u>\$ 576,736</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, 2023, were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
General Fund	Debt Service Fund	\$ 628	\$ 628
Governmental Funds		<u><u>\$ 628</u></u>	<u><u>\$ 628</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, 2023

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund -		
Water and Wastewater Fund	\$ 5,605,000	\$ -
Self-Financed Construction Fund	-	502,741
RRTEDC Fund	1,300,000	-
	<u>6,905,000</u>	<u>502,741</u>
Debt Service Fund -		
RRTEDC Fund	1,368,941	-
Nonmajor Governmental Funds	8,782,580	-
	<u>10,151,521</u>	<u>-</u>
RRTEDC Fund -		
General Fund	-	1,300,000
Debt Service Fund	-	1,368,941
Debt-Financed Capital Projects Fund	17,157,329	924,492
	<u>17,157,329</u>	<u>3,593,433</u>
Debt-Financed Capital Projects Fund -		
Self-Financed Construction Fund	4,978,010	-
RRTEDC Fund	924,492	17,157,329
	<u>5,902,502</u>	<u>17,157,329</u>
Self-Financed Construction Fund -		
General Fund	502,741	-
Debt-Financed Capital Projects Fund	1,500,000	4,978,010
Internal Service Fund	654,864	-
	<u>2,657,605</u>	<u>4,978,010</u>
Other Governmental Funds -		
Debt Service Fund	-	8,782,580
Self-Financed Construction Fund	-	1,500,000
Nonmajor Governmental Funds	675,000	675,000
	<u>675,000</u>	<u>10,957,580</u>
Subtotal of Governmental Funds	<u>43,448,957</u>	<u>37,189,093</u>
<u>Proprietary Funds</u>		
Water and Wastewater Fund -		
General Fund	-	5,605,000
	<u>-</u>	<u>5,605,000</u>
Internal Service Fund		
Self-Financed Construction Fund	-	654,864
	<u>-</u>	<u>654,864</u>
Subtotal of Proprietary Funds	<u>-</u>	<u>6,259,864</u>
Total Transfers	<u>\$ 43,448,957</u>	<u>\$ 43,448,957</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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, 2023

	Total	City's Interest
ASSETS		
Cash and cash equivalents	\$ 2,929,480	\$ 386,055
Accounts receivable	378,871	328,885
Restricted investments	121,267,854	6,767,223
Capital assets	273,061,295	87,264,432
Total assets	<u>397,637,500</u>	<u>94,746,595</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>11,080,143</u>	<u>4,317,602</u>
LIABILITIES		
Accounts payable	15,989,042	4,274,046
Retainage payable	4,181,961	1,177,971
Due to partner cities	766,863	153,425
Current portion of bonds payable	11,885,000	2,395,000
Accrued bond interest payable	1,458,372	309,192
Total current liabilities	<u>34,281,238</u>	<u>8,309,634</u>
Noncurrent portion of bonds payable	294,746,161	49,714,564
Total liabilities	<u>329,027,399</u>	<u>58,024,198</u>
NET POSITION	<u>\$ 79,690,244</u>	<u>\$ 41,039,999</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2023

	Total	City's Interest
Operating revenues	\$ 3,971,718	\$ 1,183,134
Interest expense	(8,413,984)	(1,690,911)
Other operating expenses	(8,416,875)	(2,739,280)
Other income (expense)	5,372,975	442,052
Changes in Net Position	<u>(7,486,166)</u>	<u>(2,805,005)</u>
Net position, October 1, 2022	47,924,337	24,833,187
Contribution of capital, net	<u>39,252,073</u>	<u>19,011,817</u>
Net position, September 30, 2023	<u>\$ 79,690,244</u>	<u>\$ 41,039,999</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	October 1, 2022 (restated)	Additions/ Completions	Retirements/ Adjustments	September 30, 2023
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 116,587,882	\$ 7,868,649	\$ -	\$ 124,456,531
Construction in progress	92,833,070	80,728,644	(99,922,061)	73,639,653
Total capital assets not being depreciated/ amortized	209,420,952	88,597,293	(99,922,061)	198,096,184
Capital assets being depreciated/amortized:				
Buildings and improvements	1,022,181,093	96,181,610	(897,923)	1,117,464,780
Equipment	94,034,523	13,202,544	(3,741,074)	103,495,993
Right-to-use lease assets	546,644	355,857	-	902,501
Right-to-use subscription assets	598,057	8,128,823	-	8,726,880
Total capital assets being depreciated/ amortized	1,117,360,317	117,868,834	(4,638,997)	1,230,590,154
Less accumulated depreciation/amortization for:				
Buildings and improvements	497,397,746	31,355,556	(897,923)	527,855,379
Equipment	73,969,394	8,115,587	(3,621,176)	78,463,805
Right-to-use lease assets	144,231	249,283	-	393,514
Right-to-use subscription assets	-	1,397,181	-	1,397,181
Total accumulated depreciation/amortization	571,511,371	41,117,607	(4,519,099)	608,109,879
Total capital assets being depreciated/ amortized, net	545,848,946	76,751,227	(119,898)	622,480,275
Governmental activities capital assets, net	<u>\$ 755,269,898</u>	<u>\$ 165,348,520</u>	<u>\$ (100,041,959)</u>	<u>\$ 820,576,459</u>
Business-Type Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 10,916,012	\$ 74,630	\$ (1,527,294)	\$ 9,463,348
Construction in progress	12,437,208	21,706,999	(5,914,071)	28,230,136
Total capital assets not being depreciated/ amortized	23,353,220	21,781,629	(7,441,365)	37,693,484
Capital assets being depreciated/amortized:				
Buildings and improvements	627,419,716	33,635,968	(2,778,949)	658,276,735
Equipment	21,697,795	1,817,525	(3,737,431)	19,777,889
Right-to-use lease assets	214,462	-	-	214,462
Total capital assets being depreciated/ amortized	649,331,973	35,453,493	(6,516,380)	678,269,086
Less accumulated depreciation/amortization for:				
Building and improvements	259,542,524	22,220,012	(2,356,054)	279,406,482
Equipment	14,889,839	2,212,461	(3,733,261)	13,369,039
Right-to-use lease assets	80,762	80,762	-	161,524
Total accumulated depreciation/amortization	274,513,125	24,513,235	(6,089,315)	292,937,045
Total capital assets being depreciated/ amortized, net	374,818,848	10,940,258	(427,065)	385,332,041
Business-type activities capital assets, net	<u>\$ 398,172,068</u>	<u>\$ 32,721,887</u>	<u>\$ (7,868,430)</u>	<u>\$ 423,025,525</u>

(1) The implementation of GASB Statement No. 96, Subscription - Based Information Technology Arrangements, resulted in restatement of the beginning capital asset balances for reporting the right-to-use assets associated with subscriptions, effective fiscal year 2023 for the City.

CITY OF ROUND ROCK, TEXAS
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Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government	\$ 4,623,435
Public safety	5,628,901
Public works	23,337,071
Culture and recreation	7,528,200
Total depreciation/amortization expense - governmental activities	<u>\$ 41,117,607</u>

Business-Type Activities:

Water and wastewater utility	\$ 24,007,208
Golf course	506,027
Total depreciation/amortization expense - business-type activities	<u>\$ 24,513,235</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, 2023, follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Total capital assets (net of accumulated depreciation/amortization)	\$ 820,576,459	\$ 423,025,525	\$ 1,243,601,984
Plus capital-related deferred outflows of resources	368,327	3,432,261	3,800,588
Less capital-related long-term debt	(395,867,120)	(64,728,236)	(460,595,356)
Plus unspent bond proceeds	36,151,062	-	36,151,062
Net investment in capital assets (net of related debt)	<u>\$ 461,228,728</u>	<u>\$ 361,729,550</u>	<u>\$ 822,958,278</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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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, 2023:

	Balance October 1, 2022 (restated)	Additions	Refundings/ Retirements	Balance September 30, 2023	Due within one year
Governmental Activities					
<u>Public Placement</u>					
General obligation bonds	\$ 158,460,000	\$ -	\$ (11,040,000)	\$ 147,420,000	\$ 9,160,000
Certificates of obligation	120,350,000	-	(4,140,000)	116,210,000	4,565,000
Hotel tax revenue bonds	7,375,000	-	(655,000)	6,720,000	680,000
Sales tax revenue bonds	40,975,000	-	(1,940,000)	39,035,000	1,970,000
Limited tax notes	4,175,000	-	(860,000)	3,315,000	920,000
Plus deferred amount:					
For issuance premium	18,195,210	-	(968,872)	17,226,338	1,155,869
For issuance discount	(36,237)	-	11,116	(25,121)	8,373
Total Public Placement	349,493,973	-	(19,592,756)	329,901,217	18,459,242
<u>Private Placement</u>					
General obligation bonds	3,705,000	-	(1,285,000)	2,420,000	1,305,000
Certificates of obligation	27,950,000	-	(1,135,000)	26,815,000	1,980,000
Limited tax notes	2,740,000	-	(900,000)	1,840,000	915,000
Sales tax revenue bonds	1,345,000	-	(1,345,000)	-	-
Total Private Placement	35,740,000	-	(4,665,000)	31,075,000	4,200,000
State Infrastructure Bank Loan	27,000,000	-	-	27,000,000	-
Notes payable	2,132,040	-	(1,531,203)	600,837	600,837
Leases	402,579	350,857	(250,068)	503,368	247,390
Subscriptions (1)	595,562	8,092,323	(1,901,186)	6,786,699	2,073,963
Compensated absences	9,770,326	6,999,861	(6,546,119)	10,224,068	6,850,126
Total governmental activities	425,134,480	15,443,041	(34,486,332)	406,091,189	32,431,558
Business-Type Activities					
<u>Public Placement</u>					
Revenue bonds	63,390,000	-	(3,530,000)	59,860,000	3,685,000
Plus deferred amount:					
For issuance premium	5,146,571	-	(331,408)	4,815,163	331,408
Leases	133,411	-	(80,337)	53,074	53,073
Compensated absences	797,765	707,906	(630,234)	875,437	691,595
Total Public Placement	69,467,747	707,906	(4,571,979)	65,603,674	4,761,076
Total business-type activities	69,467,747	707,906	(4,571,979)	65,603,674	4,761,076
Total primary government	\$ 494,602,227	\$ 16,150,947	\$ (39,058,311)	\$ 471,694,863	\$ 37,192,634

(1) The implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements, resulted in restatement of the beginning debt balances for reporting the subscription payable associated with subscriptions, effective fiscal year 2023 for the City.

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 Wastewater Fund is responsible for liquidating the liability for compensated absences in the business-type activities.

CITY OF ROUND ROCK, TEXAS
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Long-term debt at September 30, 2023, 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%	\$ 475,000	\$ -	\$ -
\$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%	7,735,000	-	-
\$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%	4,195,000	-	-
\$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%	3,130,000	-	-
\$28,585,000 2017 GO bonds due in annual installments of \$-0- to \$1,945,000 through 2042; interest at 3.0% to 5.0%	26,130,000	-	-
\$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%	6,600,000	-	-
\$6,980,000 2020 refunding bonds due in annual installments of \$375,000 to \$2,005,000 through 2027; interest at 1.21%	-	2,420,000	-
\$79,860,000 2022 Refunding bonds due in annual installments of \$190,000 to \$6,705,000 through 2039; interest at 1.16% to 2.97%	78,450,000	-	-
\$20,985,000 2022 GO bonds due in annual installments of \$280,000 to \$1,310,000 through 2047; interest at 3.63% to 5.00%	20,705,000	-	-
Total General Obligation Bonds	<u>147,420,000</u>	<u>2,420,000</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%	5,620,000	-	-
\$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%	6,080,000	-	-
\$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%	25,090,000	-	-
\$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%	-	26,815,000	-
\$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%	26,725,000	-	-
\$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%	13,230,000	-	-
\$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%	13,245,000	-	-
\$26,570,000 2022 Combination tax and limited revenue certificates of obligation due in installments of \$350,000 to \$1,675,000 through 2047; interest at 4.0% to 5.0%	26,220,000	-	-
Total Certificates of Obligation	<u>116,210,000</u>	<u>26,815,000</u>	<u>-</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

	Governmental Activities Public Placement	Governmental Activities Private Placement	Business- Type Activities Public Placement
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%	\$ -	\$ 1,840,000	\$ -
\$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%	1,740,000	-	-
\$1,900,000 2022 Limited tax notes due in annual installments of \$325,000 to \$425,000 through 2027; interest at 5.0%	1,575,000	-	-
Total Limited Tax Notes	<u>3,315,000</u>	<u>1,840,000</u>	<u>-</u>
Hotel Tax Revenue Bonds:			
\$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%	1,235,000	-	-
\$5,560,000 2021 refunding bonds due in annual installments of \$75,000 to \$515,000 through 2037; interest at 4.0%	5,485,000	-	-
Total Hotel Tax Revenue Bonds	<u>6,720,000</u>	<u>-</u>	<u>-</u>
Sales Tax Revenue Bonds:			
\$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%	19,230,000	-	-
\$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%	19,805,000	-	-
Total Sales Tax Revenue Bonds	<u>39,035,000</u>	<u>-</u>	<u>-</u>
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%	-	-	5,255,000
\$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%	-	-	34,000,000
\$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%	-	-	20,605,000
Total Utility System Revenue Bonds	<u>-</u>	<u>-</u>	<u>59,860,000</u>
Issuance premium	17,226,338	-	4,815,163
Issuance discount	(25,121)	-	-
State Infrastructure Bank Loan:			
\$27,000,000 loan due in annual installments of \$0 to \$1,865,000 through 2042; interest at 2.1%	27,000,000	-	-
Notes payable:			
\$2,900,000 notes due in semi-annual installments including interest of 1.992% due in 2024. The notes payable is funded with general revenue sources.	600,837	-	-
Leases	503,368	-	53,073
Subscriptions	6,786,699	-	-
Compensated absences	10,224,068	-	875,437
Total Primary Government Debt	<u>\$ 375,016,189</u>	<u>\$ 31,075,000</u>	<u>\$ 65,603,673</u>

CITY OF ROUND ROCK, TEXAS
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SEPTEMBER 30, 2023

