



City of Round Rock

City Council

Meeting Agenda

Craig Morgan, Mayor
Will Peckham, Mayor Pro-Tem, Place 4
Tammy Young, Place 1
Rene Flores, Place 2
Frank Leffingwell, Place 3
Writ Baese, Place 5
Hilda Montgomery, Place 6

Thursday, February 22, 2018

6:00 PM

City Council Chambers, 221 East Main St.

A. CALL REGULAR SESSION TO ORDER – 6:00 P.M.

B. ROLL CALL

C. PLEDGES OF ALLEGIANCE

D. CITIZEN COMMUNICATION

Any citizen wishing to speak during citizen communication regarding an item on or off the agenda may do so after completing the required registration card. All comments must be no more than 3 minutes in length. Any comments regarding items not on the posted agenda may not be discussed or responded to by the City Council. The Mayor may deny any presenter the opportunity to address the City Council if the presentation or comments offered is substantially repetitive of those previous made, per §2-26(b)(d), of the Round Rock Code of Ordinances, 2010 Edition.

E. PROCLAMATIONS, STAFF RECOGNITION AND SPECIAL PRESENTATIONS:

E.1 [2018-5212](#) [Consider proclaiming 2018 as "The Year of El Amistad."](#)

E.2 [2018-5228](#) [Consider a special presentation to Gracie Garbade in recognition of her service to the community.](#)

F. APPROVAL OF MINUTES:

F.1 [2018-5211](#) [Consider approval of the minutes for the February 8, 2018 City Council meeting.](#)

G. RESOLUTIONS:

G.1 [2018-5203](#) [Consider a resolution accepting the City's Comprehensive Annual Financial Report for fiscal year October 1, 2016 to September 30, 2017.](#)

G.2 [2018-5204](#) [Consider a resolution casting a vote for the Travis Central Appraisal District Board of Directors.](#)

- G.3 [2018-5205](#) [Consider a resolution accepting the City's Quarterly Financial and Investment Report for the quarter ended December 31, 2017.](#)
- G.4 [2018-5206](#) [Consider a resolution expressing official intent to reimburse certain design and construction of offsite public improvement expenditures in conjunction with the Kalahari Project, from the proceeds of a future tax-exempt Certificate of Obligation debt issuance.](#)
- G.5 [2018-5208](#) [Consider a resolution expressing official intent to reimburse certain project expenditures in conjunction with the Public Works Center project, from the proceeds of a future Certificates of Obligation bond sale.](#)

H. COUNCIL COMMENTS REGARDING ITEMS OF COMMUNITY INTEREST

I. EXECUTIVE SESSION:

- I.1 [2018-5201](#) [Consider Executive Session as authorized by §551.087, Government Code, to deliberate the offer of a financial or other incentive to business prospects considering Round Rock as a location for new businesses that would bring economic development to the City.](#)
- I.2 [2018-5233](#) [Consider Executive Session as authorized by §551.074, Texas Government Code, to deliberate the evaluation and performance of the City Attorney.](#)

J. ADJOURNMENT

In addition to any executive session already listed above, the City Council for the City of Round Rock reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code for the following purposes:

*§551.071 Consultation with Attorney
§551.072 Deliberations regarding Real Property
§551.073 Deliberations regarding Gifts and Donations
§551.074 Personnel Matters
§551.076 Deliberations regarding Security Devices
§551.087 Deliberations regarding Economic Development Negotiations*

POSTING CERTIFICATION

I certify that this notice of the Round Rock City Council Meeting was posted on the 16th day of February 2018 at 5:00 p.m. as required by law in accordance with Section 551.043 of the Texas Government Code.

*/ORIGINAL SIGNED/
Sara L. White, TRMC, City Clerk*



City of Round Rock

Agenda Item Summary

Agenda Number: E.1

Title: Consider proclaiming 2018 as "The Year of El Amistad."

Type: Proclamation

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director: Sara White, City Clerk

Cost:

Indexes:

Attachments:

Department: City Clerk's Office

Text of Legislative File 2018-5212



City of Round Rock

Agenda Item Summary

Agenda Number: E.2

Title: Consider a special presentation to Gracie Garbade in recognition of her service to the community.

Type: Proclamation

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director:

Cost:

Indexes:

Attachments:

Department:

Text of Legislative File 2018-5228



City of Round Rock

Agenda Item Summary

Agenda Number: F.1

Title: Consider approval of the minutes for the February 8, 2018 City Council meeting.

Type: Minutes

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director: Sara White, City Clerk

Cost:

Indexes:

Attachments: 020818 Draft Minutes

Department: City Clerk's Office

Text of Legislative File 2018-5211



City of Round Rock

Meeting Minutes - Draft City Council

Thursday, February 8, 2018

CALL REGULAR SESSION TO ORDER – 6:00 P.M.

The Round Rock City Council met in Regular Session on Thursday, February 8, 2018 in the City Council Chambers located at 221 E. Main Street, Round Rock. Mayor Morgan called the meeting to order at 6:04 p.m.

ROLL CALL

Present: 7 - Mayor Craig Morgan
Councilmember Tammy Young
Councilmember Rene Flores
Councilmember Frank Leffingwell
Mayor Pro-Tem Will Peckham
Councilmember Writ Baese
Councilmember Hilda Montgomery

Absent: 0

PLEDGES OF ALLEGIANCE

Mayor Morgan and a local boy scout led the following Pledges of Allegiance:

*United States
Texas*

CITIZEN COMMUNICATION

Shirley Marquardt, 2351 Masonwood Way, spoke to the City Council regarding Round Rock Preservation and the Stagecoach Inn.

PROCLAMATIONS, STAFF RECOGNITION AND SPECIAL PRESENTATIONS:

- E.1** [2018-5202](#) Consider a special presentation to General Patrick Hamilton in recognition of his efforts with Hurricane Harvey relief.

CONSENT AGENDA:

A motion was made by Councilmember Baese seconded by Councilmember Flores to approve the Consent Agenda. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

F.1 [2018-5178](#) Consider approval of the minutes for the January 25, 2018 City Council minutes.

This item was approved on the Consent Agenda.

F.2 [2018-5096](#) Consider an ordinance amending Chapter 32, Section 32-33, Code of Ordinances (2010 Edition), by increasing the residential charge for the collection of refuse and recycling services. (Second Reading)

This item was approved on the Consent Agenda.

RESOLUTIONS:

G.1 [2018-5187](#) Consider a resolution calling the May 5, 2018 General Election.

Sara White, City Clerk made the staff presentation.

A motion was made by Councilmember Baese, seconded by Councilmember Leffingwell, that this resolution be approved. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

G.2 [2018-5199](#)

Consider a resolution authorizing the Mayor to execute a Contract For Sale of Real Property for the sale of McNeil Park to TOTKN, LLC.

Steve Sheets, City Attorney made the staff presentation.

A motion was made by Mayor Pro-Tem Peckham, seconded by Councilmember Baese, that this resolution be approved. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

G.3 [2018-5167](#)

Consider a resolution authorizing the Mayor to execute Quantity Adjustment/Change Order No. 3 with Cash Construction for the Southwest Downtown District Infrastructure Improvements Phase 5B Project.

Gary Hudder, Transportation Director made the staff presentation.

Councilmember Leffingwell filed a conflict of interest affidavit with the City Clerk and abstained from all discussion and voting on this item due to a portion of the change order is reimbursing the contractor for items on his property that were damaged in during the construction and that the contractor paid to repair.

A motion was made by Councilmember Flores, seconded by Councilmember Young, that this resolution be approved. The motion carried by the following vote:

Aye: 6 - Mayor Morgan
Councilmember Young
Councilmember Flores
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

Abstain: 1 - Councilmember Leffingwell

G.4 [2018-5174](#)

Consider a resolution determining the necessity and authorizing the use of the City's power of eminent domain to acquire fee title to 0.035 acre, and a public utility easement interest in and to approximately 0.102 acre, from property owned by Regency Centers, LP for the construction of proposed improvements to RM 620, and take other appropriate action (Parcel 26/26PUE).

Gary Hudder, Transportation Director made the staff presentation.

A motion was made by Mayor Pro-Tem Peckham, seconded by Councilmember Young that the City Council approve this resolution which authorizes the use of the power of eminent domain to acquire fee simple title and a public utility easement interest to the following parcels of land for construction of proposed improvements to the RM 620 Project: a 0.035-acre tract and a 0.102 acre of land from property owned by Regency Centers, LP, as described in Exhibit A of the resolution. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

G.5 [2018-5183](#)

Consider a resolution authorizing the Mayor to submit a grant application to the Capital Area Metropolitan Planning Organization (CAMPO) 2019-2022 Program Call, for bus stop lighting systems.

Gary Hudder, Transportation Director made the staff presentation.

A motion was made by Councilmember Young, seconded by Councilmember Baese, that this resolution be approved. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

G.6 [2018-5184](#)

Consider a resolution authorizing the Mayor to execute a Contract with Chasco Constructors for the McNeil Road Extension Project.

Gary Hudder, Transportation Director made the staff presentation.

A motion was made by Councilmember Baese, seconded by Mayor Pro-Tem Peckham, that this resolution be approved. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
 Councilmember Young
 Councilmember Flores
 Councilmember Leffingwell
 Mayor Pro-Tem Peckham
 Councilmember Baese
 Councilmember Montgomery

Nay: 0

Absent: 0

G.7 [2018-5166](#)

Consider a resolution determining that Phoenix I Restoration & Construction, Ltd. provides the best value for the City for the Stagecoach Inn Relocation Project and authorizing the Mayor to execute a Standard Form of Agreement.

Brad Wiseman, Planning and Development Services Director made the staff presentation.

A motion was made by Councilmember Young, seconded by Councilmember Baese, that this resolution be approved. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
 Councilmember Young
 Councilmember Flores
 Councilmember Leffingwell
 Mayor Pro-Tem Peckham
 Councilmember Baese
 Councilmember Montgomery

Nay: 0

Absent: 0

ORDINANCES:

H.1 [2018-5159](#)

Consider an ordinance annexing approximately 5.11 acres located southeast of the intersection of Louis Henna Blvd. and Warner Ranch Dr. (First Reading)*

Brad Wiseman, Planning and Development Services Director made the staff presentation.

A motion was made by Councilmember Young, seconded by Councilmember Flores, to approve the first reading of the ordinance. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

A motion was made by Mayor Pro-Tem Peckham, seconded by Councilmember Baese, to dispense with the second reading and adopt the ordinance. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

H.2 [2018-5160](#)

Consider public testimony regarding, and an ordinance amending Planned Unit Development (PUD) No. 42, to provide for single-family attached residential. (First Reading)*

Brad Wiseman, Planning and Development Services Director made the staff presentation.

*Mayor Morgan opened the hearing for public testimony.
There being none, the public hearing was closed.*

A motion was made by Councilmember Leffingwell, seconded by Councilmember Young, to approve the first reading of the ordinance. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

A motion was made by Councilmember Baese, seconded by Councilmember Leffingwell, to dispense with the second reading and adopt the Ordinance. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

H.3 [2018-5161](#)

Consider public testimony regarding, and an ordinance approving the Planned Unit Development (PUD) No. 112 zoning district for an outdoor music amphitheater with restaurant and bar facilities, located southeast of the intersection of N. IH-35 and University Blvd. (First Reading)*

Brad Wiseman, Planning and Development Services Director made the staff presentation.

*Mayor Morgan opened the hearing for public testimony.
There being none, the public hearing was closed.*

A motion was made by Councilmember Baese, seconded by Councilmember Young, to approve the first reading of the ordinance. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

A motion was made by Mayor Pro-Tem Peckham, seconded by Councilmember Baese, to dispense with the second reading and adopt the Ordinance. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

H.4 [2018-5162](#)

Consider public testimony regarding, and an ordinance amending Planned Unit Development (PUD) No. 23, to provide for a place of worship. (First Reading)*

Brad Wiseman, Planning and Development Services Director made the staff presentation.

Mayor Morgan opened the hearing for public testimony.

There being none, the public hearing was closed.

A motion was made by Councilmember Baese, seconded by Councilmember Young, to approve the first reading of the ordinance. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

A motion was made by Councilmember Young, seconded by Councilmember Flores, to dispense with the second reading and adopt the Ordinance. The motion carried by the following vote:

Aye: 7 - Mayor Morgan
Councilmember Young
Councilmember Flores
Councilmember Leffingwell
Mayor Pro-Tem Peckham
Councilmember Baese
Councilmember Montgomery

Nay: 0

Absent: 0

COUNCIL COMMENTS REGARDING ITEMS OF COMMUNITY INTEREST**EXECUTIVE SESSION:**

The City Council recessed to executive session. Mayor Morgan called the session to order at 7:13 p.m. and adjourned it at 8:18 p.m.

J.1 [2018-5188](#) Consider Executive Session as authorized by §551.074, Texas Government Code, to deliberate the evaluation and performance of the Municipal Judge.

J.2 [2018-5200](#) Consider Executive Session as authorized by §551.072, Government Code, related to the value and possible sale of real property, to wit: vacant lot located at 209-211 Brown Street, Round Rock, Texas.

ADJOURNMENT

There being no further business the meeting was adjourned at 8:20 p.m.

Respectfully submitted,

Sara white, City Clerk



City of Round Rock

Agenda Item Summary

Agenda Number: G.1

Title: Consider a resolution accepting the City's Comprehensive Annual Financial Report for fiscal year October 1, 2016 to September 30, 2017.

Type: Resolution

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director: Susan Morgan, CFO

Cost:

Indexes:

Attachments: Resolution, Exhibit A

Department: Finance Department

Text of Legislative File 2018-5203

The Comprehensive Annual Financial Report (CAFR) is a document that is prepared annually in conjunction with the annual audit. The City's independent auditors, Whitley Penn, LLP (WP) have completed their independent audit of all City accounts for fiscal year 2016/2017. The auditors rendered a "clean" opinion on the City's financial statements, meaning they were able to obtain reasonable assurance that the financial statements are free of material misstatement. No material weaknesses in internal controls were noted.

Fiscal year 2016/2017, is the first year for WP to audit the financial records of the City of Round Rock. The professional services agreement was awarded May 2017.

Guadalupe R. Garcia, CPA, engagement partner with WP, will be present at the Council meeting to answer any questions from Council.

RESOLUTION NO. R-2018-5203

WHEREAS, the City of Round Rock’s Comprehensive Annual Financial Report (“Report”) for the fiscal year ended September 30, 2017 has been submitted to the City Council, and

WHEREAS, the City Council desires to acknowledge the receipt and acceptance of the attached Report, Now Therefore

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ROUND ROCK, TEXAS,

That the City of Round Rock’s Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017, attached hereto as Exhibit “A” and incorporated herein, is hereby received and accepted.

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

RESOLVED this 22nd day of February, 2018.

CRAIG MORGAN, Mayor
City of Round Rock, Texas

ATTEST:

SARA L. WHITE, City Clerk



City of Round Rock, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2017

ELECTED OFFICIALS

Craig Morgan, Mayor
Will Peckham, Mayor Pro Tem
Tammy Young, Council Member
Rene Flores, Council Member
Frank Leffingwell, Council Member
Writ Baese, Council Member
Kris Whitfield, Council Member (through September 2017)
Hilda Montgomery, Council Member (elected December 2017)

MANAGEMENT STAFF

Laurie Hadley
City Manager
Bryan Williams
Assistant City Manager
Brooks Bennett
Assistant City Manager

OFFICIAL ISSUING REPORT

Susan L. Morgan, CPA
Chief Financial Officer



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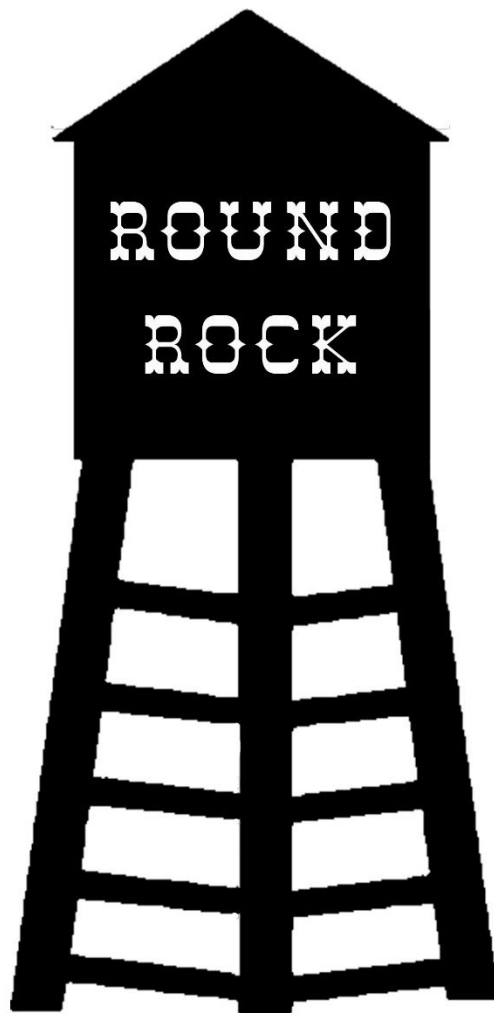
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INTRODUCTORY SECTION







Mayor
Craig Morgan

Mayor Pro-Tem
Will Peckham

Councilmembers
Tammy Young
Rene Flores
Frank Leffingwell
Writ Baese
Hilda Montgomery

City Manager
Laurie Hadley

City Attorney
Stephan L. Sheets

February 2, 2018

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

The Comprehensive Annual Financial Report of the City of Round Rock, Texas for the fiscal year ended September 30, 2017, is submitted herewith. This report has been prepared by the City's Finance Department and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material aspects and is presented in a manner designed to clearly state the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

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

Whitley Penn, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Round Rock's financial statements for the year ended September 30, 2017. The independent auditors' report is located at the front of the financial section of this report.

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

City of Round Rock Profile

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

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

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

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

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

Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available. The City had no material operating encumbrances as of September 30, 2017.

Significant Local Economic Events

Strategic Goals

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



**Financially Sound
City Providing High
Value Services**



**City Infrastructure for
Today and Tomorrow**



**"The Sports Capital of
Texas" for Tourism &
Residents**



**Great Community
to Live**



**Sustainable
Neighborhoods**



**Authentic Downtown -
Exciting Community
Destination**

Economy

Round Rock continues to see strong population and economic growth. As the largest city in Williamson County and part of the Austin Metropolitan Statistical Area (MSA), Round Rock is a key city in one of the fastest growing regions across the nation. From 2009 to the projected population for 2018, the City of Round Rock has experienced population growth of almost 12% over the past 10 years. Long-range population estimates from the City's Planning and Development Services Department predict this increase continuing at a growth rate of between 2% and 3% per year for the foreseeable future. The City's current population is an estimated 108,353.

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

A leading driver of the City's population growth is a strong local economy. The City's unemployment rate is 3.2%, remaining lower than the Austin MSA rate of 3.3% and the statewide rate of 4.1%. As the Texas economy faces some uncertainties due to unstable oil prices and the aftermath of Hurricane Harvey, the Central Texas area's geographic and economic distance from the oil industry and the recovery Coastal region has and will likely continue to insulate the region from major impacts. Round Rock businesses have seen continued growth in revenues, especially in the hotel and restaurant industries, as more tourists and visitors come to enjoy Round Rock's "Sports Capital of Texas" sporting events, historic downtown, and unique blend of destination shopping experiences.

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

- Ranked number 5 by Niche.com as one of the "2017 Safest Cities in the Country"
- Ranked number 3 by LendEDU as one of the "Best Cities to Start a Family"
- Ranked number 12 by Bankrate.com as one of the "Best Cities to Retire"
- Ranked number 8 by WalletHub among mid-size cities for the "Fastest Economic Growth"
- Ranked number 2 by SmartAsset.com as one of the "Best Minor League Baseball Towns of 2017"
- Ranked number 8 by SmartAsset.com as one of the "Best Cities for Living the American Dream"

The local hotel/motel industry continues to be a particularly vibrant industry for Round Rock. The City had 3,000 hotel and motel rooms at the end of fiscal year 2017. Occupancy rates remain among the highest in the state at 77%. This strong industry bodes well for the hotel occupancy tax collections which support local tourism events and debt service for the Dell Diamond/Convention Center, the home of the "Round Rock Express" Triple A Baseball team and the Round Rock Sports Center, the City's 82,800 square foot indoor sports venue which opened in January 2014. The City's new \$27 million tournament class outdoor multipurpose sports complex opened on May 18, 2017. This complex attracts major sporting tournaments such as soccer and other field sports and events from across the country. With several area sports facilities in place and statewide events being planned, Round Rock continues its marketing strategy as the "Sports Capital of Texas." Tourism is an important component of the City's overall economic development strategy.

Economic Development

The City understands that diversification of Round Rock's economy is a key to financial stability. The local retail market place continues to thrive. The major destination retail hubs provide continued expansion and broaden Round Rock's economy. The Round Rock Premium Outlets celebrated its 10th anniversary in August 2016. The 430,000-square foot outlet mall serves as a destination for shoppers from Central Texas and beyond. The Round Rock IKEA celebrated its 10th anniversary in November 2016. Over the past 10 years IKEA has brought in over 18 million shoppers to the City from Texas, Mexico, and beyond. IKEA has diversified the City's economy and brought in millions of dollars in sales tax revenues. Round Rock Premium Outlets, IKEA, and similar destination-based retail stores like Bass Pro Shops which opened in 2015 were intentionally sought out by the City's economic development program to locate in Round Rock. These stores generate sales tax revenues for the City, bring in shoppers to the area which benefits neighboring retail and restaurants, and place a relatively low demand on City services such as police, fire, and parks and recreation. While traditional brick and mortar retail continues to see declines, destination shopping, both in Round Rock and across the nation, continues to thrive.

Dell Technologies continues to be the largest employer in Round Rock with an estimated 12,000 employees in 2017 and is a major driver of the City's economy. Since Dell relocated to Round Rock in 1994, the economic impact to the City has been transformative. Dell remains the City's largest sales tax payer, though sales tax revenues attributed to Dell's sales have decreased over time as the company has shifted away from the manufacture of goods and has focused more on services. 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 vital to the City's economy.

As retail stores and shopping centers across Round Rock continue to age, the City is realizing the importance of supporting and enabling redevelopment of its retail infrastructure. There is funding in the fiscal year 2018 budget for the City to partner with the Round Rock Chamber of Commerce for a business and retail redevelopment study to identify and implement strategies to keep these businesses vital. As part of this strategy, the City has reorganized and established a new business and neighborhood development division to focus on keeping its commercial and residential areas strong.

The long-standing partnership between the City and Round Rock Chamber of Commerce continues to attract new development to the City. The funding is leveraged with the Chamber of Commerce Momentum funding to create a public/private partnership for economic development priorities. This partnership continues to yield a new, inspired approach to economic development for Round Rock. The City will see new additions within the city limits in the next year.

Round Rock's economy has become stronger and more diverse because of a variety of business relocations bringing capital investment, job opportunities, and new residents to the City. Emerson Process Management opened its \$70 million, 282,000-square foot international headquarters and technology center in January 2014 for its automation systems and project services businesses which help customers operate facilities in fields like oil and gas. TECO-Westinghouse, which has their large manufacturing plant in the City, is the largest manufacturer of electric motors in North America. Houghton Mifflin Harcourt (HMH) relocated its Texas regional office to Round Rock in July 2016. Their relocation brought over 270 jobs to the City and they now anchor a brand new 100,000-square foot Class A office building in La Frontera. South University built a 42,000-square foot campus, also in La Frontera, when they relocated from Austin in early 2015. ProPortion Foods LLC, a Los Angeles-based food service company relocated its office, food processing, storage, and warehouse facility to the City in 2016, bringing in at least 400 full-time jobs. Airco Mechanical, a commercial and residential heating, ventilation, and air conditioning service provider, has relocated its Central Texas headquarters to a previous vacant 47,000-square foot building, bringing in another 400 full-time jobs.

These economic development wins of the past will continue to add to the diversity of Round Rock's economy into the future as several companies have recently announced plans to locate in the City. A new Embassy Suites Hotel and Conference Center is planned to be built for \$20 million on approximately 6 acres of land near Bass Pro Shops and Round Rock Premium Outlets. The project will bring a 160-room hotel with at least 14,000-square feet of convention and meeting space and will generate at least 60 jobs. The hotel and conference center is anticipated to open in 2020.

Mesa Creek, a 60,000-square foot Class A office building is being built on a 16-acre plot on Old Settlers Boulevard near Mesa Drive. The project helps ease a shortage of office space in the City and will bring in over 50 jobs. The groundbreaking for the project was held on May 24, 2017 with completion scheduled for early 2018.

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

Kalahari Resorts has chosen Round Rock as the location of its fourth family resort and convention center. The City views this partnership as a game-changer for the community. Its proximity to Old Settlers Park and Dell Diamond – two well-established venues that draw more than a million visitors annually – bodes well for a successful, tourism-oriented development. The convention and resort business is a new industry for Round Rock that will provide substantial property tax revenues and diversify the local economy and available employment opportunities. The proposed project is under design and will feature a minimum of 975 guest rooms, a 150,000-square foot convention center, a 200,000-square foot indoor/outdoor water park, restaurants, retail, and other indoor and outdoor activities.

Mark IV Capital finalized a memorandum of understanding with the City in November 2017 to build a master-planned, mixed-use development in south Round Rock. The development, named The District, will be located on 65 acres with an estimated capital investment of \$200 million to build 1 million-square feet of Class A office, commercial, and residential space. This mixed-use development, with hundreds of thousands of square-feet of Class A office space, will be a great opportunity for continued growth and diversification of the City's economy.

Round Rock continues to see significant growth in the medical industry. The City is home to several hospitals offering comprehensive world-class healthcare services. These hospitals continue to expand their facilities and services to keep up with Round Rock's growing population. Baylor Scott & White Health opened a new 39,000-square foot cancer care facility on its medical center campus in September 2017. The facility offers a comprehensive approach to cancer treatment and houses numerous departments and services including medical and neurological oncology, radiologists, pain management specialists, social workers, physical therapy, occupational therapy, palliative care, and more.

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

Relevant Financial Policies

Accounting System and Controls

The City Council approved a change to the General Fund Reserve policy to lower the reserve requirement from 33% to 25% of operating expenditure. The City is not as dependent on volatile sales tax revenues as it once was. Beginning with the fiscal year 2018 budget, the reserve will be lowered over 2 to 3 years to gradually transition to the new balance and will continue to maintain a conservative reserve against future risk. The City's Concentration Risk Fund, a separate account to provide additional surety on the City's highest sales tax remitters, remains in place. Working capital in the Water/Wastewater Utility Fund is also maintained at 33% of operating expenditures. Balances in excess of the above levels are earmarked for future uses or reduced to the target levels over an appropriate length of time.

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

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

Long-Term Financial Planning

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

The model takes a comprehensive approach to evaluating the long-term needs for property tax rates and other revenues to provide for the maintenance and operations of the General Fund. The City's General Fund relies heavily on sales tax as a revenue source. The sales tax is a less stable revenue source than the property tax but provides the taxpayers with more discretion and a lower property tax rate. Because of this revenue makeup, the City estimates sales tax revenues conservatively and introduces new programs somewhat more cautiously until projected revenue levels are attained. The City is also more attentive to the health of its economy because of the reliance upon commerce to produce the sales tax.

The City's economy is expected to generate approximately \$64.3 million in sales tax revenue for fiscal year 2018, net of sales tax rebates paid to Dell, Sears and Bass Pro Shops in accordance with economic development agreements in effect. This amount includes the 1/2% or \$17.3 million in additional sales and use tax for roads and economic development. The remaining 1 1/2% is projected to generate \$47.0 million for general operations, property tax reduction and capital projects.

In 2016, Dell, the City's largest employer and taxpayer, completed its acquisition of EMC Corporation. This acquisition transformed Dell into a major player in the data storage, information security, virtualization, analytics and cloud computing markets. Dell continues to be a vital part of the Round Rock economy and the City continues to be the company's global headquarters. Although the City has experienced declining sales tax revenue from Dell, the high-level jobs provided by the City's largest employer has continued to provide a strong local economy. Dell sales tax receipts for fiscal year 2017

accounted for 16.4% of total sales tax collected. A concentration risk account has been established to mitigate the City's annual net exposure to declining sales tax from any single sales taxpayer that represents more than 5% of the City's net General Fund revenues.

While the City has reduced its reliance on Dell receipts, the remaining sales tax base has grown from \$29.8 million in 2008 to \$38.5 million for 2017, an increase of 29% over the ten-year period. The reduced reliance on Dell, and on sales taxes in general, makes the City's finances more stable and less susceptible to any negative effects of economic downturns.

The City sets utility rates based on the cost of service, establishing an equitable rate structure for total cost recovery. The utility rate model was updated during 2017. A 3.5% water rate increase went into effect on October 1, 2017 as the first year of three years of adopted rate increases. With future development demands anticipated for the water system these rate increases are needed to fund capital improvement programs, an increase in system demands, and operating cost pressures. The base rates for all customer categories have been increased which reduces revenue volatility that results from weather and conservation. In addition to the water rate increases, the tiered water rate structure for residential and irrigation customers have been adjusted to be year-round and is designed to shift more of the cost increase to higher users who are driving the added costs. Based on the utility rate model, there are no wastewater increases anticipated for the next several years. Even with the water rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

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

December 2017, the City's Utility System and BCRUA both received an upgraded rating to AAA, the highest rating of creditworthiness, from Standard and Poor's (S&P). This raised rating reflects the stability of the City's utility system. S&P also noted that the system had good financial management policies and practices.

Prospects for the Future

As we look to the future, there are several key initiatives in process now that will shape the development of Round Rock for the next decade. The City is leveraging available resources to attract industries from across the globe to strengthen its property tax and sales tax bases. Significant investment in the medical industry including several state-of-the-art medical facility expansions, combined with the impact of multiple higher education centers, will provide community development and unlimited opportunities. Not only will these initiatives shape the physical development of the City but they will also influence the knowledge base and creativity found in the community.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Round Rock, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2016. This was the *thirty-first consecutive year* that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Round Rock also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2016. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide and a communications device.

The City of Round Rock earned three Transparency Stars from the Texas Comptroller's Office recognizing the City's efforts to make information on the City's traditional finances, debt obligations, and economic development transparent and readily available. During fiscal year 2018, the City will continue to increase the level of transparency and will apply for the last two remaining stars: Contracts and Procurement and Public Pensions.

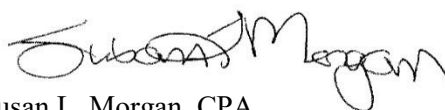
Additionally, the GFOA awarded the City a Certificate of Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2016. This award recognizes the City's ability to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.

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

Respectfully submitted,



Laurie Hadley
City Manager



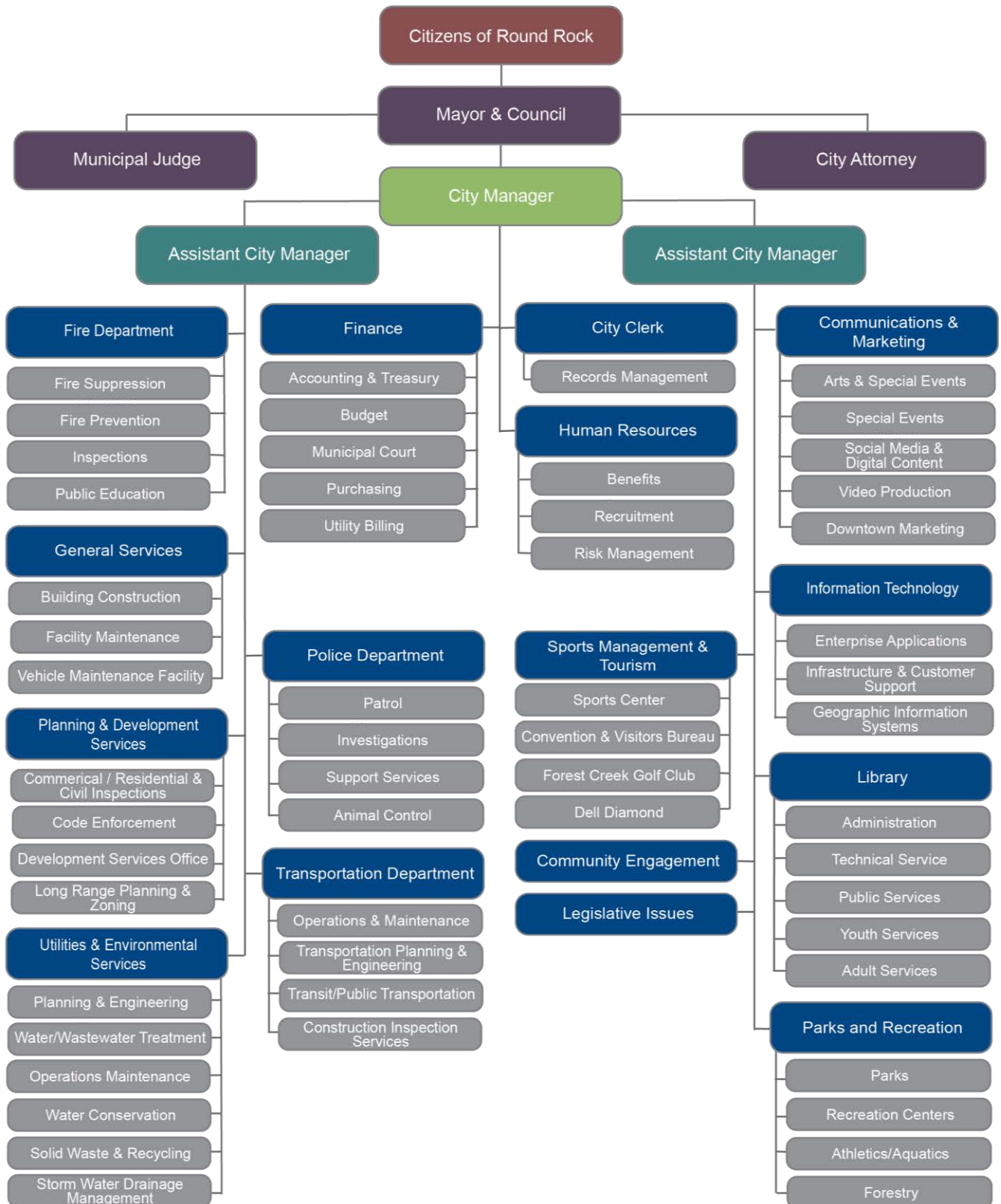
Susan L. Morgan, CPA
Chief Financial Officer





CITY OF ROUND ROCK, TEXAS

CITY ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Round Rock
Texas**

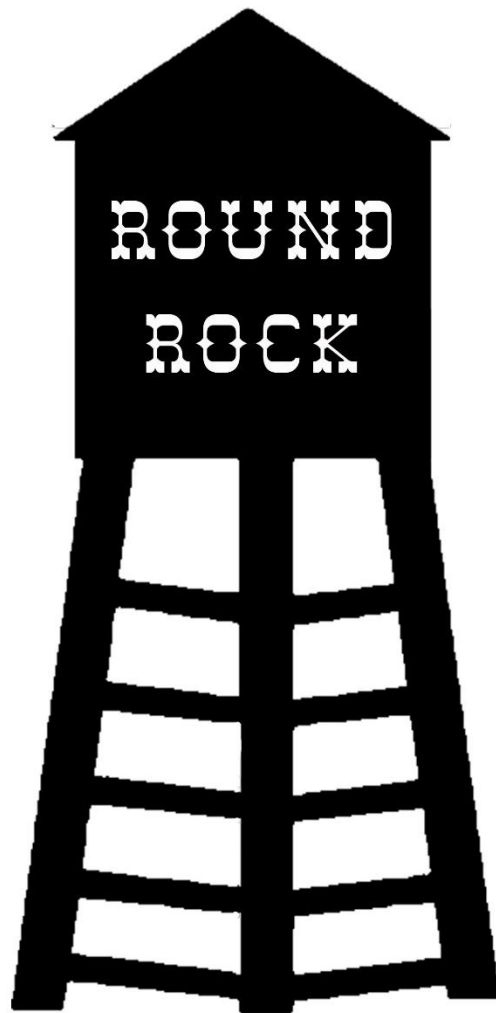
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position, the respective budgetary comparison schedule for the General Fund and the Round Rock Transportation and Economic Development Corporation Revenue Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 21 through 32, other post-employment benefit information on page 103, and pension information on pages 104 through 105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget ("OMB"); Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Austin, Texas
February 2, 2018



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

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, 2017. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Round Rock exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$835,836,585 (*net position*). Of this amount, \$165,490,042 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City's total net position increased by \$44,638,845. This increase is a result of \$21.6 million of capital grants and contributions from both governmental and business-type activities, as well as the receipt of rental revenues from the Kalahari project for governmental activities.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$173,198,068, a decrease of \$832,478 in comparison with the prior year. The decrease is due in part to the spending down of bond proceeds. The fund balance of the Hotel Motel Occupancy Tax Fund decreased \$6.7 million to help fund the construction and equipping of the new Multipurpose Complex. Approximately 28.9% of the total fund balance amount, \$50,090,080, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$50,090,080, or 54.3% of the total general fund expenditures.
- The City of Round Rock's total debt increased by \$13,377,613 during the current fiscal year. The change can be attributed to the issuance of general obligation bonds, along with the offset by regularly scheduled debt principal retirement and savings from refunding state infrastructure bank loans as more fully described in Note IV (F) to the financial statements.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred outflows (inflows) of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Round Rock is improving or deteriorating.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Government-wide Financial Statements (Continued)

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

Both of the government-wide financial statements distinguish functions of the City of Round Rock that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works and culture and recreation. The business-type activities of the City of Round Rock include water, sewer and drainage utility and a golf course.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Round Rock, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

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

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

The City of Round Rock maintains 21 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, the Round Rock Transportation and Economic Development Corporation (RRTEDC) fund, the self-financed construction fund, and the 2014 & 2017 General Obligation Bonds fund, all of which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in the report.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Fund Financial Statements (Continued)

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

Proprietary funds

The City of Round Rock maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and drainage utility and for its golf course.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-funded health insurance program and funding of its OPEB liability as of September 30, 2017. The net income (loss) of the internal service fund is allocated between governmental and business-type activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and drainage utility and for the golf course. The water, sewer and drainage utility is considered a major fund of the City. Since the golf course fund is the only remaining enterprise fund, it is being presented as a major fund even though it does not meet the criteria of a major fund established in GASB Statement No. 34. The internal service fund is a single presentation in the proprietary fund financial statements.