The annual requirements to amortize bonds, certificates of obligation, limited tax notes, loan and notes payable debt at September 30, 2023, 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
2024	\$ 13,725,000	\$ 8,973,880	\$ 22,698,880	\$ 3,285,000	\$ 514,634	\$ 3,799,634
2025	13,190,000	8,388,057	21,578,057	2,395,000	463,005	2,858,005
2026	13,530,000	7,860,099	21,390,099	3,415,000	421,875	3,836,875
2027	13,940,000	7,373,151	21,313,151	3,560,000	362,284	3,922,284
2028	12,320,000	6,890,896	19,210,896	3,115,000	301,365	3,416,365
2029-2033	64,730,000	27,788,275	92,518,275	13,465,000	616,034	14,081,034
2034-2038	65,530,000	17,312,145	82,842,145	-	-	-
2039-2043	45,550,000	7,487,540	53,037,540	-	-	-
2044-2047	21,115,000	1,544,700	22,659,700	-	-	-
	<u>\$ 263,630,000</u>	<u>\$ 93,618,743</u>	<u>\$ 357,248,743</u>	<u>\$ 29,235,000</u>	<u>\$ 2,679,197</u>	<u>\$ 31,914,197</u>

Year Ending Sept. 30,	Limited Tax Notes					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 920,000	\$ 136,250	\$ 1,056,250	\$ 915,000	\$ 21,160	\$ 936,160
2025	965,000	95,800	1,060,800	925,000	10,638	935,638
2026	1,005,000	53,350	1,058,350	-	-	-
2027	425,000	21,250	446,250	-	-	-
	<u>\$ 3,315,000</u>	<u>\$ 306,650</u>	<u>\$ 3,621,650</u>	<u>\$ 1,840,000</u>	<u>\$ 31,798</u>	<u>\$ 1,871,798</u>

Year Ending Sept. 30,	Hotel Tax Revenue Bonds - Public Placement		
	Principal	Interest	Total
2024	\$ 680,000	\$ 255,200	\$ 935,200
2025	705,000	227,500	932,500
2026	320,000	207,000	527,000
2027	335,000	193,900	528,900
2028	345,000	180,300	525,300
2029-2033	1,950,000	678,600	2,628,600
2034-2038	2,385,000	245,900	2,630,900
	<u>\$ 6,720,000</u>	<u>\$ 1,988,400</u>	<u>\$ 8,708,400</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

Year Ending Sept. 30,	Sales Tax Revenue Bonds - Public Placement		
	Principal	Interest	Total
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	2,075,000	982,664	3,057,664
2028	2,125,000	937,344	3,062,344
2029-2033	8,220,000	3,991,002	12,211,002
2034-2038	7,645,000	2,942,866	10,587,866
2039-2043	8,985,000	1,615,672	10,600,672
2044-2046	3,975,000	231,019	4,206,019
	<u>\$ 39,035,000</u>	<u>\$ 13,876,656</u>	<u>\$ 52,911,656</u>

Year Ending Sept. 30,	State Infrastructure Bank Loan		
	Principal	Interest	Total
2024	\$ -	\$ -	\$ -
2025	-	-	-
2026	1,340,000	567,000	1,907,000
2027	1,365,000	538,860	1,903,860
2028	1,395,000	510,195	1,905,195
2029-2033	7,430,000	2,098,950	9,528,950
2034-2038	8,235,000	1,285,515	9,520,515
2039-2042	7,235,000	383,670	7,618,670
	<u>\$ 27,000,000</u>	<u>\$ 5,384,190</u>	<u>\$ 32,384,190</u>

Year Ending Sept. 30,	Notes Payable		
	Principal	Interest	Total
2024	\$ 600,837	\$ 8,675	\$ 609,512
	<u>\$ 600,837</u>	<u>\$ 8,675</u>	<u>\$ 609,512</u>

Business-Type Activities:

Year Ending Sept. 30,	Utility System Revenue Bonds		
	Principal	Interest	Total
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	3,350,000	1,715,100	5,065,100
2028	3,440,000	1,629,175	5,069,175
2029-2033	18,180,000	6,659,169	24,839,169
2034-2038	19,035,000	3,346,863	22,381,863
2039	4,265,000	181,262	4,446,262
	<u>\$ 59,860,000</u>	<u>\$ 19,796,031</u>	<u>\$ 79,656,031</u>

CITY OF ROUND ROCK, TEXAS
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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, 2023, 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.

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, leases and subscriptions 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 wastewater systems. The City is required by bond ordinances to pledge the net revenues of the waterworks and wastewater 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 wastewater 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 2023, net revenues available for debt service were 4.65 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 \$605,302 at September 30, 2023, 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 \$918,590 at September 30, 2023. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires $\frac{1}{2}$ of the average annual debt service requirements of the bonds in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

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
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The debt service fund for the sales tax revenue bonds, aggregating \$1,789,830 at September 30, 2023, 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.

G. LEASES PAYABLE

To enhance the relevance and consistency of information about the City's leasing activities, the City established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset.

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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	Lease Asset Value	Accumulated Amortization	Lease Liability
TAVCO Services, Inc., lease for the use of equipment with required monthly fixed payments of \$404 including interest at 0.5820%, with three (3) extension options, each for 12 months. The lease liability was initially recorded for \$8,214 with an estimated useful life of 27 months.	\$ 8,214	\$ 7,213	\$ 743
PNC Equipment Finance, LLC, lease for the use of equipment with required monthly fixed payments of \$3,036 including interest at 0.2280%. The lease liability was initially recorded for \$96,861 with an estimated useful life of 32 months.	96,861	72,797	24,267
PNC Equipment Finance, LLC, lease for the use of equipment with required monthly fixed payments of \$510 including interest at 0.2280%. The lease liability was initially recorded for \$16,276 with an estimated useful life of 32 months.	16,276	12,207	4,078
PNC Equipment Finance LLC, lease for the use of equipment with required monthly fixed payments of \$3,047 including interest at 0.2280%. The lease liability was initially recorded for \$97,218 with an estimated useful life of 32 months.	97,218	72,914	24,357
United Site Services of Texas, Inc., lease for the use of equipment with required monthly fixed payments of \$3,750 including interest at 0.2980%. The lease liability was initially recorded for \$126,979 with an estimated useful life of 34 months.	126,979	89,632	37,449
Pitney Bowes Global Financial Services LLC, lease for the use of equipment with required monthly fixed payments of \$1,253 including interest at 0.2980%. The lease liability was initially recorded for \$43,654 with an estimated useful life of 35 months.	43,654	29,934	13,758
Dahill Office Technology Corporation, lease for the use of equipment with required monthly fixed payments of \$12,000 including interest at 0.4350%. The lease liability was initially recorded for \$371,904 with an estimated useful life of 54 months.	371,904	165,291	207,437
Marathon Fitness, lease for the use of equipment with required quarterly fixed payments of \$12,460 including interest at 8.50% with a termination period of three months. The lease equipment has an estimated useful life of 36 months.	132,598	36,833	101,094
Axon Fitness, lease for the use of equipment with required annual fixed payments of \$75,000 including interest at 3.121%. The lease equipment has an estimated useful life of 36 months. The lease has a termination penalty of \$15,000.	223,259	68,217	143,259
Totals, Right-to-use Lease Assets	<u>\$ 1,116,963</u>	<u>\$ 555,038</u>	<u>\$ 556,442</u>

CITY OF ROUND ROCK, TEXAS
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Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 247,390	\$ 12,540	\$ 259,930
2025	202,110	6,170	208,280
2026	53,868	312	54,180
	<u>\$ 503,368</u>	<u>\$ 19,022</u>	<u>\$ 522,390</u>

Year Ending Sept. 30,	Business-Type Activities		
	Principal	Interest	Total
2024	\$ 53,074	\$ 46	\$ 53,120

CITY OF ROUND ROCK, TEXAS
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H. SUBSCRIPTIONS

For the year ended September 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription Based Information Technology Arrangements (SBITA). The primary objective of this statement is to enhance the relevance and consistency of information about the City's subscriptions activities. This statement establishes a single model for subscription accounting based on the principal that subscriptions are financings of the right to use of an underlying asset. Under this statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and proprietary financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

The commitments below include subscriptions that were effective prior to implementation on October 1, 2022, and the estimated useful life of those subscriptions represents the months remaining at implementation.

	SBITA Asset Value	Accumulated Amortization	SBITA Liability
Axon subscription liability for the use of underlying right-to-use asset with annual fixed payments of \$38,767 including interest at 3.1213%. The subscription liability was initially recorded for \$73,215 with an estimated useful life of 30 months.	\$ 73,215	\$ 29,286	\$ 36,608
ESO Solutions subscription liability for the use of underlying right-to-use asset with annual fixed payments of \$43,925 including interest at 3.1213% with a termination period of 1 month as of commencement. The subscription liability was initially recorded for \$81,621 with an estimated useful life of 35 months.	84,116	28,487	41,378
ESRI subscription liability for the use of underlying right-to-use asset with annual fixed payments of \$158,450 including interest at 3.074%. The subscription liability was initially recorded for \$157,388 with an estimated useful life of 14 months.	157,388	129,066	-
Tyler Technologies, Inc. subscription liability for the use of underlying right-to-use asset with annual fixed payments of \$98,618 including interest at 3.1067%. The subscription liability was initially recorded for \$192,274 with an estimated useful life of 28 months.	192,274	82,403	95,647
West Publishing Corp. subscription liability for the use of underlying right-to-use asset with monthly fixed payments of \$1,566 including interest at 2.31%. The subscription liability was initially recorded for \$31,255 with an estimated useful life of 20 months.	31,255	18,032	12,793
ESRI subscription liability for the use of underlying right-to-use asset with annual fixed payments of \$60,125 including interest at 3.074%. The subscription liability was initially recorded for \$59,808 with an estimated useful life of 14 months.	59,808	51,021	-

CITY OF ROUND ROCK, TEXAS
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	SBITA Asset Value	Accumulated Amortization	SBITA Liability
Kronos subscription liability for the use of underlying right-to-use asset with monthly fixed payments of \$1,440 including interest at 3.1213%. The subscription liability was initially recorded for \$49,554 with an estimated useful life of 36 months.	\$ 67,554	\$ 17,889	\$ 36,157
Remix Technology subscription liability for the use of underlying right-to-use asset with annual fixed payments of \$15,250 including interest at 2.5827%. The subscription liability was initially recorded for \$48,635 with an estimated useful life of 36 months.	48,635	12,159	33,385
Bonfire Interactive Ltd. subscription liability for the use of underlying right-to-use asset with annual fixed payments of \$38,963 including interest at 2.582 % with a termination period of 1 month as of commencement. The subscription liability was initially recorded for \$185,249 with an estimated useful life of 60 months.	185,249	27,787	146,287
Microsoft subscription liability for the use of underlying right-to-use asset with annual fixed payments of \$645,490 including interest at 2.53%. The subscription liability was initially recorded for \$1,889,079 with an estimated useful life of 36 months.	1,889,079	314,847	1,243,588
WHC ATX subscription liability for the use of underlying right-to-use asset with annual fixed payments of \$778,950 including interest at 2.582% with a termination period of 1 month as of the subscription commencement. The subscription liability was initially recorded for \$5,919,806 with an estimated useful life of 60 months.	5,938,307	686,204	5,140,856
Totals, Right-to-use Subscriptions	<u>\$ 8,726,880</u>	<u>\$ 1,397,181</u>	<u>\$ 6,786,699</u>

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 2,073,963	\$ 175,251	\$ 2,249,214
2025	1,957,435	121,222	2,078,657
2026	1,350,308	71,079	1,421,387
2027	1,404,993	36,277	1,441,270
	<u>\$ 6,786,699</u>	<u>\$ 403,829</u>	<u>\$ 7,190,528</u>

I. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2023, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2022	\$ 9,770,326	\$ 797,765
Additions	6,999,861	707,906
Reductions	(6,546,119)	(630,234)
Balance, September 30, 2023	<u>\$ 10,224,068</u>	<u>\$ 875,437</u>

CITY OF ROUND ROCK, TEXAS
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Accrued compensated absences due within one year were \$6,850,126 for governmental activities and \$691,595 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 Wastewater Fund program revenues for the business-type activities.

J. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2023:

	Cash and Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
General Fund	\$ 1,905,987	\$ -	\$ -	\$ -	\$ -
Debt Service Fund	4,112,138		209,688		
Restricted by debt covenants - Round Rock Transportation and Economic Development Corporation Fund	34,168,669	92,046,324	-	2,286,128	660,120
Debt-Financed Capital Projects Fund	29,305,813	8,788,445	-	-	27,120
Other Governmental funds	1,075,393	9,512,821	-	-	31,348
Total Governmental Activities	<u>\$ 70,568,000</u>	<u>\$ 110,347,590</u>	<u>\$ 209,688</u>	<u>\$ 2,286,128</u>	<u>\$ 718,588</u>
	Cash and Cash Equivalents	Investments	Accrued Interest Receivable		
Business-Type Activities:					
Water and Wastewater Fund - Impact fees	\$ 387,171	\$ 3,424,866	\$ -		
Construction	658,453	5,824,599	-		
Customer deposits	1,353,673	-	-		
Revenue bond debt service	81,555	-	-		
Accrued interest receivable	-	-	51,072		
Total Business-Type Activities	<u>\$ 2,480,852</u>	<u>\$ 9,249,465</u>	<u>\$ 51,072</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 into the City's accounts. For this service, Williamson County was paid \$11,809 and Travis County was paid \$1,048 for the fiscal year ended September 30, 2023.

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
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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, 2023, the City's cost under this contract was \$591,360.

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, 2023, the City's cost under this contract was \$1,595,792.

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, 2023, the City's cost under these contracts was \$2,002,604.

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 of Round Rock. Construction is ongoing and 90% complete as of September 30, 2023. The expansion is estimated for completion in spring 2024.

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, 2023, the City of Round Rock's allocated share of operation and maintenance expenses was 70.16%.

Other

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

Arbitrage Rebate

Due to requirements of the Tax Reform Act of 1986, the City annually contracts for the computations of arbitrage rebate requirements for the City's various bond issues. At September 30, 2023, 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.

Economic Development

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, and sales tax rebates and incentives on an individual basis. Each agreement was negotiated under Chapter 380 of the Texas Local Government Code. Under a 380 economic development 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 rebate and incentive programs for the year ended September 30, 2023, are summarized below. No tax abatements were made under Chapter 312, Property Redevelopment and Tax Abatement Act, of the Texas Local Government Code.

<u>Rebate & Incentive Programs</u>	<u>Amount</u>
Hotel Occupancy Tax	\$ 796,543
Property Tax	1,164,858
Sales Tax	10,889,851

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 and numerous other coverages. All billed premiums upon the coverage have been paid. The City's agreement with the Pool provides that the Pool will be

CITY OF ROUND ROCK, TEXAS
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self-sustaining through member premiums and will provide reinsurance contracts through commercial companies. The Pool agrees to handle all liability, property and workers' compensation and other claims, including the costs of defense, as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

Self-Funded Health Insurance Fund

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

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.

CITY OF ROUND ROCK, TEXAS
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An analysis of claims activities is presented below:

Fiscal Year	Beginning Liability	Claims and Changes in Estimates	Actual Claim Payments	Ending Liability
2021	\$ 188,593	\$ 11,652,169	\$ 10,987,608	\$ 856,154
2022	853,154	12,960,388	10,987,608	514,699
2023	514,699	13,468,525	13,956,833	1,003,007

C. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates as one of 919 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions with interest and the city-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years 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

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Employees Covered by Benefit Terms

At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	464
Inactive employees entitled to but not yet receiving benefits	541
Active employees	<u>1,008</u>
Total	<u><u>2,013</u></u>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, 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 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 total compensation during the fiscal year. The City elected to contribute for calendar years 2022 and 2023 as follows:

	<u>2022</u>	<u>2023</u>
Total Retirement Rate	15.94%	16.20%
Supplemental Death Benefit	<u>0.14</u>	<u>0.24</u>
Total Combined Contribution	<u><u>16.08%</u></u>	<u><u>16.44%</u></u>

The City's contributions to TMRS for the year ended September 30, 2023, were \$13,927,764 and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2022, 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, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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 are 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.

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The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-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 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 2023 are summarized in the table that follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public and Private Markets	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
Total	100.0%	

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 member 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 members. 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.

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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, 2021	\$ 369,161,571	\$ 343,206,213	\$ 25,955,358
Changes for the year:			
Service cost	14,680,601	-	14,680,601
Interest	24,990,566	-	24,990,566
Difference between expected and actual experience	8,160,742	-	8,160,742
Contributions - employer	-	13,046,505	(13,046,505)
Contributions - employee	-	5,728,802	(5,728,802)
Net investment income	-	(25,094,034)	25,094,034
Benefit payments, including refunds of employee contributions	(12,542,538)	(12,542,538)	-
Administrative expense	-	(216,792)	216,792
Other	-	258,697	(258,697)
Net changes	35,289,371	(18,819,360)	54,108,731
Balance at December 31, 2022	<u>\$ 404,450,942</u>	<u>\$ 324,386,853</u>	<u>\$ 80,064,089</u>

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	\$ 143,809,587	\$ 80,064,089	\$ 28,259,738

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position by participating City. That report may be obtained at www.tmr.com.

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

For the year ended September 30, 2023, the City recognized a decrease to pension expense of \$5,932,298. At September 30, 2023, 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	\$ 12,606,769	\$ -
Difference between projected and actual investment earnings	22,398,157	-
Changes in actuarial assumptions used to determine pension liability	182,128	-
Pension contributions after measurement date	10,776,840	-
Total	<u>\$ 45,963,894</u>	<u>\$ -</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$10,776,840 will be recognized as a reduction of the NPL for the measurement year ending December 31, 2023, (i.e., recognized in the City's financial statements September 30, 2024). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 5,332,777
2024	8,958,940
2025	8,721,018
2026	11,800,547
2027	373,772
Thereafter	-
Total	<u>\$ 35,187,054</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.

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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, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

SDBF:

Inactive employees currently receiving benefits	378
Inactive employees entitled to but not yet receiving benefits	158
Active employees	<u>1,008</u>
Total	<u><u>1,544</u></u>

Self-Funded Health Insurance:

Inactive employees (retirees)	43
Active employees	<u>950</u>
Total	<u><u>993</u></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 0.24% of required contributions. The City's contributions to SDBF for the years ended 2023, 2022, and 2021 were \$24,027, \$17,967 and \$16,388, 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 0.06% for the year ended 2023, and 0.05% for the years ended 2022 and 2021.

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, 2023

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, 2023, the City recognized a total OPEB liability of \$20,495,217, \$2,285,345 of which was for the SDBF, and \$18,209,872 for the Self-Funded Health Insurance plan. Both were measured as of December 31, 2022, and were determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2022, 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**	4.05%	4.05%
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 Actuarial Cost Method	Entry Age Normal Cost Method
Mortality	<p>For service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.</p> <p>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.</p>	<p>Mortality rates were based on the PUB-2010 General Table projected using MP-2021. The mortality table was switched to the PUB-2010 as this is more tailored to public entities.</p>
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, 2022.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

*** 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 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, 2021	\$ 3,360,455	\$ 19,186,660	\$ 22,547,115
Changes for the year:			
Service cost	204,579	1,743,411	1,947,990
Interest	63,338	377,547	440,885
Differences between expected and actual experience	20,053	(113,031)	(92,978)
Changes in assumptions or other inputs	(1,322,164)	(2,275,360)	(3,597,524)
Benefit payments	(40,916)	(709,355)	(750,271)
Net changes	(1,075,110)	(976,788)	(2,051,898)
Balance at December 31, 2022	\$ 2,285,345	\$ 18,209,872	\$ 20,495,217

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 (4.05% both for SDBF and 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 3.05%	Current Discount Rate 4.05%	1% Increase 5.05%
SDBF	\$ 2,784,283	\$ 2,285,345	\$ 1,902,197
Self-Funded Health Insurance	19,433,638	18,209,873	17,020,876

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

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	\$ 16,367,766	\$ 18,209,873	\$ 20,329,535

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

For the fiscal year ended September 30, 2023, the City recognized total OPEB expense of \$1,475,214, \$144,360 of which was for the SDBF, and \$1,330,854 for the Self-Funded Health Insurance plan. At September 30, 2023, 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		
	SDBF	Self-Funded Health Insurance	Total	SDBF	Self-Funded Health Insurance	Total
Difference between expected and actual economic experience	\$ 17,077	\$ -	\$ 17,077	\$ 89,755	\$ 693,875	\$ 783,630
Changes in assumptions and other inputs	577,793	1,338,241	1,916,034	1,177,009	2,075,856	3,252,865
OPEB contributions after measurement date	38,877	478,353	517,230	-	-	-
Total	<u>\$ 633,747</u>	<u>\$ 1,816,594</u>	<u>\$ 2,450,341</u>	<u>\$ 1,266,764</u>	<u>\$ 2,769,731</u>	<u>\$ 4,036,495</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$517,230 will be recognized as a reduction of the total OPEB for the measurement year ending December 31, 2023, (i.e., recognized in the City's financial statements September 30, 2024). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources	
	SDBF	Self-Funded Health Insurance
2023	\$ 73,099	\$ (194,599)
2024	88,930	(205,768)
2025	78,945	(266,949)
2026	114,839	(266,949)
2027	173,871	(319,744)
Thereafter	142,210	(177,481)
Total	<u>\$ 671,894</u>	<u>\$ (1,431,490)</u>

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

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 fourth 1-year renewal period beginning on January 1, 2024. 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 was in default on the agreement as Phase 2 had not been completed by the agreement date specified. The agreement was cancelled in August 2023, and a transfer of the land to the City was performed in full satisfaction of the note receivable resulting in a gain recognized of \$544,007.

Sales Tax

A significant multi-entity sales taxpayer with an incentive agreement notified the City during FY 2023 that the Comptroller was in the final phase of a 5-year sales tax audit. Preliminary results indicate that sales tax was overreported and overpaid which will result in a one-time sales tax repayment from the City to the Comptroller of approximately \$9 million. The City will recover a portion of the assessment through an adjustment to the existing incentive agreement. The City anticipates settlement of the amounts during FY 2024.

Wastewater Treatment Plant Ownership

In August 2023, a Second Amendment to the Amended and Restated Master Contract for the Financing, Construction, Ownership and Operation of the Brushy Creek Regional Wastewater System was approved by all participating City Councils. The Second Amendment provides for the City of Leander's purchase of an undivided interest in the Administration Building, the East Wastewater Treatment Plant real property, and the West Wastewater Treatment Plant real property. Effective October 1, 2023, the ownership percentages will be realigned, changing the City's capacity from 20.08 MGD of 24.5 MGD capacity to 20.05 MGD of 33.00 MGD capacity, changing the ownership percentage from 81.96% to 60.76%.





CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023
(UNAUDITED)

Texas Municipal Retirement System (TMRS) Plan
Schedule of Changes in the Net Pension Liability and Related Ratios

Measurement period ended 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	2021	2022
\$ 10,430,650	\$ 11,165,127	\$ 12,125,301	\$ 13,315,518	\$ 13,320,453	\$ 14,680,601
16,360,878	17,747,611	19,262,844	21,130,343	22,912,308	24,990,566
671,908	773,706	4,071,075	2,225,761	5,600,114	8,160,742
-	-	608,160	-	-	-
(7,483,495)	(7,089,473)	(8,347,798)	(9,643,873)	(10,905,346)	(12,542,538)
19,979,941	22,596,971	27,719,582	27,027,749	30,927,529	35,289,371
240,909,799	260,889,740	283,486,711	311,206,293	338,234,042	369,161,571
<u>\$ 260,889,740</u>	<u>\$ 283,486,711</u>	<u>\$ 311,206,293</u>	<u>\$ 338,234,042</u>	<u>\$ 369,161,571</u>	<u>\$ 404,450,942</u>
\$ 9,138,705	\$ 9,753,253	\$ 10,471,204	\$ 11,366,407	\$ 11,712,945	\$ 13,046,505
4,113,985	4,406,956	4,793,245	5,184,834	5,177,300	5,728,802
27,187,574	(6,861,490)	35,438,150	20,602,217	38,962,631	(25,094,034)
(7,483,495)	(7,089,473)	(8,347,798)	(9,643,873)	(10,905,346)	(12,542,538)
(140,808)	(132,486)	(199,970)	(133,140)	(180,015)	(216,792)
(7,136)	(6,921)	(6,007)	(5,193)	1,233	258,697
32,808,825	69,839	42,148,824	27,371,252	44,768,748	(18,819,360)
196,038,725	228,847,550	228,917,389	271,066,213	298,437,465	343,206,213
228,847,550	228,917,389	271,066,213	298,437,465	343,206,213	324,386,853
<u>\$ 32,042,190</u>	<u>\$ 54,569,322</u>	<u>\$ 40,140,080</u>	<u>\$ 39,796,577</u>	<u>\$ 25,955,358</u>	<u>\$ 80,064,089</u>
87.72%	80.75%	87.10%	88.23%	92.97%	80.20%
\$ 58,533,388	\$ 62,831,331	\$ 68,196,291	\$ 74,016,219	\$ 73,961,425	\$ 81,831,666
54.74%	86.85%	58.86%	53.77%	35.09%	97.84%

**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023
(UNAUDITED)**

**Texas Municipal Retirement System (TMRS) Plan
Schedule of Contributions**

Fiscal year ended 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	22 years (longest amortization ladder)
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.

See Independent Auditors' Report.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 9,582,199	\$ 10,313,421	\$ 10,806,103	\$ 11,542,600	\$ 12,658,167	\$ 14,190,981
<u>9,618,245</u>	<u>10,377,168</u>	<u>10,635,298</u>	<u>11,865,291</u>	<u>12,729,994</u>	<u>13,927,874</u>
<u>\$ (36,046)</u>	<u>\$ (63,747)</u>	<u>\$ 170,805</u>	<u>\$ (322,691)</u>	<u>\$ (71,827)</u>	<u>\$ 263,107</u>
\$ 61,743,107	\$ 67,091,746	\$ 68,196,291	\$ 74,016,219	\$ 73,961,425	\$ 81,831,666
15.57%	15.46%	15.60%	16.03%	17.21%	17.02%

**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023
(UNAUDITED)**

Schedule of Changes in the Total OPEB Liability and Related Ratios

Supplemental Death Benefit Fund

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

Self-Funded Health Insurance

Measurement period ended December 31,	2017	2018	2019
Service Cost	\$ 837,881	\$ 886,296	\$ 919,177
Interest	477,714	498,983	532,239
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)
Net change in total OPEB liability	1,567,536	276,097	1,539,603
Total OPEB liability - beginning	12,758,523	14,326,059	14,602,156
Total OPEB liability - ending	<u>\$ 14,326,059</u>	<u>\$ 14,602,156</u>	<u>\$ 16,141,759</u>
Covered payroll	\$ 58,533,338	\$ 62,831,331	\$ 68,196,291
Total OPEB liability as a percentage of covered payroll	24.5%	23.2%	23.7%

Notes to Schedule:

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

See Independent Auditors' Report.

2020	2021	2022
\$ 148,032	\$ 177,507	\$ 204,579
69,727	63,208	63,338
461,065	115,743	(1,322,164)
(42,783)	(49,160)	20,053
(14,803)	(36,981)	(40,916)
621,238	270,317	(1,075,110)
2,468,900	3,090,138	3,360,455
<u>\$ 3,090,138</u>	<u>\$ 3,360,455</u>	<u>\$ 2,285,345</u>
\$ 74,016,219	\$ 73,961,425	\$ 81,831,666
4.17%	4.54%	2.79%

2020	2021	2022
\$ 1,405,816	\$ 1,743,411	\$ 1,743,411
472,779	337,146	377,547
-	1,414,747	(2,275,360)
-	(756,790)	(113,031)
(711,164)	(861,044)	(709,355)
1,167,431	1,877,470	(976,788)
16,141,759	17,309,190	19,186,660
<u>\$ 17,309,190</u>	<u>\$ 19,186,660</u>	<u>\$ 18,209,872</u>
\$ 74,016,219	\$ 73,171,576	\$ 81,845,996
23.4%	26.2%	22.2%



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, 2023**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Innovation and Development
ASSETS				
Cash and cash equivalents	\$ -	\$ 756,630	\$ 1,051,755	\$ 148,126
Investments	-	6,693,074	9,275,846	1,310,303
Receivables -				
Accounts and other	-	1,078,083	303,875	-
Accrued interest	-	53,997	51,873	26,614
Grants	33,071	-	-	-
Restricted assets -				
Cash and cash equivalents	-	279,990	-	150,627
Investments	-	2,476,770	-	1,332,428
Accrued interest receivable	-	-	-	-
Total assets	<u>\$ 33,071</u>	<u>\$ 11,338,544</u>	<u>\$ 10,683,349</u>	<u>\$ 2,968,098</u>
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ 33,071	\$ 116,428	\$ 31,059	\$ -
Accrued payroll	-	36,282	83,586	-
Unearned revenue	-	-	-	-
Total liabilities	<u>33,071</u>	<u>152,710</u>	<u>114,645</u>	<u>-</u>
Fund balances -				
Restricted - authorized construction	-	2,692,606	-	-
Restricted - hotel-motel tax	-	8,493,228	10,568,704	-
Restricted - public safety	-	-	-	-
Restricted - general government	-	-	-	-
Committed - general government	-	-	-	-
Committed - capital projects funds	-	-	-	-
Committed - culture and recreation	-	-	-	1,483,055
Assigned - culture and recreation	-	-	-	1,485,043
Total fund balances	<u>-</u>	<u>11,185,834</u>	<u>10,568,704</u>	<u>2,968,098</u>
Total liabilities and fund balances	<u>\$ 33,071</u>	<u>\$ 11,338,544</u>	<u>\$ 10,683,349</u>	<u>\$ 2,968,098</u>