Notes to the Financial Statements

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

Other Information

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

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

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 \$835,836,585 as of September 30, 2017.

The largest portion of the City's net position (72.0%) reflects its investments in capital assets (e.g., land, buildings and improvements, improvements other than buildings, machinery and equipment and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Other Information (Continued)

these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8.2%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position \$165,490,042 may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2017, and 2016, the City was able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The following table provides a comparative summary of the City's net position as of September 30, 2017 and 2016.

	Net Position (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 197,315	\$ 201,297	\$ 161,585	\$ 145,435	\$ 358,900	\$ 346,732
Capital assets	553,930	492,228	320,800	324,346	874,730	816,574
Total assets	751,245	693,525	482,385	469,781	1,233,630	1,163,306
Deferred outflows	19,629	21,535	6,314	6,678	25,943	28,213
Long term liabilities	276,704	239,575	88,594	92,853	365,298	332,428
Other liabilities	49,813	59,618	7,303	6,666	57,116	66,284
Total liabilities	326,517	299,193	95,897	99,519	422,414	398,712
Deferred inflows	1,163	1,416	159	193	1,322	1,609
Net position, as restated:						
Net investment						
in capital assets	356,586	310,186	245,005	234,981	601,591	545,167
Restricted	48,955	51,813	19,801	15,276	68,756	67,089
Unrestricted	37,653	52,452	127,837	126,490	165,490	178,942
Total net position	\$ 443,194	\$ 414,451	\$ 392,643	\$ 376,747	\$ 835,837	\$ 791,198

Analysis of Changes in Net Position

The table on the following page summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2017, with comparisons to the previous year.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Analysis of Changes in Net Position (Continued)

	Changes in Net Position (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 9,394	\$ 8,589	\$ 52,715	\$ 49,014	\$ 62,109	\$ 57,603
Operating grants and contributions	1,203	947	-	-	1,203	947
Capital grants and contributions	5,958	8,013	15,642	19,607	21,600	27,620
General revenues:						
Property taxes	49,107	44,239	-	-	49,107	44,239
Franchise taxes	7,103	7,175	-	-	7,103	7,175
Sales tax	64,210	67,340	-	-	64,210	67,340
Hotel occupancy tax	5,515	5,408	-	-	5,515	5,408
Public service taxes	627	567	-	-	627	567
Rent	17,604	-	-	-	17,604	-
Investment earnings and other	8,202	7,958	2,290	1,215	10,492	9,173
Total revenues	<u>168,923</u>	<u>150,236</u>	<u>70,647</u>	<u>69,836</u>	<u>239,570</u>	<u>220,072</u>
Expenses:						
General government	24,441	28,205	-	-	24,441	28,205
Public safety	52,243	49,440	-	-	52,243	49,440
Public works	34,360	33,448	-	-	34,360	33,448
Culture and recreation	24,130	20,885	-	-	24,130	20,885
Interest on long-term debt	8,075	8,294	-	-	8,075	8,294
Issuance costs	424	229	-	-	424	229
Water and sewer utility	-	-	49,401	47,948	49,401	47,948
Golf course	-	-	1,857	133	1,857	133
Total expenses	<u>143,673</u>	<u>140,501</u>	<u>51,258</u>	<u>48,081</u>	<u>194,931</u>	<u>188,582</u>
Increases in net position before transfers	25,250	9,735	19,389	21,755	44,639	31,490
Transfers	3,493	3,610	(3,493)	(3,610)	-	-
Increase in net position	<u>28,743</u>	<u>13,345</u>	<u>15,896</u>	<u>18,145</u>	<u>44,639</u>	<u>31,490</u>
Net position - beginning	414,451	401,106	376,747	358,602	791,198	759,708
Net position - ending	<u>\$ 443,194</u>	<u>\$ 414,451</u>	<u>\$ 392,643</u>	<u>\$ 376,747</u>	<u>\$ 835,837</u>	<u>\$ 791,198</u>

Governmental Activities

Governmental activities increased the City's net position by \$28,743,227 or 64.4% of the total increase in the net position of the City over the prior year. Key factors for the increase are as follows:

REVENUES

- Developer contributions of subdivision improvements approximated \$3.0 million and are included in program revenues of public works and culture and recreation activities. This represents a decrease of \$4.6 million, or 60.5% less than the prior year.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Governmental Activities (Continued)

- Amounts received for property taxes increased from last year by 11.0% due primarily to an increase of \$0.005 in the nominal property tax rate from \$0.42500 for fiscal year 2016 to \$0.43000 for fiscal year 2017. Other factors include addition of new property to the tax base. Property tax makes up 32.2% of total general revenues.
- Sales tax collections of \$64.2 million decreased 4.6%, compared to prior year. This is a result of a shift in how sales tax rebates for economic development agreements are accounted for. In fiscal year 2016 and earlier the gross sales tax receipts were recognized as revenues and the sales tax rebates were expensed. In fiscal year 2017 the sales tax rebates were moved to offset the gross sales tax receipts in the revenues to more accurately portray the actual net sales tax revenues which decreased the revenues.
- Charges for services increased by \$804,675 primarily due to the popularity of the expanded Rock'N River Pool Complex and the opening of the Multipurpose Sports Complex.
- Hotel occupancy tax revenues increased 2.0% or \$107,000. This is a result of new rooms and higher average room rates for area hotel/motels. The occupancy rate decreased from 80.9% in 2016 to 77.1% in 2017. The statewide occupancy rate was 64.9% in 2017.
- Grants and contribution revenues decreased 20.0%, or \$1.8 million. This decrease is due largely to the amount of capital grants and contributions received in public works. Grants and contribution revenues can vary year to year depending on current development within the City.

EXPENSES

Expenses for governmental activities for the City totaled \$143,673,435 for the year ended September 30, 2017. Significant factors include the following:

- General government costs decreased \$3.8 million from \$28.2 million in 2016 to \$24.4 million in 2017, or 13.3%. This decrease is due primarily to the shift in how sales tax rebates for economic development agreements are accounted for. In fiscal year 2016 and earlier the gross sales tax receipts were recognized as revenues and the sales tax rebates were expensed as general government costs. In fiscal year 2017 the sales tax rebates were moved to offset the gross sales tax receipts in the revenues to more accurately portray the actual net sales tax revenues which decreased the expenses.
- Public safety program costs including police and fire department activities totaled about \$52.2 million, or 36.3% of total expenses for governmental activities. This is an increase of 5.7%, compared to prior year. This increase is due primarily to personnel costs which included 10 new positions, including an additional assistant fire chief, a fire code inspector, seven additional sworn police personnel, and one civilian police position, plus contractual salary increases and increased health benefits.
- Public works program costs increased \$911,428, or 2.7%, compared to prior year. This increase is due in part to an expansion in the City's transit system to offer new local circulator and regional express routes.
- Culture and recreation increased \$3.2 million from \$20.9 million in 2016 to \$24.1 million, or 15.5%, in 2017. This increase is due in part to the continued popularity of the expanded Rock'N River Pool Complex and the Round Rock Sports Center, along with the newly opened Multipurpose Sports Complex.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Business-Type Activities

Business-type activities increased the City's net position by \$15,895,618 or 35.6% of the total growth in the net position of the City over the prior year. Key factors for the increase are as follows:

REVENUES

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

	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 51,980,615	\$ 48,653,788
Operating income	\$ 5,960,735	\$ 4,397,665
Income available for debt service	\$ 24,618,423	\$ 21,146,727
Annual debt service	\$ 6,352,459	\$ 6,680,204
Coverage	3.88	3.53

- The City sets utility rates based on the cost of service. This model establishes an equitable rate structure for total cost recovery. There were no retail rate increases for water or wastewater for fiscal year 2017. However, higher wholesale water rates went into effect October 1, 2016 as part of a 3-year scheduled rate increase. The City's wholesale customers make up approximately 15.0% of revenues each year. Even with the rate increases, Round Rock water and wastewater rates continue to be among the lowest in the region.

EXPENSES

- Expenses of the business-type activities increased \$3.2 million from prior year due to costs of treating higher volumes of water to serve a growing number of customers and normal weather fluctuations. The expenses of the Golf Course Fund increased due to the implementation of a new management company and how the financial transactions are recorded.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Governmental Funds (Continued)

For the fiscal year ended September 30, 2017, the City's governmental funds reported combined ending fund balances of \$173,198,068. Approximately 28.9% of this total amount of \$50,090,080 constitutes unassigned fund balance and is available for spending at the City's discretion. \$1,004,583 is assigned to culture recreation while \$28,522,368 of the fund balance is committed to either capital projects or special revenue projects/programs. The remainder of fund balance is restricted or non-spendable to indicate that it is not available for new spending because it has already been committed to 1) pay debt service of \$3,880,982, 2) fund authorized construction of \$81,086,426, 3) other restricted purposes of \$8,381,625 or 4) non-spendable of \$232,004.

The General Fund is the chief operating fund of the City. At the close of the current fiscal year, fund balance of the General Fund reached \$50,322,084, of which \$50,090,080 was unassigned. Unassigned fund balance represented 54.3% of total General Fund expenditures.

During the current fiscal year, the fund balance of the General Fund decreased by \$2,478,000 because of planned transfers to fund one-time capital projects. The General Fund total revenues exceeded the budget by \$4,785,473. The City continues to budget revenues conservatively but with the continued population growth and increase in property values, the property taxes and sales tax revenues continue to surpass budgeted projections.

The debt service fund had a total fund balance of \$3,880,982 at the end of the fiscal year, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$1,131,337. Debt service expenditure requirements decreased by \$1,654,427 during the fiscal year and were adequately funded by the debt service portion of the property tax.

The fund balance of the RRTEDC fund was \$35,662,207, a decrease of \$368,501 compared to the prior year. The decrease reflects a reduction in transfers out of this fund to fund transportation system improvements and related maintenance and debt service costs. This is a result of higher costs incurred for transportation projects, compared to the prior year.

The self-financed construction fund and the 2014 & 2017 general obligation bonds fund had a combined total fund balance at year-end of \$69,411,485. The collective net increase of \$8,152,229 is a result of the spending down of the 2014 general obligation bonds and the issuance of 2017 general obligation bonds.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer fund totaled \$127,104,170 at September 30, 2017. The total growth in net position for the water and sewer fund was \$16,667,294. The unrestricted net position represented 32.8% of the utility's total net position.

General Fund Budgetary Highlights

One budget amendment was taken to City Council for the General Fund for the year ended September 30, 2017. The budget amendment added three additional positions to the General Fund to help meet immediate staffing needs. The positions added are an assistant director for general services, a neighborhood services assistant, and a planning inspector.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

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, 2017, amounted to \$874,729,303 (net of accumulated depreciation). This investment includes land, buildings and improvements, improvements other than buildings (including infrastructure), machinery and equipment, and construction in progress.

Major capital asset events during the year ended September 30, 2017, included the following:

- The City acquired \$28.2 million in land for the future Kalahari family resort, water park and convention center.
- Projects underway and completed that were funded by the 2014 & 2017 G.O. bonds are as follows:
 - Construction was completed on the Round Rock Multipurpose Complex at a cost of \$27.7 million. The facility was opened in May 2017. Construction is underway on the Old Settler's Park's soccer fields with \$2.2 million spent to date.
 - South East Fire Station #8 located on Red Bud Lane was completed at a cost of \$5.7 million.
 - Fire Station #4 relocation was completed at a cost of \$5.1 million.
 - Expansion of citywide trails began at an estimated cost of \$18.9 million with \$3.2 million incurred to date.
 - Neighborhood park improvements, ADA upgrades, and facility improvements are underway with total cost estimated at \$5.1 million and \$2.4 million spent to date.
 - Construction is underway on a public safety training facility. The total estimated cost is \$29.4 million with \$15.0 million spent to date and an anticipated completion date in Summer 2018.
- Projects underway and completed that were funded by the 2014 C.O. bonds are as follows:
 - Creek Bend Boulevard Extension roadway extension project was completed at a cost of \$10.5 million.
 - Southwest Downtown Phase 5A Improvement project was substantially completed during the year at a total cost of \$17.4 million. This project included improvements to Mays Street, Main Street, and Round Rock Avenue.
- Construction is underway on the Southwest Downtown Phase 5B Improvement project with \$2.8 million spent to date. This project includes improvements to Bagdad Avenue, McNeil Road, Florence Street, and Blair Street.
- Additional Downtown Improvement projects are at various stages of completion with \$1.4 million spent to date.
- Major arterial, signal, and road projects are underway and at various stages of completion. Completed projects totaled \$7.6 million while construction in progress at year-end approximated \$14.8 million.
- City facility improvements were completed at a cost of \$947,000 and information technology infrastructure upgrades were completed at a cost of \$506,000.
- Various street and sidewalk improvement projects were completed at a cost of \$701,000.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Capital Assets (Continued)

- Design is underway for the new Luther Peterson Service Center which will consolidate the Utility and Environmental Services, Transportation, and General Services Departments with construction starting in 2018. The total estimated cost is \$16.5 million funded from both utility funds and future bond funds.
- Developers contributed infrastructure improvements for governmental activities of \$3.0 million, and \$7.3 million for water, sewer and drainage system infrastructure improvements.
- Design is underway for various water pump station improvements throughout the City. The total cost is estimated at \$3.4 million with completion in 2018.
- Various water and wastewater line replacement projects were completed and placed in service at a cost of \$8.5 million and similar projects were in progress costing \$2.0 million to date.

	Capital Assets (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 82,456	\$ 53,134	\$ 8,453	\$ 8,453	\$ 90,909	\$ 61,587
Buildings and improvements	146,682	135,706	22,436	22,437	169,118	158,143
Improvements other than bldgs	654,984	592,991	453,845	437,267	1,108,829	1,030,258
Machinery and equipment	81,237	73,386	19,860	16,012	101,097	89,398
Accumulated depreciation	(452,082)	(422,643)	(188,065)	(172,385)	(640,147)	(595,028)
Construction in progress	40,653	59,654	4,271	12,562	44,924	72,216
Total	<u>\$ 553,930</u>	<u>\$ 492,228</u>	<u>\$ 320,800</u>	<u>\$ 324,346</u>	<u>\$ 874,730</u>	<u>\$ 816,574</u>

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

Long-Term Debt

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$307,715,000. Of this amount, \$196,930,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured solely by specified revenue sources (i.e., revenue bonds).

During the current fiscal year, the City of Round Rock's total debt increased by \$13,377,613. The net increase is largely due to the City issuing 2017 general obligation bonds. The City also refinanced its state infrastructure bank loans to take advantage of favorable interest rates. Details of the refunding and issuances can be found in Note IV (F) (4) to the financial statements. Regularly scheduled debt principal was retired during 2017 as well.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

Long-Term Debt (Continued)

	Long-Term Debt (in 000's)					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 170,615	\$ 149,540	\$ -	\$ -	\$ 170,615	\$ 149,540
Certificates of obligation	26,315	27,095	-	-	26,315	27,095
Hotel tax revenue bonds	11,675	12,320	-	-	11,675	12,320
Sales tax revenue bonds	17,540	9,180	-	-	17,540	9,180
State infrastructure bank loans	-	11,527	-	-	-	11,527
Water and wastewater revenue bonds	-	-	81,570	84,675	81,570	84,675
Total	\$ 226,145	\$ 209,662	\$ 81,570	\$ 84,675	\$ 307,715	\$ 294,337

The City of Round Rock benefits substantially in reduced interest costs resulting from recently affirmed bond ratings by Moody's Investors Service of Aa1, and Standard & Poor's recently raised its rating of the Utility Revenue bonds to AAA.

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), approved by the voters, that limits the maximum tax rate, for all City purposes to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service. The resulting legal debt margin is \$1,735,889,178. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.15313, or 10.21%. Of \$49,113,540 levied in property taxes for the fiscal year ended September 30, 2017, 99.75% of taxes levied were collected during the fiscal year. The City is conservative in how it issues debt and has adopted a "pay as you go" philosophy by using excess cash funds to fund current projects and issuing debt only when deemed necessary. Additional information on the City's long-term debt can be found in Note IV (F) to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The development of the City's budget is guided by several factors including the Council's Strategic Goals, prevailing economic conditions and the continuing need to provide basic and improved customer services for a growing population. The fiscal year 2017-2018 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 2017-2018 budget process the City Manager and Executive team focused on various budget drivers in the decision-making process.

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

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

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

Revenue assumptions in general for fiscal year 2017-2018 are expected to follow the growth curve of job creation, population growth, retail sales activity, and housing starts.

The City's economy is expected to generate approximately \$64.3 million in sales tax revenue for fiscal year 2018. This amount includes the 1/2% or \$17.3 million in additional sales and use tax for roads and economic development. The remaining 1 1/2% is projected to generate \$47.0 million for general operations, property tax reduction, and capital projects.

The fiscal year 2018 certified taxable property value for Round Rock is \$12.5 billion, an increase of 10.6% from last year's \$11.3 billion. The adopted property tax rate for fiscal year 2018 is \$0.43000 per \$100 of valuation. The tax rate is an increase of 2.7 cents over the effective rate of \$0.40317, and well below the rollback rate of \$0.43494. The 2.7 cent increase over the effective tax rate is to provide funds for debt payments, operations for voter-approved bond projects and rising costs. With an adopted rate of \$0.43000, the City continues to have one of the lowest tax rates in Central Texas, and is among the lowest rates in the state for medium-sized cities.

The Water and Wastewater Utility operations are funded primarily through user fees. The City's utility infrastructure and service delivery systems have been carefully planned and have sufficiently met demand for a growing customer base. Water sales are conservatively estimated using customer base projections, while at the same time taking into account changing weather conditions. Water conservation and drought contingency programs continue to help the City conserve existing water sources. There is a 3.5% water rate increase included in the fiscal year 2018 budget which went into effect on October 1, 2017. This rate increase is the first year of a three-year planned implementation stemming from a recently updated water and wastewater rate model. With future development demands anticipated for the water system, these rate increases are needed to fund capital improvement programs, an increase in system demands, and operating pressures. Based on the water and wastewater rate model, no wastewater increases are anticipated for the next several years.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF ROUND ROCK, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 10,614,676	\$ 10,241,094	\$ 20,855,770
Investments	88,460,815	93,553,502	182,014,317
Receivables (net of allowance for uncollectibles)-			
Property taxes	282,358	-	282,358
Accounts & other	7,354,941	18,432,989	25,787,930
Accrued interest	127,868	414,856	542,724
Intergovernmental	-	3,881,561	3,881,561
Grants	454,887	-	454,887
Interfund	(730,840)	730,840	-
Inventories	192,943	416,272	609,215
Other current assets	302,566	434,249	736,815
Restricted assets -			
Cash and cash equivalents	16,335,397	7,405,282	23,740,679
Investments	72,280,877	12,718,117	84,998,994
Property tax receivable	158,512	-	158,512
Accounts and other	1,426,712	710,916	2,137,628
Accrued interest	53,673	19,337	73,010
Investment in joint venture	-	12,626,402	12,626,402
Capital assets -			
Land and construction in progress	123,108,963	12,723,826	135,832,789
Capital asset, net of accumulated depreciation	430,820,688	308,075,826	738,896,514
Total assets	<u>751,245,036</u>	<u>482,385,069</u>	<u>1,233,630,105</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred amount on refundings	5,985,503	4,406,750	10,392,253
Pension contributions after measurement date	6,217,717	894,272	7,111,989
Pension actuarial losses, net of amortization	7,425,257	1,012,536	8,437,793
Total deferred outflows of resources	<u>19,628,477</u>	<u>6,313,558</u>	<u>25,942,035</u>

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

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Accounts payable	\$ 13,775,439	\$ 1,421,492	\$ 15,196,931
Accrued payroll	2,797,002	376,485	3,173,487
Unearned revenue	11,785,007	17,209	11,802,216
Accrued interest payable	1,531,983	525,592	2,057,575
Customer deposits	-	1,071,900	1,071,900
Due within one year	19,922,839	3,890,278	23,813,117
Net pension liability	39,486,545	5,384,529	44,871,074
Due in more than one year	237,217,705	83,209,956	320,427,661
Total liabilities	326,516,520	95,897,441	422,413,961
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension actuarial gains, net of amortization	1,163,003	158,591	1,321,594
Total deferred inflows of resources	1,163,003	158,591	1,321,594
<u>NET POSITION</u>			
Net investment in capital assets	356,586,425	245,005,044	601,591,469
Restricted for -			
Debt service	2,565,183	598,039	3,163,222
Capital projects	38,007,544	19,202,683	57,210,227
Hotel-motel tax	6,526,672	-	6,526,672
Public safety	585,878	-	585,878
General government	1,269,075	-	1,269,075
Unrestricted	37,653,213	127,836,829	165,490,042
Total net position	\$ 443,193,990	\$ 392,642,595	\$ 835,836,585

CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 24,441,262	\$ 2,174,874	\$ 1,104,251	\$ -
Public safety	52,243,460	1,478,161	25,259	-
Public works	34,359,785	607,398	-	5,484,996
Culture and recreation	24,130,067	5,133,816	73,300	473,209
Interest on long-term debt	8,075,351	-	-	-
Issuance costs	423,510	-	-	-
Total governmental activities	143,673,435	9,394,249	1,202,810	5,958,205
Business-type activities:				
Water and sewer utility	49,400,833	51,980,615	-	15,579,756
Golf course	1,857,334	733,883	-	62,625
Total business-type activities	51,258,167	52,714,498	-	15,642,381
Total primary government	\$ 194,931,602	\$ 62,108,747	\$ 1,202,810	\$ 21,600,586

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

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

Functions/Programs	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (21,162,137)	\$ -	\$ (21,162,137)
Public safety	(50,740,040)	-	(50,740,040)
Public works	(28,267,391)	-	(28,267,391)
Culture and recreation	(18,449,742)	-	(18,449,742)
Interest on long-term debt	(8,075,351)	-	(8,075,351)
Issuance costs	(423,510)	-	(423,510)
Total governmental activities	(127,118,171)	-	(127,118,171)
Business-type activities:			
Water and sewer utility	-	18,159,538	18,159,538
Golf course	-	(1,060,826)	(1,060,826)
Total business-type activities	-	17,098,712	17,098,712
Total primary government	(127,118,171)	17,098,712	(110,019,459)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	31,423,791	-	31,423,791
Property taxes, levied for debt service	17,683,633	-	17,683,633
Franchise taxes	7,103,548	-	7,103,548
Sales taxes	64,209,719	-	64,209,719
Hotel occupancy tax	5,515,163	-	5,515,163
Public service taxes	627,164	-	627,164
Rent	17,603,565	-	17,603,565
Unrestricted investment earnings and other	8,201,944	2,289,777	10,491,721
Transfers	3,492,871	(3,492,871)	-
Total general revenues and transfers	155,861,398	(1,203,094)	154,658,304
Change in net position	28,743,227	15,895,618	44,638,845
Net position-beginning	414,450,763	376,746,977	791,197,740
Net position-ending	\$ 443,193,990	\$ 392,642,595	\$ 835,836,585

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2017

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,705,857	\$ -	\$ 93,001
Investments	47,194,877	-	-
Receivables (net of allowance for uncollectibles) -			
Property taxes, including interest and penalties	282,358	-	-
Accounts and other	5,271,399	956	1,537,098
Accrued interest	66,614	-	-
Interfund	-	7,530	-
Grants	135,339	-	-
Inventories	192,943	-	-
Other current assets	39,061	-	-
Restricted assets -			
Cash and cash equivalents	-	920,305	3,887,443
Investments	-	2,952,191	32,207,673
Receivables -			
Property taxes, including interest and penalties	-	158,512	-
Sales tax	-	-	1,426,712
Accrued interest	-	-	45,461
Total assets	<u>\$ 58,888,448</u>	<u>\$ 4,039,494</u>	<u>\$ 39,197,388</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable	\$ 5,357,875	\$ -	\$ 3,535,181
Accrued payroll	2,743,023	-	-
Interfund payables	83,562	-	-
Unearned revenue	99,546	-	-
Total liabilities	<u>8,284,006</u>	<u>-</u>	<u>3,535,181</u>
Deferred inflows of resources -			
Unavailable revenue - property taxes	282,358	158,512	-
Total deferred inflows of resources	<u>282,358</u>	<u>158,512</u>	<u>-</u>
Fund balances -			
Nonspendable	232,004	-	-
Restricted - debt service	-	3,880,982	-
Restricted - authorized construction	-	-	35,662,207
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Restricted - general government	-	-	-
Committed - general government	-	-	-
Committed - capital projects funds	-	-	-
Assigned - culture and recreation	-	-	-
Unassigned	50,090,080	-	-
Total fund balances	<u>50,322,084</u>	<u>3,880,982</u>	<u>35,662,207</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,888,448</u>	<u>\$ 4,039,494</u>	<u>\$ 39,197,388</u>

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

Self- Financed Construction	2014 & 2017 General Obligation Bonds Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,824,311	\$ -	\$ 1,207,977	\$ 9,831,146
24,788,156	-	9,986,196	81,969,229
-	-	-	282,358
-	-	528,333	7,337,786
38,141	-	13,950	118,705
-	-	76,032	83,562
287,900	-	31,648	454,887
-	-	-	192,943
176,005	-	-	215,066
-	10,099,384	1,428,265	16,335,397
-	34,828,771	2,292,242	72,280,877
-	-	-	158,512
-	-	-	1,426,712
-	4,976	3,236	53,673
<u>\$ 28,114,513</u>	<u>\$ 44,933,131</u>	<u>\$ 15,567,879</u>	<u>\$ 190,740,853</u>
\$ 733,381	\$ 2,902,778	\$ 499,158	\$ 13,028,373
-	-	53,979	2,797,002
-	-	-	83,562
-	-	1,093,432	1,192,978
<u>733,381</u>	<u>2,902,778</u>	<u>1,646,569</u>	<u>17,101,915</u>
-	-	-	440,870
-	-	-	440,870
-	-	-	232,004
-	-	-	3,880,982
-	42,030,353	3,393,866	81,086,426
-	-	6,526,672	6,526,672
-	-	585,878	585,878
-	-	1,269,075	1,269,075
-	-	124,703	124,703
27,381,132	-	1,016,533	28,397,665
-	-	1,004,583	1,004,583
-	-	-	50,090,080
<u>27,381,132</u>	<u>42,030,353</u>	<u>13,921,310</u>	<u>173,198,068</u>
<u>\$ 28,114,513</u>	<u>\$ 44,933,131</u>	<u>\$ 15,567,879</u>	<u>\$ 190,740,853</u>



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

Total Fund Balances - Governmental Funds \$ 173,198,068

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	\$ 82,456,114	
Construction in progress	40,652,849	
Building and improvements	801,665,286	
Equipment	81,237,374	
Accumulated depreciation	(452,081,972)	
Total capital assets	<u>\$ 553,929,651</u>	553,929,651

Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds. 5,985,503

Contributions to the pension plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 6,217,717

Pension actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. 6,262,254

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. 440,870

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. 5,911,028

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

Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end. (1,531,983)

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). (296,627,089)

Net Position of Governmental Activities \$ 443,193,990

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, 2017**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 85,573,078	\$ 17,726,552	\$ 17,614,117
Licenses, permits and fees	1,605,412	-	-
Charges for services	4,854,852	-	-
Fines and forfeitures	1,235,903	-	-
Grants	649,921	-	1,567,082
Hotel occupancy tax	-	-	-
Investment and other	5,127,744	101,787	909,022
Contributions	-	-	601,833
Total revenues	<u>99,046,910</u>	<u>17,828,339</u>	<u>20,692,054</u>
Expenditures -			
Current -			
General government	19,171,885	-	-
Public safety	47,351,032	-	-
Public works	11,434,437	-	1,248,066
Culture and recreation	14,262,422	-	-
Debt service -			
Principal retirement	-	13,287,160	-
Interest and fiscal charges	-	8,306,767	-
Payment to Refunding Agent	-	10,050,443	-
Issuance costs	-	86,311	-
Capital projects	-	-	16,627,120
Total expenditures	<u>92,219,776</u>	<u>31,730,681</u>	<u>17,875,186</u>
Excess (deficiency) of revenues over expenditures	<u>6,827,134</u>	<u>(13,902,342)</u>	<u>2,816,868</u>
Other financing sources (uses) -			
Issuance of debt	-	-	-
Issuance of refunding bonds	-	10,140,000	-
Issuance of premium	-	-	-
Transfers in	3,355,800	4,893,679	834,829
Transfers out	(12,660,934)	-	(4,020,198)
Total other financing sources (uses)	<u>(9,305,134)</u>	<u>15,033,679</u>	<u>(3,185,369)</u>
Net change in fund balances	<u>(2,478,000)</u>	<u>1,131,337</u>	<u>(368,501)</u>
Fund balances, October 1, 2016	<u>52,800,084</u>	<u>2,749,645</u>	<u>36,030,708</u>
Fund balances, September 30, 2017	<u><u>\$ 50,322,084</u></u>	<u><u>\$ 3,880,982</u></u>	<u><u>\$ 35,662,207</u></u>

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

Self- Financed Construction	2014 & 2017 General Obligation Bonds Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 228,498	\$ 121,142,245
-	-	40,665	1,646,077
-	-	1,452,525	6,307,377
-	-	204,892	1,440,795
254,241	-	479,589	2,950,833
-	-	5,515,163	5,515,163
1,265,913	393,912	455,236	8,253,614
37,500	-	292,268	931,601
<u>1,557,654</u>	<u>393,912</u>	<u>8,668,836</u>	<u>148,187,705</u>
1,148,278	-	735,769	21,055,932
-	-	244,852	47,595,884
-	-	-	12,682,503
-	-	2,957,278	17,219,700
-	-	-	13,287,160
-	-	-	8,306,767
-	-	-	10,050,443
-	337,199	-	423,510
<u>10,219,680</u>	<u>25,659,170</u>	<u>10,762,716</u>	<u>63,268,686</u>
<u>11,367,958</u>	<u>25,996,369</u>	<u>14,700,615</u>	<u>193,890,585</u>
<u>(9,810,304)</u>	<u>(25,602,457)</u>	<u>(6,031,779)</u>	<u>(45,702,880)</u>
-	28,585,000	-	28,585,000
-	-	-	10,140,000
-	2,652,531	-	2,652,531
12,878,262	1,800	9,944,100	31,908,470
(552,603)	-	(11,181,864)	(28,415,599)
<u>12,325,659</u>	<u>31,239,331</u>	<u>(1,237,764)</u>	<u>44,870,402</u>
2,515,355	5,636,874	(7,269,543)	(832,478)
<u>24,865,777</u>	<u>36,393,479</u>	<u>21,190,853</u>	<u>174,030,546</u>
<u>\$ 27,381,132</u>	<u>\$ 42,030,353</u>	<u>\$ 13,921,310</u>	<u>\$ 173,198,068</u>

**CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017**

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

Net Change in Fund Balances-Total Governmental Funds	\$ (832,478)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	58,474,502
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The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, and donations) is to increase net position.	3,226,912
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Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(94,390)
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The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(18,091,774)
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The land acquisition associated with the Kalahari project did not require the use of current financial resources and, therefore, is not reported in the funds.	(10,592,029)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These include:

Pension costs, net	(2,336,083)
Interest and employee expense	(256,284)

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.	(755,149)
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Change in Net Position of Governmental Activities	<u>\$ 28,743,227</u>
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The accompanying notes are an integral part of this financial statement.

CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise, including interest and penalties	\$ 82,470,000	\$ 82,573,294	\$ 85,573,078	\$ 2,999,784
Licenses, permits and fees	1,233,600	1,274,243	1,605,412	331,169
Charges for services	4,552,600	4,552,600	4,854,852	302,252
Fines and forfeitures	1,115,000	1,115,000	1,235,903	120,903
Grants	365,000	365,000	649,921	284,921
Investment and other	4,381,300	4,381,300	5,127,744	746,444
Total revenues	94,117,500	94,261,437	99,046,910	4,785,473
Expenditures -				
Current -				
General government	22,479,783	19,941,621	19,171,885	769,736
Public safety	45,402,718	47,395,697	47,351,032	44,665
Public works	15,608,723	12,517,868	11,434,437	1,083,431
Culture and recreation	13,620,710	14,263,512	14,262,422	1,090
Total expenditures	97,111,934	94,118,698	92,219,776	1,898,922
Excess (deficiency) of revenues over expenditures	(2,994,434)	142,739	6,827,134	6,684,395
Other financing sources (uses) -				
Transfers in	3,355,800	3,355,800	3,355,800	-
Transfers out	(9,600,000)	(12,725,000)	(12,660,934)	64,066
Total other financing sources (uses), net	(6,244,200)	(9,369,200)	(9,305,134)	64,066
Net change in fund balance	\$ (9,238,634)	\$ (9,226,461)	(2,478,000)	\$ 6,748,461
Fund balance, October 1, 2016			52,800,084	
Fund balance, September 30, 2017			\$ 50,322,084	

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

**CITY OF ROUND ROCK, TEXAS
ROUND ROCK TRANSPORTATION AND
ECONOMIC DEVELOPMENT CORPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Sales tax	\$ 16,433,333	\$ 16,433,333	\$ 17,614,117	\$ 1,180,784
Grants	2,000,000	2,000,000	1,567,082	(432,918)
Investment and other	752,084	752,084	909,022	156,938
Contributions	1,500,000	1,500,000	601,833	(898,167)
Total revenues	20,685,417	20,685,417	20,692,054	6,637
Expenditures -				
Public works	2,353,133	2,353,133	1,248,066	1,105,067
Capital projects	16,336,772	16,627,120	16,627,120	-
Total expenditures	18,689,905	18,980,253	17,875,186	1,105,067
Excess of revenues over expenditures	1,995,512	1,705,164	2,816,868	1,111,704
Other financing sources (uses) -				
Transfers in	-	-	834,829	834,829
Transfers out	(4,020,200)	(4,020,200)	(4,020,198)	2
Total other financing sources (uses)	(4,020,200)	(4,020,200)	(3,185,369)	834,831
Net change in fund balances	\$ (2,024,688)	\$ (2,315,036)	(368,501)	\$ 1,946,535
Fund balance, October 1, 2016			36,030,708	
Fund balance, September 30, 2017			<u>\$ 35,662,207</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, 2017**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 10,241,094	\$ -	\$ 10,241,094	\$ 783,530
Investments	93,553,502	-	93,553,502	6,491,586
Receivables (net of allowance for uncollectibles of \$ 443,426) -				
Accounts	18,358,544	74,445	18,432,989	17,155
Accrued interest	414,856	-	414,856	9,163
Intergovernmental	3,881,561	-	3,881,561	-
Inventories	416,272	-	416,272	-
Other current assets	434,249	-	434,249	87,500
Total current assets	<u>127,300,078</u>	<u>74,445</u>	<u>127,374,523</u>	<u>7,388,934</u>
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	7,320,566	-	7,320,566	-
Construction	11,151,864	-	11,151,864	-
Customer deposits	1,052,930	-	1,052,930	-
Revenue bond covenant accounts	598,039	-	598,039	-
Restricted accounts and accrued interest receivable:				
Restricted impact fees	710,916	-	710,916	-
Restricted accrued interest	19,337	-	19,337	-
Investment in joint venture	12,626,402	-	12,626,402	-
Capital assets:				
Land and construction in progress	10,764,623	1,959,203	12,723,826	-
Capital assets being depreciated	<u>305,342,924</u>	<u>2,732,902</u>	<u>308,075,826</u>	<u>-</u>
Total capital assets (net of accumulated depreciation of \$188,064,786)	<u>316,107,547</u>	<u>4,692,105</u>	<u>320,799,652</u>	<u>-</u>
Total noncurrent assets	<u>349,587,601</u>	<u>4,692,105</u>	<u>354,279,706</u>	<u>-</u>
Total assets	<u>476,887,679</u>	<u>4,766,550</u>	<u>481,654,229</u>	<u>7,388,934</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension contributions after measurement date	894,272	-	894,272	-
Pension actuarial losses, net of amortization	1,012,536	-	1,012,536	-
Deferred charges on refunding	<u>4,406,750</u>	<u>-</u>	<u>4,406,750</u>	<u>-</u>
Total deferred outflows of resources	<u>6,313,558</u>	<u>-</u>	<u>6,313,558</u>	<u>-</u>

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

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 1,366,075	\$ 55,417	\$ 1,421,492	\$ 747,066
Accrued payroll	376,485	-	376,485	-
Accrued benefit obligations	468,087	-	468,087	-
Unearned revenue	-	17,209	17,209	-
Accrued interest	525,592	-	525,592	-
Customer deposits	1,071,900	-	1,071,900	-
Current portion of bonds payable	3,422,191	-	3,422,191	-
Total current liabilities	<u>7,230,330</u>	<u>72,626</u>	<u>7,302,956</u>	<u>747,066</u>
Noncurrent liabilities:				
Net pension liability	5,384,529	-	5,384,529	-
Bonds payable	82,605,242	-	82,605,242	-
Noncurrent accrued benefit obligations	604,714	-	604,714	-
Total noncurrent liabilities	<u>88,594,485</u>	<u>-</u>	<u>88,594,485</u>	<u>-</u>
Total liabilities	<u>95,824,815</u>	<u>72,626</u>	<u>95,897,441</u>	<u>747,066</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension actuarial gains, net of amortization	<u>158,591</u>	<u>-</u>	<u>158,591</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in capital assets	240,312,939	4,692,105	245,005,044	-
Restricted for:				
Debt service	598,039	-	598,039	-
Capital projects	19,202,683	-	19,202,683	-
Unrestricted	127,104,170	1,819	127,105,989	6,641,868
Total net position	<u>\$ 387,217,831</u>	<u>\$ 4,693,924</u>	<u>391,911,755</u>	<u>\$ 6,641,868</u>
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			<u>730,840</u>	
Net position of business-type activities			<u>\$ 392,642,595</u>	

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

CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities Enterprise Funds		Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Internal Service Fund
			Total
Operating revenues -			
Charges for services	\$ 47,769,478	\$ 733,883	\$ 48,503,361
Licenses, permits, and fees	4,211,137	-	4,211,137
Total revenues	51,980,615	733,883	52,714,498
Operating expenses -			
Personnel services	10,669,214	-	10,669,214
Contractual services	14,854,212	1,721,083	16,575,295
Supplies	855,379	-	855,379
Materials	1,649,261	6,579	1,655,840
Heat, light and power	1,618,297	-	1,618,297
Claims expense	-	-	-
Depreciation	16,373,517	119,521	16,493,038
Total operating expenses	46,019,880	1,847,183	47,867,063
Operating income (loss)	5,960,735	(1,113,300)	4,847,435
Nonoperating revenues (expenses) -			
Investment and other revenues	2,284,171	5,606	2,289,777
Interest and fiscal charges	(3,236,894)	(10,151)	(3,247,045)
Total nonoperating revenues (expenses)	(952,723)	(4,545)	(957,268)
Income before contributions and transfers	5,008,012	(1,117,845)	3,890,167
Contributions and transfers -			
Contributions - impact fees	8,215,831	-	8,215,831
Contributions - infrastructure	7,298,800	-	7,298,800
Contributions - other	65,125	62,625	127,750
Transfers in	-	427,603	427,603
Transfers out	(3,920,474)	-	(3,920,474)
Total contributions and transfers	11,659,282	490,228	12,149,510
Change in net position	16,667,294	(627,617)	16,039,677
Net position, October 1, 2016	<u>370,550,537</u>	<u>5,321,541</u>	<u>7,541,076</u>
Net position, September 30, 2017	<u>\$ 387,217,831</u>	<u>\$ 4,693,924</u>	<u>\$ 6,641,868</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	(144,059)
Change in net position of business-type activities	<u>\$ 15,895,618</u>

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

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 41,195,893	\$ 709,890	\$ 41,905,783	\$ 689,359
Cash received from other funds for services provided	-	-	-	11,032,945
Cash payments to suppliers for goods and services	(19,279,466)	(1,672,245)	(20,951,711)	(12,948,656)
Cash payments to employees for services	(10,199,658)	-	(10,199,658)	-
Net cash provided (used) by operating activities	<u>11,716,769</u>	<u>(962,355)</u>	<u>10,754,414</u>	<u>(1,226,352)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	427,603	427,603	-
Transfers to other funds	(3,920,474)	-	(3,920,474)	-
Net cash provided (used) by noncapital financing activities	<u>(3,920,474)</u>	<u>427,603</u>	<u>(3,492,871)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	149,985	1,215	151,200	-
Acquisition and construction of capital assets	(5,996,340)	(48,634)	(6,044,974)	-
Investment in joint venture	(424,030)	-	(424,030)	-
Principal paid on revenue bonds	(3,337,191)	-	(3,337,191)	-
Contributions	65,125	-	65,125	-
Impact fees	8,215,831	-	8,215,831	-
Interest and fiscal charges paid	(2,986,216)	(10,151)	(2,996,367)	-
Net cash used by capital and related financing activities	<u>(4,312,836)</u>	<u>(57,570)</u>	<u>(4,370,406)</u>	<u>-</u>
Cash flows from investing activities:				
Sale (purchase) of investments	(6,478,894)	501,952	(5,976,942)	485,445
Investment and other income	<u>1,834,641</u>	<u>5,080</u>	<u>1,839,721</u>	<u>338,916</u>
Net cash provided (used) by investing activities	<u>(4,644,253)</u>	<u>507,032</u>	<u>(4,137,221)</u>	<u>824,361</u>
Net decrease in cash and cash equivalents	(1,160,794)	(85,290)	(1,246,084)	(401,991)
Cash and cash equivalents at beginning of year	<u>18,807,170</u>	<u>85,290</u>	<u>18,892,460</u>	<u>1,185,521</u>
Cash and cash equivalents at end of year	<u>\$ 17,646,376</u>	<u>\$ -</u>	<u>\$ 17,646,376</u>	<u>\$ 783,530</u>

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

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Position</u>				
Cash and cash equivalents	\$ 10,241,094	\$ -	\$ 10,241,094	\$ 783,530
Restricted assets -				
Cash and cash equivalents	<u>7,405,282</u>	<u>-</u>	<u>7,405,282</u>	<u>-</u>
Cash and cash equivalents	<u>\$ 17,646,376</u>	<u>\$ -</u>	<u>\$ 17,646,376</u>	<u>\$ 783,530</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>				
Operating income (loss)	\$ 5,960,735	\$ (1,113,300)	\$ 4,847,435	\$ (1,237,417)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	16,373,517	119,521	16,493,038	-
Provision for bad debts	3,683	-	3,683	-
(Increase) decrease in:				
Receivables	(10,778,316)	(41,202)	(10,819,518)	652
Customer deposits	(10,089)	-	(10,089)	-
Inventory	254,908	-	254,908	-
Other assets	(14,985)	-	(14,985)	-
Pension related deferred outflows	258,665	-	258,665	-
Increase (decrease) in:				
Accounts payable	(564,470)	55,417	(509,053)	10,413
Accrued payroll	(37,451)	-	(37,451)	-
Customer deposits	22,230	-	22,230	-
Compensated absences	112,452	-	112,452	-
Unearned revenue	-	17,209	17,209	-
Pension related deferred inflows	(34,477)	-	(34,477)	-
Increase in net pension liability	<u>170,367</u>	<u>-</u>	<u>170,367</u>	<u>-</u>
Total adjustments	<u>5,756,034</u>	<u>150,945</u>	<u>5,906,979</u>	<u>11,065</u>
Net cash provided (used) by operations	<u>\$ 11,716,769</u>	<u>\$ (962,355)</u>	<u>\$ 10,754,414</u>	<u>\$ (1,226,352)</u>

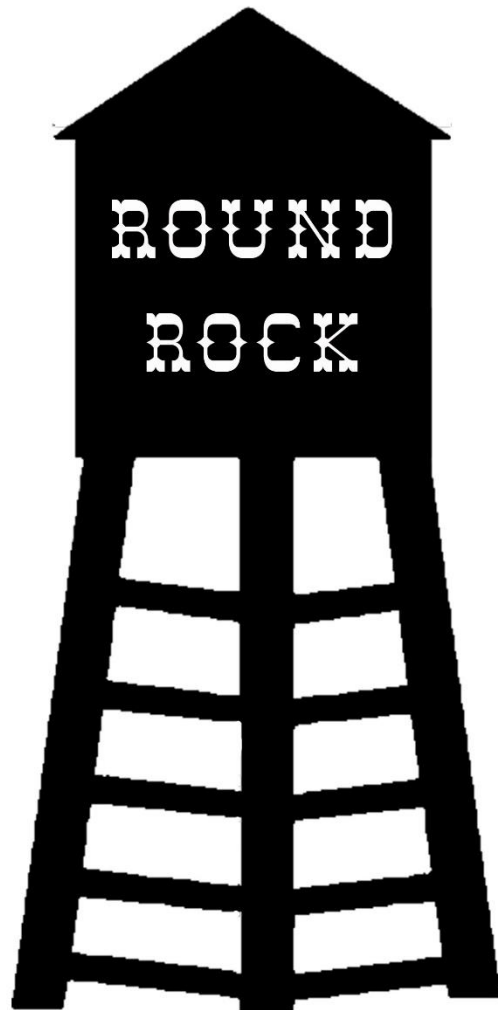
NOTES:

Noncash capital and related financing activities:

In fiscal year 2017, the Water and Sewer Fund had \$7,298,800 in capital assets contributed, recognized a change of (\$996,629) in fair value of investments, and a change of (\$3,453,820) in joint venture net position.

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

NOTES TO THE FINANCIAL STATEMENTS





CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Blended Component Unit

The Round Rock Transportation and Economic Development Corporation (Corporation), an entity legally separate from the City, is governed by a seven-member board appointed by the City Council. The City Council maintains budgetary control of the Corporation. For financial reporting purposes, the Round Rock Transportation and Economic Development Corporation is presented as a part of the City's operations because its purpose is to utilize sales tax revenues for the improvement of the City's transportation system and for economic development purposes. No less than 90% of the Corporation funds will be used for transportation projects. The remaining 10% may be used for economic development purposes covered under local government code. The revenues of the Corporation, its administrative expenditures, and capital projects are accounted for in a special revenue fund.

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-wide Statements:

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

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (police, fire, public works, etc.) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

Fund Financial Statements:

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The major governmental funds are the General Fund, the Debt Service Fund, the Round Rock Transportation and Economic Development Corporation Fund, the Self-Financed Construction Fund, and the 2014 & 2017 General Obligation Bonds Fund. The nonmajor funds are combined in a separate column in the fund financial statements.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

governmental column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (general government, public safety, public works, etc.).

C. GOVERNMENTAL FUND TYPES

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

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

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

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

Major Fund

- *Round Rock Transportation and Economic Development Corporation Fund*

Nonmajor Funds

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. GOVERNMENTAL FUND TYPE (CONTINUED)

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

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

Major Funds

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

Nonmajor Funds

- *2004 & 2007 General Obligation Bonds Fund*
- *2014 Certificates of Obligation Fund*
- *Convention Center Complex Fund*
- *Park Development Fund*
- *Streets and Drainage Fund*
- *Tourism Development Fund*

The Self-Financed Construction Fund and the 2014 and 2017 General Obligation Bonds Fund are considered major funds in the fund financial statements. The Self-Financed Construction Fund accounts for the costs of authorized general capital improvements and facilities. Financing is provided by general government resources. The 2014 and 2017 General Obligation Bonds Fund account for projects related to fire department facilities, parks and recreational purposes, library facilities and police and fire training facilities.

D. PROPRIETARY FUND TYPES

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

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

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. OTHER FUND TYPES

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

F. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

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

G. BASIS OF ACCOUNTING

Government-wide Statements

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

Fund Financial Statements

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

Governmental Funds

Revenue Recognition

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. BASIS OF ACCOUNTING (CONTINUED)

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

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

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

Expenditure Recognition

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

Proprietary Funds

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund, the Golf Course Fund and the Internal Service Fund are charges to customers for sales and services. Operating expenses for the Enterprise Funds and Internal Service Fund include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. CASH AND CASH EQUIVALENTS

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

I. INVESTMENTS

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

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

J. INVENTORIES AND PREPAID ITEMS

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

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

K. JOINT VENTURE

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

L. CAPITAL ASSETS

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

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by the fund's measurement focus. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000 and a useful life of at least 5 years. Donated capital assets, donated works of art, and similar items are reported at acquisition value rather than fair value.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. CAPITAL ASSETS (CONTINUED)

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

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

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

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

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

For the Enterprise Fund's capital assets, interest is capitalized on construction costs. The amount of interest cost capitalized for assets constructed with tax-exempt borrowings is equal to the cost of borrowing, less interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings. The total amount of interest expense incurred and expensed was \$3,247,045.

M. LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Deferred amounts related to refundings are reported as deferred outflow of resources and amortized over the shorter of the refunded or refunding debt.

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. LONG-TERM DEBT (CONTINUED)

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

Loans from the State Infrastructure Bank have been received to fund transportation improvements. The loans are to be repaid from revenues of the Round Rock Transportation and Economic Development Corporation. The final portions of these loans were fully refunded in July 2017 when the City issued \$10,140,000 of Senior Lien Sales Tax Revenue bonds.

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

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

N. ACCRUED BENEFIT OBLIGATIONS

Unpaid Compensated Absences

Each employee may accumulate a total of two years vacation eligibility. Employees are paid for the accumulated vacation upon termination. Effective January 1, 1994, sick pay does not vest for non-Civil Service employees; therefore, a liability is only recorded for sick leave relating to Civil Service employees.

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

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

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

Other Post-Employment Benefits

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. TRANSACTIONS BETWEEN FUNDS

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

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

P. NET POSITION

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

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

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

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

Q. CLASSIFICATION OF FUND EQUITY

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

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

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

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. CLASSIFICATION OF FUND EQUITY (CONTINUED)

Committed fund balance – Committed fund balances are amounts that are committed to specific purposes by City Council through an ordinance. Amounts cannot be used for other purposes unless the City Council takes the same action to remove or change the constraint. The most significant commitment in the special revenue funds is for the tree replacement program. The commitments in the capital projects funds are for park improvements, street maintenance, and construction of roads and facilities.

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

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

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

R. MINIMUM FUND BALANCE POLICY

It is the desire of the City to maintain an adequate fund balance in the General Fund to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance. In recognition of fund balance reserve best practices, the fund balance reserve in the General Fund shall be transitioned from one hundred twenty (120) days to ninety (90) days or 25% of annual budgeted General Fund operating expenditures beginning with the fiscal year 2017/18 budget year. Reserves will be set at the 2016/17 amount and allowed to stay level until such time as General Fund operating expenditures require increasing reserves to meet the new 90-day requirement. Staff will evaluate the financial stability of the General Fund revenues annually to ensure the reserve requirement remains adequate.

S. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting in this category by the City include the following:

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

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Reported as a deferred inflow for the City are the difference in expected and actual pension experience and the difference arising from changes in assumptions (both are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date). For the governmental funds, property taxes received in advance of the fiscal year to which they apply are reported as deferred inflows of resources.

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

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

U. USE OF ESTIMATES

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

V. PENSIONS

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

W. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the statement on the following page which will become effective in fiscal year 2018.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS (CONTINUED)

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY ACCOUNTING

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. BUDGETARY ACCOUNTING (CONTINUED)

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

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 82,470,000	\$ 103,294	\$ 82,573,294
Licenses, permits and fees	1,233,600	40,643	1,274,243
Charges for services	4,552,600	-	4,552,600
Fines and forfeitures	1,115,000	-	1,115,000
Intergovernmental	365,000	-	365,000
Investment and other	4,381,300	-	4,381,300
Total revenues	<u>94,117,500</u>	<u>143,937</u>	<u>94,261,437</u>
Expenditures -			
Current -			
General government	22,479,783	(2,538,162)	19,941,621
Public safety	45,402,718	1,992,979	47,395,697
Public works	15,608,723	(3,090,855)	12,517,868
Culture and recreation	13,620,710	642,802	14,263,512
Total expenditures	<u>97,111,934</u>	<u>(2,993,236)</u>	<u>94,118,698</u>
Excess (deficiency) of revenues over expenditures	<u>(2,994,434)</u>	<u>3,137,173</u>	<u>142,739</u>
Other financing sources (uses) -			
Transfers in	3,355,800	-	3,355,800
Transfers out	<u>(9,600,000)</u>	<u>(3,125,000)</u>	<u>(12,725,000)</u>
Total other financing sources (uses)	<u>(6,244,200)</u>	<u>(3,125,000)</u>	<u>(9,369,200)</u>
Net change in fund balances	<u>\$ (9,238,634)</u>	<u>\$ 12,173</u>	<u>\$ (9,226,461)</u>

B. ENCUMBRANCES

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. For budgetary purposes, encumbrances lapse at fiscal year-end. In accordance with the City Charter, Part I, Article 8, Section 8.03 (a)(10) – Finance Administration, a capital improvement program may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition. Therefore, purchase orders and contracts associated with capital improvement programs roll at the end of the fiscal-year. The following page summarizes the encumbrances and significant commitments at September 30, 2017 associated with capital improvements.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. ENCUMBRANCES (CONTINUED)

Major Funds

Round Rock Transportation and Economic Development Corporation Fund	\$ 8,524,000
Self-Financed Construction Fund	\$ 2,777,000
2014 & 2017 General Obligation Bonds Fund	\$ 13,702,000

Nonmajor Funds

Capital projects funds	\$ 728,000
Special revenue funds	\$ 125,000

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Bonds payable	\$ 226,145,000
Plus: Issuance premium (amortized against interest expense)	16,520,459
Less: Issuance discount (amortized against interest expense)	(102,069)
Capital leases payable	3,844,223
Net pension liability	39,486,545
Compensated absences	6,991,784
Other post-employment benefits	3,741,147
Net adjustment to reduce <i>fund balance - total governmental funds</i> <i>to arrive at net position - governmental activities</i>	<u>\$ 296,627,089</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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

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

Capital outlay	\$ 90,020,515
Depreciation expense	<u>(31,546,013)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 58,474,502</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	\$ 3,278,582
Reclassifications, disposals, and transfers	<u>(51,670)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 3,226,912</u>

Another element of the reconciliation states that “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Issuance of debt	\$ (38,725,000)
Premiums received on issuance of debt	(2,652,531)
Deferred amount on refunding	141,564
Debt payments/refundings	22,242,387
Capital lease payments	<u>901,806</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ (18,091,774)</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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

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

Increase in net pension obligation	\$ (1,249,361)
Deferred net actuarial gain	(1,644,054)
Increase in deferred pension premiums	<u>557,332</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (2,336,083)</u></u>
 Increase in OPEB liability	 \$ (540,056)
Change in compensated absences	511
Amortization of bond premium/discount	1,207,229
Change in accrued interest	(215,072)
Amortization of deferred amount on refunding	<u>(708,896)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$ (256,284)</u></u>

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

At September 30, 2017, the carrying amount of deposits was a debit balance of \$50,835,431, including \$2,453,204 in outstanding checks, and the respective bank balances totaled \$53,288,635. The City’s bank balances were fully insured or collateralized with securities held by the City’s agent in the City’s name.

Investments –

All investments are presented at fair value. The fair value of U.S. Government Securities is based upon discounted future cash flows. The fair value of the positions in the state investment pools is the same as the value of the pool shares. The change in the fair value of investments during the year ended September 30, 2017 is as follows:

Fair value at September 30, 2017	\$ 260,774,329
Add: Proceeds of investments matured this fiscal year	252,992,501
Less: Cost of investments purchased this fiscal year	(238,467,494)
Less: Fair value at September 30, 2016	<u>(277,854,794)</u>
Change in fair value of investments	<u><u>\$ (2,555,458)</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

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

Cash in banks	\$ 50,835,431
Investments	<u>260,774,329</u>
 Total cash and investments	 <u><u>\$ 311,609,760</u></u>
 Statement of net position presentation:	
Cash and cash equivalents	\$ 20,855,770
Investments	182,014,317
Restricted assets -	
Cash and cash equivalents	23,740,679
Investments	<u>84,998,994</u>
 Total cash and cash equivalents and investments	 <u><u>\$ 311,609,760</u></u>

Following Statement No. 72, *"Fair Value Measurement and Application,"* the City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of September 30, 2017, the City has the recurring fair value measurements for U.S. Government securities of \$20,312,407 valued using quoted prices for similar assets in active markets (level 2 inputs).

	Carrying Amount	Fair Value	Weighted Average Maturity (Days)
U. S. Government Securities	\$ 20,312,407	\$ 20,312,407	286
Certificates of Deposit	211,715,905	211,715,905	307
State Investment Pools	28,746,017	28,746,017	37
	<u>\$ 260,774,329</u>	<u>\$ 260,774,329</u>	

Portfolio weighted average maturity	272
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In accordance with its investment policy, the City manages its interest rate risk by limiting the weighted average maturity of its portfolio to less than 540 days. The City's state investment pool investments are not subject to limitations, penalties, or restrictions on withdrawals.

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act (PFIA)**(Government Code Chapter 2256) contains specific provisions

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

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

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

Policies Governing Deposits and Investments

1. Foreign Currency Risk – The City's deposits and investments are not exposed to foreign currency risk.
2. Custodial Credit Risk – The City's policy is to be collateralized. The City was fully collateralized during the year.
3. Interest Rate Risk – In compliance with the City's Investment Policy, as of September 30, 2017, the City minimized its interest rate risk in the portfolio by:
 - a) Limiting the weighted average maturity to 540 days;
 - b) Structuring the portfolio so that maturities meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity;
 - c) Monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by PFIA; and
 - d) Investing operating funds primarily in short-term securities, money market mutual funds, money market accounts, or government investment pools.
4. Credit Risk – In compliance with the City's Investment Policy, as of September 30, 2017, the City minimized credit risk losses due to default of security issuer or backer by:
 - a) Limiting investments to the safest rated securities. All the City's purchased investments in U. S. Agencies were rated AA+ and Aaa by Standard & Poor's and Moody's respectively;

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

- b) Using a registered investment advisor to provide investment and market advice; and
 - c) Diversifying the investment portfolio so that potential losses on individual securities were minimized.
5. Concentration Risk – The City invests in pools, certificates of deposit, money market funds, municipal bonds and U. S. Government Securities. State law authorizes the City to invest in obligations of the United States government and its agencies, commercial paper, money market funds, certificates of deposit of any state or federally chartered bank, obligations of states, agencies, counties, cities and other political subdivisions of any state not rated less than A or equivalent. All investments made in 2017 were in the aforementioned categories.

Local Government Investment Pools

As of September 30, 2017, the City's investments included TexPool, TexSTAR, and Texas Term TexasDAILY Investment Pools. The investment pools' investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk. At September 30, 2017, \$23,503,699 was invested in TexPool, \$191,213 was invested in TexSTAR, and \$5,051,105 in TexasDAILY.

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

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

Texas Short Term Asset Reserve program (TexSTAR) is a local government investment cooperative created

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. PROPERTY TAXES AND RECEIVABLES (CONTINUED)

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 2016 tax roll. The tax rate, based on total taxable assessed valuation of \$11,327,175,854 was \$0.425000 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.271870 and \$0.153130, respectively.

	General Fund	Debt Service Fund	Total
Current year levy	\$ 97,259	\$ 47,903	\$ 145,162
Prior years' levies	187,951	112,210	300,161
	285,210	160,113	455,323
Less - allowance for uncollectible taxes	(2,852)	(1,601)	(4,453)
	<u>\$ 282,358</u>	<u>\$ 158,512</u>	<u>\$ 440,870</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, 2017 were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
Debt Service Fund	General Fund	\$ 7,530	\$ 7,530
Nonmajor Governmental Funds	General Fund	76,032	76,032
Governmental Funds		<u>\$ 83,562</u>	<u>\$ 83,562</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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

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

unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. A summary of transfers between funds is shown below.

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund -		
Water and Sewer Fund	\$ 3,355,800	\$ -
Self-Financed Construction Fund	-	12,310,834
Nonmajor Governmental Funds	-	350,100
	<u>3,355,800</u>	<u>12,660,934</u>
Debt Service Fund -		
Round Rock Transportation and Economic Development Corporation Fund	4,020,198	-
Nonmajor Governmental Funds	873,481	-
	<u>4,893,679</u>	<u>-</u>
Round Rock Transportation and Economic Development Corporation Fund -		
Self-Financed Construction Fund	125,000	-
Nonmajor Governmental Funds	709,829	-
Debt Service Fund	-	4,020,198
	<u>834,829</u>	<u>4,020,198</u>
Self-Financed Construction Fund -		
General Fund	12,310,834	-
Golf Course Fund	-	427,603
Water and Sewer Fund	564,674	-
Nonmajor Governmental Funds	2,754	125,000
	<u>12,878,262</u>	<u>552,603</u>
2014 and 2017 General Obligation Bonds Fund -		
Nonmajor Governmental Funds	1,800	-
	<u>1,800</u>	<u>-</u>
Other Governmental Funds -		
Nonmajor Governmental Funds	9,944,100	11,181,864
	<u>9,944,100</u>	<u>11,181,864</u>
Subtotal of Governmental Funds	<u>31,908,470</u>	<u>28,415,599</u>
<u>Proprietary Funds</u>		
Water and Sewer Fund -		
General Fund	-	3,355,800
Self-Financed Construction Fund	-	564,674
	<u>-</u>	<u>3,920,474</u>
Golf Course Fund -		
Self-Financed Construction Fund	427,603	-
	<u>427,603</u>	<u>-</u>
Subtotal of Proprietary Funds	<u>427,603</u>	<u>3,920,474</u>
Total Transfers	<u>\$ 32,336,073</u>	<u>\$ 32,336,073</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. JOINT VENTURE

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

STATEMENT OF NET POSITION
As of September 30, 2017

	Total	City's Interest
<u>ASSETS</u>		
Cash and cash equivalents	\$ 5,660,423	\$ 3,024,681
Receivables, other current assets	89,553	7,072
Restricted investments	18,325,661	11,239,924
Capital assets	159,364,214	57,537,008
Total Assets	<u>183,439,851</u>	<u>71,808,685</u>
Deferred outflows of resources	<u>15,558,001</u>	<u>6,062,490</u>
<u>LIABILITIES</u>		
Accounts payable	865,626	64,654
Retainage payable	1,595,370	546,199
Accrued bond interest payable	1,044,503	373,036
Total current liabilities	<u>3,505,499</u>	<u>983,889</u>
Bonds payable	174,172,705	64,260,884
Total Liabilities	<u>177,678,204</u>	<u>65,244,773</u>
<u>NET POSITION</u>	<u>\$ 21,319,648</u>	<u>\$ 12,626,402</u>

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2017

	Total	City's Interest
Operating revenues	\$ 2,302,665	\$ 375,370
Interest expense	(6,032,788)	(2,280,806)
Other operating expenses	(5,722,504)	(1,680,693)
Other income (expenses)	(495,484)	132,309
Changes in Net Position	<u>(9,948,111)</u>	<u>(3,453,820)</u>
Net position, October 1, 2016	19,471,253	12,202,372
Contribution of capital, net	11,796,506	3,877,850
Net position, September 30, 2017	<u>\$ 21,319,648</u>	<u>\$ 12,626,402</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

	October 1, 2016	Additions/ Completions	Retirements/ Adjustments	September 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 53,133,747	\$ 29,783,667	\$ (461,300)	\$ 82,456,114
Construction in progress	59,653,890	58,042,594	(77,043,635)	40,652,849
Total capital assets not being depreciated	<u>112,787,637</u>	<u>87,826,261</u>	<u>77,504,935</u>	<u>123,108,963</u>
Capital assets being depreciated:				
Buildings and improvements	728,697,300	73,168,922	(200,936)	801,665,286
Equipment	73,386,255	9,808,848	(1,957,729)	81,237,374
Total capital assets being depreciated	<u>802,083,555</u>	<u>82,977,770</u>	<u>(2,158,665)</u>	<u>882,902,660</u>
Less accumulated depreciation for:				
Buildings and improvements	367,467,741	24,469,699	(168,523)	391,768,917
Equipment	55,175,213	7,076,314	(1,938,472)	60,313,055
Total accumulated depreciation	<u>422,642,954</u>	<u>31,546,013</u>	<u>(2,106,995)</u>	<u>452,081,972</u>
Total capital assets being depreciated, net	<u>379,440,601</u>	<u>51,431,757</u>	<u>(51,670)</u>	<u>430,820,688</u>
Governmental activities capital assets, net	<u>\$ 492,228,238</u>	<u>\$ 139,258,018</u>	<u>\$ (77,556,605)</u>	<u>\$ 553,929,651</u>
Business-Type activities:				
Capital assets not being depreciated:				
Land	\$ 8,452,956	\$ -	\$ -	\$ 8,452,956
Construction in progress	12,562,302	4,469,572	(12,761,004)	4,270,870
Total capital assets not being depreciated	<u>21,015,258</u>	<u>4,469,572</u>	<u>(12,761,004)</u>	<u>12,723,826</u>
Capital assets being depreciated:				
Buildings and improvements	459,703,327	16,596,655	(19,219)	476,280,763
Equipment	16,012,631	4,660,827	(813,609)	19,859,849
Total capital assets being depreciated	<u>475,715,958</u>	<u>21,257,482</u>	<u>(832,828)</u>	<u>496,140,612</u>
Less accumulated depreciation for:				
Building and improvements	160,160,972	14,673,593	-	174,834,565
Equipment	12,224,356	1,819,445	(813,580)	13,230,221
Total accumulated depreciation	<u>172,385,328</u>	<u>16,493,038</u>	<u>(813,580)</u>	<u>188,064,786</u>
Total capital assets being depreciated, net	<u>303,330,630</u>	<u>4,764,444</u>	<u>(19,248)</u>	<u>308,075,826</u>
Business-type activities capital assets, net	<u>\$ 324,345,888</u>	<u>\$ 9,234,016</u>	<u>\$ (12,780,252)</u>	<u>\$ 320,799,652</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General government	\$ 2,436,302
Public safety	3,467,235
Public works	19,630,724
Culture and recreation	6,011,752
Total depreciation expense – governmental activities	<u>\$ 31,546,013</u>