Library and Recreational	Public Safety	Public Education & Government	Roadway Impact Fees	Total Nonmajor Governmental Funds
\$ 811,569	\$ 92,779	\$ 165,470	\$ -	\$ 3,026,329
7,165,792	820,716	1,463,735	-	26,729,466
-	-	-	-	1,381,958
41,370	4,605	8,350	-	186,809
-	-	-	-	33,071
-	-	-	644,776	1,075,393
-	-	-	5,703,623	9,512,821
-	-	-	31,348	31,348
<u>\$ 8,018,731</u>	<u>\$ 918,100</u>	<u>\$ 1,637,555</u>	<u>\$ 6,379,747</u>	<u>\$ 41,977,195</u>
\$ 64,379	\$ -	\$ -	\$ -	\$ 244,937
28,905	-	-	-	148,773
2,119,086	-	-	6,132,286	8,251,372
<u>2,212,370</u>	<u>-</u>	<u>-</u>	<u>6,132,286</u>	<u>8,645,082</u>
-	-	-	247,461	2,940,067
-	-	-	-	19,061,932
-	918,100	-	-	918,100
-	-	1,637,555	-	1,637,555
1,198,346	-	-	-	1,198,346
2,070,978	-	-	-	2,070,978
-	-	-	-	1,483,055
2,537,037	-	-	-	4,022,080
<u>5,806,361</u>	<u>918,100</u>	<u>1,637,555</u>	<u>247,461</u>	<u>33,332,113</u>
<u>\$ 8,018,731</u>	<u>\$ 918,100</u>	<u>\$ 1,637,555</u>	<u>\$ 6,379,747</u>	<u>\$ 41,977,195</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2023**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Innovation and Development
Revenues -				
Taxes and franchise	\$ -	\$ -	\$ -	\$ 108,855
Licenses, permits and fees	-	-	-	-
Charges for services	-	-	2,057,515	-
Fines and forfeitures	-	-	-	-
Intergovernmental	730,053	-	-	8,977,846
Hotel occupancy tax	-	7,644,857	3,796,262	5,607,063
Contributions	-	-	-	-
Investment and other	-	504,469	346,014	172,188
Total revenues	<u>730,053</u>	<u>8,149,326</u>	<u>6,199,791</u>	<u>14,865,952</u>
Expenditures -				
Current -				
General government	369,958	-	-	9,948,042
Public safety	-	-	-	-
Culture and recreation	-	2,578,413	2,593,485	-
Capital projects	360,095	755,966	-	-
Total expenditures	<u>730,053</u>	<u>3,334,379</u>	<u>2,593,485</u>	<u>9,948,042</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>4,814,947</u>	<u>3,606,306</u>	<u>4,917,910</u>
Other financing sources (uses) -				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>(1,654,267)</u>	<u>(1,869,680)</u>	<u>(4,933,633)</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,654,267)</u>	<u>(1,869,680)</u>	<u>(4,933,633)</u>
Net change in fund balances	-	3,160,680	1,736,626	(15,723)
Fund balances, October 1, 2022	<u>-</u>	<u>8,025,154</u>	<u>8,832,078</u>	<u>2,983,821</u>
Fund balances, September 30, 2023	<u>\$ -</u>	<u>\$ 11,185,834</u>	<u>\$ 10,568,704</u>	<u>\$ 2,968,098</u>

Library and Recreational	Public Safety	Public Education & Government	Roadway Impact Fees	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 166,084	\$ -	\$ 274,939
82,575	-	-	-	82,575
755,301	-	-	-	2,812,816
-	197,977	-	-	197,977
-	-	-	-	9,707,899
-	-	-	-	17,048,182
195,989	-	-	2,500,000	2,695,989
286,379	67,341	57,762	241,544	1,675,697
<u>1,320,244</u>	<u>265,318</u>	<u>223,846</u>	<u>2,741,544</u>	<u>34,496,074</u>
1,695	59,256	58,435	-	10,437,386
-	175,008	-	-	175,008
1,336,147	-	-	-	6,508,045
203,881	-	-	-	1,319,942
<u>1,541,723</u>	<u>234,264</u>	<u>58,435</u>	<u>-</u>	<u>18,440,381</u>
<u>(221,479)</u>	<u>31,054</u>	<u>165,411</u>	<u>2,741,544</u>	<u>16,055,693</u>
675,000	-	-	-	675,000
-	-	-	(2,500,000)	(10,957,580)
<u>675,000</u>	<u>-</u>	<u>-</u>	<u>(2,500,000)</u>	<u>(10,282,580)</u>
453,521	31,054	165,411	241,544	5,773,113
5,352,840	887,046	1,472,144	5,917	27,559,000
<u>\$ 5,806,361</u>	<u>\$ 918,100</u>	<u>\$ 1,637,555</u>	<u>\$ 247,461</u>	<u>\$ 33,332,113</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, 2023
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts				2022
	Original	Final	Actual	Variance	Actual
Revenues -					
Taxes and franchise -					
Property tax	\$ 48,937,000	\$ 48,937,000	\$ 48,675,329	\$ (261,671)	\$ 46,826,726
Penalty and interest	89,000	89,000	108,241	19,241	93,749
Sales tax	64,529,000	65,321,000	65,321,000	-	57,602,102
Franchise	7,125,000	7,125,000	7,851,750	726,750	7,246,074
Bingo tax	50,000	50,000	51,299	1,299	52,897
Mixed drink tax	850,000	850,000	997,711	147,711	967,945
Total taxes and franchise	121,580,000	122,372,000	123,005,330	633,330	112,789,493
Licenses, permits and fees -					
Building permits	950,000	950,000	1,851,207	901,207	1,460,043
Other permits	42,400	42,400	98,435	56,035	29,297
Fees	1,080,675	1,255,675	2,411,014	1,155,339	1,130,500
Total licenses, permits, and fees	2,073,075	2,248,075	4,360,656	2,112,581	2,619,840
Charges for services -					
Trash collection fees	1,286,900	1,286,900	1,308,868	21,968	1,292,162
Swimming pool fees	1,222,000	1,222,000	1,812,496	590,496	1,462,896
Recreation program fees	1,918,000	2,183,000	2,654,955	471,955	2,389,551
Filing and reproduction fees	11,000	11,000	9,504	(1,496)	21,140
Other	77,300	77,300	150,483	73,183	143,046
Total charges for services	4,515,200	4,780,200	5,936,306	1,156,106	5,308,795
Fines and forfeitures	1,125,000	1,125,000	1,048,377	(76,623)	1,143,039
Grants	3,535,198	3,535,198	4,212,345	677,147	4,177,384
Investment and other -					
Investment income	250,000	250,000	2,294,840	2,044,840	674,279
Other	3,873,527	4,073,527	5,343,221	1,269,694	2,445,733
Total investment and other	4,123,527	4,323,527	7,638,061	3,314,534	3,120,012
Total revenues	136,952,000	138,384,000	146,201,075	7,817,075	129,158,653

CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts				2022
	Original	Final	Actual	Variance	Actual
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 19,235,120	\$ 17,523,927	\$ 16,466,009	\$ 1,057,918	\$ 15,136,168
Operations	12,570,750	11,954,650	9,945,863	2,008,787	9,727,878
Capital projects	75,000	120,000	10,394	109,606	49,671
Total executive	<u>31,880,870</u>	<u>29,598,577</u>	<u>26,422,266</u>	<u>3,176,311</u>	<u>24,913,717</u>
Judicial -					
Personnel services	1,234,019	1,270,995	1,155,658	115,337	1,073,984
Operations	71,950	71,950	64,559	7,391	68,168
Total judicial	<u>1,305,969</u>	<u>1,342,945</u>	<u>1,220,217</u>	<u>122,728</u>	<u>1,142,152</u>
Total general government	<u>33,186,839</u>	<u>30,941,522</u>	<u>27,642,483</u>	<u>3,299,039</u>	<u>26,055,869</u>
Public safety					
Police -					
Personnel services	34,795,905	35,097,280	34,896,719	200,561	32,220,833
Operations	5,125,672	5,114,673	4,682,830	431,843	4,157,072
Police-capital projects	186,995	197,994	8,899	189,095	47,985
Total police	<u>40,108,572</u>	<u>40,409,947</u>	<u>39,588,448</u>	<u>821,499</u>	<u>36,425,890</u>
Fire -					
Personnel services	27,092,897	29,427,180	29,426,458	722	25,339,589
Operations	3,189,843	2,535,243	2,400,040	135,203	2,454,961
Capital outlay	223,602	223,602	68,783	154,819	132,878
Total fire	<u>30,506,342</u>	<u>32,186,025</u>	<u>31,895,281</u>	<u>290,744</u>	<u>27,927,428</u>
Total public safety	<u>70,614,914</u>	<u>72,595,972</u>	<u>71,483,729</u>	<u>1,112,243</u>	<u>64,353,318</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, 2023
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance	2022
	Original	Final			Actual
Expenditures -					
Current -					
Public works					
Administration -					
Personnel services	\$ 5,822,175	\$ 6,161,938	\$ 5,980,667	\$ 181,271	\$ 5,211,576
Operations	4,288,547	4,243,447	4,158,974	84,473	3,571,520
Capital outlay	-	-	-	-	224,388
Total administration	<u>10,110,722</u>	<u>10,405,385</u>	<u>10,139,641</u>	<u>265,744</u>	<u>9,007,484</u>
Streets -					
Personnel services	3,819,871	3,893,027	3,287,149	605,878	2,674,078
Operations	4,196,342	4,196,342	3,345,302	851,040	3,180,676
Capital outlay	-	63,400	63,350	50	177,721
Total streets	<u>8,016,213</u>	<u>8,152,769</u>	<u>6,695,801</u>	<u>1,456,968</u>	<u>6,032,475</u>
Maintenance shop -					
Personnel services	1,791,053	1,861,854	1,780,999	80,855	1,509,554
Operations	593,163	593,163	343,892	249,271	274,015
Capital outlay	20,000	20,000	17,603	2,397	55,007
Total maintenance shop	<u>2,404,216</u>	<u>2,475,017</u>	<u>2,142,494</u>	<u>332,523</u>	<u>1,838,576</u>
Total public works	<u>20,531,151</u>	<u>21,033,171</u>	<u>18,977,936</u>	<u>2,055,235</u>	<u>16,878,535</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, 2023
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts				2022
	Original	Final	Actual	Variance	Actual
Expenditures -					
Current -					
Culture and recreation					
Library -					
Personnel services	\$ 3,295,287	\$ 3,478,301	\$ 3,478,263	\$ 38	\$ 2,878,137
Operations	753,896	734,796	724,753	10,043	754,623
Total library	<u>4,049,183</u>	<u>4,213,097</u>	<u>4,203,016</u>	<u>10,081</u>	<u>3,632,760</u>
Parks and recreation -					
Personnel services	10,867,518	11,643,643	11,515,503	128,140	10,336,413
Operations	4,110,495	4,459,695	4,280,614	179,081	4,420,858
Culture-Parks-capital projects	101,900	134,400	113,315	21,085	185,765
Total parks and recreation	<u>15,079,913</u>	<u>16,237,738</u>	<u>15,909,432</u>	<u>328,306</u>	<u>14,943,036</u>
Total culture and recreation	<u>19,129,096</u>	<u>20,450,835</u>	<u>20,112,448</u>	<u>338,387</u>	<u>18,575,796</u>
Total expenditures	<u>143,462,000</u>	<u>145,021,500</u>	<u>138,216,596</u>	<u>6,804,904</u>	<u>125,863,518</u>
Excess (deficiency) of revenues over expenditures	<u>(6,510,000)</u>	<u>(6,637,500)</u>	<u>7,984,479</u>	<u>14,621,979</u>	<u>3,295,045</u>
Other financing sources (uses) -					
Transfers in	6,905,000	6,905,000	6,905,000	-	6,455,000
Transfers out	<u>(200,000)</u>	<u>(502,741)</u>	<u>(502,741)</u>	-	<u>(18,961,811)</u>
Total other financing sources (uses)	<u>6,705,000</u>	<u>6,402,259</u>	<u>6,402,259</u>	-	<u>(12,506,811)</u>
Net change in fund balances	<u>\$ 195,000</u>	<u>\$ (235,241)</u>	<u>14,386,738</u>	<u>\$ 14,621,979</u>	<u>(9,211,766)</u>
Reconciliation between budgetary basis actual and GAAP					
Increase (decrease) in fair value of investments			659,773		(1,425,831)
Fund balance, October 1, 2022			<u>48,652,842</u>		<u>59,290,439</u>
Fund balance, September 30, 2023			<u>\$ 63,699,353</u>		<u>\$ 48,652,842</u>

CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues -				
Taxes and franchise	\$ 25,996,210	\$ 25,996,210	\$ 25,546,523	\$ (449,687)
Investment and other	15,000	15,000	858,737	843,737
Total revenues	<u>26,011,210</u>	<u>26,011,210</u>	<u>26,405,260</u>	<u>394,050</u>
Expenditures -				
Debt service -				
Principal retirement	24,176,203	24,867,905	24,867,905	-
Interest and fiscal charges	11,984,848	12,237,746	12,237,746	-
Total expenditures	<u>36,161,051</u>	<u>37,105,651</u>	<u>37,105,651</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(10,149,841)</u>	<u>(11,094,441)</u>	<u>(10,700,391)</u>	<u>394,050</u>
Other financing sources (uses) -				
Transfers in	<u>7,771,900</u>	<u>7,771,900</u>	<u>10,151,521</u>	<u>2,379,621</u>
Total other financing sources (uses)	<u>7,771,900</u>	<u>7,771,900</u>	<u>10,151,521</u>	<u>2,379,621</u>
Net change in fund balances	<u>\$ (2,377,941)</u>	<u>\$ (3,322,541)</u>	<u>(548,870)</u>	<u>\$ 2,773,671</u>
Fund balance, October 1, 2022			<u>4,658,982</u>	
Fund balance, September 30, 2023			<u>\$ 4,110,112</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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues -				
Intergovernmental	\$ 1,631,951	\$ 1,631,951	\$ 730,053	\$ (901,898)
Total revenues	1,631,951	1,631,951	730,053	(901,898)
Expenditures -				
Current -				
General government-				
Operations	542,107	542,107	369,958	172,149
Capital projects	1,089,844	1,089,844	360,095	729,749
Total expenditures	1,631,951	1,631,951	730,053	901,898
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balance, October 1, 2022			-	
Fund balance, September 30, 2023			\$ -	

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, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues -				
Hotel occupancy tax	\$ 5,396,648	\$ 5,396,648	\$ 7,644,857	\$ 2,248,209
Investment and other	30,500	30,500	418,071	387,571
Total revenues	5,427,148	5,427,148	8,062,928	2,635,780
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	642,291	671,391	671,375	16
Operations	1,799,776	1,913,721	1,907,038	6,683
Capital projects	25,000	755,966	755,966	-
Total expenditures	2,467,067	3,341,078	3,334,379	6,699
Excess (deficiency) of revenues over expenditures	2,960,081	2,086,070	4,728,549	2,642,479
Other financing sources (uses) -				
Transfers out	(1,284,587)	(1,654,267)	(1,654,267)	-
Total other financing sources (uses)	(1,284,587)	(1,654,267)	(1,654,267)	-
Net change in fund balances	\$ 1,675,494	\$ 431,803	3,074,282	\$ 2,642,479
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			86,398	
Fund balance, October 1, 2022			8,025,154	
Fund balance, September 30, 2023			\$ 11,185,834	

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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues -				
Charges for services	\$ 1,450,000	\$ 1,450,000	\$ 2,057,515	\$ 607,515
Hotel occupancy tax	3,234,245	3,234,245	3,796,262	562,017
Investment and other	47,500	47,500	263,014	215,514
Total revenues	4,731,745	4,731,745	6,116,791	1,385,046
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	1,603,052	1,574,952	1,555,627	19,325
Operations	1,010,036	1,038,136	1,037,858	278
Total expenditures	2,613,088	2,613,088	2,593,485	19,603
Excess (deficiency) of revenues over expenditures	2,118,657	2,118,657	3,523,306	1,404,649
Other financing sources (uses) -				
Transfers out	(1,869,680)	(1,869,680)	(1,869,680)	-
Total other financing sources (uses)	(1,869,680)	(1,869,680)	(1,869,680)	-
Net change in fund balances	\$ 248,977	\$ 248,977	1,653,626	\$ 1,404,649
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			83,000	
Fund balance, October 1, 2022			8,832,078	
Fund balance, September 30, 2023			\$ 10,568,704	

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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues -				
Taxes and franchise	\$ -	\$ 108,855	\$ 108,855	\$ -
Intergovernmental	-	8,977,846	8,977,846	-
Hotel occupancy tax	-	5,607,063	5,607,063	-
Investment and other	-	172,188	129,603	(42,585)
Total revenues	-	14,865,952	14,823,367	(42,585)
Expenditures -				
Current -				
General Government -				
Operations	-	9,948,042	9,948,042	-
Total expenditures	-	9,948,042	9,948,042	-
Excess (deficiency) of revenues over expenditures	-	4,917,910	4,875,325	(42,585)
Other financing sources (uses) -				
Transfers out	-	(4,933,633)	(4,933,633)	-
Total other financing sources (uses)	-	(4,933,633)	(4,933,633)	-
Net change in fund balances	\$ -	\$ (15,723)	(58,308)	\$ (42,585)
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			42,585	
Fund balance, October 1, 2022			2,983,821	
Fund balance, September 30, 2023			\$ 2,968,098	

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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues -				
Licenses, permits and fees	\$ 75,000	\$ 75,000	\$ 82,575	\$ 7,575
Charges for services	782,500	822,500	755,301	(67,199)
Contributions	209,988	209,988	195,989	(13,999)
Investment and other	28,122	28,122	220,183	192,061
Total revenues	1,095,610	1,135,610	1,254,048	118,438
Expenditures -				
Current-				
General government-				
Operations	100,000	100,000	1,695	98,305
Total general government	100,000	100,000	1,695	98,305
Culture and recreation-				
Personnel services	586,128	650,328	650,261	67
Operations	721,234	690,634	668,796	21,838
Capital projects	1,335,683	1,534,406	220,971	1,313,435
Total culture and recreation	2,643,045	2,875,368	1,540,028	1,335,340
Total expenditures	2,743,045	2,975,368	1,541,723	1,433,645
Excess (deficiency) of revenues over expenditures	(1,647,435)	(1,839,758)	(287,675)	1,552,083
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	\$ (972,435)	\$ (1,164,758)	387,325	\$ 1,552,083
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			66,196	
Fund balance, October 1, 2022			5,352,840	
Fund balance, September 30, 2023			\$ 5,806,361	

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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues -				
Fines and forfeitures	\$ 76,000	\$ 76,000	\$ 197,977	\$ 121,977
Investment and other	950	950	59,973	59,023
Total revenues	76,950	76,950	257,950	181,000
Expenditures -				
Current-				
General government-				
Operations	453,431	453,431	59,256	394,175
Capital projects	122,903	253,300	175,008	78,292
Total expenditures	576,334	706,731	234,264	472,467
Excess (deficiency) of revenues over expenditures	(499,384)	(629,781)	23,686	653,467
Other financing sources (uses) -				
Transfers out	(52,000)	(52,000)	-	52,000
Total other financing sources (uses)	(52,000)	(52,000)	-	52,000
Net change in fund balances	<u>\$ (551,384)</u>	<u>\$ (681,781)</u>	23,686	<u>\$ 705,467</u>
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			7,368	
Fund balance, October 1, 2022			<u>887,046</u>	
Fund balance, September 30, 2023			<u>\$ 918,100</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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues -				
Taxes and franchise	\$ 181,400	\$ 181,400	\$ 166,084	\$ (15,316)
Investment and other	2,000	2,000	44,402	42,402
Total revenues	183,400	183,400	210,486	27,086
Expenditures -				
Current -				
General Government-				
Operations	115,000	115,000	58,435	56,565
Total expenditures	115,000	115,000	58,435	56,565
Net change in fund balances	\$ 68,400	\$ 68,400	152,051	\$ 83,651
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			13,360	
Fund balance, October 1, 2022			1,472,144	
Fund balance, September 30, 2023			\$ 1,637,555	

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, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues -				
Contributions	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ -
Investment and other	-	-	191,385	191,385
Total revenues	2,500,000	2,500,000	2,691,385	191,385
Expenditures -				
Other financing sources (uses) -				
Transfers out	(2,500,000)	(2,500,000)	(2,500,000)	-
Total other financing sources (uses)	(2,500,000)	(2,500,000)	(2,500,000)	-
Net change in fund balances	\$ -	\$ -	191,385	\$ 191,385
Reconciliation between budgetary basis actual and GAAP				
Increase (decrease) in fair value of investments			50,159	
Fund balance, October 1, 2022			5,917	
Fund balance, September 30, 2023			\$ 247,461	

**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.	126
Revenue Capacity These schedules contain information to help the reader assess the City's significant local revenue sources, the property and sales tax.	136
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.	146
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.	155
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.	157

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)

	2014	2015	2016	2017
Governmental activities-				
Net investment in capital assets	\$ 303,977,353	\$ 299,730,557	\$ 310,185,706	\$ 356,586,425
Restricted	43,974,370	48,019,726	51,813,118	48,954,352
Unrestricted	44,713,408	53,355,360	52,451,939	29,054,168
	<u>\$ 392,665,131</u>	<u>\$ 401,105,643</u>	<u>\$ 414,450,763</u>	<u>\$ 434,594,945</u>
Total governmental activities net position	<u>\$ 392,665,131</u>	<u>\$ 401,105,643</u>	<u>\$ 414,450,763</u>	<u>\$ 434,594,945</u>
Business-type activities-				
Net investment in capital assets	\$ 221,062,599	\$ 228,866,895	\$ 234,981,264	\$ 245,005,044
Restricted	7,764,750	19,215,972	15,275,659	19,800,722
Unrestricted	114,901,064	110,519,279	126,490,054	126,634,362
	<u>\$ 343,728,413</u>	<u>\$ 358,602,146</u>	<u>\$ 376,746,977</u>	<u>\$ 391,440,128</u>
Total business-type activities net position	<u>\$ 343,728,413</u>	<u>\$ 358,602,146</u>	<u>\$ 376,746,977</u>	<u>\$ 391,440,128</u>
Primary government-				
Net investment in capital assets	\$ 525,039,952	\$ 528,597,452	\$ 545,166,970	\$ 601,591,469
Restricted	51,739,120	67,235,698	67,088,777	68,755,074
Unrestricted	159,614,472	163,874,639	178,941,993	155,688,530
	<u>\$ 736,393,544</u>	<u>\$ 759,707,789</u>	<u>\$ 791,197,740</u>	<u>\$ 826,035,073</u>
Total primary government net position	<u>\$ 736,393,544</u>	<u>\$ 759,707,789</u>	<u>\$ 791,197,740</u>	<u>\$ 826,035,073</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.

The City implemented GASB Statement No. 96 in 2023. As a result, net position for 2022 was restated.

2018	2019	2020	2021	2022	2023
\$ 373,007,353	\$ 400,490,136	\$ 442,969,195	\$ 432,348,991	\$ 402,903,584	\$ 461,228,728
48,357,161	44,334,128	23,471,549	92,772,878	132,351,451	186,392,436
28,585,838	28,918,565	33,581,912	13,728,700	68,809,157	25,817,240
<u>\$ 449,950,352</u>	<u>\$ 473,742,829</u>	<u>\$ 500,022,656</u>	<u>\$ 538,850,569</u>	<u>\$ 604,064,192</u>	<u>\$ 673,438,404</u>
\$ 268,467,171	\$ 283,846,141	\$ 294,760,377	\$ 310,014,313	\$ 333,196,242	\$ 361,729,550
22,628,600	24,343,881	16,315,836	11,750,401	13,866,060	10,427,716
138,980,320	146,681,470	168,868,607	179,998,306	186,396,785	201,529,190
<u>\$ 430,076,091</u>	<u>\$ 454,871,492</u>	<u>\$ 479,944,820</u>	<u>\$ 501,763,020</u>	<u>\$ 533,459,087</u>	<u>\$ 573,686,456</u>
\$ 641,474,524	\$ 684,336,277	\$ 737,729,572	\$ 742,363,304	\$ 736,099,826	\$ 822,958,278
70,985,761	68,678,009	39,787,385	104,523,279	146,217,511	196,820,152
167,566,158	175,600,035	202,450,519	193,727,006	255,205,942	227,346,430
<u>\$ 880,026,443</u>	<u>\$ 928,614,321</u>	<u>\$ 979,967,476</u>	<u>\$ 1,040,613,589</u>	<u>\$ 1,137,523,279</u>	<u>\$ 1,247,124,860</u>

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

	2014	2015	2016	2017
Expenses:				
Governmental activities-				
General government	\$ 28,050,936	\$ 28,860,077	\$ 28,434,006	\$ 24,864,772
Public safety	45,283,826	45,236,987	49,439,902	52,243,460
Public works	33,537,533	33,412,841	33,448,357	34,359,785
Culture and recreation	18,024,001	19,202,557	20,885,009	24,130,067
Interest on long-term debt	8,478,700	8,118,490	8,294,279	8,075,351
Total governmental activities expenses	133,374,996	134,830,952	140,501,553	143,673,435
Business-type activities-				
Water and wastewater utility	44,605,155	46,069,705	47,947,818	49,400,833
Golf course	71,090	144,993	133,270	1,857,334
Total business-type activities expenses	44,676,245	46,214,698	48,081,088	51,258,167
Total primary government expenses	178,051,241	181,045,650	188,582,641	194,931,602
Program revenues:				
Governmental activities-				
Charges for services-				
General government	2,559,380	2,168,842	2,258,333	19,778,439
Public safety	2,652,480	2,461,782	1,669,550	1,478,161
Public works	726,785	749,524	742,437	607,398
Culture and recreation	3,032,109	3,288,970	3,919,254	5,133,816
Operating grants and contributions	1,042,301	1,199,574	946,604	1,202,810
Capital grants and contributions	5,901,038	4,234,018	8,013,039	5,958,205
Total governmental activities program revenues	15,914,093	14,102,710	17,549,217	34,158,829
Business-type activities-				
Charges for services-				
Water and wastewater utility	43,705,878	45,898,090	48,653,788	51,980,615
Golf course	382,081	320,846	360,371	733,883
Capital grants and contributions	10,226,302	17,742,568	19,607,086	15,642,381
Total business-type activities program revenues	54,314,261	63,961,504	68,621,245	68,356,879
Total primary government program revenues	70,228,354	78,064,214	86,170,462	102,515,708
Net (expense) revenue-				
Governmental activities	(117,460,903)	(120,728,242)	(122,952,336)	(109,514,606)
Business-type activities	9,638,016	17,746,806	20,540,157	17,098,712
Total primary government net expense	(107,822,887)	(102,981,436)	(102,412,179)	(92,415,894)