Business-Type Activities:

Water and sewer utility	\$ 16,373,517
Golf course	119,521
Total depreciation expense – business-type activities	<u>\$ 16,493,038</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, 2017 follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Total capital assets (net of accumulated depreciation)	\$ 553,929,651	\$ 320,799,652	\$ 874,729,303
Plus capital-related deferred outflows of resources	5,985,503	4,406,750	10,392,253
Less long-term debt	(246,407,611)	(86,027,433)	(332,435,044)
Plus unspent bond proceeds	43,078,882	5,826,075	48,904,957
Net investment in capital assets (net of related debt)	<u>\$ 356,586,425</u>	<u>\$ 245,005,044</u>	<u>\$ 601,591,469</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2017:

	Balance October 1, 2016	Additions	Refundings/ Retirements	Balance September 30, 2017	Due within one year
Governmental Activities					
General obligation bonds	\$ 149,540,000	\$ 28,585,000	\$ (7,510,000)	\$ 170,615,000	\$ 7,795,000
Certificates of obligation	27,095,000	-	(780,000)	26,315,000	795,000
Hotel tax revenue bonds	12,320,000	-	(645,000)	11,675,000	620,000
Sales tax revenue bonds	9,180,000	10,140,000	(1,780,000)	17,540,000	3,615,000
State infrastructure bank loans	11,527,387	-	(11,527,387)	-	-
Plus deferred amount:					
For issuance premium	15,088,834	2,652,531	(1,220,906)	16,520,459	1,291,642
For issuance discount	(115,748)	-	13,679	(102,069)	(13,679)
Lease purchase payable	4,746,029	-	(901,806)	3,844,223	1,135,381
Net pension liability	38,237,184	1,249,361	-	39,486,545	-
Compensated absences	6,992,295	4,040,206	(4,040,717)	6,991,784	4,684,495
Other post-employment benefits	3,201,091	970,358	(430,302)	3,741,147	-
Total governmental activities	<u>277,812,072</u>	<u>47,637,456</u>	<u>(28,822,439)</u>	<u>296,627,089</u>	<u>19,922,839</u>
Business-Type Activities					
Revenue bonds	84,675,000	-	(3,105,000)	81,570,000	3,190,000
Plus deferred amount:					
For issuance premium	4,689,624	-	(232,191)	4,457,433	232,191
Net pension liability	5,214,162	170,367	-	5,384,529	-
Compensated absences	529,023	568,613	(505,121)	592,515	468,087
Other post-employment benefits	406,642	132,322	(58,678)	480,286	-
Total business-type activities	<u>95,514,451</u>	<u>871,302</u>	<u>(3,900,990)</u>	<u>92,484,763</u>	<u>3,890,278</u>
Total government	<u>\$ 373,326,523</u>	<u>\$ 48,508,758</u>	<u>\$ (32,723,429)</u>	<u>\$ 389,111,852</u>	<u>\$ 23,813,117</u>

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Long-term debt at September 30, 2017 is comprised of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
General Obligation Bonds:		
\$ 18,575,000 2010 refunding bonds due in annual installments of \$ 140,000 to \$ 1,940,000 through 2027; interest at 2.0% to 4.0%	\$ 16,360,000	\$ -
\$ 19,580,000 2011 refunding bonds due in annual installments of \$ 405,000 to \$ 1,885,000 through 2027; interest at 2.0% to 4.0%	12,100,000	-
\$ 8,615,000 2013 refunding bonds due in annual installments of \$ 455,000 to \$ 925,000 through 2024; interest at 1.00% to 1.65%	5,020,000	-
\$ 10,465,000 2014A GO and refunding bonds due in annual installments of \$ 270,000 to \$ 1,740,000 through 2021; interest at 2.0% to 5.0%	5,595,000	-
\$ 66,885,000 2014 GO and refunding bonds due in annual installments of \$ -0- to \$ 4,790,000 through 2038; interest at 3.0% to 5.0%	66,885,000	-
\$ 32,465,000 2015 refunding bonds due in annual installments of \$ -0- to \$ 3,445,000 through 2032; interest at 4.0% to 5.0%	29,740,000	-
\$ 6,995,000 2016 refunding bonds due in annual installments of \$ -0- to \$ 755,000 through 2032; interest at 2.0% to 4.0%	6,330,000	-
\$ 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%	<u>28,585,000</u>	<u>-</u>
Total General Obligation Bonds	<u>170,615,000</u>	<u>-</u>
Certificates of Obligation:		
\$ 27,270,000 2014 Combination tax and revenue certificates of obligation due in installments of \$ 175,000 to \$ 1,700,000 through 2039; interest at 2.0% to 4.0%	<u>26,315,000</u>	<u>-</u>
Total Certificates of Obligation	<u>26,315,000</u>	<u>-</u>
Hotel Tax Revenue Bonds:		
\$ 7,715,000 2012 venue tax and hotel bonds due in annual installments of \$ 110,000 to \$ 590,000 through 2038; interest at 2.0% to 4.0%	7,250,000	-
\$ 4,455,000 2016 refunding bonds due in annual installments of \$ 30,000 to \$ 630,000 through 2025; interest at 2.0% to 4.0%	<u>4,425,000</u>	<u>-</u>
Total Hotel Tax Revenue Bonds	<u>11,675,000</u>	<u>-</u>
Sales Tax Revenue Bonds:		
\$ 10,930,000 2015 refunding bonds due in annual installments of \$ 1.75 to \$ 1.89 million through 2021 including interest at 1.56%	7,400,000	-
\$ 10,140,000 2017 refunding bonds due in annual installments of \$ 1.32 to \$ 1.92 million through 2023 including interest at 1.78%	<u>10,140,000</u>	<u>-</u>
Total Sales Tax Revenue Bonds	<u>17,540,000</u>	<u>-</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Utility System Revenue Bonds:		
\$ 12,000,000 2006 bonds due in annual installments of \$ 365,000 to \$ 835,000 through 2026; interest at 2.20% to 2.95%	-	6,740,000
\$ 78,785,000 2009 bonds due in annual installments of \$ 645,000 to \$ 4,455,000 through 2039; interest at 2.0% to 5.0%	-	32,440,000
\$ 8,000,000 2014 bonds due in annual installments of \$ -0- to \$ 585,000 through 2034; interest at 2.0% to 4.0%	-	7,360,000
\$ 35,185,000 2016 bonds due in annual installments of \$ 155,000 to \$ 3,400,000 through 2035; interest at 2.0% to 5.0%	-	35,030,000
Total Utility System Revenue Bonds	<u>-</u>	<u>81,570,000</u>
Issuance premium	16,520,459	4,457,433
Issuance discount	(102,069)	-
Lease purchases payable:		
\$ 5,700,000 leases due in semi-annual installments including interest ranging from 1.02% - 1.619% due in 2022. The lease obligation is funded with general revenue sources.	3,844,223	-
Net pension liability	39,486,545	5,384,529
Compensated absences	6,991,784	592,515
Other post-employment benefits	3,741,147	480,286
Total Primary Government Debt	<u><u>\$ 296,627,089</u></u>	<u><u>\$ 92,484,763</u></u>

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2017, including interest are as follows:

Governmental Activities:

<u>Year Ending September 30,</u>	<u>General and Certificates of Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 8,590,000	\$ 8,524,930	\$ 17,114,930
2019	10,875,000	7,958,566	18,833,566
2020	11,275,000	7,561,666	18,836,666
2021	10,580,000	7,088,944	17,668,944
2022	11,105,000	6,665,925	17,770,925
2023-2027	50,870,000	26,366,006	77,236,006
2028-2032	36,930,000	16,891,144	53,821,144
2033-2037	34,980,000	8,947,263	43,927,263
2038-2042	21,725,000	1,909,606	23,634,606
	<u><u>\$ 196,930,000</u></u>	<u><u>\$ 91,914,050</u></u>	<u><u>\$ 288,844,050</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Governmental Activities:

<u>Year Ending September 30,</u>	<u>Hotel Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 620,000	\$ 397,830	\$ 1,017,830
2019	630,000	382,805	1,012,805
2020	645,000	364,955	1,009,955
2021	665,000	343,280	1,008,280
2022	690,000	317,505	1,007,505
2023-2027	3,030,000	1,201,775	4,231,775
2028-2032	2,185,000	815,685	3,000,685
2033-2037	2,620,000	388,200	3,008,200
2038-2042	590,000	11,800	601,800
	<u>\$ 11,675,000</u>	<u>\$ 4,223,835</u>	<u>\$ 15,898,835</u>

<u>Year Ending September 30,</u>	<u>Sales Tax Revenue</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,615,000	\$ 315,485	\$ 3,930,485
2019	3,700,000	235,567	3,935,567
2020	3,750,000	173,755	3,923,755
2021	3,810,000	111,097	3,921,097
2022	1,320,000	47,437	1,367,437
2023-2027	1,345,000	23,941	1,368,941
	<u>\$ 17,540,000</u>	<u>\$ 907,282</u>	<u>\$ 18,447,282</u>

<u>Year Ending September 30,</u>	<u>Lease Purchases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,135,381	\$ 51,552	\$ 1,186,933
2019	1,152,270	34,663	1,186,933
2020	865,905	18,679	884,584
2021	458,923	7,636	466,559
2022	231,744	1,535	233,279
	<u>\$ 3,844,223</u>	<u>\$ 114,065</u>	<u>\$ 3,958,288</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

Business-Type Activities:

Year Ending September 30,	Utility System Revenue Bonds		
	Principal	Interest	Total
2018	\$ 3,190,000	\$ 3,153,554	\$ 6,343,554
2019	3,295,000	3,038,199	6,333,199
2020	3,415,000	2,897,619	6,312,619
2021	3,555,000	2,747,831	6,302,831
2022	3,675,000	2,614,694	6,289,694
2023-2027	18,980,000	10,958,184	29,938,184
2028-2032	17,915,000	7,910,619	25,825,619
2033-2037	18,845,000	4,810,550	23,655,550
2038-2042	8,700,000	657,750	9,357,750
	<u>\$ 81,570,000</u>	<u>\$ 38,789,000</u>	<u>\$ 120,359,000</u>

In prior years, the City defeased certain revenue and general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2017, there are no bonds outstanding which have been reported as defeased.

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

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

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

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

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

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

(1) UTILITY REVENUE BONDS

Utility revenue bonds are used to finance the acquisition and construction of major capital improvements to the City's water and sewer systems. The City is required by bond ordinances to pledge the net revenues of the waterworks and sewer system for the retirement of its outstanding revenue bonds, including interest thereon, and is required for such purposes to maintain debt service funds and bond reserve funds for all outstanding revenue bonds.

The debt service funds are restricted within the Enterprise Fund and require that net revenues of the City's waterworks and sewer system, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments which will accumulate to the semi-annual principal and interest requirements as they become due. For fiscal year 2017, net revenues available for debt service were 3.88 times the average annual debt service requirement.

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

(2) HOTEL TAX REVENUE BONDS

Hotel occupancy tax revenue bonds were issued to fund the City's portion of the convention center complex. The debt service fund for the hotel tax revenue bonds, aggregating \$703,624 at September 30, 2017, 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 \$816,630 at September 30, 2017. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires $\frac{1}{2}$ of the average annual debt service requirements of the bonds in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

(3) SALES TAX REVENUE BONDS

Sales tax revenue bonds have been issued to fund transportation improvements. The Round Rock Transportation and Economic Development Corporation issued the sales tax revenue bonds. The Corporation is a blended component unit of the City of Round Rock, which collects $\frac{1}{2}$ of 1% of the sales tax collected by the State on its behalf. Although the Corporation is presented as a blended component unit, none of the City's assets are pledged to payment of the bonds. The bonds are secured solely by a pledge of the revenues of the Round Rock Transportation and Economic Development Corporation.

The debt service fund for the sales tax revenue bonds, aggregating \$161,191 at September 30, 2017, is reported in the governmental funds. Bond covenants require that the Corporation's share of the sales tax is

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. LONG-TERM DEBT (CONTINUED)

pledged as security for the bonds. The Corporation provides monthly installments that accumulate to the semi-annual principal and interest requirements as they become due.

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

(4) 2017 REFUNDING/ISSUANCE

In May 2017, the City issued \$28,585,000 in General Obligation Bonds, Series 2017. The proceeds, along with a reoffering premium, will be used for City fire department facilities, City park and recreational purposes, City police and fire department training facilities and payment of costs to issue the bonds.

In July 2017, the City refunded the final portions of State Infrastructure Bank Loans. The net proceeds of the \$10,140,000 of Senior Lien Sales Tax Revenue Refunding Bonds (after payment of underwriting fees, insurance and other issuance costs) were deposited into an escrow account and held in cash to prepay the loan obligations. As a result, the refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements.

This refunding will reduce the total debt service payments over the next six (6) years by \$544,981, and will result in an economic gain (i.e. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$600,951.

G. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2017, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2016	\$ 6,992,295	\$ 529,023
Additions	4,040,206	568,613
Reductions	(4,040,717)	(505,121)
Balance, September 30, 2017	<u>\$ 6,991,784</u>	<u>\$ 592,515</u>

Accrued compensated absences due within one year were \$4,684,495 for governmental activities and \$468,087 for business-type activities. Liabilities for accrued compensated absences are funded from general fund revenue for the governmental activities and water and sewer fund and drainage fund program revenues for the business-type activities.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2017:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service Fund	\$ 920,305	\$ 2,952,191	\$ 158,512	\$ -	\$ -
Restricted by debt covenants - Round Rock Transportation and Economic Development Corporation Fund	3,887,443	32,207,673	-	1,426,712	45,461
2014 and 2017 General Obligation Bonds Fund	10,099,384	34,828,771	-	-	4,976
Nonmajor capital projects funds	1,428,265	2,292,242	-	-	3,236
Total Governmental Activities	\$ 16,335,397	\$ 72,280,877	\$ 158,512	\$ 1,426,712	\$ 53,673
	Cash & Cash Equivalents	Investments	Accounts Receivable	Accrued Interest Receivable	
Business-Type Activities:					
Water and Sewer Fund - Impact fees	\$ 788,425	\$ 6,532,141	\$ 710,916	\$ -	
Construction	4,965,888	6,185,976	-	-	
Customer deposits	1,052,930	-	-	-	
Revenue bond debt service	598,039	-	-	-	
Accrued interest receivable	-	-	-	19,337	
Total Business-Type Activities	\$ 7,405,282	\$ 12,718,117	\$ 710,916	\$ 19,337	

V. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Tax Collections

The City has a contract with Williamson and Travis counties tax offices to collect City taxes and deposit monies to the City's accounts. For this service, Williamson County was paid \$8,854 and Travis County was paid \$528 for the fiscal year ended September 30, 2017.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments for Road Construction

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

Water Supply Agreements

On May 2, 1978, the City entered into the "Water Supply Contract" with the Brazos River Authority (BRA), providing the City the right to purchase 6,720 acre-feet of water per year from Lake Georgetown. A new agreement, "System Water Availability Agreement for Lake Georgetown" dated September 1, 2001, replaced that agreement. The new agreement revised the rate methodology from a tiered system rate, wherein rates change based upon the City's consumption, to a level system rate. For the fiscal year ended September 30, 2017, the City's cost under this contract was \$483,840.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the BRA, wherein it received the right to purchase 8,134 acre-feet of water per year from Stillhouse Hollow Lake. Rights for an additional 10,000 acre-feet of water were acquired in the November 13, 1996 "System Water Supply Agreement". These agreements were replaced with the "System Water Availability Agreement for Stillhouse Hollow Lake" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet of water per year at the new system rate. For the fiscal year ended September 30, 2017, the City's cost under this contract was \$1,305,648.

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, 2017, the City's cost under these contracts was \$1,639,514.

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

Regional Wastewater Project

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

In September 2009, the Cities of Round Rock, Austin and Cedar Park entered into a Purchase Agreement with the LCRA wherein they agreed to buy the Brushy Creek Regional Wastewater System (BCRWWS) from the LCRA. The agreement outlined the proportional share that each city would purchase of the

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

wastewater transportation and treatment system. On December 8, 2009, the three cities purchased the BCRWWS assets and entered into a Master Contract for the Financing, Construction, Ownership and Operation of the BCRWWS. The Master Contract provided for the terms and conditions by which the cities would jointly own and operate the BCRWWS.

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

The BRA is contracted to provide operation of the system, for which each of the cities is invoiced relative to their system usage. For the fiscal year ended September 30, 2017, expenditures for operation of the regional facilities were \$3,967,125.

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

Other

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

Arbitrage Rebate

Due to requirements of the Tax Reform Act of 1986, the City annually contracts for the computations of arbitrage rebate requirements for the City's various bond issues. At September 30, 2017, the potential rebate was calculated at \$0.

Deferred Compensation Plan

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

A. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Tax Abatements

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

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Economic Development Property Tax	\$ 62,336
<u>Tax Rebate Program</u>	
Economic Development Property Tax	849,644
Sales Tax	6,212,331

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

B. RISK MANAGEMENT

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

B. RISK MANAGEMENT (CONTINUED)

Self-Funded Health Insurance Fund

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

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

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Balance at Year-End</u>
2015	\$ 605,912	\$ 8,351,468	\$ 8,535,401	\$ 421,979
2016	\$ 421,979	\$ 9,625,120	\$ 9,310,446	\$ 736,653
2017	\$ 736,653	\$ 10,077,914	\$ 10,067,501	\$ 747,066

C. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates as one of 872 plans in the non-traditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

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

Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	268
Inactive employees entitled to but not yet receiving benefits	347
Active employees	884
Total	<u>1,499</u>

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The City elected to contribute for calendar years 2016 and 2017 as follows:

	<u>2016</u>	<u>2017</u>
Total Retirement Rate	15.40%	15.55%
Supplemental Death Benefit	0.13%	0.13%
Total Combined Contribution	<u>15.53%</u>	<u>15.68%</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Accordingly, contributions to TMRS for the year ended September 30, 2017, were \$9,059,953, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Single Discount Rate

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2015	\$ 221,236,523	\$ 177,785,177	\$ 43,451,346
Changes for the year:			
Service cost	9,609,823	-	9,609,823
Interest	15,065,206	-	15,065,206
Difference between expected and actual experience	704,655	-	704,655
Changes of assumptions	-	-	-
Contributions - employer	-	8,302,118	(8,302,118)
Contributions - employee	-	3,779,341	(3,779,341)
Net investment income	-	12,021,503	(12,021,503)
Benefit payments, including refunds of employee contributions	(5,706,408)	(5,706,408)	-
Administrative expense	-	(135,695)	135,695
Other	-	(7,311)	7,311
Net changes	<u>19,673,276</u>	<u>18,253,548</u>	<u>1,419,728</u>
Balance at December 31, 2016	<u><u>\$ 240,909,799</u></u>	<u><u>\$ 196,038,725</u></u>	<u><u>\$ 44,871,074</u></u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's net pension liability	\$ 84,236,772	\$ 44,871,074	\$ 12,985,932

Pension Plan Fiduciary Net Position

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

For the year ended September 30, 2017, the City recognized pension expense of \$11,590,087. At September 30, 2017, 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	\$ 592,805	\$ 479,616
Difference between projected and actual investment earnings	7,844,988	16,804
Pension contributions after measurement date	7,111,989	-
Changes in actuarial assumptions used to determine pension liability	-	825,174
Total	<u>\$ 15,549,782</u>	<u>\$ 1,321,594</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$7,111,989 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2017 (i.e., recognized in the City's financial statements September 30, 2018). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2017	\$ 2,551,892
2018	2,551,891
2019	2,151,819
2020	(192,910)
2021	19,953
Thereafter	33,554
Total	<u>\$ 7,116,199</u>

Supplemental Death Benefits Fund

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

C. EMPLOYEE RETIREMENT PLAN (CONTINUED)

preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other post-employment benefit,” or OPEB. The City offers supplemental death benefits to both active employees and retirees for plan years 2017 and 2016.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance and represents 0.13% of required contributions. The City’s contributions to the SDBF for the years ended 2017, 2016, and 2015 were \$11,778, \$11,323, and \$10,272, 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 City also provides basic life and accidental death and dismemberment insurance for all eligible employees at no cost. The benefit is equal to the employee’s annual base earnings up to a maximum of \$100,000. This benefit is paid out to the beneficiaries in the event of the employee’s death.

D. OTHER POST-EMPLOYMENT BENEFITS

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

All retirees who are eligible to receive pension benefits under the City’s pension system and, for retirees, have at least five years of service with the City at the time of their retirement are eligible for other post-employment benefits. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate. Eligible dependents of the retiree include a legally married spouse and unmarried children dependent on the retiree for support. The children covered include children under age 26 and eligible disabled children beyond 26 years of age, if covered prior to age 26. A surviving spouse of a deceased retiree may continue medical coverage until the date the surviving spouse remarries, or until they are Medicare eligible. A surviving spouse of a deceased retiree may continue dental and/or vision coverage for 36 months by paying the entire premium plus a 2 percent administrative fee. Other surviving dependents of a deceased retiree may continue medical, dental, and/or vision coverage for 36 months by paying the entire premium plus a 2 percent administrative fee.

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

Other post-employment benefits are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense and corresponding revenue in the Internal Service Fund (self funded health insurance). Medical, dental and life insurance claims and premiums are reported in the Internal Service Fund. As of September 30, 2017 and September 30, 2016, this fund had adequate resources to fund the net OPEB obligation.

The City recognized the following liability in the financial statements at September 30, 2017. The City performed an actuarial valuation during fiscal year 2017. The annual required contribution and OPEB liability for fiscal year 2017 is based upon the October 1, 2017 biennial actuarial valuation.

The annual OPEB cost associated with the City's retiree benefits for the fiscal year ended September 30, 2017, is as follows:

	2016 Total	2017 Amounts		
		Governmental	Proprietary	Total
Annual required contribution	\$ 1,049,156	\$ 956,985	\$ 130,498	\$ 1,087,483
Interest on net OPEB obligation	140,557	142,866	19,482	162,348
Adjustment to annual required contribution	(127,400)	(129,493)	(17,658)	(147,151)
Annual OPEB cost	1,062,313	970,358	132,322	1,102,680
Contributions made	(578,066)	(430,302)	(58,678)	(488,980)
Change in net OPEB obligation	484,247	540,056	73,644	613,700
Beginning net OPEB obligation	3,123,486	3,201,091	406,642	3,607,733
Net OPEB obligation	<u>\$ 3,607,733</u>	<u>\$ 3,741,147</u>	<u>\$ 480,286</u>	<u>\$ 4,221,433</u>
Percentage of annual OPEB cost contributed	<u>54.4%</u>			<u>44.3%</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years is as follows:

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution Made	% of Annual Cost Contributed	Net OPEB Obligation
2015	\$ 937,133	\$ 495,926	52.90%	\$ 3,123,486
2016	\$ 1,062,313	\$ 578,066	54.42%	\$ 3,607,733
2017	\$ 1,102,680	\$ 488,980	44.30%	\$ 4,221,433

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

V. OTHER INFORMATION (CONTINUED)

D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial cost method and significant assumptions underlying the actuarial calculation are as follows:

Schedule of Actuarial Valuations

Actuarial Valuation Date	October 1, 2013	October 1, 2015	October 1, 2017
Actuarial Cost Methods	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent Open	Level Percent Open	Level Percent Open
Remaining Amortization Period	30 years	30 years	30 years
Inflation Rate	3.5%	3.5%	3.5%
Assumed Rate of			
Return on Investments	4.5%	4.5%	4.5%
Projected Salary Increases	3.0%	3.0%	3.0%
Post-retirement Benefit	10% in 2011,	10% in 2011,	10% in 2011,
Increases	decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021	decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021	decreasing 0.5% per year for ten years to an ultimate trend of 5% in 2021

Funded Status and Funding Progress:

As of October 1, 2017, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$12,201,040, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) for fiscal year 2017 was \$59,425,681, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 20.5%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, shows what percent of the liability is funded. Currently, the benefit has not been funded with contributions with plan assets so the funded ratio is 0%. Although not considered contributions under GASB Statement No. 45, the City has net position available for funding the OPEB liability.

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

V. OTHER INFORMATION (CONTINUED)

E. MUNICIPAL GOLF COURSE

Management Agreement

Management of the City's golf course has been performed by a private operator in accordance with the terms of a Management Agreement since 1989. Under that agreement, operations and management were handled independently by the operator with the City recording net revenues. The City exercised the early termination option on December 31, 2016.

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

F. SUBSEQUENT EVENTS

Capital Lease

In October 2017, the City secured a master lease agreement with Frost Bank in the amount of \$3,000,000 to lease/purchase various pieces of large equipment and rolling stock. The term of the lease is five (5) years.

Bond Issuance

In December 2017, the City issued Utility System Revenue Refunding Bonds, Series 2017, in the amount of \$33,410,000. Proceeds from the sale of the bonds will be used to refund certain of the City's Outstanding Parity Debt to achieve a debt service savings and to pay the costs of issuing the bonds. Standard and Poor's upgraded the City's utility debt to AAA, the highest credit rating possible. This rating helped increase the savings on the City's refunding to \$3 million.

BCRUA Contract Revenue Bonds

In November 2017, the Brushy Creek Regional Utility Authority issued approximately \$17 million of State Water Implementation Fund for Texas (SWIFT) notes payable, of which \$4,435,000 is the City's share. Proceeds from the sale of the bonds will be used to complete Phase 1C of the BCRUA expansion project which will provide necessary conveyance and treatment capacity until Phase 2 of the regional project is completed. The expansion will increase the plant capacity treatment from 17 million gallons per day (MGD) to 30 MGD.



**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017
(UNAUDITED)**

Schedule of Funding Progress

Plan	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Annual Covered Payroll	Percentage of UAAL to Covered Payroll
Other Post-Employment Benefits							
	10/01/2015	\$ -	\$ 11,162,966	\$ 11,162,966	0.0%	\$ 52,956,052	21.1%
	10/01/2016	\$ -	\$ 11,661,976	\$ 11,661,976	0.0%	\$ 56,923,747	20.5%
	10/01/2017	\$ -	\$ 12,201,040	\$ 12,201,040	0.0%	\$ 59,425,681	20.5%

See Independent Auditors' Report.

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017
(UNAUDITED)

Schedule of Changes in the Net Pension Liability and Related Ratios

Measurement period ending December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability			
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	<u>16,115,248</u>	<u>16,108,241</u>	<u>19,673,276</u>
Total Pension Liability - Beginning	<u>189,013,034</u>	<u>205,128,282</u>	<u>221,236,523</u>
Total Pension Liability - Ending (a)	<u>\$ 205,128,282</u>	<u>\$ 221,236,523</u>	<u>\$ 240,909,799</u>
Plan Fiduciary Net Position			
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	<u>14,833,909</u>	<u>6,438,322</u>	<u>18,253,548</u>
Plan Fiduciary Net Position - Beginning	<u>156,512,946</u>	<u>171,346,855</u>	<u>177,785,177</u>
Plan Fiduciary Net Position - Ending (b)	<u>171,346,855</u>	<u>177,785,177</u>	<u>196,038,725</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 33,781,427</u>	<u>\$ 43,451,346</u>	<u>\$ 44,871,074</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.53%	80.36%	81.37%
Covered Payroll	\$ 48,839,040	\$ 51,731,390	\$ 53,776,289
Net Pension Liability as a Percentage of Covered Payroll	69.17%	83.99%	83.44%

Notes to Schedule:

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

See Independent Auditors' Report.

**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017
(UNAUDITED)**

Schedule of Contributions

Fiscal year ending September 30,	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 8,077,742	\$ 8,507,987	\$ 8,897,294
Contributions in relation to the actuarially determined contribution	<u>8,193,478</u>	<u>8,739,633</u>	<u>9,059,953</u>
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	25 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

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

See Independent Auditors' Report.

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 980,262	\$ 227,715	\$ 1,207,977
Investments	8,099,569	1,886,627	9,986,196
Receivables -			
Accounts and other	528,333	-	528,333
Accrued interest	11,287	2,663	13,950
Interfund	76,032	-	76,032
Grants	31,648	-	31,648
Restricted assets -			
Cash and cash equivalents	-	1,428,265	1,428,265
Restricted investments	-	2,292,242	2,292,242
Restricted accrued interest	-	3,236	3,236
Total assets	<u>\$ 9,727,131</u>	<u>\$ 5,840,748</u>	<u>\$ 15,567,879</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable	\$ 162,241	\$ 336,917	\$ 499,158
Accrued payroll	53,979	-	53,979
Unearned revenue	-	1,093,432	1,093,432
Total liabilities	<u>216,220</u>	<u>1,430,349</u>	<u>1,646,569</u>
Fund balances -			
Restricted - authorized construction	-	3,393,866	3,393,866
Restricted - hotel-motel tax	6,526,672	-	6,526,672
Restricted - public safety	585,878	-	585,878
Restricted - general government	1,269,075	-	1,269,075
Committed - general government	124,703	-	124,703
Committed - capital projects funds	-	1,016,533	1,016,533
Assigned - culture and recreation	1,004,583	-	1,004,583
Total fund balances	<u>9,510,911</u>	<u>4,410,399</u>	<u>13,921,310</u>
Total liabilities and fund balances	<u>\$ 9,727,131</u>	<u>\$ 5,840,748</u>	<u>\$ 15,567,879</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues -			
Taxes and franchise	\$ 228,498	\$ -	\$ 228,498
Licenses, permits and fees	40,665	-	40,665
Charges for services	1,452,525	-	1,452,525
Fines and forfeitures	204,892	-	204,892
Grants	479,589	-	479,589
Hotel occupancy tax	5,515,163	-	5,515,163
Investment and other	152,377	302,859	455,236
Contributions	6,541	285,727	292,268
Total revenues	<u>8,080,250</u>	<u>588,586</u>	<u>8,668,836</u>
Expenditures -			
Current -			
General government	735,769	-	735,769
Public safety	244,852	-	244,852
Culture and recreation	2,957,278	-	2,957,278
Capital projects	-	10,762,716	10,762,716
Total expenditures	<u>3,937,899</u>	<u>10,762,716</u>	<u>14,700,615</u>
Excess (deficiency) of revenues over expenditures	<u>4,142,351</u>	<u>(10,174,130)</u>	<u>(6,031,779)</u>
Other financing sources (uses) -			
Transfers in	1,200,100	8,744,000	9,944,100
Transfers out	<u>(10,467,480)</u>	<u>(714,384)</u>	<u>(11,181,864)</u>
Total other financing sources (uses)	<u>(9,267,380)</u>	<u>8,029,616</u>	<u>(1,237,764)</u>
Net change in fund balances	<u>(5,125,029)</u>	<u>(2,144,514)</u>	<u>(7,269,543)</u>
Fund balances, October 1, 2016	<u>14,635,940</u>	<u>6,554,913</u>	<u>21,190,853</u>
Fund balances, September 30, 2017	<u><u>\$ 9,510,911</u></u>	<u><u>\$ 4,410,399</u></u>	<u><u>\$ 13,921,310</u></u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

Hotel - Motel Occupancy Tax Fund – To account for the levy and use of the 7% hotel – motel bed tax received. Proceeds from this tax are to be used toward tourism, community events, cultural enhancements and promotion of the City.

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

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

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

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

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

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

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

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

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Landscape
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 189,190	\$ 471,468	\$ 16,678
Investments	-	1,567,450	3,884,178	138,180
Receivables -				
Accounts and other	-	410,937	117,396	-
Accrued interest	-	2,212	5,483	195
Interfund	-	-	-	-
Grants	31,648	-	-	-
Total assets	<u>\$ 31,648</u>	<u>\$ 2,169,789</u>	<u>\$ 4,478,525</u>	<u>\$ 155,053</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities -				
Accounts payable	\$ 31,648	\$ 35,251	\$ 39,052	\$ 30,350
Accrued payroll	-	12,515	34,824	-
Total liabilities	<u>31,648</u>	<u>47,766</u>	<u>73,876</u>	<u>30,350</u>
Fund balances -				
Restricted - hotel-motel tax	-	2,122,023	4,404,649	-
Restricted - public safety	-	-	-	-
Restricted - general government	-	-	-	-
Committed - general government	-	-	-	124,703
Assigned - culture and recreation	-	-	-	-
Total fund balances	<u>-</u>	<u>2,122,023</u>	<u>4,404,649</u>	<u>124,703</u>
Total liabilities and fund balances	<u>\$ 31,648</u>	<u>\$ 2,169,789</u>	<u>\$ 4,478,525</u>	<u>\$ 155,053</u>

Library	Multipurpose Sports Complex	Municipal Court	Police	Public Education & Government	Traffic Safety Program	Total Nonmajor Special Revenue Funds
\$ 1,713	\$ 108,525	\$ 42,498	\$ 1,312	\$ 136,507	\$ 12,371	\$ 980,262
14,194	899,137	352,096	10,868	1,130,972	102,494	8,099,569
-	-	-	-	-	-	528,333
20	1,269	497	15	1,596	-	11,287
-	-	-	-	-	76,032	76,032
-	-	-	-	-	-	31,648
<u>\$ 15,927</u>	<u>\$ 1,008,931</u>	<u>\$ 395,091</u>	<u>\$ 12,195</u>	<u>\$ 1,269,075</u>	<u>\$ 190,897</u>	<u>\$ 9,727,131</u>
\$ -	\$ 13,635	\$ 125	\$ 12,180	\$ -	\$ -	\$ 162,241
-	6,640	-	-	-	-	53,979
-	20,275	125	12,180	-	-	216,220
-	-	-	-	-	-	6,526,672
-	-	394,966	15	-	190,897	585,878
-	-	-	-	1,269,075	-	1,269,075
-	-	-	-	-	-	124,703
15,927	988,656	-	-	-	-	1,004,583
<u>15,927</u>	<u>988,656</u>	<u>394,966</u>	<u>15</u>	<u>1,269,075</u>	<u>190,897</u>	<u>9,510,911</u>
<u>\$ 15,927</u>	<u>\$ 1,008,931</u>	<u>\$ 395,091</u>	<u>\$ 12,195</u>	<u>\$ 1,269,075</u>	<u>\$ 190,897</u>	<u>\$ 9,727,131</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Landscape
Revenues -				
Taxes and franchise	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	40,665
Charges for services	-	-	1,278,991	-
Fines and forfeitures	-	-	-	-
Grants	479,589	-	-	-
Hotel occupancy tax	-	4,289,595	1,225,568	-
Investment and other	11,377	31,320	79,185	1,656
Contributions	-	-	-	-
Total revenues	<u>490,966</u>	<u>4,320,915</u>	<u>2,583,744</u>	<u>42,321</u>
Expenditures -				
Current -				
General government	490,966	-	-	129,698
Public safety	-	-	-	-
Culture and recreation	-	914,898	1,649,319	-
Total expenditures	<u>490,966</u>	<u>914,898</u>	<u>1,649,319</u>	<u>129,698</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3,406,017</u>	<u>934,425</u>	<u>(87,377)</u>
Other financing sources (uses) -				
Transfers in	-	-	-	-
Transfers out	-	(10,094,000)	(373,480)	-
Total other financing sources (uses)	<u>-</u>	<u>(10,094,000)</u>	<u>(373,480)</u>	<u>-</u>
Net change in fund balances	-	(6,687,983)	560,945	(87,377)
Fund balances, October 1, 2016	<u>-</u>	<u>8,810,006</u>	<u>3,843,704</u>	<u>212,080</u>
Fund balances, September 30, 2017	<u><u>\$ -</u></u>	<u><u>\$ 2,122,023</u></u>	<u><u>\$ 4,404,649</u></u>	<u><u>\$ 124,703</u></u>

Library	Multipurpose Sports Complex	Municipal Court	Police	Public Education & Government	Traffic Safety Program	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 228,498	\$ -	\$ 228,498
-	-	-	-	-	-	40,665
-	173,534	-	-	-	-	1,452,525
-	-	108,559	96,333	-	-	204,892
-	-	-	-	-	-	479,589
-	-	-	-	-	-	5,515,163
151	5,151	3,319	9,115	11,103	-	152,377
6,541	-	-	-	-	-	6,541
6,692	178,685	111,878	105,448	239,601	-	8,080,250
-	-	63,420	-	51,685	-	735,769
-	-	-	244,774	-	78	244,852
3,032	390,029	-	-	-	-	2,957,278
3,032	390,029	63,420	244,774	51,685	78	3,937,899
3,660	(211,344)	48,458	(139,326)	187,916	(78)	4,142,351
-	1,200,000	-	-	-	100	1,200,100
-	-	-	-	-	-	(10,467,480)
-	1,200,000	-	-	-	100	(9,267,380)
3,660	988,656	48,458	(139,326)	187,916	22	(5,125,029)
12,267	-	346,508	139,341	1,081,159	190,875	14,635,940
\$ 15,927	\$ 988,656	\$ 394,966	\$ 15	\$ 1,269,075	\$ 190,897	\$ 9,510,911



NONMAJOR CAPITAL PROJECTS FUNDS

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

2004 & 2007 General Obligation Bonds Fund – To account for street, traffic safety and sidewalk improvement projects, improvements and equipment for police, fire and municipal office facilities.