	2018	2019	2020	2021	2022	2023
\$	23,408,887	\$ 27,861,595	\$ 27,467,722	\$ 35,906,343	\$ 41,210,815	\$ 48,259,094
	57,987,997	64,196,001	64,151,715	64,975,588	67,534,584	78,793,508
	47,120,999	36,261,500	38,606,348	43,588,532	40,067,607	46,224,524
	25,218,145	27,821,410	26,355,801	26,874,261	30,667,820	34,898,867
	8,415,687	8,525,551	9,382,120	10,264,036	11,292,992	11,000,425
	<u>162,151,715</u>	<u>164,666,057</u>	<u>165,963,706</u>	<u>181,608,760</u>	<u>190,773,818</u>	<u>219,176,418</u>
	51,749,727	54,388,260	53,999,588	58,063,832	63,886,112	68,229,079
	<u>1,642,036</u>	<u>2,399,582</u>	<u>2,818,489</u>	<u>3,699,848</u>	<u>4,290,895</u>	<u>4,104,094</u>
	<u>53,391,763</u>	<u>56,787,842</u>	<u>56,818,077</u>	<u>61,763,680</u>	<u>68,177,007</u>	<u>72,333,173</u>
	<u>215,543,478</u>	<u>221,453,899</u>	<u>222,781,783</u>	<u>243,372,440</u>	<u>258,950,825</u>	<u>291,509,591</u>
	2,273,091	3,189,150	4,529,682	2,824,567	2,962,085	3,619,177
	1,762,172	2,298,635	1,684,921	1,396,999	1,705,859	1,626,659
	693,223	1,347,815	700,442	970,763	873,899	1,874,377
	5,489,515	5,649,283	4,082,796	5,807,940	6,544,740	7,318,494
	2,574,008	2,987,128	3,742,160	4,261,827	4,802,100	4,949,732
	<u>18,206,390</u>	<u>9,914,802</u>	<u>9,464,089</u>	<u>10,054,791</u>	<u>23,442,401</u>	<u>27,815,280</u>
	<u>30,998,399</u>	<u>25,386,813</u>	<u>24,204,090</u>	<u>25,316,887</u>	<u>40,331,084</u>	<u>47,203,719</u>
	55,139,117	56,951,931	60,811,441	60,618,367	67,172,508	68,399,789
	299,761	1,971,887	2,684,066	3,506,792	3,920,614	3,765,883
	<u>30,495,633</u>	<u>21,584,780</u>	<u>18,443,560</u>	<u>22,288,498</u>	<u>34,040,331</u>	<u>38,995,646</u>
	<u>85,934,511</u>	<u>80,508,598</u>	<u>81,939,067</u>	<u>86,413,657</u>	<u>105,133,453</u>	<u>111,161,318</u>
	<u>116,932,910</u>	<u>105,895,411</u>	<u>106,143,157</u>	<u>111,730,544</u>	<u>145,464,537</u>	<u>158,365,037</u>
	(131,153,316)	(139,279,244)	(141,759,616)	(156,291,873)	(150,442,734)	(171,972,699)
	<u>32,542,748</u>	<u>23,720,756</u>	<u>25,120,990</u>	<u>24,649,977</u>	<u>36,956,446</u>	<u>38,828,145</u>
	<u>(98,610,568)</u>	<u>(115,558,488)</u>	<u>(116,638,626)</u>	<u>(131,641,896)</u>	<u>(113,486,288)</u>	<u>(133,144,554)</u>

(CONTINUED)

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

	2014	2015	2016	2017
General revenues and other changes in net position:				
Governmental activities-				
Taxes-				
Property	\$ 36,502,409	\$ 39,932,573	\$ 44,239,067	\$ 49,107,424
Franchise	6,460,448	7,255,212	7,175,948	7,103,548
Sales	68,462,292	67,620,848	67,340,120	64,209,719
Hotel occupancy	4,646,208	5,083,556	5,407,667	5,515,163
Public service	477,606	515,778	566,712	627,164
Investment earnings and other	1,882,139	5,020,786	7,957,942	8,201,944
Transfers	1,800,895	3,740,000	3,610,000	3,492,871
Total governmental activities	<u>120,231,997</u>	<u>129,168,753</u>	<u>136,297,456</u>	<u>138,257,833</u>
Business-type activities-				
Investment earnings and other	1,397,321	866,927	1,214,674	2,289,777
Transfers	<u>(1,800,895)</u>	<u>(3,740,000)</u>	<u>(3,610,000)</u>	<u>(3,492,871)</u>
Total business-type activities	<u>(403,574)</u>	<u>(2,873,073)</u>	<u>(2,395,326)</u>	<u>(1,203,094)</u>
Total primary government	<u>119,828,423</u>	<u>126,295,680</u>	<u>133,902,130</u>	<u>137,054,739</u>
Change in net position:				
Governmental activities	2,771,094	8,440,511	13,345,120	28,743,227
Business-type activities	<u>9,234,442</u>	<u>14,873,733</u>	<u>18,144,831</u>	<u>15,895,618</u>
Total primary government	<u><u>\$ 12,005,536</u></u>	<u><u>\$ 23,314,244</u></u>	<u><u>\$ 31,489,951</u></u>	<u><u>\$ 44,638,845</u></u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 54,082,288	\$ 57,396,623	\$ 64,744,623	\$ 68,187,362	\$ 70,551,060	\$ 74,006,361
7,140,940	7,407,178	7,060,026	6,808,434	7,429,827	8,017,834
72,861,565	75,690,767	78,361,955	90,406,552	104,397,185	104,713,662
5,714,235	6,000,447	4,111,858	11,003,127	15,128,191	17,048,182
647,243	697,835	620,996	867,626	1,020,842	1,157,865
9,024,223	12,180,534	9,081,735	12,650,685	11,176,195	31,393,569
(2,961,771)	3,698,337	4,058,250	5,196,000	5,355,000	5,605,000
<u>146,508,723</u>	<u>163,071,721</u>	<u>168,039,443</u>	<u>195,119,786</u>	<u>215,058,300</u>	<u>241,942,473</u>
3,131,444	4,772,982	4,010,588	2,364,223	94,621	7,004,224
<u>2,961,771</u>	<u>(3,698,337)</u>	<u>(4,058,250)</u>	<u>(5,196,000)</u>	<u>(5,355,000)</u>	<u>(5,605,000)</u>
<u>6,093,215</u>	<u>1,074,645</u>	<u>(47,662)</u>	<u>(2,831,777)</u>	<u>(5,260,379)</u>	<u>1,399,224</u>
<u>152,601,938</u>	<u>164,146,366</u>	<u>167,991,781</u>	<u>192,288,009</u>	<u>209,797,921</u>	<u>243,341,697</u>
15,355,407	23,792,477	26,279,827	38,827,913	64,615,566	69,969,774
<u>38,635,963</u>	<u>24,795,401</u>	<u>25,073,328</u>	<u>21,818,200</u>	<u>31,696,067</u>	<u>40,227,369</u>
<u>\$ 53,991,370</u>	<u>\$ 48,587,878</u>	<u>\$ 51,353,155</u>	<u>\$ 60,646,113</u>	<u>\$ 96,311,633</u>	<u>\$ 110,197,143</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ 397,271	\$ 430,821	\$ 372,288	\$ 232,004
<i>Restricted for-</i>				
Debt service	2,278,062	2,351,780	2,749,645	3,880,982
Authorized construction	106,539,802	117,515,606	77,545,478	81,086,426
Hotel-motel tax	11,173,765	10,934,476	12,653,710	6,526,672
Public safety	1,050,349	1,274,293	676,724	585,878
General government	-	-	-	1,269,075
<i>Committed to-</i>				
General government	684,199	856,977	1,081,159	124,703
Capital projects funds	26,570,024	24,696,122	24,865,777	28,397,665
Streets and drainage	-	1,145,826	1,152,195	-
Culture and recreation	12,438	322,576	293,694	-
<i>Assigned to-</i>				
Culture and recreation	264,662	272,666	212,080	1,004,583
<i>Unassigned</i>	<u>38,726,365</u>	<u>50,277,389</u>	<u>52,427,796</u>	<u>50,090,080</u>
Total governmental funds	<u>\$ 187,696,937</u>	<u>\$ 210,078,532</u>	<u>\$ 174,030,546</u>	<u>\$ 173,198,068</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 253,592	\$ 226,190	\$ 1,094,653	\$ 1,783,208	\$ 404,179	\$ 930,720
4,853,517	5,019,375	5,080,091	7,901,595	7,041,411	6,492,541
62,649,029	72,690,649	58,069,777	124,312,278	171,116,800	160,664,737
7,863,705	6,807,382	7,440,558	10,222,462	15,269,909	19,061,932
750,657	1,025,501	757,284	735,896	887,046	918,100
1,268,233	1,439,377	1,401,931	1,433,730	1,472,144	1,637,555
232,243	883,883	1,030,812	881,812	1,077,519	1,198,346
21,934,876	28,971,259	23,259,722	41,256,494	63,546,738	49,633,658
-	-	-	-	-	-
-	-	-	1,483,055	1,483,055	1,483,055
1,274,658	1,638,534	1,834,073	2,496,916	3,852,615	4,022,080
53,558,920	49,498,684	59,547,303	58,913,029	48,267,275	63,341,210
<u>\$ 154,639,430</u>	<u>\$ 168,200,834</u>	<u>\$ 159,516,204</u>	<u>\$ 251,420,475</u>	<u>\$ 314,418,691</u>	<u>\$ 309,383,934</u>

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

	2014	2015	2016	2017
Revenues-				
Taxes and franchise	\$ 111,592,909	\$ 115,508,506	\$ 119,211,433	\$ 121,142,245
Licenses, permits and fees	1,243,857	1,704,374	1,843,633	1,646,077
Charges for services	4,645,527	4,513,428	5,172,465	6,307,377
Fines and forfeitures	2,673,670	2,451,316	1,573,476	1,440,795
Intergovernmental	3,044,095	1,679,993	990,683	2,950,833
Hotel occupancy tax	4,646,208	5,083,556	5,407,667	5,515,163
Investment and other	3,152,100	600,919	368,748	931,601
Contributions	4,783,567	7,207,478	7,963,854	8,253,614
Total revenues	<u>135,781,933</u>	<u>138,749,570</u>	<u>142,531,959</u>	<u>148,187,705</u>
Expenditures-				
General government	24,375,794	23,838,520	24,394,392	21,055,932
Public safety	42,306,841	43,067,272	44,388,881	47,595,884
Public works	11,291,499	12,328,284	12,062,839	12,682,503
Culture and recreation	13,775,702	14,766,040	15,078,964	17,219,700
Capital projects	38,694,239	33,476,554	65,414,999	63,268,686
Debt service-				
Principal retirement	14,395,697	13,919,366	13,463,922	13,287,160
Interest and fiscal charges	7,372,652	8,597,372	9,641,498	8,306,767
Payment to refunding agent	-	-	-	10,050,443
Other charges	862,888	942,596	229,245	423,510
Total expenditures	<u>153,075,312</u>	<u>150,936,004</u>	<u>184,674,740</u>	<u>193,890,585</u>
Excess of revenues over (under) expenditures	<u>(17,293,379)</u>	<u>(12,186,434)</u>	<u>(42,142,781)</u>	<u>(45,702,880)</u>
Other financing sources (uses)-				
Issuance of lease (1)	1,450,000	2,000,000	2,250,000	-
Issuance of debt	77,350,000	70,665,000	11,450,000	38,725,000
Premium on bonds issued	6,161,887	6,369,020	1,094,690	2,652,531
Payment to refunded bond escrow agent	(11,682,994)	(48,205,991)	(12,309,895)	-
Transfers in	32,984,237	27,070,865	30,552,126	31,908,470
Transfers out	(31,683,342)	(23,330,865)	(26,942,126)	(28,415,599)
Total other financing sources (uses)	<u>74,579,788</u>	<u>34,568,029</u>	<u>6,094,795</u>	<u>44,870,402</u>
Net change in fund balances	<u>\$ 57,286,409</u>	<u>\$ 22,381,595</u>	<u>\$ (36,047,986)</u>	<u>\$ (832,478)</u>
Capital outlay including amounts reported under departmental current expenditures	\$ 38,644,877	\$ 35,385,140	\$ 65,116,395	\$ 90,020,515
Debt service as a percentage of noncapital expenditures	19.0%	19.5%	19.3%	20.8%

(1) Issuance of lease refers to leases issued to debt finance equipment and vehicle replacement prior to FY 2022. GASB 87 was implemented in FY 2022 and changes the meaning of a lease. Therefore, the previous leases are referred to as Notes Payable throughout the Annual Comprehensive Financial Reporting, beginning in FY 2022.

2018	2019	2020	2021	2022	2023
\$ 134,637,978	\$ 141,150,180	\$ 150,717,481	\$ 166,252,010	\$ 183,162,281	\$ 188,219,454
2,037,211	2,703,240	1,834,311	2,543,143	2,959,342	4,443,231
6,563,868	6,916,463	5,274,975	7,092,585	7,929,787	8,749,122
1,616,922	2,153,309	1,623,976	1,152,990	1,380,898	1,246,354
9,511,022	3,822,463	5,540,163	11,400,907	24,816,402	20,188,481
5,714,235	6,000,447	4,111,858	11,003,127	15,128,191	17,048,182
2,335,783	4,670,671	9,165,467	7,261,313	2,778,909	21,244,232
9,260,526	12,728,177	3,336,036	2,338,936	3,285,315	7,880,970
171,677,545	180,144,950	181,604,267	209,045,011	241,441,125	269,020,026
23,744,730	22,423,018	24,841,662	31,324,914	35,377,631	39,592,677
52,839,347	56,063,867	56,494,602	59,445,458	64,353,318	71,658,737
14,748,037	15,077,947	17,290,725	16,946,664	19,056,273	19,383,569
18,513,216	20,213,897	19,022,847	19,931,144	24,017,708	26,620,493
59,809,511	90,837,258	82,350,573	47,540,721	87,575,761	85,953,520
14,325,970	17,792,363	18,296,526	20,148,502	19,650,222	24,867,905
9,244,645	8,616,675	10,243,591	10,367,705	12,133,701	12,237,746
-	13,758,972	7,010,563	-	-	-
-	967,009	276,058	1,225,607	1,512,308	-
193,225,456	245,751,006	235,827,147	206,930,715	263,676,922	280,314,647
(21,547,911)	(65,606,056)	(54,222,880)	2,114,296	(22,235,797)	(11,294,621)
5,981,044	2,900,000	-	-	-	-
-	67,685,000	41,480,000	84,040,000	156,315,000	-
-	4,884,123	-	7,036,650	2,642,581	-
-	-	-	(6,482,675)	(79,078,568)	-
22,678,818	42,110,430	39,495,337	75,973,539	70,036,965	43,448,957
(25,640,589)	(38,412,093)	(35,437,087)	(70,777,539)	(64,681,965)	(37,189,093)
3,019,273	79,167,460	45,538,250	89,789,975	85,234,013	6,259,864
\$ (18,528,638)	\$ 13,561,404	\$ (8,684,630)	\$ 91,904,271	\$ 62,998,216	\$ (5,034,757)
\$ 46,896,225	\$ 87,242,801	\$ 80,820,915	\$ 40,870,035	\$ 86,316,796	\$ 85,953,520
16.1%	16.7%	18.4%	18.4%	17.9%	19.1%

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	
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
2022	17,549,969,505	1,450,591,938	19,000,561,443	1,329,837,647	17,670,723,796	0.3970
2023	24,341,708,325	1,568,031,609	25,909,739,934	4,216,713,471	21,693,026,463	0.3420

Source: Williamson Central Appraisal District/Travis Central Appraisal District

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

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

Fiscal Year	City Direct Rates			Overlapping Rates			Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Direct	Round Rock Independent School District	Williamson County	Special Districts	
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
2022	0.2649	0.1321	0.3970	1.1336	0.4408	0.1223	2.0937
2023	0.2244	0.1176	0.3420	1.0626	0.3756	0.1162	1.8964

Source: Williamson County Tax Office

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

Name of Taxpayer	2023			2014		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Kalahari Resorts and Conventions	\$ 491,085,949	1	2.264 %	\$ -	-	- %
Dell Computer Holdings, LP	442,007,514	2	2.038	153,414,617	1	1.765
CPG Round Rock, LP/ Round Rock Premium Outlets	160,947,344	3	0.742	134,200,248	2	1.544
CMF 15 Portfolio, LLC/ Colonial Grand Apartments	119,895,198	4	0.553	56,206,719	6	0.647
Dell Computer Corp.	100,663,350	5	0.464	65,445,280	4	0.753
Stanmore Warner Ranch Apts, LLC	97,444,253	6	0.449	-	-	-
2811 LA Frontera LP/ Griffis Apartments	91,915,000	7	0.424	-	-	-
TMP Parkside Project, LLC/ Parkside at Round Rock	89,000,000	8	0.410	-	-	-
Fisher-Rosemount Systems, Inc.	86,400,000	9	0.398	38,200,000	10	0.440
Columbia/ St. David Healthcare	85,561,557	10	0.394	62,152,791	5	0.715
Oncor Electric Delivery Co.	-	-	-	41,212,619	7	0.474
Baltgem Development Corp./ La Frontera Village	-	-	-	71,285,140	3	0.820
Inland American University Oaks, LP	-	-	-	38,671,693	8	0.445
Round Rock Luxury Apts, LTD	-	-	-	38,325,183	9	0.441
	<u>\$ 1,764,920,165</u>		<u>8.136 %</u>	<u>\$ 699,114,290</u>		<u>8.044 %</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
2014	\$	36,452,223	\$ 36,281,479	99.53 %	\$ 970	\$ 36,282,449	99.53 %
2015		39,792,302	39,697,745	99.76	1,065	39,698,810	99.77
2016		44,063,923	43,894,949	99.62	1,169	43,896,118	99.62
2017		49,113,540	48,988,540	99.75	1,372	48,989,912	99.75
2018		53,890,399	53,775,618	99.79	5,952	53,781,570	99.80
2019		57,296,592	57,106,114	99.67	4,996	57,111,110	99.68
2020		64,708,293	64,443,984	99.59	(26,539)	64,417,444	99.55
2021		68,133,164	67,922,644	99.69	(183,955)	67,738,690	99.42
2022		70,241,994	70,033,185	99.70	(37,234)	69,995,951	99.65
2023		74,262,463	74,016,437	99.67	-	74,016,437	99.67

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

<u>Fiscal Year</u>	<u>Total 1% Sales Tax Collected</u>	<u>Ad Valorem Tax Levy</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Population</u>	<u>1% Sales Tax Per Capita</u>
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
2022	58,232,363	70,241,994	82.90	0.3295	124,614	467
2023	58,549,152	74,262,463	78.84	0.2699	128,957	454

Note: The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the bonds. Collections and enforcements are effected through the office of the Texas Comptroller of Public Accounts who remits the proceeds of the tax, after deduction of a 2% service 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 or 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
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	1,782,012,610	843,382,610	523,120,666	221,749,525	24,315,005
2021	2,077,784,400	1,127,507,544	896,501,602	270,878,555	32,367,651
2022	<u>2,278,068,535</u>	<u>1,457,309,601</u>	<u>957,452,286</u>	<u>308,871,134</u>	<u>57,963,650</u>
	<u>\$ 17,370,438,611</u>	<u>\$ 10,351,855,823</u>	<u>\$ 5,831,485,867</u>	<u>\$ 1,801,544,681</u>	<u>\$ 386,444,729</u>

Source: Texas Comptroller of Public Accounts

Note: Sales information is not available on a fiscal year basis. Also, due to State of Texas confidentiality rules, names of sales taxpayers 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
\$ 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
151,326,047	3,053,232	4,559,419,031	2.00	6.25	8.25
194,741,671	3,034,913	5,257,441,790	2.00	6.25	8.25
<u>\$ 1,420,074,518</u>	<u>\$ 27,731,518</u>	<u>\$ 37,189,575,747</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
YEAR ENDED SEPTEMBER 30, 2023**

Taxpayer	Hotel Motel Occupancy Tax	Hotel Motel Occupancy Venue Tax	Total Collections Year Ended Sept. 30, 2023	Number of Rooms	% of Total Collections
Kalahari Resorts & Conventions	\$ 6,098,027	\$ 1,742,293	\$ 7,840,320	975	45.99 %
Austin Marriott North	701,776	202,533	904,309	295	5.30
Embassy Suites	565,948	163,333	729,281	180	4.28
Hyatt Place	345,678	98,765	444,443	138	2.61
Hilton Garden Inn	293,701	84,762	378,463	122	2.22
Homewood Suites	266,208	76,306	342,514	115	2.01
Element	241,106	69,583	310,689	123	1.82
La Quinta East	232,403	66,506	298,909	99	1.75
Courtyard Marriott	230,416	65,833	296,249	113	1.74
Holiday Inn Express North	224,357	64,733	289,090	109	1.70
Aloft	223,802	64,581	288,383	120	1.69
Springhill Suites	223,674	64,494	288,168	104	1.69
Towneplace Suites	216,177	61,765	277,942	102	1.63
Hampton Inn	208,106	59,504	267,610	93	1.57
Tru By Hilton	201,089	57,946	259,035	98	1.52
Holiday Inn	190,973	55,115	246,088	116	1.44
Home2 Suites South	183,658	52,474	236,132	91	1.39
La Quinta North	181,136	52,085	233,221	116	1.37
Residence Inn	179,107	51,450	230,557	96	1.35
Holiday Inn Express South	167,102	48,110	215,212	91	1.26
AVID	159,373	45,850	205,223	89	1.20
Extended Stay America #6030	150,462	42,989	193,451	138	1.13
Staybridge	140,720	40,360	181,080	81	1.06
La Quinta South	140,036	40,405	180,441	86	1.06
Ruby Hotel	138,387	39,810	178,197	39	1.05
Microtel	131,744	38,022	169,766	82	1.00
Red Roof Inn	122,857	35,102	157,959	107	0.93
Short Term Rentals	118,582	34,066	152,648	69	0.89
Sleep Inn	107,354	30,983	138,337	74	0.81
Best Western	106,248	30,663	136,911	68	0.80
Wingate Inn	103,551	29,866	133,417	100	0.78
Comfort Suites	99,484	28,711	128,195	63	0.75
Motel 6	89,762	25,646	115,408	60	0.68
Candlewood Suites	84,662	24,433	109,095	98	0.64
Country Inn	84,048	24,014	108,062	61	0.63
Quality Inn	81,066	23,289	104,355	49	0.61
Woodspring Suites South	74,750	21,573	96,323	122	0.57
Extended Stay America #6197	63,142	18,041	81,183	104	0.48
Woodspring Suites North	58,382	16,681	75,063	121	0.44
Home2 Suites North	20,036	5,724	25,760	119	0.15
Provident Crossings Retirement	538	155	693	2	0.01
	<u>\$ 13,249,628</u>	<u>\$ 3,798,554</u>	<u>\$ 17,048,182</u>	<u>5,028</u>	<u>100.0 %</u>

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

<u>Fiscal Year</u>	<u>1st Quarter Oct. – Dec.</u>	<u>2nd Quarter Jan. – Mar.</u>	<u>3rd Quarter Apr. – June</u>	<u>4th Quarter July – Sept.</u>	<u>Total</u>
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
2022	3,235,991	3,249,855	4,400,515	4,241,830	15,128,191
2023	3,913,244	3,959,304	4,634,993	4,540,641	17,048,182

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 and Other Obligations			
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
2022	162,165,000	148,300,000	104,303,592	68,669,982	483,438,574	6.16	3,879
2023	149,840,000	143,025,000	103,002,121	64,728,235	460,595,356	5.32	3,572

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

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

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

Fiscal Year	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
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
2022	124,614	17,670,723	336,822,235	4,658,982	332,163,253	1.88	2,666
2023	128,957	21,693,026	321,916,918	4,110,112	317,806,806	1.47	2,464

* Source: Planning Department, City of Round Rock

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

CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
YEAR ENDED SEPTEMBER 30, 2023

Name of Governmental Unit	Total General Debt Outstanding*	Estimated Percentage Applicable**	Estimated Share of Overlapping Debt
Debt repaid with property taxes-			
Williamson County	\$ 1,122,900,000	18.97 %	\$ 213,014,130
Round Rock Independent School District	741,145,000	36.55	270,888,498
Round Rock MUD #1	3,935,000	100.00	3,935,000
Round Rock MUD #2	10,000,000	100.00	10,000,000
Travis County	900,550,000	0.25	2,251,375
Austin Community College	562,445,000	6.06	34,084,167
Georgetown ISD	660,575,000	0.64	4,227,680
Pflugerville ISD	780,930,000	0.28	2,186,604
Travis County Healthcare District	173,145,000	0.25	432,863
Upper Brushy Creek WICD	51,320,000	27.66	<u>14,195,112</u>
Subtotal, overlapping debt			555,215,429
City direct debt			<u>395,867,121</u>
Total direct and overlapping debt			<u><u>\$ 951,082,550</u></u>

* Gross Debt as of September 30, 2023

** 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**

	2014	2015	2016	2017
Debt limit	\$ 1,557,670,054	\$ 1,640,628,922	\$ 1,786,728,268	\$ 1,928,938,196
Total net debt applicable to limit	<u>161,006,938</u>	<u>178,893,220</u>	<u>170,530,355</u>	<u>193,049,018</u>
Legal debt margin	<u>\$ 1,396,663,116</u>	<u>\$ 1,461,735,702</u>	<u>\$ 1,616,197,913</u>	<u>\$ 1,735,889,178</u>
 Total net debt applicable to the limit as a percentage of debt limit	 10.34%	 10.90%	 9.54%	 10.01%

Legal Debt Margin Calculation for Fiscal Year 2023

Total assessed value	<u>\$ 21,693,026,463</u>
Debt limit - maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 3,694,169,480
Amount of debt applicable to debt limit: Total General Obligation Debt	\$ 305,910,904
Less: Amount available in Debt Service Fund	<u>(4,110,112)</u>
Total net debt applicable to debt limit	<u>301,800,792</u>
Legal debt margin	<u>\$ 3,392,368,688</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, 2022, assessed valuation of \$21,693,026,463 at 100% collection, tax revenue of \$325,395,397 would be produced. This revenue could service the debt on \$3,694,169,480 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 2024	\$ 29,100,436
Tax Year 2022 Interest and Sinking Fund Tax Levy @ 99% Collection	\$ 24,889,100
Interest and Sinking Fund Balance as of September 30, 2023	4,110,112
Self-Supporting Debt	<u>1,874,550</u>
	<u>30,873,762</u>
Estimated Balance, September 30, 2024	<u>\$ 1,773,326</u>

2018	2019	2020	2021	2022	2023
\$ 2,120,343,710	\$ 2,315,885,331	\$ 2,494,413,566	\$ 2,615,352,206	\$ 3,009,199,691	\$ 3,694,169,480
183,486,483	205,255,625	224,164,909	266,285,834	315,255,537	301,800,792
<u>\$ 1,936,857,227</u>	<u>\$ 2,110,629,706</u>	<u>\$ 2,270,248,657</u>	<u>\$ 2,349,066,372</u>	<u>\$ 2,693,944,154</u>	<u>\$ 3,392,368,688</u>

8.65%

8.86%

8.99%

10.18%

10.48%

8.17%

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

	2014	2015	2016	2017
Gross Revenue (1)				
Charges for services	\$ 40,762,523	\$ 41,880,906	\$ 44,406,721	\$ 47,769,478
Licenses, permits and fees	2,943,355	4,017,184	4,247,067	4,211,137
Investment and other income	1,397,259	863,900	1,211,532	2,284,171
Total	45,103,137	46,761,990	49,865,320	54,264,786
Direct Operating Expense (2)				
Personnel services	8,939,263	9,228,272	9,742,128	11,871,681
Contracted services	14,200,624	14,500,269	15,222,355	14,854,212
Materials and supplies	2,163,731	1,837,026	2,091,331	2,504,640
Heat, light and power	1,829,036	1,783,408	1,662,779	1,618,297
Total	27,132,654	27,348,975	28,718,593	30,848,830
Net available for Debt Service	<u>\$ 17,970,483</u>	<u>\$ 19,413,015</u>	<u>\$ 21,146,727</u>	<u>\$ 23,415,956</u>
Debt Service Requirements (P&I)	\$ 6,347,632	\$ 6,894,788	\$ 5,994,842	\$ 6,352,459
Revenue Bond Coverage	2.83	2.82	3.53	3.67
Metered Water Customers	32,012	32,447	32,930	33,602
Metered Wastewater Customers	31,133	31,531	31,984	32,614
Average Annual Principal and Interest Requirements, FY 2024-2039			\$	4,685,649
Coverage of Average Requirements by FY 2023 Net Revenue				7.18
Estimated Maximum Principal and Interest Requirements, FY 2024			\$	5,948,181
Estimated Coverage of Maximum Requirements by FY 2023 Net Revenue				5.66
Parity Debt Outstanding at FY 2023			\$	59,860,000

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

(2) Water and Wastewater Fund operating expenses, excluding depreciation/amortization

2018	2019	2020	2021	2022	2023
\$ 50,715,034	\$ 51,973,150	\$ 55,695,939	\$ 55,106,110	\$ 60,923,212	\$ 61,870,880
4,226,721	4,828,792	4,693,720	5,472,368	6,302,178	6,394,076
3,122,041	4,772,982	4,010,185	2,363,247	90,182	7,289,303
58,063,796	61,574,924	64,399,844	62,941,725	67,315,572	75,554,259
10,940,702	12,809,236	12,751,829	12,896,946	13,633,693	16,702,089
16,695,290	14,844,774	13,759,401	16,476,180	18,392,887	17,758,878
2,392,415	3,385,739	2,747,862	3,051,250	4,234,393	4,319,533
1,578,540	2,188,155	2,452,847	2,404,405	2,891,204	3,109,243
31,606,947	33,227,904	31,711,939	34,828,781	39,152,177	41,889,743
<u>\$ 26,456,849</u>	<u>\$ 28,347,020</u>	<u>\$ 32,687,905</u>	<u>\$ 28,112,944</u>	<u>\$ 28,163,395</u>	<u>\$ 33,664,516</u>
\$ 5,444,927	\$ 6,102,631	\$ 6,082,481	\$ 6,073,581	\$ 6,062,631	\$ 5,956,631
4.86	4.65	5.37	4.63	4.65	5.65
34,581	35,397	35,998	36,593	37,324	37,659
33,277	34,085	35,299	35,879	36,581	36,883