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

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

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

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

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

**CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	2004 & 2007 General Obligation Bonds	2014 Series CO	Convention Center Complex
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables -			
Accrued interest	-	-	-
Restricted assets -			
Cash and cash equivalents	-	1,151,592	70,088
Restricted investments	-	-	580,679
Restricted accrued interest	-	-	820
Total assets	<u>\$ -</u>	<u>\$ 1,151,592</u>	<u>\$ 651,587</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities -			
Accounts payable	\$ -	\$ 103,063	\$ 1,262
Unearned revenue	-	-	-
Total liabilities	<u>-</u>	<u>103,063</u>	<u>1,262</u>
Fund balances -			
Restricted - authorized construction	-	1,048,529	650,325
Committed - capital projects funds	-	-	-
Total fund balances	<u>-</u>	<u>1,048,529</u>	<u>650,325</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,151,592</u>	<u>\$ 651,587</u>

<u>Park Development</u>	<u>Streets and Drainage</u>	<u>Tourism Development</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 149,961	\$ 77,754	\$ -	\$ 227,715
1,242,430	644,197	-	1,886,627
1,754	909	-	2,663
-	-	206,585	1,428,265
-	-	1,711,563	2,292,242
-	-	2,416	3,236
<u>\$ 1,394,145</u>	<u>\$ 722,860</u>	<u>\$ 1,920,564</u>	<u>\$ 5,840,748</u>
\$ 7,040	\$ -	\$ 225,552	\$ 336,917
<u>1,093,432</u>	<u>-</u>	<u>-</u>	<u>1,093,432</u>
<u>1,100,472</u>	<u>-</u>	<u>225,552</u>	<u>1,430,349</u>
-	-	1,695,012	3,393,866
<u>293,673</u>	<u>722,860</u>	<u>-</u>	<u>1,016,533</u>
<u>293,673</u>	<u>722,860</u>	<u>1,695,012</u>	<u>4,410,399</u>
<u>\$ 1,394,145</u>	<u>\$ 722,860</u>	<u>\$ 1,920,564</u>	<u>\$ 5,840,748</u>

CITY OF ROUND ROCK, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017

	2004 & 2007 General Obligation Bonds	2014 Series CO	Convention Center Complex
Revenues -			
Investment and other	\$ -	\$ 32,461	\$ 236,243
Contributions	-	-	218,968
Total revenues	-	32,461	455,211
Expenditures -			
Capital projects	87,552	3,013,530	2,075,445
Total expenditures	87,552	3,013,530	2,075,445
Excess (deficiency) of revenues over expenditures	(87,552)	(2,981,069)	(1,620,234)
Other financing sources (uses) -			
Transfers in	-	-	1,844,000
Transfers out	(275,509)	-	-
Total other financing sources (uses)	(275,509)	-	1,844,000
Net change in fund balances	(363,061)	(2,981,069)	223,766
Fund balances, October 1, 2016	363,061	4,029,598	426,559
Fund balances, September 30, 2017	<u>\$ -</u>	<u>\$ 1,048,529</u>	<u>\$ 650,325</u>

Park Development	Streets and Drainage	Tourism Development	Total Nonmajor Capital Projects Funds
\$ 12,246	\$ 9,540	\$ 12,369	\$ 302,859
66,759	-	-	285,727
79,005	9,540	12,369	588,586
66,759	-	5,519,430	10,762,716
66,759	-	5,519,430	10,762,716
12,246	9,540	(5,507,061)	(10,174,130)
-	-	6,900,000	8,744,000
-	(438,875)	-	(714,384)
-	(438,875)	6,900,000	8,029,616
12,246	(429,335)	1,392,939	(2,144,514)
281,427	1,152,195	302,073	6,554,913
\$ 293,673	\$ 722,860	\$ 1,695,012	\$ 4,410,399



**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, 2017
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>			<u>Variance - Positive (Negative)</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
Revenues -					
Taxes and franchise -					
Property tax	\$ 31,150,000	\$ 31,150,000	\$ 31,397,927	\$ 247,927	\$ 27,017,296
Penalty and interest	75,000	75,000	77,335	2,335	75,044
Sales tax	43,892,000	43,995,294	46,595,602	2,600,308	50,505,090
Franchise	6,865,000	6,865,000	6,875,050	10,050	6,910,979
Bingo tax	38,000	38,000	38,156	156	38,759
Mixed drink tax	450,000	450,000	589,008	139,008	527,953
Total taxes and franchise	82,470,000	82,573,294	85,573,078	2,999,784	85,075,121
Licenses, permits and fees -					
Building permits	451,000	491,643	663,161	171,518	614,937
Other permits	36,000	36,000	47,750	11,750	50,533
Fees	746,600	746,600	894,501	147,901	1,172,838
Total licenses, permits, and fees	1,233,600	1,274,243	1,605,412	331,169	1,838,308
Charges for services -					
Trash collection fees	1,303,000	1,303,000	1,261,138	(41,862)	1,297,118
Swimming pool fees	908,000	908,000	1,220,042	312,042	1,090,494
Recreation program fees	2,165,000	2,165,000	2,214,546	49,546	2,264,562
Filing and reproduction fees	25,000	25,000	27,598	2,598	27,410
Other	151,600	151,600	131,528	(20,072)	177,208
Total charges for services	4,552,600	4,552,600	4,854,852	302,252	4,856,792
Fines and forfeitures	1,115,000	1,115,000	1,235,903	120,903	1,339,334
Grants	365,000	365,000	649,921	284,921	470,988
Investment and other -					
Investment income	300,000	300,000	518,868	218,868	373,585
Other	4,081,300	4,081,300	4,608,876	527,576	5,132,945
Total investment and other	4,381,300	4,381,300	5,127,744	746,444	5,506,530
Total revenues	94,117,500	94,261,437	99,046,910	4,785,473	99,087,073

CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts			Variance - Positive (Negative)	2016 Actual
	Original	Final	Actual		
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 13,499,707	\$ 11,211,854	\$ 11,211,849	\$ 5	\$ 10,128,213
Contractual services	4,619,337	4,456,057	4,262,965	193,092	3,879,733
Supplies and materials	747,224	738,352	723,906	14,446	713,094
Other services and charges	2,643,771	2,515,381	2,079,888	435,493	8,168,563
Capital outlay	93,000	115,377	80,501	34,876	65,568
Total executive	21,603,039	19,037,021	18,359,109	677,912	22,955,171
Judicial -					
Personnel services	786,102	813,958	742,752	71,206	740,218
Contractual services	60,992	60,992	51,989	9,003	46,024
Supplies and materials	17,340	17,340	11,211	6,129	15,810
Other services and charges	12,310	12,310	6,824	5,486	6,911
Total judicial	876,744	904,600	812,776	91,824	808,963
Total general government	22,479,783	19,941,621	19,171,885	769,736	23,764,134
Public safety					
Police -					
Personnel services	24,412,786	24,706,337	24,706,332	5	23,639,739
Contractual services	795,097	864,832	864,832	-	903,824
Supplies and materials	1,981,567	1,667,243	1,664,289	2,954	1,348,856
Other services and charges	1,221,361	1,204,361	1,186,390	17,971	937,028
Capital outlay	140,181	334,370	310,635	23,735	8,495
Total police	28,550,992	28,777,143	28,732,478	44,665	26,837,942
Fire -					
Personnel services	15,149,205	16,942,371	16,942,371	-	15,216,099
Contractual services	405,630	371,108	371,108	-	339,587
Supplies and materials	1,086,557	1,148,958	1,148,958	-	1,059,084
Other services and charges	188,334	156,117	156,117	-	156,440
Capital outlay	22,000	-	-	-	76,775
Total fire	16,851,726	18,618,554	18,618,554	-	16,847,985
Total public safety	45,402,718	47,395,697	47,351,032	44,665	43,685,927

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts			Variance - Positive (Negative)	2016 Actual
	Original	Final	Actual		
Expenditures - (cont'd)					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 3,431,114	\$ 3,270,012	\$ 3,270,012	\$ -	\$ 3,236,231
Contractual services	173,210	203,300	203,298	2	128,934
Supplies and materials	917,009	917,379	829,068	88,311	720,639
Other services and charges	1,125,340	1,041,300	906,666	134,634	813,386
Capital outlay	-	47,895	47,895	-	31,975
Total administration	5,646,673	5,479,886	5,256,939	222,947	4,931,165
Streets -					
Personnel services	2,060,698	2,122,912	2,122,906	6	1,937,976
Contractual services	5,267,432	2,168,272	1,552,458	615,814	1,400,444
Supplies and materials	870,255	870,255	791,545	78,710	733,937
Other services and charges	45,153	45,153	18,109	27,044	17,880
Capital outlay	186,000	186,000	113,565	72,435	232,429
Total streets	8,429,538	5,392,592	4,598,583	794,009	4,322,666
Maintenance shop -					
Personnel services	1,324,830	1,359,903	1,304,834	55,069	1,225,516
Contractual services	45,197	45,197	43,701	1,496	37,029
Supplies and materials	121,110	128,915	128,914	1	129,303
Other services and charges	21,375	21,375	18,440	2,935	22,940
Capital outlay	20,000	90,000	83,026	6,974	-
Total maintenance shop	1,532,512	1,645,390	1,578,915	66,475	1,414,788
Total public works	15,608,723	12,517,868	11,434,437	1,083,431	10,668,619

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2016**

	<u>Budgeted Amounts</u>			<u>Variance -</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>	<u>2016</u>
				<u>(Negative)</u>	<u>Actual</u>
Expenditures - (cont'd)					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 1,936,802	\$ 2,078,414	\$ 2,078,413	\$ 1	\$ 1,940,132
Contractual services	160,025	133,813	133,813	-	132,561
Supplies and materials	375,416	331,568	331,568	-	328,935
Other services and charges	198,033	193,751	192,662	1,089	201,632
Culture-Library-capital outlay	-	17,495	17,495	-	-
Total library	<u>2,670,276</u>	<u>2,755,041</u>	<u>2,753,951</u>	<u>1,090</u>	<u>2,603,260</u>
Parks and recreation -					
Personnel services	7,337,232	7,818,576	7,818,576	-	6,877,096
Contractual services	1,798,529	1,609,747	1,609,747	-	1,637,709
Supplies and materials	1,455,488	1,649,731	1,649,731	-	1,471,239
Other services and charges	262,185	307,286	307,286	-	314,164
Capital outlay	<u>97,000</u>	<u>123,131</u>	<u>123,131</u>	<u>-</u>	<u>107,243</u>
Total parks and recreation	<u>10,950,434</u>	<u>11,508,471</u>	<u>11,508,471</u>	<u>-</u>	<u>10,407,451</u>
Total culture and recreation	<u>13,620,710</u>	<u>14,263,512</u>	<u>14,262,422</u>	<u>1,090</u>	<u>13,010,711</u>
Total expenditures	<u>97,111,934</u>	<u>94,118,698</u>	<u>92,219,776</u>	<u>1,898,922</u>	<u>91,129,391</u>
Excess (deficiency) of revenues over expenditures	<u>(2,994,434)</u>	<u>142,739</u>	<u>6,827,134</u>	<u>6,684,395</u>	<u>7,957,682</u>
Other financing sources (uses) -					
Transfers in	3,355,800	3,355,800	3,355,800	-	3,290,000
Transfers out	<u>(9,600,000)</u>	<u>(12,725,000)</u>	<u>(12,660,934)</u>	<u>64,066</u>	<u>(9,155,808)</u>
Total other financing sources (uses)	<u>(6,244,200)</u>	<u>(9,369,200)</u>	<u>(9,305,134)</u>	<u>64,066</u>	<u>(5,865,808)</u>
Net change in fund balances	<u>\$ (9,238,634)</u>	<u>\$ (9,226,461)</u>	<u>(2,478,000)</u>	<u>\$ 6,748,461</u>	<u>2,091,874</u>
Fund balance, October 1, 2016			<u>52,800,084</u>		<u>50,708,210</u>
Fund balance, September 30, 2017			<u>\$ 50,322,084</u>		<u>\$ 52,800,084</u>

**CITY OF ROUND ROCK, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Revenues -				
Taxes and franchise	\$ 17,362,000	\$ 17,362,000	\$ 17,726,552	\$ 364,552
Investment and other	5,000	5,000	101,787	96,787
Total revenues	17,367,000	17,367,000	17,828,339	461,339
Expenditures				
Debt service -				
Principal retirement	10,201,542	14,215,049	13,287,160	927,889
Interest and fiscal charges	7,462,625	8,306,767	8,306,767	-
Payment to refunding agent	10,050,443	10,050,443	10,050,443	-
Issuance costs	86,311	86,311	86,311	-
Total expenditures	27,800,921	32,658,570	31,730,681	927,889
Excess (deficiency) of revenues over expenditures	(10,433,921)	(15,291,570)	(13,902,342)	1,389,228
Other financing sources (uses) -				
Issuance of refunding bonds	10,140,000	10,140,000	10,140,000	-
Transfers in	4,330,400	4,330,400	4,893,679	563,279
Total other financing sources (uses)	14,470,400	14,470,400	15,033,679	563,279
Net change in fund balances	\$ 4,036,479	\$ (821,170)	1,131,337	\$ 1,952,507
Fund balance, October 1, 2016			2,749,645	
Fund balance, September 30, 2017			\$ 3,880,982	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Grants	\$ 479,589	\$ 479,589	\$ 479,589	\$ -
Investment and other	11,377	11,377	11,377	-
Total revenues	490,966	490,966	490,966	-
Expenditures -				
Current -				
General government-				
Supplies and materials	9,929	9,929	9,929	-
Other services and charges	209,150	209,150	209,150	-
Capital outlay	271,887	271,887	271,887	-
Total expenditures	490,966	490,966	490,966	-
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balance, October 1, 2016			-	
Fund balance, September 30, 2017			\$ -	

**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, 2017**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Charges for services	\$ 110,000	\$ 110,000	\$ -	\$ (110,000)
Hotel occupancy tax	4,100,000	4,100,000	4,289,595	189,595
Investment and other	20,000	20,000	31,320	11,320
Contributions	20,000	20,000	-	(20,000)
Total revenues	4,250,000	4,250,000	4,320,915	70,915
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	465,643	465,643	374,024	91,619
Contractual services	426,552	426,552	260,559	165,993
Supplies and materials	44,780	44,780	3,522	41,258
Other services and charges	607,123	607,123	276,793	330,330
Total expenditures	1,544,098	1,544,098	914,898	629,200
Excess (deficiency) of revenues over expenditures	2,705,902	2,705,902	3,406,017	700,115
Other financing sources (uses) -				
Transfers out	(6,173,237)	(10,094,000)	(10,094,000)	-
Total other financing sources (uses)	(6,173,237)	(10,094,000)	(10,094,000)	-
Net change in fund balances	\$ (3,467,335)	\$ (7,388,098)	(6,687,983)	\$ 700,115
Fund balance, October 1, 2016			8,810,006	
Fund balance, September 30, 2017			\$ 2,122,023	

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, 2017

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Charges for services	\$ 1,030,000	\$ 1,030,000	\$ 1,278,991	\$ 248,991
Hotel occupancy tax	1,110,000	1,110,000	1,225,568	115,568
Investment and other	54,000	54,000	79,185	25,185
Total revenues	2,194,000	2,194,000	2,583,744	389,744
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	773,882	1,022,392	1,022,389	3
Contractual services	404,800	304,800	289,493	15,307
Supplies and materials	276,335	267,825	260,518	7,307
Other services and charges	88,100	48,100	47,712	388
Capital outlay	150,000	50,000	29,207	20,793
Total expenditures	1,693,117	1,693,117	1,649,319	43,798
Excess (deficiency) of revenues over expenditures	500,883	500,883	934,425	433,542
Other financing sources (uses) -				
Transfers out	(373,480)	(373,480)	(373,480)	-
Total other financing sources (uses)	(373,480)	(373,480)	(373,480)	-
Net change in fund balances	\$ 127,403	\$ 127,403	560,945	\$ 433,542
Fund balance, October 1, 2016			3,843,704	
Fund balance, September 30, 2017			\$ 4,404,649	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LANDSCAPE FUND
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Licenses, permits and fees	\$ 35,000	\$ 35,000	\$ 40,665	\$ 5,665
Investment and other	100	100	1,656	1,556
Contributions	1,000	1,000	-	(1,000)
Total revenues	36,100	36,100	42,321	6,221
Expenditures -				
Current -				
General government-				
Supplies and materials	205,204	205,204	129,698	75,506
Total expenditures	205,204	205,204	129,698	75,506
Net change in fund balances	<u>\$ (169,104)</u>	<u>\$ (169,104)</u>	(87,377)	<u>\$ 81,727</u>
Fund balance, October 1, 2016			212,080	
Fund balance, September 30, 2017			<u>\$ 124,703</u>	

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Investment and other	\$ 10	\$ 10	\$ 151	\$ 141
Contributions	3,000	3,000	6,541	3,541
Total revenues	3,010	3,010	6,692	3,682
Expenditures -				
Current -				
General government-				
Supplies and materials	2,400	3,050	3,032	18
Other services and charges	14,634	13,984	-	13,984
Total expenditures	17,034	17,034	3,032	14,002
Net change in fund balances	\$ (14,024)	\$ (14,024)	3,660	\$ 17,684
Fund balance, October 1, 2016			12,267	
Fund balance, September 30, 2017			\$ 15,927	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
MULTIPURPOSE SPORTS COMPLEX
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Charges for services	\$ 157,808	\$ 157,808	\$ 173,534	\$ 15,726
Investment and other	-	-	5,151	5,151
Total revenues	157,808	157,808	178,685	20,877
Expenditures -				
Personnel services	294,688	226,988	139,068	87,920
Contractual services	100,529	100,529	50,568	49,961
Supplies and materials	93,336	161,036	161,007	29
Other services and charges	52,650	52,650	36,886	15,764
Capital outlay	43,500	43,500	2,500	41,000
Total expenditures	584,703	584,703	390,029	194,674
Excess (deficiency) of revenues over expenditures	(426,895)	(426,895)	(211,344)	215,551
Other financing sources (uses) -				
Transfers in	1,200,000	1,200,000	1,200,000	-
Total other financing sources (uses)	1,200,000	1,200,000	1,200,000	-
Net change in fund balances	\$ 773,105	\$ 773,105	988,656	\$ 215,551
Fund balance, October 1, 2016			-	
Fund balance, September 30, 2017			\$ 988,656	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
MUNICIPAL COURT FUND
YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Fines and forfeitures	\$ 80,000	\$ 80,000	\$ 108,559	\$ 28,559
Investment and other	150	150	3,319	3,169
Total revenues	80,150	80,150	111,878	31,728
Expenditures -				
Current -				
General government-				
Supplies and materials	99,550	99,550	52,000	47,550
Other services and charges	284,853	274,553	1,164	273,389
Capital outlay	-	10,300	10,256	44
Total expenditures	384,403	384,403	63,420	320,983
Excess (deficiency) of revenues over expenditures	(304,253)	(304,253)	48,458	352,711
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>\$ (356,253)</u>	<u>\$ (356,253)</u>	48,458	<u>\$ 404,711</u>
Fund balance, October 1, 2016			346,508	
Fund balance, September 30, 2017			<u>\$ 394,966</u>	

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
POLICE FUND
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts			Variance-
	Original	Final	Actual	Positive (Negative)
Revenues -				
Fines and forfeitures	\$ 240,000	\$ 240,000	\$ 96,333	\$ (143,667)
Investment and other	50	50	9,115	9,065
Total revenues	240,050	240,050	105,448	(134,602)
Expenditures -				
Current -				
Public safety-				
Supplies and materials	-	609	609	-
Capital outlay	402,397	401,788	244,165	157,623
Total expenditures	402,397	402,397	244,774	157,623
Net change in fund balances	\$ (162,347)	\$ (162,347)	(139,326)	\$ 23,021
Fund balance, October 1, 2016			139,341	
Fund balance, September 30, 2017			\$ 15	

**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, 2017**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise	\$ 240,000	\$ 240,000	\$ 228,498	\$ (11,502)
Investment and other	50	50	11,103	11,053
Total revenues	240,050	240,050	239,601	(449)
Expenditures -				
Current -				
General Government-				
Capital outlay	685,000	685,000	51,685	633,315
Total expenditures	685,000	685,000	51,685	633,315
Net change in fund balances	<u>\$ (444,950)</u>	<u>\$ (444,950)</u>	187,916	<u>\$ 632,866</u>
Fund balance, October 1, 2016			<u>1,081,159</u>	
Fund balance, September 30, 2017			<u>\$ 1,269,075</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
TRAFFIC SAFETY PROGRAM FUND
YEAR ENDED SEPTEMBER 30, 2017**

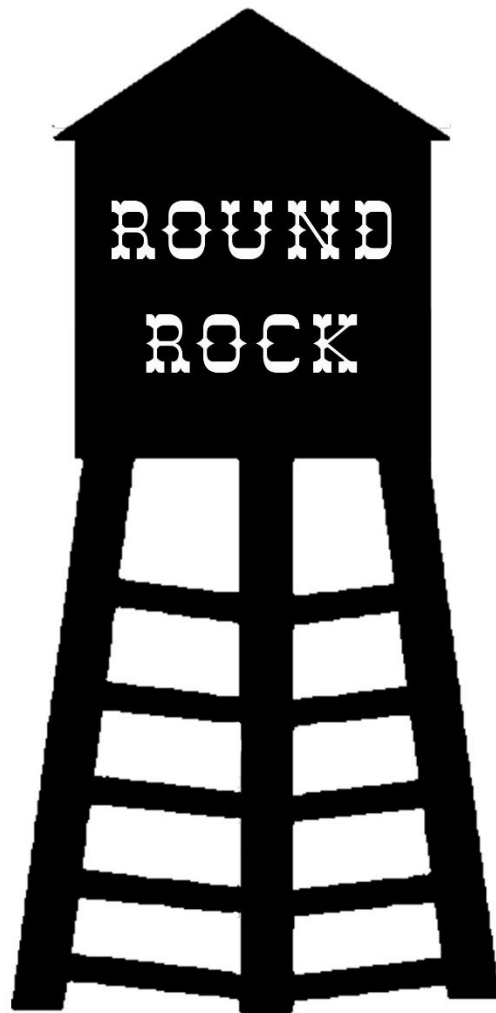
	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Expenditures -				
Current -				
Other services and charges	\$ 130,239	\$ 130,239	\$ 78	\$ 130,161
Total expenditures	130,239	130,239	78	130,161
Excess (deficiency) of revenues over expenditures	(130,239)	(130,239)	(78)	130,161
Other financing sources (uses) -				
Transfers in	-	-	100	100
Total other financing sources (uses)	-	-	100	100
Net change in fund balances	<u>\$ (130,239)</u>	<u>\$ (130,239)</u>	22	<u>\$ 130,261</u>
Fund balance, October 1, 2016			190,875	
Fund balance, September 30, 2017			<u>\$ 190,897</u>	

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

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2017

Capital assets -	
Land	\$ 82,456,114
Construction in progress	40,652,849
Buildings and improvements	801,665,286
Equipment	<u>81,237,374</u>
	<u>\$ 1,006,011,623</u>
Investment in capital assets from -	
Capital projects funds -	
General obligation bonds	\$ 314,365,644
Federal grants	4,631,065
State grants	1,008,753
General fund revenues	188,408,962
Special revenue fund revenues	163,123,505
Hotel occupancy tax revenues	45,567,733
Gifts	288,189,052
Special assessments	<u>716,909</u>
	<u>\$ 1,006,011,623</u>

STATISTICAL SECTION





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

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	142
Revenue Capacity	
These schedules contain information to help the reader assess the City’s significant local revenue sources, the property and sales tax.	152
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City’s currently outstanding debt and the City’s ability to issue additional debt in the future.	162
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader Understand the environment within which the City’s financial activities take place.	171
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.	173

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities-				
Net investment in capital assets	\$ 212,133,161	\$ 244,059,034	\$ 248,153,129	\$ 245,403,528
Restricted	60,414,392	59,433,510	61,882,505	66,810,986
Unrestricted	<u>77,912,630</u>	<u>74,490,409</u>	<u>76,111,460</u>	<u>77,864,804</u>
Total governmental activities net position	<u>\$ 350,460,183</u>	<u>\$ 377,982,953</u>	<u>\$ 386,147,094</u>	<u>\$ 390,079,318</u>
Business-type activities-				
Net investment in capital assets	\$ 219,607,998	\$ 217,990,010	\$ 210,960,047	\$ 213,536,543
Restricted	14,376,789	15,571,119	9,125,932	11,984,130
Unrestricted	<u>53,228,109</u>	<u>66,770,620</u>	<u>85,930,757</u>	<u>95,693,542</u>
Total business-type activities net position	<u>\$ 287,212,896</u>	<u>\$ 300,331,749</u>	<u>\$ 306,016,736</u>	<u>\$ 321,214,215</u>
Primary government-				
Net investment in capital assets	\$ 431,741,159	\$ 462,049,044	\$ 459,113,176	\$ 458,940,071
Restricted	74,791,181	75,004,629	71,008,437	78,795,116
Unrestricted	<u>131,140,739</u>	<u>141,261,029</u>	<u>162,042,217</u>	<u>173,558,346</u>
Total primary government net position	<u>\$ 637,673,079</u>	<u>\$ 678,314,702</u>	<u>\$ 692,163,830</u>	<u>\$ 711,293,533</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 252,984,681	\$ 295,777,997	\$ 303,977,353	\$ 299,730,557	\$ 310,185,706	\$ 356,586,425
72,780,050	42,970,091	43,974,370	48,019,726	51,813,118	48,954,352
<u>76,870,782</u>	<u>74,833,175</u>	<u>44,713,408</u>	<u>53,355,360</u>	<u>52,451,939</u>	<u>37,653,213</u>
<u>\$ 402,635,513</u>	<u>\$ 413,581,263</u>	<u>\$ 392,665,131</u>	<u>\$ 401,105,643</u>	<u>\$ 414,450,763</u>	<u>\$ 443,193,990</u>
\$ 212,883,311	\$ 214,178,908	\$ 221,062,599	\$ 228,866,895	\$ 234,981,264	\$ 245,005,044
13,994,028	6,868,062	7,764,750	19,215,972	15,275,659	19,800,722
<u>104,985,805</u>	<u>116,650,981</u>	<u>114,901,064</u>	<u>110,519,279</u>	<u>126,490,054</u>	<u>127,836,829</u>
<u>\$ 331,863,144</u>	<u>\$ 337,697,951</u>	<u>\$ 343,728,413</u>	<u>\$ 358,602,146</u>	<u>\$ 376,746,977</u>	<u>\$ 392,642,595</u>
\$ 465,867,992	\$ 509,956,905	\$ 525,039,952	\$ 528,597,452	\$ 545,166,970	\$ 601,591,469
86,774,078	49,838,153	51,739,120	67,235,698	67,088,777	68,755,074
<u>181,856,587</u>	<u>191,484,156</u>	<u>159,614,472</u>	<u>163,874,639</u>	<u>178,941,993</u>	<u>165,490,042</u>
<u>\$ 734,498,657</u>	<u>\$ 751,279,214</u>	<u>\$ 736,393,544</u>	<u>\$ 759,707,789</u>	<u>\$ 791,197,740</u>	<u>\$ 835,836,585</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses:				
Governmental activities-				
General government	\$ 24,154,706	\$ 24,856,934	\$ 27,064,905	\$ 28,487,648
Public safety	34,541,169	37,104,418	36,688,203	39,140,352
Public works	55,835,912	13,955,375	29,053,781	36,442,333
Culture and recreation	12,842,679	16,433,602	14,260,057	14,514,561
Interest on long-term debt	9,353,621	9,410,388	9,394,116	8,608,399
Issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities expenses	<u>136,728,087</u>	<u>101,760,717</u>	<u>116,461,062</u>	<u>127,193,293</u>
Business-type activities-				
Water and sewer utility	33,032,588	37,178,011	37,623,591	38,602,875
Golf course	<u>185,659</u>	<u>182,521</u>	<u>192,595</u>	<u>174,149</u>
Total business-type activities expenses	<u>33,218,247</u>	<u>37,360,532</u>	<u>37,816,186</u>	<u>38,777,024</u>
Total primary government expenses	<u>169,946,334</u>	<u>139,121,249</u>	<u>154,277,248</u>	<u>165,970,317</u>
Program revenues:				
Governmental activities-				
Charges for services-				
General government	1,941,519	3,820,455	3,927,379	3,519,857
Public safety	3,197,900	3,646,892	4,150,577	4,295,283
Public works	1,295,783	877,676	836,169	2,032,530
Culture and recreation	2,721,570	2,503,925	2,531,989	3,136,422
Operating grants and contributions	1,097,733	1,064,411	932,879	1,130,628
Capital grants and contributions	<u>3,825,335</u>	<u>14,083,063</u>	<u>7,634,857</u>	<u>9,257,876</u>
Total governmental activities program revenues	<u>14,079,840</u>	<u>25,996,422</u>	<u>20,013,850</u>	<u>23,372,596</u>
Business-type activities-				
Charges for services-				
Water and sewer utility	35,060,024	37,802,909	37,512,213	44,922,715
Golf course	474,353	485,972	349,424	431,413
Capital grants and contributions	<u>13,967,314</u>	<u>12,490,491</u>	<u>6,014,265</u>	<u>9,518,890</u>
Total business-type activities program revenues	<u>49,501,691</u>	<u>50,779,372</u>	<u>43,875,902</u>	<u>54,873,018</u>
Total primary government program revenues	<u>63,581,531</u>	<u>76,775,794</u>	<u>63,889,752</u>	<u>78,245,614</u>
Net (expense) revenue-				
Governmental activities	(122,648,247)	(75,764,295)	(96,447,212)	(103,820,697)
Business-type activities	<u>16,283,444</u>	<u>13,418,840</u>	<u>6,059,716</u>	<u>16,095,994</u>
Total primary government net expense	<u>\$ (106,364,803)</u>	<u>\$ (62,345,455)</u>	<u>\$ (90,387,496)</u>	<u>\$ (87,724,703)</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 30,406,768	\$ 27,923,780	\$ 28,050,936	\$ 27,917,481	\$ 28,204,761	\$ 24,441,262
40,944,978	41,842,363	45,283,826	45,236,987	49,439,902	52,243,460
29,295,041	31,215,489	33,537,533	33,412,841	33,448,357	34,359,785
15,069,456	15,702,435	18,024,001	19,202,557	20,885,009	24,130,067
7,144,755	6,915,772	8,478,700	8,118,490	8,294,279	8,075,351
-	-	-	942,596	229,245	423,510
<u>122,860,998</u>	<u>123,599,839</u>	<u>133,374,996</u>	<u>134,830,952</u>	<u>140,501,553</u>	<u>143,673,435</u>
38,842,107	42,657,792	44,605,155	46,069,705	47,947,818	49,400,833
157,135	141,153	71,090	144,993	133,270	1,857,334
<u>38,999,242</u>	<u>42,798,945</u>	<u>44,676,245</u>	<u>46,214,698</u>	<u>48,081,088</u>	<u>51,258,167</u>
<u>161,860,240</u>	<u>166,398,784</u>	<u>178,051,241</u>	<u>181,045,650</u>	<u>188,582,641</u>	<u>194,931,602</u>
3,104,355	2,822,715	2,559,380	2,168,842	2,258,333	2,174,874
4,215,243	3,248,867	2,652,480	2,461,782	1,669,550	1,478,161
2,760,386	2,942,382	726,785	749,524	742,437	607,398
2,737,969	2,844,842	3,032,109	3,288,970	3,919,254	5,133,816
1,135,386	829,367	1,042,301	1,199,574	946,604	1,202,810
9,782,214	5,310,541	5,901,038	4,234,018	8,013,039	5,958,205
<u>23,735,553</u>	<u>17,998,714</u>	<u>15,914,093</u>	<u>14,102,710</u>	<u>17,549,217</u>	<u>16,555,264</u>
43,327,656	43,094,185	43,705,878	45,898,090	48,653,788	51,980,615
480,116	522,169	382,081	320,846	360,371	733,883
<u>7,533,264</u>	<u>6,514,369</u>	<u>10,226,302</u>	<u>17,742,568</u>	<u>19,607,086</u>	<u>15,642,381</u>
<u>51,341,036</u>	<u>50,130,723</u>	<u>54,314,261</u>	<u>63,961,504</u>	<u>68,621,245</u>	<u>68,356,879</u>
<u>75,076,589</u>	<u>68,129,437</u>	<u>70,228,354</u>	<u>78,064,214</u>	<u>86,170,462</u>	<u>84,912,143</u>
(99,125,445)	(105,601,125)	(117,460,903)	(120,728,242)	(122,952,336)	(127,118,171)
<u>12,341,794</u>	<u>7,331,778</u>	<u>9,638,016</u>	<u>17,746,806</u>	<u>20,540,157</u>	<u>17,098,712</u>
<u>\$ (86,783,651)</u>	<u>\$ (98,269,347)</u>	<u>\$ (107,822,887)</u>	<u>\$ (102,981,436)</u>	<u>\$ (102,412,179)</u>	<u>\$ (110,019,459)</u>