**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	(5) Unemployment Rate
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
2022	124,614	7,842,083,634	62,931	33.7	47,184	2.6
2023	128,957	8,650,822,431	67,083	35.2	46,385	3.2

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) U.S. Census Bureau
(4) Round Rock Independent School District
(5) U.S. Bureau of Labor Statistics

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

Name of Employer	2023			2014		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Dell Technologies	12,000	1	14.51 %	13,000	1	22.93 %
Round Rock Independent School District	6,604	2	7.99	5,800	2	10.23
St. David's Round Rock Medical Center	1,200	3	1.45	690	8	1.22
City of Round Rock, Texas	1,132	4	1.37	830	4	1.46
Baylor Scott & White Healthcare	911	5	1.10	750	5	1.32
Ascension Seton Medical Center Williamson	750	6	0.91	450	9	0.79
Kalahari Resorts & Conventions	700	7	0.85	-		-
Amazon Round Rock Delivery Station	650	8	0.79	-		-
Emerson Automation Solutions	600	9	0.73	750	5	1.32
Airco Mechanical	550	10	0.67	-		-
Shop LC	550	10	0.67			
Sears TeleServe	-		-	1,500	3	2.65
Texas Guaranteed Student Loan	-		-	700	7	1.23
Dresser Wayne, Inc	-		-	450	9	0.79
Total	<u>25,647</u>		<u>31.04 %</u>	<u>24,920</u>		<u>43.94 %</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government	157	159	163	179	194	202	205	206	216	223
Public safety-										
Police-										
Officers	159	167	168	174	176	176	180	180	186	200
Civilians	64	67	72	74	75	78	78	78	82	82
Fire-										
Firefighters & officers	129	129	132	134	149	152	153	155	159	163
Civilians	8	8	8	8	9	10	10	8	22	24
Public works-										
Street & Stormwater	70	69	76	73	77	81	82	82	90	96
Shop	16	18	19	18	18	19	19	19	19	22
Culture & Recreation-										
Library	31	31	31	31	31	32	33	34	40	40
Parks & Recreation	91	91	106	102	105	107	108	108	110	129
Water & Wastewater Utility	<u>128</u>	<u>129</u>	<u>128</u>	<u>128</u>	<u>131</u>	<u>151</u>	<u>151</u>	<u>151</u>	<u>151</u>	<u>153</u>
Total	<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>	<u>1,075</u>	<u>1,132</u>

Source: City of Round Rock Finance Department

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

	2014	2015	2016	2017
Function:				
Police-				
Arrests	5,773	4,600	4,476	4,600
Accident reports	6,383	2,249	2,370	2,370
Index crimes reported**	2,338	2,329	2,383	2,383
Crimes per thousand residents**	21.70	22.00	22.50	22.50
Officers per thousand of population	1.42	1.53	1.43	1.48
Fire-				
Incident volume***	9,027	9,928	9,346	10,777
Priority calls answered***	3,713	2,780	3,735	2,548
Non-emergency calls answered***	5,314	7,148	5,611	8,229
Priority calls-response less than 6 minutes	63%	56%	61%	58%
Public Works-				
Street-				
Street resurfacing (lane miles)	80	40	60	60
Potholes repaired annually	4,000	1,500	400	300
Signals maintained	83	84	83	89
Shop-				
Work orders	4,178	4,399	4,761	4,620
Number of departments served	12	12	12	12
Culture and Recreation-				
Library-				
Number of items circulated	975,291	972,094	1,080,312	1,188,757
Number of card holders	74,192	99,822	77,818	79,415
Number of library visits	309,167	388,625	391,256	389,930
Parks & Recreation-				
Total park acres maintained	2,045	2,045	2,045	2,270
Number of athletic fields maintained	49	49	49	49
Number of trees planted	165	110	195	408
Number of recreation enrollees*	490,704	-	-	-
Number of recreation participants	-	832,184	988,337	1,080,853
Water-				
New connections	360	402	480	665
Line maintenance work orders	6,734	3,317	3,512	3,346
Average monthly consumption	491,936,100	505,251,158	536,082,308	571,062,558
Wastewater-				
Average monthly treatment	394,000,000	385,611,068	416,357,161	425,631,471
Line feet reviewed for infiltration & inflow	459,128	187,464	189,418	206,675

Source: City of Round Rock Finance Department

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

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

***Note: The Fire Department started using a new program to record incidents starting in FY 2021.

2018	2019	2020	2021	2022	2023
4,152	4,272	3,592	3,049	4,243	4,275
2,762	2,698	2,636	2,236	3,109	3,408
2,870	2,648	2,400	6,960	8,522	8,365
26.50	23.40	21.00	56.10	67.80	57.70
1.56	1.53	1.53	1.49	1.48	1.52
11,328	11,813	12,189	13,193	14,876	15,781
5,083	4,078	3,248	2,590	6,288	3,715
6,245	7,735	6,905	4,770	8,588	12,066
53%	79%	73%	72%	67%	58%
60	121	183	190	140	80
300	280	250	220	260	285
90	93	100	100	100	101
4,733	4,936	4,980	2,972	4,492	4,763
12	12	12	12	12	14
1,229,141	1,315,186	986,686	1,105,973	1,171,561	1,290,953
81,181	83,507	80,656	65,159	65,788	74,490
388,732	416,391	219,736	156,742	275,851	449,234
2,270	2,285	2,285	2,295	2,301	2,305
49	49	51	51	51	51
43	74	98	73	21	56
-	-	-	-	-	-
1,140,094	892,870	332,895	513,322	518,194	548,195
911	789	534	486	710	347
3,013	1,778	2,366	2,383	2,513	2,508
612,026,451	543,547,232	620,080,709	622,781,309	773,701,493	802,575,698
426,330,521	410,300,487	440,156,307	498,103,453	537,916,079	601,949,688
169,579	133,098	109,080	102,296	194,727	204,657

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

Function:	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police-				
Number of stations	1	1	1	1
Number of units	229	240	259	256
Fire-				
Number of stations	7	7	7	9
Number of fire trucks	14	16	15	16
Public Works-				
Street-				
Lane miles	1,250	1,250	1,200	1,200
Drainage miles	150	150	150	151
Number of street lights*	6,800	5,400	5,433	5,604
Number of traffic signals	83	84	83	89
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	13	18
Culture and Recreation-				
Library-				
Number of library books	154,278	156,277	257,667	213,381
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	2,035	2,035	2,035	2,270
Number of athletic fields	49	49	49	59
Number of parks	62	62	62	61
Number of tennis courts	25	25	25	22
Number of pools	4	4	4	4
Water-				
Number of miles of water lines**	601	608	615	614
Pumping stations	10	10	10	10
Tanks	19	19	19	19
Treatment capacity (millions of gallons/day)	52	52	52	52
Wastewater-				
Number of miles of wastewater mains	432	424	427	428
Wastewater lift stations	12	12	12	12

Source: City of Round Rock Finance Department

* Count per third-party inventory of street lights performed at the end of FY 2021. Count not done on an annual basis.

** Includes MUDS and private owned lines

2018	2019	2020	2021	2022	2023
1 261	1 241	1 252	1 258	1 270	1 268
9 16	9 17	9 17	9 17	9 20	9 11
1,300 200 5,674 90	1,350 200 5,733 93	1,450 333 5,771 100	1,500 352 5,749 100	1,500 368 5,787 100	1,500 395 5,787 101
1 18	1 18	2 21	2 21	2 21	2 21
225,903 1	230,094 1	227,880 1	228,866 1	230,577 1	218,927 1
2,270 59 61 21 4	2,285 61 61 21 4	2,285 61 61 21 4	2,295 61 61 21 4	2,301 61 61 21 4	2,305 61 61 21 4
651 10 19 52	636 11 19 52	667 11 19 61	698 11 20 61	722 11 20 61	711 11 20 61
461 12	445 11	467 11	477 11	495 11	514 12

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2023**

Name of Customer	Type of Business	Water Consumption in Gallons	% of Total Water Consumption in Gallons
City of Georgetown, Texas	Municipality	984,784,200	10.225 %
Jonah Water Special Utility District	Special Utility District	449,250,100	4.665
Fern Bluff Municipal Utility District	Municipal Utility District	326,386,100	3.389
Paloma Lake Municipal Utility District	Municipal Utility District	263,489,500	2.736
Williamson County Municipal Utility District #11	Municipal Utility District	202,911,100	2.107
Williamson County Municipal Utility District #10	Municipal Utility District	189,979,600	1.973
Chandler Creek Municipal Utility District	Municipal Utility District	154,581,100	1.605
Vista Oaks Municipal Utility District	Municipal Utility District	144,626,900	1.502
Kalahari Resorts & Conventions	Hotel	112,039,600	1.163
Round Rock Independent School District	Public Schools	85,689,900	0.890
		<u>2,913,738,100</u>	<u>30.255 %</u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND WASTEWATER RETAIL RATES
SEPTEMBER 30, 2023**

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 -	Serving Customer	Service Charge
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		

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

Volume Rate	Monthly Service Charge	
	Meter Size Base	Monthly
	Serving Customer	Wastewater
		Service Charge
\$3.09 per 1,000 gallons of water used by all customers*	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

* Wastewater 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, 2023

Federal Grantor/Pass-Through Grantor Program Title	ALN*	Grant or Identifying Number	Pass-Through to Non-State Entities	Direct Expenditures	Total Expenditures
National Endowment for the Humanities					
<i>Pass-Through from Texas State Library and Archives Commission</i>					
Grants to States	45.310	LS-252486-OLS-22	\$ -	\$ 9,577	\$ 9,577
Total National Endowment for the Humanities			-	9,577	9,577
U.S. Department of Health and Human Services					
<i>Pass-Through from Substance Abuse and Mental Health Services Administration</i>					
FY 2022 Congressional Directive Spending Projects	93.493	13656629	-	841,108	841,108
Total U.S. Department of Health and Human Services			-	841,108	841,108
U.S. Department of Homeland Security					
<i>Pass-Through from Texas A&M Engineering Extension Service</i>					
National Urban Search & Rescue Response System					
Hurricane Ian	97.025	Hurricane Ian	-	45,046	45,046
<i>Total National Urban Search & Rescue Response System</i>			-	45,046	45,046
<i>Pass-Through from Texas Division of Emergency Management</i>					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)					
Corpus Christi Vaccination Deployments (Covid-19)	97.036	DR-4485	-	539,633	539,633
<i>Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)</i>			-	539,633	539,633
Total U.S. Department of Homeland Security			-	584,679	584,679
U.S. Department of Housing & Urban Development					
<i>Community Development Block Grants/Entitlement Grants Cluster</i>					
Community Development Block Grants/Entitlement Grants	14.218	B16MC480514	-	65,269	65,269
Community Development Block Grants/Entitlement Grants	14.218	B19MC480514	-	30,937	30,937
Community Development Block Grants/Entitlement Grants	14.218	B20MC480514	-	53,621	53,621
Community Development Block Grants/Entitlement Grants	14.218	B21MC480514	-	311,130	311,130
Community Development Block Grants/Entitlement Grants	14.218	B22MC480514	94,342	144,863	239,205
Community Development Block Grants/Entitlement Grants (Covid-19)	14.218	B20MW480514	-	29,891	29,891
<i>Total Community Development Block Grants/Entitlement Grants Cluster</i>			94,342	635,711	730,053
Total U.S. Department of Housing & Urban Development			94,342	635,711	730,053
U.S. Department of Justice					
Bulletproof Vest Partnership Program	16.607	FY2022 BVP Program	-	12,132	12,132
Total U.S. Department of Justice			-	12,132	12,132
U.S. Department of the Treasury					
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	SLT-4414	-	1,560,478	1,560,478
Total U.S. Department of the Treasury			-	1,560,478	1,560,478

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	ALN*	Grant or Identifying Number	Pass-Through to Non-State Entities	Direct Expenditures	Total Expenditures
U.S. Department of Transportation					
Federal Transit Cluster					
Federal Transit Formula Grants	20.507	TX-2019-053-00	\$ -	\$ 82,282	\$ 82,282
Federal Transit Formula Grants	20.507	TX-2020-026-00	-	559,217	559,217
Federal Transit Formula Grants	20.507	TX-2021-003-00	-	372,038	372,038
<i>Total Federal Transit Cluster</i>			-	1,013,537	1,013,537
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	-	839,413	839,413
Kenney Fort Boulevard (Segments 2 & 3)	20.205	0914-05-195	-	4,648,056	4,648,056
Gattis School Road (Segment 6)	20.205	0914-05-196	-	857,147	857,147
<i>Total Highway Planning and Construction Cluster</i>			-	6,344,616	6,344,616
Total U.S. Department of Transportation			-	7,358,153	7,358,153
Total Expenditures of Federal Awards			\$ 94,342	\$ 11,001,838	\$ 11,096,180

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

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 Hurricane Ian and Corpus Christi Vaccination Deployments (Covid-19) that were passed through the Texas A&M Engineering Extension Service and Texas Division of Emergency Management to the City of Round Rock from the U.S. Department of Homeland Security, were incurred in a prior year.

Even though the expenditures were incurred in a prior year, the final invoices were not approved for payment until FY 2023. 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 AUDITOR'S 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, 2023, 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 5, 2024.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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

Purpose of this Report

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

Whitley Penn LLP

Austin, Texas
February 5, 2024

**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

Opinion on Each Major Program

We have audited City of Round Rock, Texas' (the "City") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. 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.

In our opinion, the City's complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards, the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Whitley Penn LLP

Austin, Texas
February 5, 2024

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2023

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
U.S. Department of Health and Human Services (HHS) <i>FY 2022 Congressional Directive Spending Projects</i>	93.493
U.S. Department of Homeland Security <i>COVID-19 - Corpus Christi Vaccination Deployments</i>	97.036
U.S. Department of the Treasury <i>Coronavirus State and Local Fiscal Recovery Funds (COVID-19)</i>	21.027
Dollar Threshold Used to Distinguish Between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

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, 2023

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, or no longer valid or not warranting further action.

The Summary Schedule of Prior Audit Findings for the year ended September 30, 2023 has been prepared to address these requirements.

I. Prior Audit Findings

None noted.

CITY OF ROUND ROCK, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2023

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, 2023 has been prepared to address these requirements.

I. Corrective Action Plan

Not applicable.