(CONTINUED)

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General revenues and other changes in net position:				
Governmental activities-				
Taxes-				
Property	\$ 27,560,939	\$ 29,867,765	\$ 33,040,085	\$ 33,578,991
Franchise	5,748,333	6,213,263	5,934,540	6,221,790
Sales	64,038,208	58,777,622	59,545,288	61,734,643
Hotel occupancy	2,939,352	2,394,145	2,291,326	2,684,046
Public service	286,179	315,739	327,723	352,159
Rent	-	-	-	-
Investment earnings and other	8,220,228	4,112,703	1,365,802	988,222
Miscellaneous	257,495	-	-	-
Transfers	<u>2,291,695</u>	<u>1,605,828</u>	<u>2,106,589</u>	<u>2,193,070</u>
 Total governmental activities	 <u>111,342,429</u>	 <u>103,287,065</u>	 <u>104,611,353</u>	 <u>107,752,921</u>
 Business-type activities-				
Investment earnings	1,618,492	1,305,841	1,731,860	1,294,555
Transfers	<u>(2,291,695)</u>	<u>(1,605,828)</u>	<u>(2,106,589)</u>	<u>(2,193,070)</u>
 Total business-type activities	 <u>(673,203)</u>	 <u>(299,987)</u>	 <u>(374,729)</u>	 <u>(898,515)</u>
 Total primary government	 <u>110,669,226</u>	 <u>102,987,078</u>	 <u>104,236,624</u>	 <u>106,854,406</u>
 Change in net position:				
Governmental activities	(11,305,818)	27,522,770	8,164,141	3,932,224
Business-type activities	<u>15,610,241</u>	<u>13,118,853</u>	<u>5,684,987</u>	<u>15,197,479</u>
 Total primary government	 <u>\$ 4,304,423</u>	 <u>\$ 40,641,623</u>	 <u>\$ 13,849,128</u>	 <u>\$ 19,129,703</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 34,379,529	\$ 34,979,578	\$ 36,502,409	\$ 39,932,573	\$ 44,239,067	\$ 49,107,424
6,326,735	5,952,712	6,460,448	7,255,212	7,175,948	7,103,548
63,305,917	66,216,447	68,462,292	67,620,848	67,340,120	64,209,719
3,252,542	4,140,920	4,646,208	5,083,556	5,407,667	5,515,163
316,320	347,846	477,606	515,778	566,712	627,164
-	-	-	-	-	17,603,565
1,635,630	2,026,554	1,882,139	5,020,786	7,957,942	8,201,944
-	-	-	-	-	-
<u>2,464,967</u>	<u>2,882,818</u>	<u>1,800,895</u>	<u>3,740,000</u>	<u>3,610,000</u>	<u>3,492,871</u>
<u>111,681,640</u>	<u>116,546,875</u>	<u>120,231,997</u>	<u>129,168,753</u>	<u>136,297,456</u>	<u>155,861,398</u>
772,102	1,385,847	1,397,321	866,927	1,214,674	2,289,777
<u>(2,464,967)</u>	<u>(2,882,818)</u>	<u>(1,800,895)</u>	<u>(3,740,000)</u>	<u>(3,610,000)</u>	<u>(3,492,871)</u>
<u>(1,692,865)</u>	<u>(1,496,971)</u>	<u>(403,574)</u>	<u>(2,873,073)</u>	<u>(2,395,326)</u>	<u>(1,203,094)</u>
<u>109,988,775</u>	<u>115,049,904</u>	<u>119,828,423</u>	<u>126,295,680</u>	<u>133,902,130</u>	<u>154,658,304</u>
12,556,195	10,945,750	2,771,094	8,440,511	13,345,120	28,743,227
<u>10,648,929</u>	<u>5,834,807</u>	<u>9,234,442</u>	<u>14,873,733</u>	<u>18,144,831</u>	<u>15,895,618</u>
<u>\$ 23,205,124</u>	<u>\$ 16,780,557</u>	<u>\$ 12,005,536</u>	<u>\$ 23,314,244</u>	<u>\$ 31,489,951</u>	<u>\$ 44,638,845</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ -	\$ -	\$ -	\$ 288,758
<i>Restricted for-</i>				
Debt service	3,431,063	2,887,281	1,944,761	2,238,270
Authorized construction	104,541,402	90,000,407	88,064,514	88,021,123
Hotel-motel tax	6,368,822	7,005,856	7,314,509	8,114,729
Public safety	521,354	497,243	862,273	1,024,405
General government	-	-	-	-
<i>Committed to-</i>				
General government	158,190	158,886	158,990	901,229
Capital projects funds	34,543,559	31,250,099	33,739,591	35,731,396
Streets and drainage	-	-	-	573,809
Culture and recreation	15,164	14,302	11,176	11,239
<i>Assigned to-</i>				
Culture and recreation	788,440	574,093	571,705	542,779
<i>Unassigned</i>	<u>36,415,765</u>	<u>36,785,055</u>	<u>36,857,155</u>	<u>36,238,854</u>
Total governmental funds	<u>\$ 186,783,759</u>	<u>\$ 169,173,222</u>	<u>\$ 169,524,674</u>	<u>\$ 173,686,591</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 321,044	\$ 375,087	\$ 397,271	\$ 430,821	\$ 372,288	\$ 232,004
2,301,340	2,415,427	2,278,062	2,351,780	2,749,645	3,880,982
81,424,206	43,630,036	106,539,802	117,515,606	77,545,478	81,086,426
8,927,441	9,549,082	11,173,765	10,934,476	12,653,710	6,526,672
937,105	1,249,246	1,050,349	1,274,293	676,724	585,878
-	-	-	-	-	1,269,075
911,674	865,493	684,199	856,977	1,081,159	124,703
35,645,374	31,856,334	26,570,024	24,696,122	24,865,777	28,397,665
1,179,777	1,570,994	-	1,145,826	1,152,195	-
6,625	10,530	12,438	322,576	293,694	-
248,771	283,518	264,662	272,666	212,080	1,004,583
<u>36,912,381</u>	<u>38,604,781</u>	<u>38,726,365</u>	<u>50,277,389</u>	<u>52,427,796</u>	<u>50,090,080</u>
<u>\$ 168,815,738</u>	<u>\$ 130,410,528</u>	<u>\$ 187,696,937</u>	<u>\$ 210,078,532</u>	<u>\$ 174,030,546</u>	<u>\$ 173,198,068</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues-				
Taxes and franchise	\$ 97,759,902	\$ 95,097,743	\$ 98,990,298	\$ 101,914,916
Licenses, permits and fees	1,593,711	1,053,959	907,705	2,155,358
Charges for services	3,895,886	3,757,215	3,767,565	3,985,634
Fines and forfeitures	2,014,379	2,057,353	2,260,401	2,492,261
Intergovernmental	1,317,506	1,232,594	3,953,092	3,302,276
Hotel occupancy tax	2,939,352	2,394,145	2,291,326	2,684,046
Investment and other	9,977,103	8,406,513	3,652,629	3,786,134
Contributions	<u>2,094,375</u>	<u>1,729,637</u>	<u>972,641</u>	<u>3,282,812</u>
Total revenues	<u>121,592,214</u>	<u>115,729,159</u>	<u>116,795,657</u>	<u>123,603,437</u>
Expenditures-				
General government	22,858,670	22,640,290	22,874,155	24,346,515
Public safety	32,949,754	34,099,601	34,539,844	36,556,318
Public works	9,360,999	10,065,601	9,565,430	8,797,799
Culture and recreation	11,693,213	11,813,663	11,157,995	11,336,602
Capital projects	53,298,559	38,798,458	21,184,635	22,981,288
Debt service-				
Principal retirement	10,448,506	10,942,820	11,456,810	11,815,968
Interest and fiscal charges	9,060,707	9,290,481	9,097,057	8,072,821
Payment to refunding agent	-	-	-	-
Other charges	<u>-</u>	<u>-</u>	<u>1,327,989</u>	<u>247,433</u>
Total expenditures	<u>149,670,408</u>	<u>137,650,914</u>	<u>121,203,915</u>	<u>124,154,744</u>
Excess of revenues over (under) expenditures	<u>(28,078,194)</u>	<u>(21,921,755)</u>	<u>(4,408,258)</u>	<u>(551,307)</u>
Other financing sources (uses)-				
Issuance of lease	750,000	1,505,390	1,310,569	1,372,023
Issuance of debt	16,798,622	-	18,575,000	16,145,000
Premium on bonds issued	-	-	1,387,593	223,248
Payment to refunded bond escrow agent	-	-	(19,682,356)	(16,083,357)
Transfers in	26,429,303	33,385,722	24,459,490	27,752,457
Transfers out	<u>(24,137,608)</u>	<u>(30,579,894)</u>	<u>(21,290,586)</u>	<u>(24,696,147)</u>
Total other financing sources (uses)	<u>19,840,317</u>	<u>4,311,218</u>	<u>4,759,710</u>	<u>4,713,224</u>
Net change in fund balances	<u>\$ (8,237,877)</u>	<u>\$ (17,610,537)</u>	<u>\$ 351,452</u>	<u>\$ 4,161,917</u>
Capital outlay including amounts reported under departmental current expenditures	<u>\$ 53,298,559</u>	<u>\$ 40,000,535</u>	<u>\$ 22,684,310</u>	<u>\$ 23,932,697</u>
Debt service as a percentage of noncapital expenditures	20.2%	20.7%	20.9%	19.8%

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 104,318,270	\$ 107,417,612	\$ 111,592,909	\$ 115,508,506	\$ 119,211,433	\$ 121,142,245
3,094,983	3,567,437	1,243,857	1,704,374	1,843,633	1,646,077
4,198,815	4,436,779	4,645,527	4,513,428	5,172,465	6,307,377
2,814,987	3,208,637	2,673,670	2,451,316	1,573,476	1,440,795
2,158,621	1,225,195	3,044,095	1,679,993	990,683	2,950,833
3,252,543	4,140,920	4,646,208	5,083,556	5,407,667	5,515,163
2,635,613	3,565,842	4,783,567	7,207,478	7,963,854	8,253,614
5,858,346	2,567,327	3,152,100	600,919	368,748	931,601
<u>128,332,178</u>	<u>130,129,749</u>	<u>135,781,933</u>	<u>138,749,570</u>	<u>142,531,959</u>	<u>148,187,705</u>
25,332,577	23,783,735	24,375,794	23,838,520	24,394,392	21,055,932
37,646,821	39,475,791	42,306,841	43,067,272	44,388,881	47,595,884
9,791,618	11,852,443	11,291,499	12,328,284	12,062,839	12,682,503
11,958,179	12,440,948	13,775,702	14,766,040	15,078,964	17,219,700
39,916,082	65,523,775	38,694,239	33,476,554	65,414,999	63,268,686
13,040,604	12,852,059	14,395,697	13,919,366	13,463,922	13,287,160
6,825,065	6,797,281	7,372,652	8,597,372	9,641,498	8,306,767
-	-	-	-	-	10,050,443
256,373	98,630	862,888	942,596	229,245	423,510
<u>144,767,319</u>	<u>172,824,662</u>	<u>153,075,312</u>	<u>150,936,004</u>	<u>184,674,740</u>	<u>193,890,585</u>
<u>(16,435,141)</u>	<u>(42,694,913)</u>	<u>(17,293,379)</u>	<u>(12,186,434)</u>	<u>(42,142,781)</u>	<u>(45,702,880)</u>
500,000	1,000,000	1,450,000	2,000,000	2,250,000	-
27,295,000	8,615,000	77,350,000	70,665,000	11,450,000	38,725,000
1,317,881	-	6,161,887	6,369,020	1,094,690	2,652,531
(20,616,784)	(8,509,756)	(11,682,994)	(48,205,991)	(12,309,895)	-
34,447,300	49,547,722	32,984,237	27,070,865	30,552,126	31,908,470
(31,379,109)	(46,363,263)	(31,683,342)	(23,330,865)	(26,942,126)	(28,415,599)
<u>11,564,288</u>	<u>4,289,703</u>	<u>74,579,788</u>	<u>34,568,029</u>	<u>6,094,795</u>	<u>44,870,402</u>
\$ (4,870,853)	\$ (38,405,210)	\$ 57,286,409	\$ 22,381,595	\$ (36,047,986)	\$ (832,478)
<u>\$ 41,282,292</u>	<u>\$ 67,059,226</u>	<u>\$ 38,644,877</u>	<u>\$ 35,385,140</u>	<u>\$ 65,116,395</u>	<u>\$ 90,020,515</u>
19.2%	18.6%	19.0%	19.5%	19.3%	23.0%

**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	
2008	\$ 6,954,733,744	\$ 852,374,495	\$ 7,807,108,239	\$ 303,674,692	\$ 7,503,433,547	\$ 0.3652
2009	7,623,482,042	957,142,673	8,580,624,715	386,156,997	8,194,467,718	0.3652
2010	7,843,041,122	880,412,269	8,723,453,391	401,156,676	8,322,296,715	0.3966
2011	7,581,182,068	831,489,169	8,412,671,237	395,522,799	8,017,148,438	0.4173
2012	7,654,036,144	850,976,608	8,505,012,752	408,354,355	8,096,658,397	0.4232
2013	7,837,387,397	947,316,007	8,784,703,404	493,653,067	8,291,050,337	0.4204
2014	8,195,046,631	1,062,520,327	9,257,566,958	567,914,523	8,689,652,435	0.4195
2015	9,193,035,124	1,030,331,518	10,223,366,642	589,210,216	9,634,156,426	0.4146
2016	10,040,964,402	1,018,628,138	11,059,592,540	567,506,618	10,492,085,922	0.4147
2017	10,935,482,664	1,031,249,775	11,966,732,439	639,556,585	11,327,175,854	0.4250

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	
2008	\$ 0.1960	\$ 0.1692	\$ 0.3652	\$ 1.3238	\$ 0.4891	\$ 0.0200	\$ 2.1981
2009	0.2171	0.1481	0.3652	1.3324	0.4683	0.1154	2.2813
2010	0.2491	0.1475	0.3966	1.3800	0.4900	0.1146	2.3812
2011	0.2665	0.1508	0.4173	1.3800	0.4900	0.1151	2.4024
2012	0.2751	0.1481	0.4232	1.3350	0.4877	0.1148	2.3607
2013	0.2830	0.1373	0.4203	1.3800	0.4890	0.1151	2.4044
2014	0.2800	0.1395	0.4195	1.3674	0.4890	0.1149	2.3908
2015	0.2628	0.1518	0.4146	1.3375	0.4865	0.1142	2.3528
2016	0.2545	0.1602	0.4147	1.3325	0.4815	0.1205	2.3492
2017	0.2719	0.1531	0.4250	1.3325	0.4765	0.1220	2.3560

Source: Williamson County Tax Office

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

Name of Taxpayer	2017			2008		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 339,097,490	1	2.994%	\$ 195,290,162	1	2.603%
CPG Round Rock, LP/ Round Rock Premium Outlets	142,423,939	2	1.257	108,535,031	2	1.446
Baltgem Development Corp./ La Frontera Village	76,071,273	3	0.672	89,155,876	3	1.188
CMF 15 Portfolio, LLC/ Colonial Grand Apartments	73,097,054	4	0.645	-	-	-
Columbia/ St. David Healthcare	71,894,919	5	0.635	55,449,016	5	0.739
Dell Computer Corp	61,308,621	6	0.541	55,082,430	6	0.734
Baev-LaSalle Round Rock University Blvd, LLC	53,098,990	7	0.469	-	-	-
FST La Frontera LLC	52,515,178	8	0.464	-	-	-
Fisher-Rosemount Systems, Inc.	52,250,000	9	0.461	-	-	-
Lodge MultiFamily Austin LP	47,120,343	10	0.416	-	-	-
Scott & White Memorial Hospital	-	-	-	71,824,805	4	0.957
Toppan Photomasks, Inc.	-	-	-	46,624,323	7	0.621
TXU Electric Delivery Co.	-	-	-	40,237,994	8	0.536
Drever, Limestone, LP	-	-	-	33,621,294	9	0.448
2800 La Frontera #1A, LTD	-	-	-	32,309,217	10	0.431
	<u>\$ 968,877,807</u>		<u>8.554%</u>	<u>\$ 728,130,148</u>		<u>9.703%</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
2008	\$ 27,220,757	\$ 27,194,031	99.90 %	\$ 574	\$ 27,194,605	99.90 %
2009	29,931,048	29,745,017	99.38	1,594	29,746,611	99.38
2010	33,001,196	32,822,350	99.46	1,771	32,824,121	99.46
2011	33,469,184	33,330,239	99.58	2,149	33,332,388	99.59
2012	34,255,559	34,161,567	99.73	3,049	34,164,616	99.73
2013	34,865,783	34,717,536	99.57	3,319	34,720,855	99.58
2014	36,452,223	36,281,479	99.53	(2,892)	36,278,587	99.52
2015	39,792,302	39,697,745	99.76	7,401	39,705,146	99.78
2016	44,063,923	43,894,949	99.62	27,973	43,922,922	99.68
2017	49,113,540	48,988,540	99.75	-	48,988,540	99.75

**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>
2008	\$ 34,064,751	\$ 27,220,757	125.14 %	\$ 0.4540	96,200	\$ 354
2009	30,849,792	29,931,048	103.07	0.3765	99,500	310
2010	30,758,801	33,001,196	93.21	0.3696	99,887	308
2011	31,306,675	33,469,184	93.54	0.3905	100,659	311
2012	31,652,958	34,255,559	92.40	0.3909	101,702	311
2013	33,108,223	34,865,783	94.96	0.3993	102,349	323
2014	34,231,146	36,452,223	93.91	0.3939	103,107	332
2015	33,810,424	39,792,302	84.97	0.3509	105,405	321
2016	33,670,060	44,063,923	76.41	0.3209	106,591	316
2017	34,970,879	49,113,540	71.20	0.3087	108,353	323

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

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



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

<u>Calendar Year</u>	<u>Retail Trade</u>	<u>Manufacturing</u>	<u>Services</u>	<u>Wholesale Trade</u>	<u>Utilities</u>
2007	\$ 1,164,629,997	\$ 1,451,958,775	\$ 307,961,994	\$ 145,020,854	\$ 19,249,383
2008	1,169,189,726	1,075,483,223	331,119,293	179,784,677	16,648,480
2009	1,101,311,223	990,398,877	324,328,200	145,345,099	16,322,477
2010	1,070,089,059	1,111,487,638	331,304,579	117,424,010	17,788,882
2011	1,107,689,836	1,095,938,383	346,422,899	85,234,726	22,224,004
2012	1,228,352,605	985,127,289	381,294,220	99,025,592	26,448,906
2013	1,399,874,606	1,103,790,424	402,483,896	131,162,463	29,351,784
2014	1,529,469,558	1,061,444,585	432,758,149	128,755,561	34,412,553
2015	1,556,013,209	951,496,554	476,798,645	123,940,513	41,822,044
2016	<u>1,592,542,371</u>	<u>905,719,610</u>	<u>505,372,604</u>	<u>141,775,154</u>	<u>41,190,339</u>
	<u>\$ 12,919,162,190</u>	<u>\$ 10,732,845,358</u>	<u>\$ 3,839,844,479</u>	<u>\$ 1,297,468,649</u>	<u>\$ 265,458,852</u>

Source: Texas Comptroller of Public Accounts

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

<u>Construction</u>	<u>Finance, Insurance</u>	<u>Total</u>	<u>City Direct Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Over- lapping</u>
\$ 47,674,780	\$ 1,793,374	\$ 3,138,289,157	2.00%	6.25%	8.25%
46,245,654	1,639,355	2,820,110,408	2.00	6.25	8.25
30,440,097	2,160,587	2,610,306,560	2.00	6.25	8.25
46,023,961	2,114,837	2,696,232,966	2.00	6.25	8.25
61,286,941	3,006,901	2,721,803,690	2.00	6.25	8.25
70,736,973	2,846,478	2,793,832,063	2.00	6.25	8.25
90,125,307	2,368,176	3,159,156,656	2.00	6.25	8.25
95,799,482	2,497,918	3,285,137,806	2.00	6.25	8.25
110,293,477	2,600,258	3,262,964,700	2.00	6.25	8.25
<u>135,370,923</u>	<u>2,951,985</u>	<u>3,324,922,986</u>	2.00	6.25	8.25
<u>\$ 733,997,595</u>	<u>\$ 23,979,869</u>	<u>\$ 29,812,756,992</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
SEPTEMBER 30, 2017**

<u>Taxpayer</u>	<u>Hotel Motel Occupancy Tax</u>	<u>Hotel Motel Occupancy Venue Tax</u>	<u>Total Collections Year Ended September 30, 2017</u>	<u>Number of Rooms</u>	<u>% of Total Collections</u>
Austin Marriott North	\$ 671,550	\$ 191,872	\$ 863,422	295	15.7 %
Homewood Suites	312,192	89,198	401,390	115	7.3
Hilton Garden Inn	249,817	71,376	321,193	122	5.8
Home 2 Suites	218,318	62,376	280,694	91	5.1
Courtyard by Marriott	215,731	61,637	277,368	113	5.0
Residence Inn	215,327	61,522	276,849	96	5.0
Hampton Inn	207,415	59,262	266,677	93	4.8
Springhill Suites	194,918	55,691	250,609	104	4.5
Holiday Inn	180,496	51,570	232,066	116	4.2
Holiday Inn Express N	170,138	48,611	218,749	91	4.0
La Quinta Inn	138,301	39,515	177,816	116	3.2
Wingate Inn	133,533	38,152	171,685	100	3.1
Red Roof Inn	117,436	33,552	150,988	107	2.7
Baymont Inn	117,021	33,435	150,456	96	2.7
Microtel Inn & Suites	104,651	29,899	134,550	82	2.4
Holiday Inn Express S	99,251	28,343	127,594	109	2.3
Best Western Executive Inn	97,780	27,929	125,709	64	2.3
Sleep Inn	97,258	27,788	125,046	74	2.3
Motel 6	83,200	23,771	106,971	59	1.9
Extended Stay America # 6030	81,198	23,200	104,398	138	1.9
Staybridge Suites	79,962	22,846	102,808	81	1.9
Extended Stay America # 6197	77,327	22,093	99,420	104	1.8
Candlewood Suites	75,693	21,627	97,320	98	1.8
Comfort Suites	74,072	21,163	95,235	63	1.7
Country Inn & Suites	68,662	19,618	88,280	63	1.6
Value Place (Woodsprings)	68,606	19,602	88,208	121	1.6
Days Inn & Suites	60,705	17,339	78,044	48	1.4
Hyatt Place North	54,059	15,445	69,504	138	1.3
Towne Place Suites	19,776	5,650	25,426	102	0.5
VRBO Homes	4,548	1,299	5,847	4	0.1
Provident Crossing Retirement	656	187	843	2	0.1
	<u>\$ 4,289,597</u>	<u>\$ 1,225,568</u>	<u>\$ 5,515,165</u>	<u>3,005</u>	<u>100.0 %</u>

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

<u>Fiscal Year Ended 9-30</u>	<u>1st Quarter Oct. – Dec.</u>	<u>2nd Quarter Jan. – Mar.</u>	<u>3rd Quarter Apr. – June</u>	<u>4th Quarter July – Sept.</u>	<u>Total</u>
2008	\$ 669,345	\$ 749,897	\$ 806,813	\$ 713,297	\$ 2,939,352
2009	609,608	589,006	640,846	554,685	2,394,145
2010	504,062	582,719	661,356	543,189	2,291,326
2011	684,430	678,090	716,629	604,897	2,684,046
2012	610,280	835,331	1,004,705	802,227	3,252,543
2013	964,181	1,091,350	1,152,982	932,407	4,140,920
2014	1,071,926	1,217,483	1,271,649	1,085,150	4,646,208
2015	1,114,213	1,274,209	1,437,121	1,258,012	5,083,555
2016	1,214,093	1,354,383	1,570,064	1,269,127	5,407,667
2017	1,249,406	1,411,265	1,509,276	1,345,218	5,515,165

**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				
2008	\$ 120,060,000	\$ 15,300,000	\$ 73,598,054	\$ 8,290,000	\$	217,248,054	7.67%	\$ 2,258
2009	115,725,000	14,475,000	69,270,163	11,555,000		211,025,163	7.10	2,121
2010	110,470,000	13,530,000	65,830,308	91,166,635		280,996,943	9.16	2,813
2011	105,980,000	12,965,000	60,691,660	89,888,648		269,525,308	8.63	2,678
2012	101,185,000	12,380,000	62,571,173	87,765,660		263,901,833	8.27	2,595
2013	96,340,000	11,770,000	56,131,110	85,392,673		249,633,783	7.56	2,439
2014	155,780,000	11,135,000	55,963,734	90,799,894		313,678,628	9.12	3,042
2015	154,925,000	29,675,000	56,701,818	87,827,948		329,129,766	10.00	3,123
2016	149,540,000	27,095,000	52,746,502	89,364,624		318,746,126	6.43	2,990
2017	170,615,000	26,315,000	49,477,613	86,027,443		332,435,056	6.87	3,068

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

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

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

Fiscal Year Ended 9-30	(1) Population	Net Assessed Value (in thousands)	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
2008	96,200	\$ 7,503,434	\$ 132,716,787	\$ 3,431,063	\$ 129,285,724	1.72 %	\$ 1,344
2009	99,500	8,194,468	127,721,445	2,887,281	124,834,164	1.52	1,255
2010	99,887	8,322,297	123,017,131	1,944,761	121,072,370	1.45	1,212
2011	100,659	8,017,148	118,122,822	2,238,270	115,884,552	1.45	1,151
2012	101,702	8,096,658	114,268,570	2,301,340	111,967,230	1.38	1,101
2013	102,349	8,291,050	108,241,436	2,415,427	105,826,009	1.28	1,034
2014	103,107	8,689,652	172,890,871	2,278,062	170,612,809	1.96	1,655
2015	105,405	9,634,156	181,245,000	2,351,780	178,893,220	1.86	1,697
2016	106,591	10,492,086	173,280,000	2,749,645	170,530,355	1.63	1,600
2017	108,353	11,327,176	196,930,000	3,880,982	193,049,018	1.70	1,782

Note: Includes Certificates of Obligation and General Obligation Bonds.

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



CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2017

<u>Name of Governmental Unit</u>	<u>Total General Debt Outstanding</u>	<u>** Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes-			
Williamson County	\$ 872,279,942 *	20.25%	\$ 176,636,688
Round Rock Independent School District	727,880,000 *	35.24	256,504,912
Travis County	684,531,179 *	0.24	1,642,875
Georgetown ISD	335,655,000 *	0.19	637,745
Austin Community College	297,583,965 *	5.96	17,736,004
Travis County Healthcare District	10,380,000 *	0.22	<u>22,836</u>
Subtotal, overlapping debt			453,181,060
City direct debt			<u>246,407,613</u>
Total direct and overlapping debt			<u>\$ 699,588,673</u>

* Gross Debt as of September 30, 2017

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

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

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 1,345,033,513	\$ 1,468,905,352	\$ 1,491,819,433	\$ 1,437,119,854
Total net debt applicable to limit	<u>126,786,525</u>	<u>122,512,295</u>	<u>117,540,239</u>	<u>112,406,730</u>
Legal debt margin	<u>\$ 1,218,246,988</u>	<u>\$ 1,346,393,057</u>	<u>\$ 1,374,279,194</u>	<u>\$ 1,324,713,124</u>
Total net debt applicable to the limit as a percentage of debt limit	9.43%	8.34%	7.88%	7.82%

Legal Debt Margin Calculation for Fiscal Year 2017

Total assessed value	<u>\$ 11,327,175,854</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 1,928,938,196
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 196,930,000
Less:	
Amount available in Debt Service Fund	<u>(3,880,982)</u>
Total net debt applicable to debt limit	<u>193,049,018</u>
Legal debt margin	<u>\$ 1,735,889,178</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, 2016, assessed valuation of \$11,327,175,854 at 100% collection, tax revenue of \$169,907,638 would be produced. This revenue could service the debt on \$ 1,928,938,196 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 2018	\$ 17,114,930
Tax Year 2017 Interest and Sinking Fund Tax Levy @ 99% Collection	\$ 17,300,000
Interest and Sinking Fund Balance as of 9-30-17	3,880,982
	<u>21,180,982</u>
Estimated Balance, 9-30-18	<u>\$ 4,066,052</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,451,372,470	\$ 1,486,218,341	\$ 1,557,670,054	\$ 1,640,628,922	\$ 1,786,728,268	\$ 1,928,938,196
<u>107,568,660</u>	<u>101,824,573</u>	<u>161,006,938</u>	<u>178,893,220</u>	<u>170,530,355</u>	<u>193,049,018</u>
<u>\$ 1,343,803,810</u>	<u>\$ 1,384,393,768</u>	<u>\$ 1,396,663,116</u>	<u>\$ 1,461,735,702</u>	<u>\$ 1,616,197,913</u>	<u>\$ 1,735,889,178</u>
7.41%	6.85%	10.34%	10.90%	9.54%	10.01%

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

	2008	2009	2010	2011
Gross Revenue (1)				
Charges for services	\$ 35,060,024	\$ 37,802,909	\$ 37,512,213	\$ 44,922,715
Licenses, permits and fees	-	-	-	1,114,142
Interest income and other	1,569,165	1,292,130	1,728,177	1,292,672
Total	36,629,189	39,095,039	39,240,390	47,329,529
Direct Operating Expense (2)				
Personnel services	6,354,652	7,258,877	7,479,392	8,576,547
Contracted services	14,161,138	15,790,749	11,305,080	9,839,091
Materials and supplies	1,765,297	1,785,769	1,652,634	2,055,399
Heat, light and power	2,267,989	2,521,364	1,806,175	2,474,391
Total	24,549,076	27,356,759	22,243,281	22,945,428
Net available for Debt Service	<u>\$ 12,080,113</u>	<u>\$ 11,738,280</u>	<u>\$ 16,997,109</u>	<u>\$ 24,384,101</u>
Debt Service Requirements (P&I)	\$ 153,666	\$ 568,400	\$ 4,007,882	\$ 5,081,298
Revenue Bond Coverage	77.39	20.65	4.24	4.79
Metered Water Customers	29,750	30,001	30,362	30,676
Metered Sewer Customers	29,171	29,407	29,759	30,061
Average Annual Principal and Interest Requirements, 2018-2039				\$ 5,470,864
Coverage of Average Requirements by fiscal 2017 Net Revenue				4.50 times
Estimated Maximum Principal and Interest Requirements, 2018				\$ 6,343,554
Estimated Coverage of Maximum Requirements by 2017 Net Revenue				3.88 times
Parity Debt Outstanding at FY2017				\$ 81,570,000

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

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

	2012		2013		2014		2015		2016		2017
\$	43,327,656	\$	43,094,185	\$	40,762,523	\$	41,880,906	\$	44,406,721	\$	47,769,478
	1,921,789		1,941,121		2,943,355		4,017,184		4,247,067		4,211,137
	770,977		1,385,965		1,397,259		863,900		1,211,532		2,284,171
	<u>46,020,422</u>		<u>46,421,271</u>		<u>45,103,137</u>		<u>46,761,990</u>		<u>49,865,320</u>		<u>54,264,786</u>
	8,599,771		8,634,094		8,939,263		9,228,272		9,742,128		10,669,214
	9,913,713		14,335,824		14,200,624		14,500,269		15,222,355		14,854,212
	2,106,220		1,890,480		2,163,731		1,837,026		2,091,331		2,504,640
	<u>1,966,864</u>		<u>1,951,428</u>		<u>1,829,036</u>		<u>1,783,408</u>		<u>1,662,779</u>		<u>1,618,297</u>
	22,586,568		26,811,826		27,132,654		27,348,975		28,718,593		29,646,363
\$	<u>23,433,854</u>	\$	<u>19,609,445</u>	\$	<u>17,970,483</u>	\$	<u>19,413,015</u>	\$	<u>21,146,727</u>	\$	<u>24,618,423</u>
\$	5,893,953	\$	6,101,113	\$	6,347,632	\$	6,894,788	\$	5,994,842	\$	6,352,459
	3.87		3.13		2.83		2.82		3.53		3.88
	30,989		31,431		32,012		32,447		32,930		34,179
	30,359		30,766		31,133		31,531		31,984		33,186



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

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Personal Income</u>	<u>(4) Per Capita Income</u>	<u>(2) Median Age</u>	<u>(3) School Enrollment</u>	<u>(2) Unemployment Rate</u>
2008	96,200	\$ 2,831,069,800	\$ 29,429	31.2	41,489	4.2%
2009	99,500	2,971,866,000	29,868	31.2	41,867	6.4
2010	99,887	3,038,262,879	30,417	31.4	42,683	6.2
2011	100,659	3,096,874,794	30,766	31.6	44,331	6.1
2012	101,702	3,164,864,538	31,119	32.0	45,000	5.9
2013	102,349	3,221,434,775	31,475	32.0	45,361	5.0
2014	103,107	3,282,514,452	31,836	31.7	45,924	4.2
2015	105,405	4,104,259,890	38,938	33.5	47,093	3.2
2016	106,591	4,636,495,318	43,498	33.9	47,580	3.3
2017	108,353	4,841,103,687	44,679	34.4	48,121	3.0

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

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

Name of Employer	2017			2008		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Dell Technologies	12,000	1	19.05 %	9,000	1	17.95 %
Round Rock Independent School District	5,800	2	9.21	5,200	2	10.37
City of Round Rock, Texas	956	3	1.52	831	4	1.66
Emerson Process Management	875	4	1.39			
Round Rock Premium Outlets	800	5	1.27			
Scott & White Healthcare	750	6	1.19	600	7	1.20
Round Rock Medical Center	689	7	1.09	710	5	1.42
Liquidation Channel	600	8	0.95			
Sears Teleserv	600	9	0.95	1,300	3	2.59
Wayne, a GE Energy Business	550	10	0.87	550	8	1.10
Texas Guaranteed Student Loan	485	11	0.77	700	6	1.40
Seton Medical Center Williamson	450	12	0.71			
Field Asset Services	440	13	0.70			
AirCo Mechanical	375	14	0.60			
Michael Angelo's Gourmet Food	370	15	0.59	350	10	0.70
ProPortion Foods	325	15	0.52			
Chasco Constructors	300	16	0.48			
TECO-Westinghouse Motor Company	300	17	0.48			
Toppan Photomask	250	18	0.40	368	9	0.73
	<u>26,915</u>		<u>42.74 %</u>	<u>19,609</u>		<u>39.12 %</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government	176	173	176	164	164	164	171	174	180	183
Public safety-										
Police-										
Officers	146	151	152	152	154	153	160	167	168	177
Civilians	62	61	61	67	67	68	64	67	72	71
Fire-										
Firefighters & officers	124	124	124	124	124	124	129	129	132	134
Civilians	5	5	5	5	5	6	8	8	8	8
Public works-										
Street & Drainage	48	48	48	48	48	55	55	54	59	69
Shop	15	15	15	15	15	15	16	18	19	18
Culture & Recreation-										
Library	29	29	29	29	29	30	31	31	31	31
Parks & Recreation	95	97	98	94	94	91	91	91	106	102
Water	95	96	97	91	91	91	93	95	93	93
Sewer	<u>36</u>	<u>36</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>
Total	<u>831</u>	<u>835</u>	<u>840</u>	<u>824</u>	<u>826</u>	<u>832</u>	<u>853</u>	<u>869</u>	<u>903</u>	<u>921</u>

Source: City of Round Rock Finance Department

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

Function:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police-				
Arrests	3,749	3,908	4,328	4,521
Accident reports	1,997	1,646	1,877	2,747
Index crimes reported	2,449	2,960	3,154	3,154
Crimes per thousand residents	30.10	30.30	31.30	31.30
Officers per thousand of population	1.52	1.52	1.48	1.48
Fire-				
Incident volume	7,690	8,000	8,500	8,141
Priority calls answered	5,656	5,800	6,000	5,916
Non-emergency calls answered	2,034	2,200	2,500	2,225
Priority calls-response less than 6 minutes	64%	65%	65%	65%
Public Works-				
Street-				
Street resurfacing (lane miles)	135	137	137	45
Potholes repaired annually	4,000	4,000	4,000	4,000
Signals maintained	59	59	59	68
Shop-				
Work orders	5,618	6,330	6,930	4,609
Number of departments served	19	19	19	19
Culture and Recreation-				
Library-				
Number of items circulated	762,926	780,000	810,000	854,000
Number of card holders	49,829	51,000	53,000	59,000
Number of library visits	311,000	310,000	320,000	292,000
Parks & Recreation-				
Total park acres maintained	1,610	1,757	1,780	1,935
Number of athletic fields maintained	38	43	45	46
Number of trees planted	818	877	350	345
*Number of recreation enrollees	402,548	401,000	401,000	420,000
Number of recreation participants	-	-	-	-
Water-				
New connections	572	254	356	335
Line maintenance work orders	4,400	4,226	4,044	3,185
Average monthly consumption	552,610,000	589,159,550	466,096,342	655,615,475
Sewer-				
Average monthly treatment	296,208,875	301,433,205	327,351,600	475,482,100
Line feet reviewed for infiltration & inflow	161,291	156,934	114,176	317,789

Source: City of Round Rock Finance Department

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

2012	2013	2014	2015	2016	2017
6,715	6,182	5,773	4,600	4,476	4,152
4,485	4,845	6,383	2,249	2,370	2,745
2,777	2,632	2,338	2,329	2,383	2,827
27.10	25.10	21.70	22.00	22.50	26.40
1.49	1.46	1.42	1.53	1.43	1.48
8,350	8,749	9,027	9,928	9,346	10,777
3,475	3,728	3,713	2,780	3,735	2,548
4,875	5,021	5,314	7,148	5,611	8,229
60%	60%	63%	56%	61%	58%
60	80	80	40	60	60
4,000	4,000	4,000	1,500	400	300
76	79	83	84	83	89
5,336	4,447	4,178	4,399	4,761	4,620
19	19	19	19	19	19
903,219	940,135	975,291	972,094	1,080,312	1,188,757
55,336	81,620	74,192	99,822	77,818	79,415
294,768	323,384	309,167	388,625	391,256	389,930
2,035	2,035	2,045	2,045	2,045	2,270
49	49	49	49	49	49
558	163	165	110	195	408
420,000	487,455	490,704	-	-	-
-	-	-	832,184	988,337	1,178,357
313	442	360	402	480	665
3,279	5,500	6,734	3,317	3,512	3,346
560,281,041	549,154,150	491,936,100	505,251,158	536,082,308	571,062,558
457,967,400	409,000,000	394,000,000	385,611,068	416,357,161	425,631,471
361,784	377,783	459,128	187,464	189,418	206,675

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

Function:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police-				
Number of stations	1	1	1	1
Number of units	189	195	199	199
Fire-				
Number of stations	7	7	7	7
Number of fire trucks	11	14	15	16
Public Works-				
Street-				
Lane miles	1,124	1,124	1,137	1,200
Drainage miles	100	100	100	100
Number of street lights	5,075	5,103	5,104	5,119
Number of traffic signals	59	59	59	68
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	19
Culture and Recreation-				
Library-				
Number of library books	180,397	185,000	185,000	183,000
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	1,610	1,855	2,119	2,274
Number of athletic fields	38	44	46	47
Number of parks	53	60	84	85
Number of tennis courts	23	23	23	23
Number of pools	5	5	5	4
Water-				
Number of miles of water lines	487	503	591	584
Pumping stations	14	15	15	15
Tanks	18	19	20	20
Treatment capacity (millions of gallons/day)	48	48	52	52
Sewer-				
Number of miles of sewer mains	392	400	417	422
Wastewater lift stations	12	12	12	12

Source: City of Round Rock Finance Department

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1 199	1 201	1 229	1 240	1 259	1 252
7 16	7 16	7 14	7 16	7 15	9 16
1,200 100 5,312 76	1,250 150 6,000 79	1,250 150 6,800 83	1,250 150 5,400 84	1,200 150 5,433 83	1,200 151 5,604 89
1 19	1 19	1 19	1 19	1 13	1 18
195,000 1	150,211 1	154,278 1	156,277 1	257,667 1	213,381 1
2,035 49 62 23 4	2,035 49 62 23 4	2,035 49 62 25 4	2,035 49 62 25 4	2,035 49 62 25 4	2,270 59 61 22 4
585 15 20 52	587 14 20 52	601 14 20 52	608 15 22 52	615 15 22 52	614 15 22 52
422 12	424 12	432 12	424 12	427 12	428 12

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2017**

<u>Name of Customer</u>	<u>Type of Business</u>	<u>Water Consumption in Gallons</u>	<u>% of Total Water Consumption in Gallons</u>
Fern Bluff Municipal Utility District	Municipal Utility District	298,368,600	4.354 %
Williamson County Municipal Utility District # 1	Municipal Utility District	203,914,000	2.976
Williamson County Municipal Utility District # 11	Municipal Utility District	194,950,300	2.845
Williamson County Municipal Utility District # 10	Municipal Utility District	166,480,100	2.429
Chandler Creek Municipal Utility District	Municipal Utility District	153,397,800	2.238
Vista Oaks Municipal Utility District	Municipal Utility District	124,819,100	1.821
Dell Technologies	Electronic Equipment	92,367,700	1.348
Round Rock Independent School District	Public Schools	69,615,000	1.016
Walsh Ranch Municipal Utility District	Municipal Utility District	53,419,900	0.780
Michael Angelo's	Food Production	52,187,000	0.762
		<u>1,409,519,500</u>	<u>20.569 %</u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND SEWER RETAIL RATES
SEPTEMBER 30, 2017**

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

Volume Rate	Monthly Service Charge	
<i>Non-peak billing periods:</i>	<u>Meter Size Base</u>	<u>Monthly Water</u>
\$2.49 per 1,000 gallons of water used by all customers	<u>Serving Customer</u>	<u>Service Charge</u>
<i>Peak billing periods:</i>		
Four block structure for use in excess of predetermined amounts set by meter size -		
Block 1: \$2.49 per 1,000 gallons of water used by all customers		
Block 2: Base rate times 125%		
Block 3: Base rate times 150%		
Block 4: Base rate times 200%		
	5/8 inch	\$ 14.69
	3/4 inch	20.46
	1 inch	32.30
	1 1/2 inch	61.89
	2 inch	97.40
	3 inch	180.27
	4 inch	298.66
	6 inch	931.10
	8 inch	1,627.45
	10 inch	2,555.91
	12 inch	3,136.21

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

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

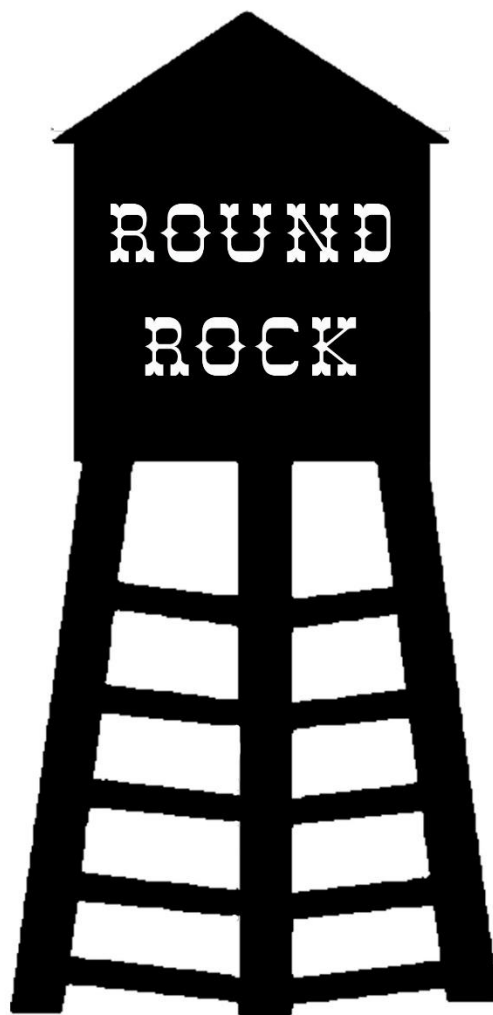
* Sewer customers' volume is measured as the rate per 1,000 gallons of the lesser of a three-month winter average or actual water use.

Note: Rates above represent those that were in effect for FY2017. New rates and rate structure became effective October 1, 2017.

Source: City of Round Rock Finance Department



SINGLE AUDIT SECTION





CITY OF ROUND ROCK, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant or Identifying Number	Pass- Through to Non-State Entities	Expenditures Direct	Total
Institute of Museum and Library Services					
Passed-Through from Texas State Library and Archives Commission					
Grants to States	45.310		\$ -	\$ 13,873	\$ 13,873
Total Institute of Museum and Library Services			-	13,873	13,873
U.S. Department of Housing & Urban Development					
Community Development Block Grants/Entitlement Grants Cluster					
Community Development Block Grants/ Entitlement Grants	14.218	B13MC480514	13,838	17,158	30,996
Community Development Block Grants/ Entitlement Grants	14.218	B14MC480514	2,869	114,989	117,858
Community Development Block Grants/ Entitlement Grants	14.218	B15MC480514	20,874	146,216	167,090
Community Development Block Grants/ Entitlement Grants	14.218	B16MC480514	97,327	77,695	175,022
Total Community Development Block Grants/ Entitlement Grants Cluster			134,908	356,058	490,966
Total U.S. Department of Housing & Urban Development			134,908	356,058	490,966
U.S. Department of Justice					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	8,840	8,840
Equitable Sharing Program	16.922	TX2460500	-	8,973	8,973
Passed-Through from the Federal Bureau of Investigation – San Antonio VCTF					
Equitable Sharing Program	16.922	MOU-June 19, 2017	-	132,221	132,221
Total U.S. Department of Justice			-	150,034	150,034
U.S. Department of Transportation					
Federal Transit Formula Grants	20.507	TX-90-Y001-00	-	297,192	297,192
Federal Transit Formula Grants	20.507	TX-2017-035-00	-	25,279	25,279
Passed-Through from Capitol Metropolitan Transportation Authority					
Job Access and Reverse Commute Program	20.516	TX-37-X065-01	-	69,106	69,106
Highway Planning and Construction Cluster					
		CSJ# 0914-05-164/			
Quiet Zone Project	20.205	0914-05-165	-	9,878	9,878
RM 620 Right of Way Acquisitions Project	20.205	CSJ 0883-01-056	-	988,519	988,519
Sidewalk GAPS Project	20.205	CSJ 0914-05-186	-	324,062	324,062
Southwest Downtown Infrastructure Improvements Project	20.205	CSJ 0914-05-185	-	235,328	235,328
Passed-Through from the Texas Department of Transportation					
Recreational Trails Program	20.219	CSJ# 0914-05-161	-	109,667	109,667
Total Highway Planning and Construction Cluster			-	1,667,454	1,667,454
Total U.S. Department of Transportation			-	2,059,031	2,059,031
U.S. Department of Treasury					
Equitable Sharing Program	21.016	TX2460500	-	53,099	53,099
Total U.S. Department of Treasury			-	53,099	53,099
Total Expenditures of Federal Awards			\$ 134,908	\$ 2,632,095	\$ 2,767,003

CITY OF ROUND ROCK, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2017

1. BASIS OF PRESENTATION

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

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. Expenditures are recognized when the related fund liability is incurred. Federal grants are considered to be earned to the extent of expenditures made under the provision of the grant and 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.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2017, 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 2, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Whitley Penn LLP

Austin, Texas
February 2, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Round Rock, Texas' (the "City") compliance with the types of requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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



Austin, Texas
February 2, 2018

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2017

I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs:

Name of Federal Program or Cluster	CFDA Number
Highway Planning and Construction Cluster:	
Quiet Zone Project	20.205
RM 620 Right of Way Acquisitions Project	20.205
Sidewalk GAPs Project	20.205
Southwest Downtown Infrastructure Improvements Project	20.205
Recreational Trails Program	20.219
Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2017

II. Financial Statement Findings

None Noted

III. Federal Award Findings and Questioned Costs

None Noted



City of Round Rock

Agenda Item Summary

Agenda Number: G.2

Title: Consider a resolution casting a vote for the Travis Central Appraisal District Board of Directors.

Type: Resolution

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director: Susan Morgan, CFO

Cost:

Indexes:

Attachments: Resolution, Resume - Anthony Nguyen, Resume - Jeffery Lewis, Resume - James Hamann

Department: Finance Department

Text of Legislative File 2018-5204

The Travis Central Appraisal District (TCAD) is responsible for appraising property in the county at its market value for property taxation purposes. The 5-member board of directors sets policies for the TCAD and hired the Chief Appraiser. The board also approves the TCAD annual budget, which is funded by pro-rated assessments of the taxing entities in the county. The board also appoints the Appraisal Review Board, a quasi-independent group that hears and rules on property tax protests. The TCAD board of directors is instrumental in development and maintaining an appraisal district that is well managed and fair to both individual tax payers and the entities that depend upon property tax revenue to fund local government operations.

The current eastern Travis County representative will be stepping down. Three entities have made nominations for this position. The ballot and the candidate resumes are attached.

For TCAD voting, each entity gets one vote, regardless of property value or size.

The City completed the nomination and voting process for Williamson Center Appraisal District (WCAD) this past fall.

This resolution allows the City to submit its vote, which is due by March 1, 2018.

RESOLUTION NO. R-2018-5204

WHEREAS, §6.03(k) Texas Property Tax Code provides for the governing body of each taxing unit to cast votes for individuals nominated for the Travis Central Appraisal District Board of Directors, and

WHEREAS, the City of Round Rock is entitled to one vote which may be cast for individuals nominated for the Board of Directors, and

WHEREAS, the City Council wishes to cast its one vote as set forth below, Now Therefore

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ROUND ROCK, TEXAS,

That the Council hereby casts its vote as follows:

- | | | | |
|----|----------------|-----|------|
| 1. | Anthony Nguyen | ___ | vote |
| 2. | James Hamann | ___ | vote |
| 3. | Jeffrey Lewis | ___ | vote |

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

RESOLVED this 22nd day of February, 2018.

CRAIG MORGAN, Mayor
City of Round Rock, Texas

ATTEST:

SARA L. WHITE, City Clerk

ANTHONY NGUYEN BIO

Anthony lives and work in Pflugerville as a Senior Solution Consultant for Dassault Systems, a large software company specializing in 3D Design tools and Manufacturing system software. Anthony has a passion for government and serving the public. Anthony is married with 2 girls. His wife works at ACC as a researcher and substitutes at PISD, AISD and RRISD. Anthony has a Bachelor Degree in Manufacturing Systems Engineering and Computer Science Minor at Kettering University in Michigan. If not travelling, Anthony is working at his home office, building website systems for large manufacturing companies. Anthony has broad technical skills in IT systems.

Public Service Record:

PfCONA (Pflugerville Council of Neighborhood Associations) – Current Secretary and Treasurer
Greenridge HOA – Current Board Member & website chair, past President, Secretary and Treasurer
Board of Adjustments in the city of Pflugerville
Woodfiled Patio of Homes – Past Secretary and Board Member

My Linked in page is [here](https://www.linkedin.com/in/anthonym/) <https://www.linkedin.com/in/anthonym/>



Anthony Nguyen

512.814.8321

VITA

Jeffery Lewis
11308 Terrace Meadow Way
Manor, Texas 78653
(512) 278-0414

A. Employment Sketch (Positions Held Past & Present):

1. Trainer- Travis County Clerk's Election Division
2. Municipal Court Judge, City of Manor
3. Texas Attorney General (Retired after 22 years):
 - a. Project Manager- Internal Audit Division
 - b. Director- Collection & Distribution Division (Child Support)
 - c. Regional Administrator- Child Support Enforcement Division, serving the Greater Houston/Galveston/Conroe geographic areas
4. Travis County
Manager- Community Services Department, Rural Centers Program (Selected as Manager of the Year)
5. Private Sector:
Owned and operated the first National Tire Wholesale (NTW) franchise in Travis County. Currently known as National Tire & Battery (NTB).

B. Community Involvement Sketch (Past & Present):

1. Member- Capital Metro's Customer Satisfactory Advisory Committee.
2. Chairman- East Rural Travis County Advisory Board
3. Commissioner- State Bar of Texas' Commission on Lawyer Discipline(Texas Supreme Court Appointment)
4. Commissioner- City of Austin's Community Development Commission (City Council Appointment)
5. Commissioner- City of Manor's Planning & Zoning Commission (City Council Appointment)
6. Board member- Chair of Rules Committee, City of Austin's Senior Softball League
7. Election Judge- Travis County Clerk Elections Division's Mega Center Election Sites
8. Mentor- Seedling Foundation
9. Deacon- Diakonos Ministries

C. Educational Sketch:

BA Degree in Business Administration,
Lincoln University,
Lincoln University Penna.

JAMES E. HAMANN

20449 Cameron Road
Coupland, TX 78615
Cell: 512-917-5690
Home: 512-272-8336

Email: [REDACTED]

SUMMARY OF PROFESSIONAL EXPERIENCE:

- Registered professional engineer in the State of Texas with over thirty years of experience in the electric utility industry
- Retired from the Lower Colorado River Authority after 27 years of service. Experienced in power generation optimization, the de-regulated electricity market in Texas, and fuel supply and procurement.
- Three plus years at the University of Texas at Austin as Assistant Director of the Center for Technology Development and Transfer. The primary focus of this work was to evaluate inventions by faculty and staff for marketing potential, and assist in patenting and marketing.
- Recently completed 5 years of employment at my current employer, the Electric Reliability Council of Texas (ERCOT). My group works to ensure that ERCOT has an efficient, competitive and reliable electricity market. This work typically requires the analysis of large amounts of information in a very secure environment.

SUMMARY OF COMMUNITY EXPERIENCE:

- Twelve years of service on the Pflugerville ISD Board of Trustees
- Five years as board member of the Manville Water Supply Corporation
- Recently re-elected to a third term as congregation President of St. John Lutheran Church of Richland
- Numerous school related activities, including coaching a series of Science Olympiad teams from Pflugerville Independent School District that advanced to several National Finals competitions. The students of one of the events I coached won third place in a national competition.
- Assistance with local benefits including Ag Boosters Club auctions.
- Little League coach for several years.

PERSONAL:

- Lifelong resident of northeast Travis County
- 75+ acre hay operation
- Married for 37 years, with 3 sons (one attorney, one engineer and one son who just completed his doctorate in electrical engineering)

PROFESSIONAL PROFILE:

Electric Reliability Council of Texas (ERCOT)

Market Operations Senior Engineer
Market Analysis & Validation

August 2012 – present

Lower Colorado River Authority

Energy Market Analyst Principal
Wholesale Power Services

February 2008 – June 2012

Manager, Energy Forecasting
Wholesale Power Services

February 1997 – February 2008

Senior Engineer
Plant Support Engineering

February 1995 – February 1997

The University of Texas at Austin

Assistant Director
Center for Technology Development and Transfer

July 1991 – February 1995

Lower Colorado River Authority

Manager
Production Performance Department

August 1986 – July 1991

Engineer II and III
Production Performance Department

July 1981 – August 1986

Education Background

Master of Science in Mechanical Engineering
University of Texas at Austin

May 1983

Bachelor of Engineering Science
University of Texas at Austin

May 1978

Professional Organizations

Member, American Society of Mechanical Engineers
Member, National Society of Professional Engineers & Texas Society of Professional Engineers
Registered Professional Engineer in the State of Texas, # 64824

Community Activities

School Board Trustee, Pflugerville Independent School District
Board Member, Manville Water Supply Corporation

May 1999 – May 2011
May 1994 – May 1999



City of Round Rock

Agenda Item Summary

Agenda Number: G.3

Title: Consider a resolution accepting the City's Quarterly Financial and Investment Report for the quarter ended December 31, 2017.

Type: Resolution

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director: Susan Morgan, CFO

Cost:

Indexes:

Attachments: Resolution, Exhibit A, Round Rock by the Numbers - FY 2017.18 - Q1

Department: Finance Department

Text of Legislative File 2018-5205

The attached report provides a summary of the City's investments and financial highlights for the quarter ending December 31, 2017. The financial summary has two components. The first page provides quarterly revenue and economic highlights. The second page is a summary of annual budget and city financial facts. The second report is the City's quarterly investment report. Investing and reporting are governed by the City's investment policy and General Government Code Chapter 2256 - referred to as the Public Funds Investment Act (PFIA). This quarterly report is prepared by the City's investment advisor, Valley View Consulting, LLC in close coordination with City staff. Section 2256.023 of the PFIA states that a written report of investments be submitted to the government body at least quarterly. The report meets those requirements and is available on the City's website. The investment activity during the quarter was in compliance with the City's investment policy and the FPIA.

Staff will also make a presentation on these reports at the meeting.

RESOLUTION NO. R-2018-5205

WHEREAS, Chapter 2256, Texas Government Code, Section 2256.023 of the Public Funds Investment Act states that a written report of investments be submitted to the governing body at least quarterly; and

WHEREAS, a Quarterly Investment Report for the quarter ending December 31, 2017 for the City of Round Rock has been submitted to the City Council; and

WHEREAS, the City Council desires to acknowledge the receipt and acceptance of the attached Quarterly Investment Report, Now Therefore

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ROUND ROCK, TEXAS,

That the Quarterly Investment Report, attached hereto as Exhibit "A" and incorporated herein, is hereby received and accepted.

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

RESOLVED this 22nd day of February, 2018.

CRAIG MORGAN, Mayor
City of Round Rock, Texas

ATTEST:

SARA L. WHITE, City Clerk



QUARTERLY INVESTMENT REPORT

For the Quarter Ended


December 31, 2017

Prepared by
Valley View Consulting, L.L.C.


The investment portfolio of the City of Round Rock, Texas is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.




Chief Financial Officer



Accounting Manager



Valley View Consulting, LLC



Deputy Chief Financial Officer



Treasury Accountant



Dated

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Summary Holdings by Investment Category (Security Sector)

December 31, 2017

Description	YTM @ Cost	Book Value	Market Value
Cash	0.54%	\$ 7,325,453	\$ 7,325,453
Certificates of Deposit	1.43%	230,858,787	230,858,787
Local Government Investment Pool	1.18%	34,177,530	34,177,530
Money Market Accounts	1.61%	39,123,557	39,123,557
Municipal	1.31%	15,316,301	15,243,520
US Agency	1.79%	4,845,007	4,812,902
Total / Average	1.41%	\$ 331,646,635	\$ 331,541,749

September 30, 2017

Description	YTM @ Cost	Book Value	Market Value
Cash	0.38%	\$ 8,982,135	\$ 8,982,135
Certificates of Deposit	1.26%	211,715,905	211,715,905
Local Government Investment Pool	1.02%	28,746,017	28,746,017
Money Market Accounts	1.44%	44,205,798	44,205,798
Municipal	1.21%	20,360,196	20,312,407
Total / Average	1.23%	\$ 314,010,050	\$ 313,962,261

Average Yield

	Current Quarter (1)	Fiscal Year-to-Date (2)
Total Portfolio	1.41%	1.41%
TexPool Yield	1.18%	1.18%
Rolling Three Mo. Treas. Yield	1.23%	1.23%
Rolling Six Mo. Treas. Yield	1.26%	1.26%
Rolling 1 Yr. Treas. Yield	1.20%	1.20%
Rolling 2 Yr. Treas. Yield	1.12%	1.12%

Investment Income (3)

Interest Income (Approximate)	\$ 1,056,350	\$ 1,056,350
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WAM at 12/31/2017 Policy WAM Max

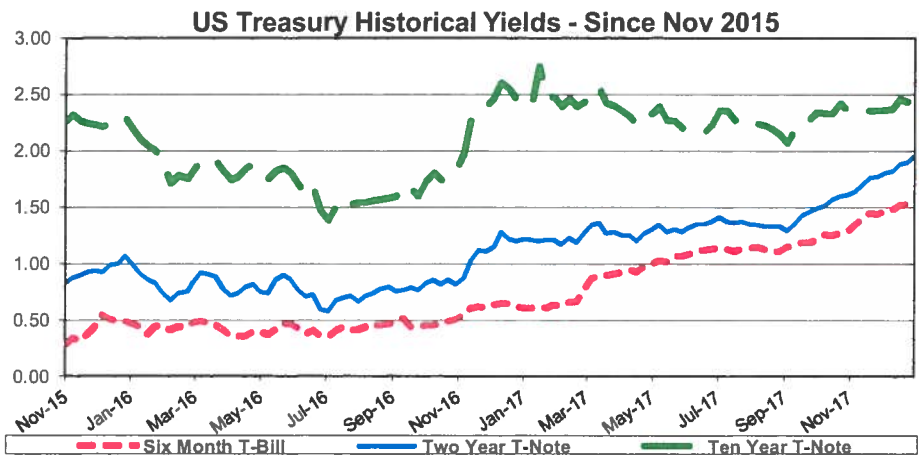
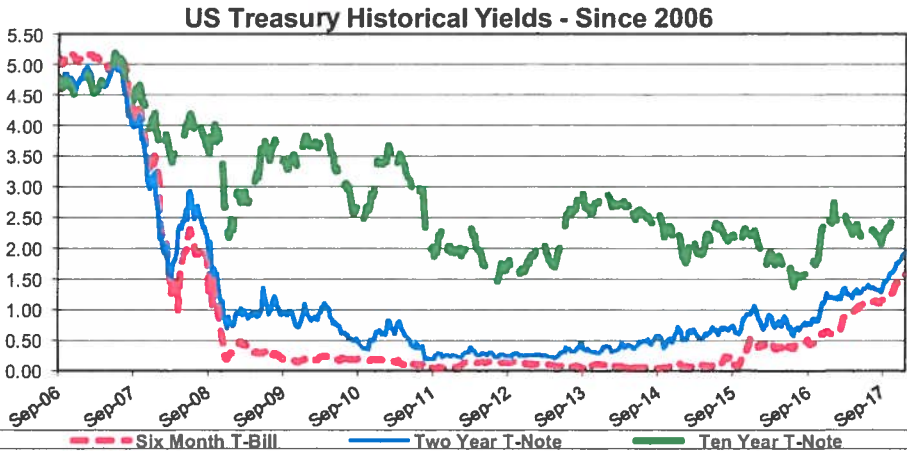
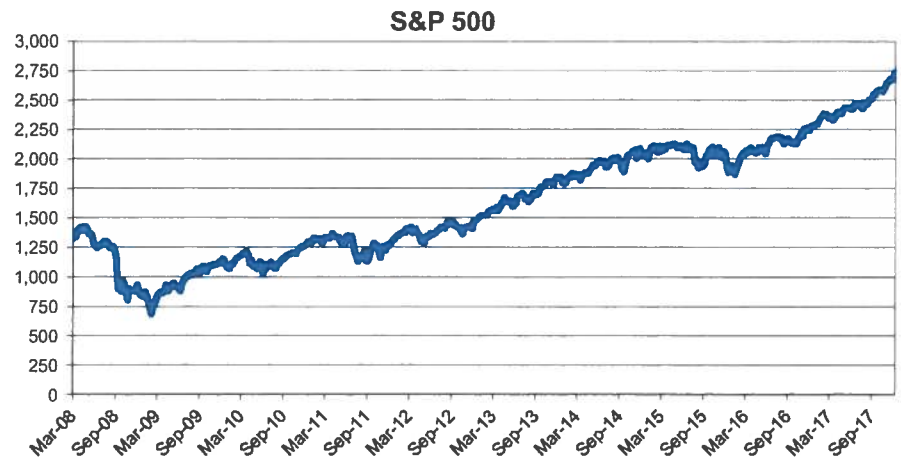
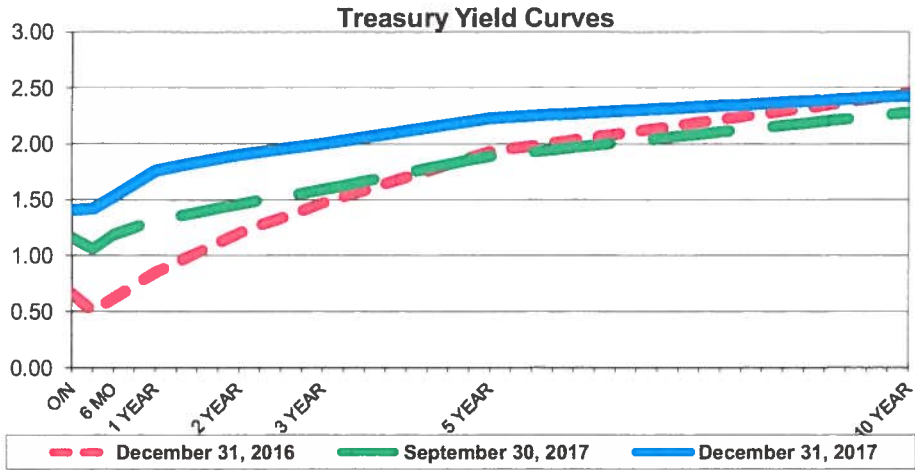
Total Portfolio	268 days	540 days
Pooled Funds	306 days	540 days

(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(3) Investment Income includes coupon interest, accrued interest, and discount and premium amortization.

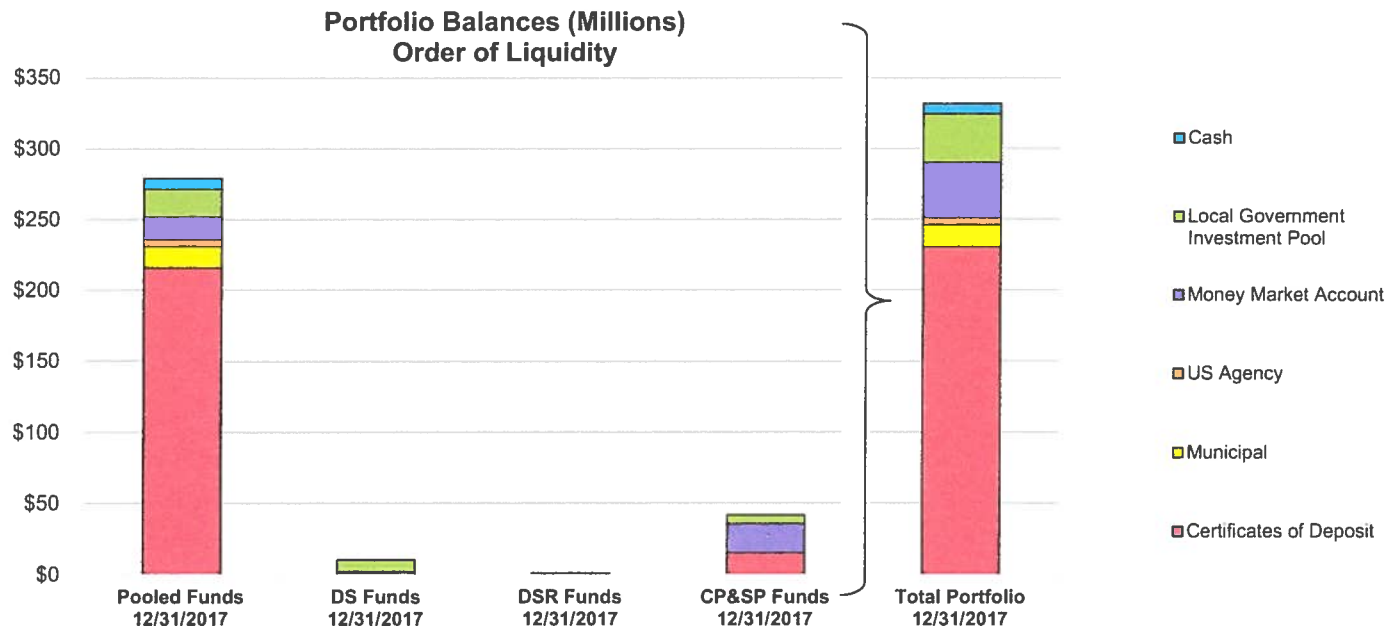
The Federal Open Market Committee (FOMC) increased the Fed Funds target range to 1.25% - 1.50% (Effective Fed Funds are trading +/-1.41%) at the Dec FOMC meeting. Two to three additional increases are projected for 2018 (although subject to economic activity). Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. Third Quarter 2017 GDP measured 3.2%. December Non Farm Payroll data recorded a weaker than expected +148k. US economic data continues positive trend. Washington passed an extensive tax cut. Crude oil trading +/- \$60 on Middle Eastern turmoil. The Stock Markets once again achieved new highs. Jerome Powell will replace Fed Chair Janet Yellen.



Holdings by Investment Category

December 31, 2017

	Pooled Funds		Debt Service Funds		Debt Service Reserve Funds		Capital Project & Special Purpose Funds		Total Portfolio	
Description	Book Value	% of Portfolio	Book Value	% of Portfolio	Book Value	% of Portfolio	Book Value	% of Portfolio	Book Value	% of Portfolio
Cash	\$ 7,319,441	2%	\$ 6,012	0%	\$ —	0%	\$ —	0%	\$ 7,325,453	2%
Certificates of Deposit	215,743,110	65%	—	0%	—	0%	15,115,676	5%	230,858,787	70%
Investment Pools	19,770,280	6%	8,171,279	2%	8,337	0%	6,227,634	2%	34,177,530	10%
Money Market Accounts	16,042,886	5%	1,918,385	1%	811,136	0%	20,351,149	6%	39,123,557	12%
Municipal	15,316,301	5%	—	0%	—	0%	—	0%	15,316,301	5%
US Agency	4,845,007	1%	—	0%	—	0%	—	0%	4,845,007	1%
Total / Average	\$ 279,037,026	84%	\$ 10,095,676	3%	\$ 819,473	0%	\$ 41,694,460	13%	\$ 331,646,635	100%



Investment Holdings by Investment Category

December 31, 2017

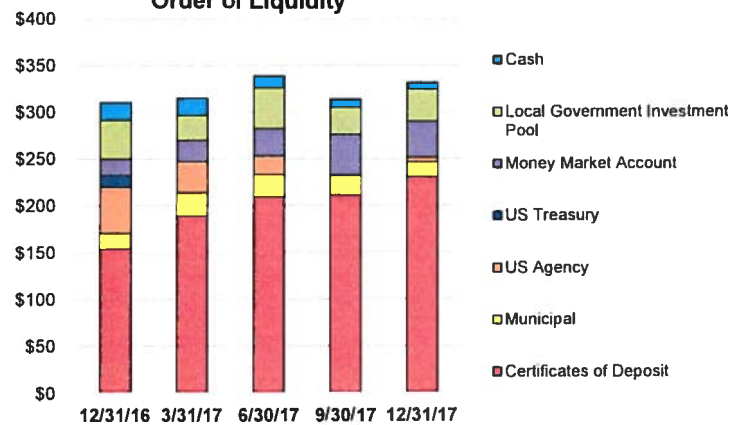
Description	Book Value	% of Portfolio	Portfolio Limitation
Cash	\$ 7,325,453	2%	100%
Certificates of Deposit	230,858,787	70%	75%
Commercial Paper	—	0%	10% / 5%
Investment Pools	34,177,530	10%	100%
Money Market Accounts	39,123,557	12%	50%
Municipal	15,316,301	5%	35% / 5%
US Agency	4,845,007	1%	Combined
US Treasury	—	0%	75%
Total / Average	\$ 331,646,635	100%	PASSED

Quarterly Transactions By Investment Category

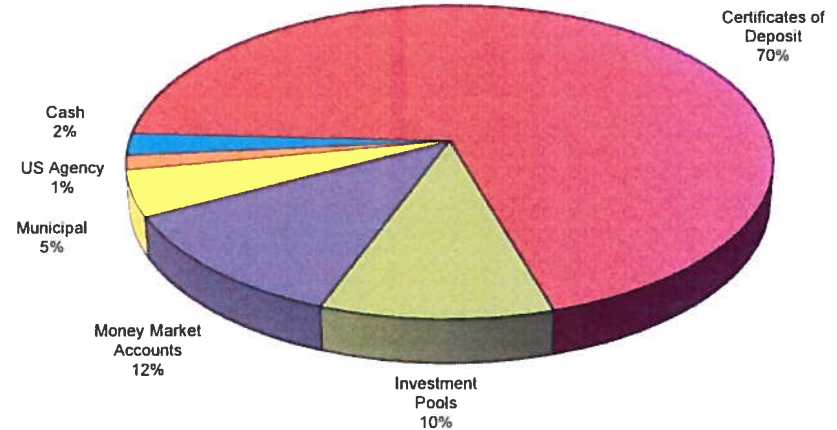
December 31, 2017

Description	Buys	Sells	Maturities	Calls	Interest	Net Cash Equivalent Deposit/(Withdrawal)
Cash	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1,656,681)
Certificates of Deposit	53,606,439	—	34,463,557	—	673,083	—
Commercial Paper	—	—	—	—	—	—
Investment Pools	—	—	—	—	71,006	5,431,513
Money Markets Accounts	—	—	—	—	151,038	(5,082,241)
Municipal	—	—	5,000,000	—	155,753	—
US Agency	4,825,603	—	—	—	—	—
US Treasury	—	—	—	—	—	—
Totals	\$ 58,432,042	\$ —	\$ 39,463,557	\$ —	\$ 1,050,880	\$ (1,307,410)

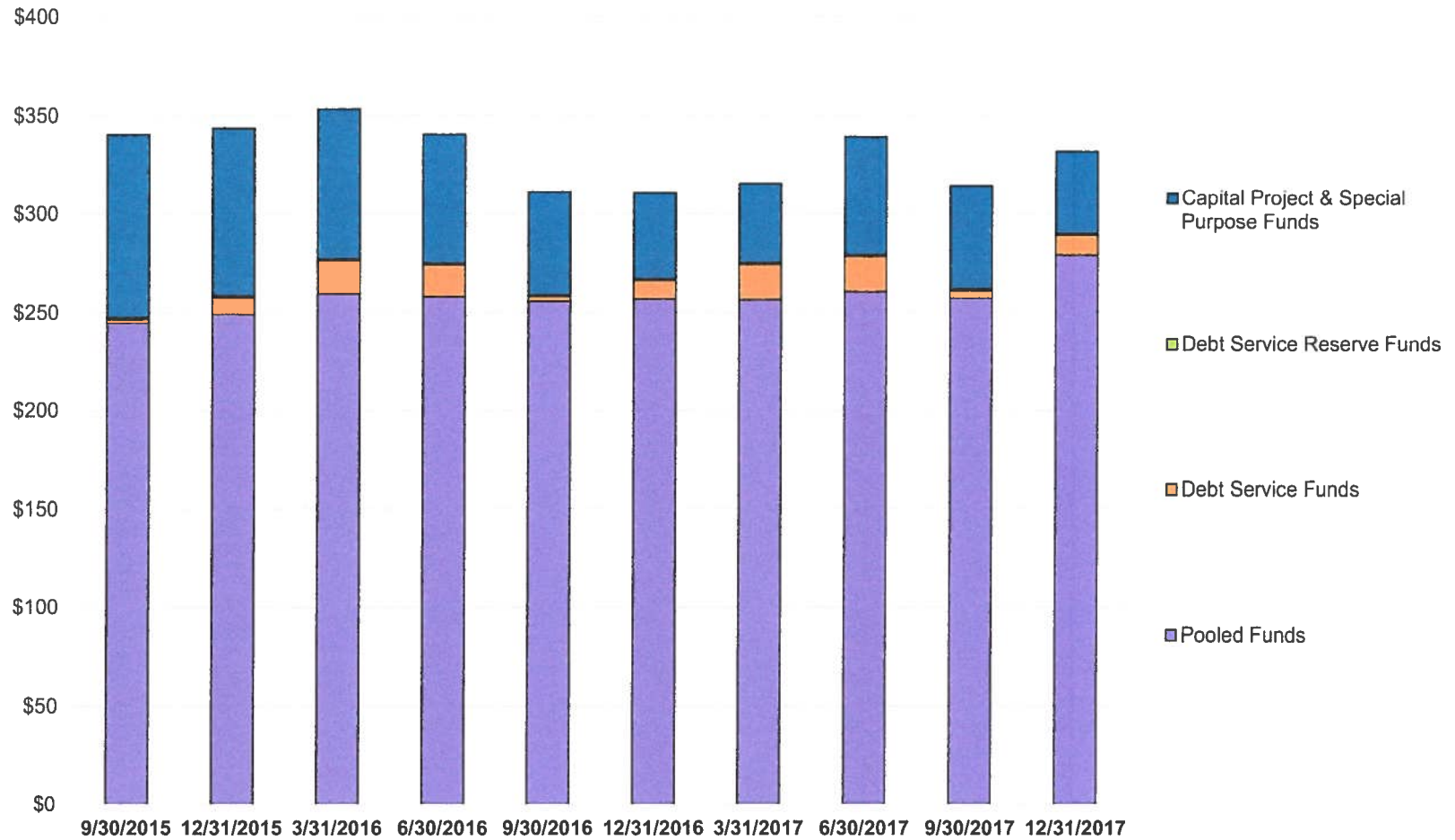
Portfolio Balances (Millions)
Order of Liquidity



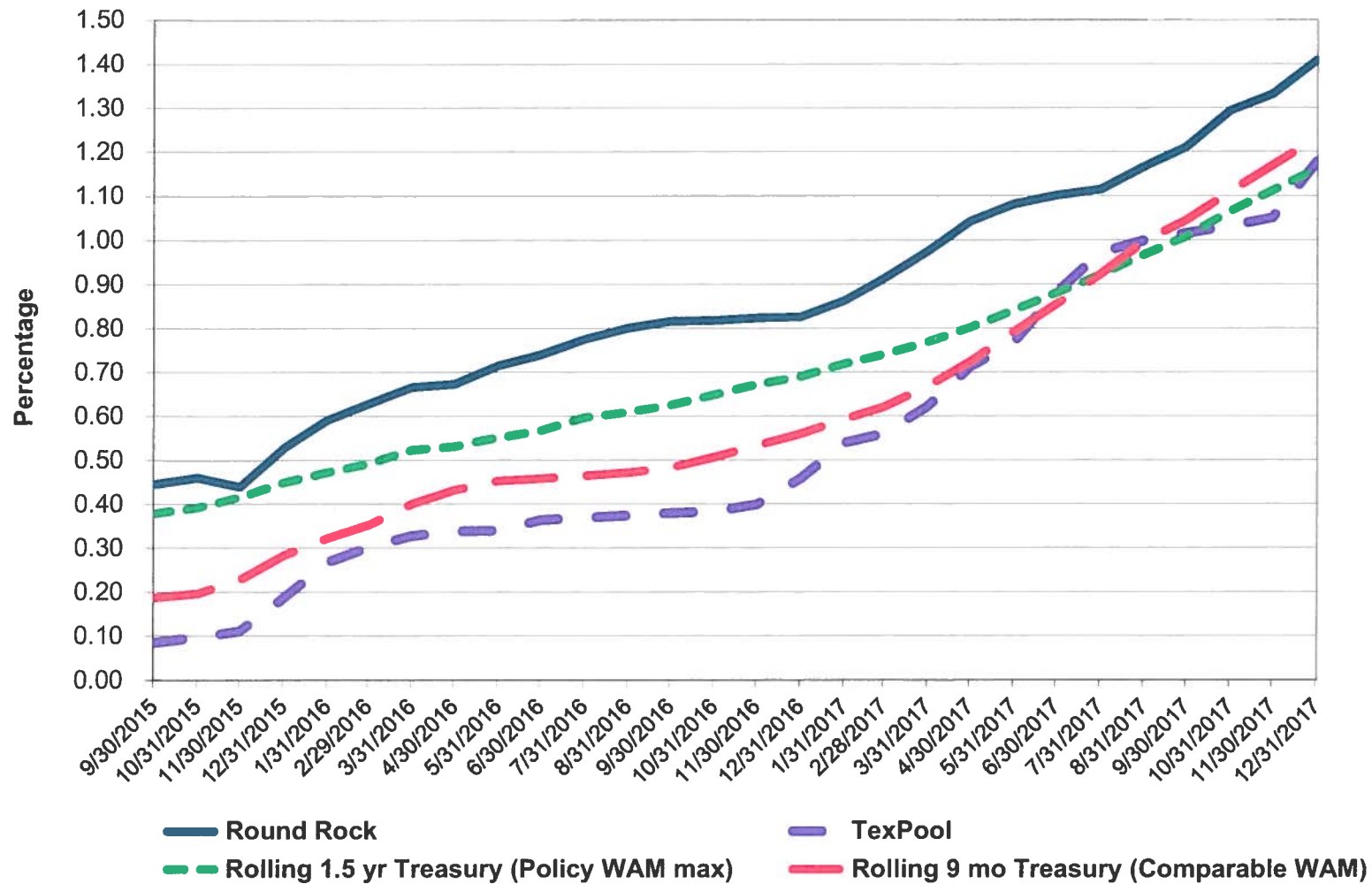
Portfolio Composition
December 31, 2017



Portfolio Balances By Fund (Millions)



City of Round Rock Pooled Funds Performance



Holdings by Allocation and Portfolio (Fund)
December 31, 2017

Issuer	Coupon Rate	Credit Rating	Settlement Date	Face Amount/ Shares	Book Value	Market Price	Market Value	Maturity Date	Days to Maturity	YTM @ Book
Fund 000 - Pooled Investments										
NexBank	1.62%		11/29/2016	\$ 16,002,273	\$ 16,002,273	100.00	\$ 16,002,273	N/A	1	1.62%
Green Bank	1.32%		06/09/2016	40,612	40,612	100.00	40,612	N/A	1	1.32%
JPMorgan Chase	0.54%		09/30/2015	7,319,441	7,319,441	100.00	7,319,441	N/A	1	0.54%
TexSTAR	1.18%	AAAm	09/30/2015	191,743	191,743	100.00	191,743	N/A	1	1.18%
TexPool	1.18%	AAAm	09/30/2015	19,528,247	19,528,247	100.00	19,528,247	N/A	1	1.18%
TexasDAILY	1.21%	AAAm	09/30/2015	50,290	50,290	100.00	50,290	N/A	1	1.21%
Southside Bank	1.12%		01/06/2016	7,648,299	7,648,299	100.00	7,648,299	01/08/2018	8	1.12%
Southside Bank	1.00%		01/25/2016	5,088,194	5,088,194	100.00	5,088,194	01/25/2018	25	1.00%
Arlington TX ISD	0.00%	Aaa/AAA/-	07/26/2016	500,000	499,363	99.80	499,015	02/15/2018	46	1.02%
Lubbock TX	4.44%	Aa2/AA+/AA+	02/14/2017	1,040,000	1,044,384	100.33	1,043,411	02/15/2018	46	1.07%
Union State Bank	1.20%		02/23/2017	5,000,000	5,000,000	100.00	5,000,000	02/22/2018	53	1.20%
Independent Bank	1.00%		02/25/2016	13,229,000	13,229,000	100.00	13,229,000	02/25/2018	56	1.00%
LegacyTexas Bank	1.05%		06/20/2016	5,079,411	5,079,411	100.00	5,079,411	03/20/2018	79	1.05%
LegacyTexas Bank	1.00%		07/06/2016	4,564,291	4,564,291	100.00	4,564,291	04/06/2018	96	1.00%
Union State Bank	1.25%		05/11/2017	2,000,000	2,000,000	100.00	2,000,000	05/10/2018	130	1.25%
R Bank	1.50%		05/13/2016	7,671,132	7,671,132	100.00	7,671,132	05/14/2018	134	1.50%
Texas A&M University System	1.54%	Aaa/AAA/AAA	10/28/2015	3,570,000	3,577,095	99.87	3,565,466	05/15/2018	135	0.99%
LegacyTexas Bank	1.10%		06/03/2016	5,083,222	5,083,222	100.00	5,083,222	06/04/2018	155	1.10%
LegacyTexas Bank	1.10%		06/20/2016	5,083,222	5,083,222	100.00	5,083,222	06/20/2018	171	1.10%
LegacyTexas Bank	1.05%		07/06/2016	4,567,528	4,567,528	100.00	4,567,528	07/06/2018	187	1.05%
Union State Bank	1.45%		08/10/2017	5,000,000	5,000,000	100.00	5,000,000	08/09/2018	221	1.45%
LegacyTexas Bank	1.02%		08/29/2016	10,136,965	10,136,965	100.00	10,136,965	08/29/2018	241	1.02%
Green Bank	1.02%		09/13/2016	5,064,041	5,064,041	100.00	5,064,041	09/13/2018	256	1.02%
R Bank	1.65%		10/02/2017	2,000,000	2,000,000	100.00	2,000,000	10/02/2018	275	1.65%
Southside Bank	1.32%		04/06/2017	6,039,774	6,039,774	100.00	6,039,774	10/05/2018	278	1.32%
Wallis State Bank	1.28%		01/27/2017	4,543,219	4,543,219	100.00	4,543,219	10/29/2018	302	1.28%
DFW Airport-Txable Ref	3.12%	A1/A+/A	03/24/2017	5,000,000	5,066,378	100.89	5,044,300	11/01/2018	305	1.50%
Wallis State Bank	1.30%		02/16/2017	5,048,774	5,048,774	100.00	5,048,774	11/15/2018	319	1.30%
Southside Bank	1.15%		12/06/2016	5,057,748	5,057,748	100.00	5,057,748	12/06/2018	340	1.15%
Lubbock National Bank	1.45%		01/11/2017	10,133,488	10,133,488	100.00	10,133,488	01/11/2019	376	1.45%
Tomball TX CO's	5.00%	Aa3/AA+/-	12/20/2016	775,000	805,784	103.75	804,094	02/15/2019	411	1.40%
LegacyTexas Bank	1.40%		02/17/2017	9,610,987	9,610,987	100.00	9,610,987	02/19/2019	415	1.40%
Corpus Christi-Ref	1.81%	Aa2/AA/AA	03/14/2016	2,250,000	2,261,091	99.64	2,241,990	03/01/2019	425	1.37%
Lubbock National Bank	1.45%		03/01/2017	5,567,226	5,567,226	100.00	5,567,226	03/01/2019	425	1.45%
R Bank	1.74%		10/02/2017	2,000,000	2,000,000	100.00	2,000,000	04/02/2019	457	1.74%
Lubbock National Bank	1.50%		04/05/2017	6,060,429	6,060,429	100.00	6,060,429	04/05/2019	460	1.50%
Independent Bank	1.65%		05/01/2017	5,041,676	5,041,676	100.00	5,041,676	05/01/2019	486	1.65%
Texas A&M Univ	1.94%	Aaa/AAA/AAA	05/01/2017	2,050,000	2,062,206	99.77	2,045,244	05/15/2019	500	1.50%
LegacyTexas Bank	2.05%		12/22/2017	4,025,999	4,025,999	100.00	4,025,999	06/21/2019	537	2.05%
LegacyTexas Bank	1.70%		06/23/2017	5,042,768	5,042,768	100.00	5,042,768	06/24/2019	540	1.70%
LegacyTexas Bank	1.70%		08/10/2017	8,045,554	8,045,554	100.00	8,045,554	08/09/2019	586	1.70%
R Bank	1.80%		08/10/2017	2,009,094	2,009,094	100.00	2,009,094	08/10/2019	587	1.80%
LegacyTexas Bank	1.70%		08/28/2017	5,028,472	5,028,472	100.00	5,028,472	08/28/2019	605	1.70%
LegacyTexas Bank	2.10%		12/21/2017	4,000,000	4,000,000	100.00	4,000,000	09/20/2019	628	2.10%
JPMorganChase	1.64%		10/02/2017	14,000,000	14,000,000	100.00	14,000,000	10/02/2019	640	1.64%
Lubbock National Bank	1.65%		10/02/2017	10,027,594	10,027,594	100.00	10,027,594	10/02/2019	640	1.65%
R Bank	1.83%		10/02/2017	2,000,000	2,000,000	100.00	2,000,000	10/02/2019	640	1.83%
FNMA	0.00%	-/AA-/AA-	10/11/2017	5,000,000	4,845,007	96.26	4,812,902	10/09/2019	647	1.79%
JPMorganChase	1.98%		11/09/2017	5,000,000	5,000,000	100.00	5,000,000	11/09/2019	678	1.98%
Union State Bank	0.99%		12/05/2016	245,000	245,000	100.00	245,000	12/05/2019	704	0.99%
LegacyTexas Bank	2.20%		12/21/2017	10,000,000	10,000,000	100.00	10,000,000	12/20/2019	719	2.20%
Sub Total / Average	1.43%			279,060,718	279,037,026	99.95	278,932,139		306	1.40%

Holdings by Allocation and Portfolio (Fund)
December 31, 2017

Issuer	Coupon Rate	Credit Rating	Settlement Date	Face Amount/ Shares	Book Value	Market Price	Market Value	Maturity Date	Days to Maturity	YTM @ Book
Fund 170 - Interest & Sinking GO Bonds										
TexasDAILY	1.21%	AAAm	04/30/2016	1,775,398	1,775,398	100.00	1,775,398	N/A	1	1.21%
NexBank	1.62%		02/27/2017	1,918,385	1,918,385	100.00	1,918,385	N/A	1	1.62%
TexPool	1.18%	AAAm	09/30/2015	49,682	49,682	100.00	49,682	N/A	1	1.18%
Sub Total / Average	1.42%			3,743,466	3,743,466	100.00	3,743,466		1	1.42%
Fund 210 - Interest & Sinking Debt Service										
JPMorgan Chase	0.54%		09/30/2015	6,012	6,012	100.00	6,012	N/A	1	0.54%
Sub Total / Average	0.54%			6,012	6,012	100.00	6,012		1	0.54%
Fund 460 - Bond Fund										
TexPool	1.18%	AAAm	09/30/2015	1,707,221	1,707,221	100.00	1,707,221	N/A	1	1.18%
NexBank	1.62%		11/29/2016	17,329,392	17,329,392	100.00	17,329,392	N/A	1	1.62%
Sub Total / Average	1.58%			19,036,613	19,036,613	100.00	19,036,613		1	1.58%
Fund 461 - CO Bond Fund										
TexPool	1.18%	AAAm	10/31/2015	1,052,009	1,052,009	100.00	1,052,009	N/A	1	1.18%
Sub Total / Average	1.18%			1,052,009	1,052,009	100.00	1,052,009		1	1.18%
Fund 462 - 2017 Bond Fund										
TexPool	1.18%	AAAm	05/30/2017	2,153,643	2,153,643	100.00	2,153,643	N/A	1	1.18%
LegacyTexas Bank	1.40%		06/23/2017	3,021,119	3,021,119	100.00	3,021,119	03/23/2018	82	1.40%
LegacyTexas Bank	1.50%		06/23/2017	3,526,405	3,526,405	100.00	3,526,405	06/22/2018	173	1.50%
LegacyTexas Bank	1.55%		06/23/2017	3,023,389	3,023,389	100.00	3,023,389	09/24/2018	267	1.55%
LegacyTexas Bank	1.60%		06/23/2017	2,016,098	2,016,098	100.00	2,016,098	12/24/2018	358	1.60%
LegacyTexas Bank	1.65%		06/23/2017	1,008,301	1,008,301	100.00	1,008,301	03/22/2019	446	1.65%
LegacyTexas Bank	1.70%		06/23/2017	1,008,554	1,008,554	100.00	1,008,554	06/24/2019	540	1.70%
Sub Total / Average	1.48%			15,757,509	15,757,509	100.00	15,757,509		215	1.48%
Fund 591 - Reserves Fund										
Green Bank	1.32%		06/09/2016	811,136	811,136	100.00	811,136	N/A	1	1.32%
TexPool	1.18%	AAAm	09/30/2015	8,337	8,337	100.00	8,337	N/A	1	1.18%
Sub Total / Average	1.32%			819,473	819,473	100.00	819,473		1	1.32%
Fund 602 - Interest & Sinking Revenue Bonds										
TexPool	1.18%	AAAm	09/30/2015	6,346,199	6,346,199	100.00	6,346,199	N/A	1	1.18%
Sub Total / Average	1.18%			6,346,199	6,346,199	100.00	6,346,199		1	1.18%
Fund 863 - Drainage Utility Revenue Bond										
TexPool	1.18%	AAAm	10/31/2015	1,314,761	1,314,761	100.00	1,314,761	N/A	1	1.18%
NexBank	1.62%		07/30/2017	3,021,757	3,021,757	100.00	3,021,757	N/A	1	1.62%
Southside Bank	1.05%		01/11/2017	1,511,811	1,511,811	100.00	1,511,811	01/11/2018	11	1.05%
Sub Total / Average	1.37%			5,848,329	5,848,329	100.00	5,848,329		4	1.37%
Total / Average	1.42%			\$ 331,670,327	\$ 331,646,635	99.96	\$ 331,541,749		268	1.41%

Book Value Comparison

December 31, 2017

Issuer	Coupon Rate	Settlement Date	Maturity Date	Beginning Book Value	Total Buys/Increases	Total Sells/Decreases	Ending Book Value	Change in Book Value
Fund 000 - Pooled Investments								
JPMorgan Chase	N/A	09/30/2015	N/A	\$ 8,977,079	\$ 468,771	\$ 2,126,409	\$ 7,319,441	\$ (1,657,638)
TexPool	N/A	09/30/2015	N/A	9,308,842	16,459,225	6,239,820	19,528,247	10,219,405
TexSTAR	N/A	09/30/2015	N/A	191,213	530	-	191,743	530
TexasDAILY	N/A	09/30/2015	N/A	5,048,586	1,704	5,000,000	50,290	(4,998,296)
NexBank	N/A	11/29/2016	N/A	18,941,459	60,815	3,000,000	16,002,273	(2,939,185)
Green Bank	N/A	06/09/2016	N/A	2,038,344	2,268	2,000,000	40,612	(1,997,732)
TX Pub Fin Auth-Txbl	0.94%	02/08/2017	10/01/2017	5,000,005	-	5,000,000	-	(5,000,005)
Southside Bank	0.97%	12/08/2015	10/01/2017	5,088,907	-	5,088,907	-	(5,088,907)
Independent Bank	0.95%	03/30/2016	10/02/2017	10,119,512	-	10,119,512	-	(10,119,512)
Southside Bank	1.00%	12/08/2015	11/01/2017	5,088,333	-	5,088,333	-	(5,088,333)
LegacyTexas Bank	0.92%	08/29/2016	11/29/2017	5,050,137	3,819	5,053,956	-	(5,050,137)
Southside Bank	1.03%	12/08/2015	12/01/2017	5,091,003	-	5,091,003	-	(5,091,003)
Southside Bank	1.12%	01/06/2016	01/08/2018	7,626,769	21,530	-	7,648,299	21,530
Southside Bank	1.00%	01/25/2016	01/25/2018	5,075,401	12,793	-	5,088,194	12,793
Arlington TX ISD	0.00%	07/26/2016	02/15/2018	498,090	-	-	499,363	1,273
Lubbock TX	4.44%	02/14/2017	02/15/2018	1,053,152	-	-	1,044,384	(8,768)
Union State Bank	1.20%	02/23/2017	02/22/2018	5,000,000	-	-	5,000,000	-
Independent Bank	1.00%	02/25/2016	02/25/2018	13,195,740	33,260	-	13,229,000	33,260
LegacyTexas Bank	1.05%	06/20/2016	03/20/2018	5,066,138	13,274	-	5,079,411	13,274
LegacyTexas Bank	1.00%	07/06/2016	04/06/2018	4,552,931	11,361	-	4,564,291	11,361
Union State Bank	1.25%	05/11/2017	05/10/2018	2,000,000	-	-	2,000,000	-
R Bank	1.50%	05/13/2016	05/14/2018	7,642,184	28,948	-	7,671,132	28,948
Texas A&M University System	1.54%	10/28/2015	05/15/2018	3,581,929	-	-	3,577,095	(4,835)
LegacyTexas Bank	1.10%	06/03/2016	06/04/2018	5,069,307	13,915	-	5,083,222	13,915
LegacyTexas Bank	1.10%	06/20/2016	06/20/2018	5,069,307	13,915	-	5,083,222	13,915
LegacyTexas Bank	1.05%	07/06/2016	07/06/2018	4,555,592	11,936	-	4,567,528	11,936
Union State Bank	1.45%	08/10/2017	08/09/2018	5,000,000	-	-	5,000,000	-
LegacyTexas Bank	1.02%	08/29/2016	08/29/2018	10,111,230	25,735	-	10,136,965	25,735
Green Bank	1.02%	09/13/2016	09/13/2018	5,051,195	12,845	-	5,064,041	12,845
R Bank	1.65%	10/02/2017	10/02/2018	-	2,000,000	-	2,000,000	2,000,000
Southside Bank	1.32%	04/06/2017	10/05/2018	6,019,746	20,028	-	6,039,774	20,028
Wallis State Bank	1.28%	01/27/2017	10/29/2018	4,528,609	14,611	-	4,543,219	14,611
DFW Airport-Txable Ref	3.12%	03/24/2017	11/01/2018	5,086,400	-	-	5,066,378	(20,022)
Wallis State Bank	1.30%	02/16/2017	11/15/2018	5,032,285	16,489	-	5,048,774	16,489
Southside Bank	1.15%	12/06/2016	12/06/2018	5,043,289	14,460	-	5,057,748	14,460
Lubbock National Bank	1.45%	01/11/2017	01/11/2019	10,096,943	36,545	-	10,133,488	36,545
Tomball TX CO's	5.00%	12/20/2016	02/15/2019	812,675	-	-	805,784	(6,891)
LegacyTexas Bank	1.40%	02/17/2017	02/19/2019	9,577,519	33,468	-	9,610,987	33,468
Corpus Christi-Ref	1.81%	03/14/2016	03/01/2019	2,263,492	-	-	2,261,091	(2,401)
Lubbock National Bank	1.45%	03/01/2017	03/01/2019	5,546,928	20,298	-	5,567,226	20,298
R Bank	1.74%	10/02/2017	04/02/2019	-	2,000,000	-	2,000,000	2,000,000
Lubbock National Bank	1.50%	04/05/2017	04/05/2019	6,037,821	22,608	-	6,060,429	22,608
Independent Bank	1.65%	05/01/2017	05/01/2019	5,020,795	20,881	-	5,041,676	20,881
Texas A&M Univ	1.94%	05/01/2017	05/15/2019	2,064,452	-	-	2,062,206	(2,246)
LegacyTexas Bank	2.05%	12/22/2017	06/21/2019	-	4,025,999	-	4,025,999	4,025,999
LegacyTexas Bank	1.70%	06/23/2017	06/24/2019	5,021,455	21,313	-	5,042,768	21,313
LegacyTexas Bank	1.70%	08/10/2017	08/09/2019	8,011,551	34,004	-	8,045,554	34,004
R Bank	1.80%	08/10/2017	08/10/2019	2,000,000	9,094	-	2,009,094	9,094
LegacyTexas Bank	1.70%	08/28/2017	08/28/2019	5,007,219	21,252	-	5,028,472	21,252
LegacyTexas Bank	2.10%	12/21/2017	09/20/2019	-	4,000,000	-	4,000,000	4,000,000
JPMorganChase	1.64%	10/02/2017	10/02/2019	-	14,000,000	-	14,000,000	14,000,000
Lubbock National Bank	1.65%	10/02/2017	10/02/2019	-	10,027,594	-	10,027,594	10,027,594
R Bank	1.83%	10/02/2017	10/02/2019	-	2,000,000	-	2,000,000	2,000,000
FNMA	0.00%	10/11/2017	10/09/2019	-	4,825,603	-	4,845,007	4,845,007
JPMorganChase	1.98%	11/09/2017	11/09/2019	-	5,000,000	-	5,000,000	5,000,000
Union State Bank	0.99%	12/05/2016	12/05/2019	245,000	-	-	245,000	-

Book Value Comparison

December 31, 2017

Issuer	Coupon Rate	Settlement Date	Maturity Date	Beginning Book Value	Total Buys/ Increases	Total Sells/ Decreases	Ending Book Value	Change in Book Value
LegacyTexas Bank	2.20%	12/21/2017	12/20/2019	-	10,000,000	-	10,000,000	10,000,000
Sub Total/Average Fund 000 - Pooled Investments				257,508,566	75,360,892	53,807,941	279,037,026	21,528,460
Fund 170 - Interest & Sinking GO Bonds								
TexPool	N/A	09/30/2015	N/A	42,769	7,663	750	49,682	6,913
TexasDAILY	N/A	04/30/2016	N/A	2,519	1,772,880	-	1,775,398	1,772,880
NexBank	N/A	02/27/2017	N/A	2,144,375	7,290	233,280	1,918,385	(225,990)
Sub Total/Average Fund 170 - Interest & Sinking GO Bonds				2,189,663	1,787,832	234,030	3,743,466	1,553,802
Fund 210 - Interest & Sinking Debt Service								
JPMorgan Chase	N/A	09/30/2015	N/A	5,055	957	-	6,012	957
Sub Total/Average Fund 210 - Interest & Sinking Debt Service				5,055	957	-	6,012	957
Fund 460 - Bond Fund								
TexPool	N/A	09/30/2015	N/A	4,229,833	9,030	2,531,642	1,707,221	(2,522,612)
NexBank	N/A	11/29/2016	N/A	17,263,533	65,859	-	17,329,392	65,859
Sub Total/Average Fund 460 - Bond Fund				21,493,365	74,890	2,531,642	19,036,613	(2,456,752)
Fund 461 - CO Bond Fund								
TexPool	N/A	10/31/2015	N/A	1,151,592	3,480	103,063	1,052,009	(99,583)
Sub Total/Average Fund 461 - CO Bond Fund				1,151,592.19	3,479.59	103,062.88	1,052,008.90	(99,583)
Fund 462 - 2017 Bond Fund								
TexPool	N/A	05/30/2017	N/A	5,911,696	11,621	3,769,674	2,153,643	(3,758,053)
LegacyTexas Bank	1.30%	06/23/2017	12/22/2017	4,013,121	8,724	4,021,845	-	(4,013,121)
LegacyTexas Bank	1.40%	06/23/2017	03/23/2018	3,010,599	10,520	-	3,021,119	10,520
LegacyTexas Bank	1.50%	06/23/2017	06/22/2018	3,513,250	13,155	-	3,526,405	13,155
LegacyTexas Bank	1.55%	06/23/2017	09/24/2018	3,011,736	11,653	-	3,023,389	11,653
LegacyTexas Bank	1.60%	06/23/2017	12/24/2018	2,008,077	8,021	-	2,016,098	8,021
LegacyTexas Bank	1.65%	06/23/2017	03/22/2019	1,004,165	4,137	-	1,008,301	4,137
LegacyTexas Bank	1.70%	06/23/2017	06/24/2019	1,004,291	4,263	-	1,008,554	4,263
Sub Total/Average Fund 462 - 2017 Bond Fund				23,476,934	72,093	7,791,519	15,757,509	(7,719,425)
Fund 591 - Reserves Fund								
TexPool	N/A	09/30/2015	N/A	8,314	23	-	8,337	23
Green Bank	N/A	06/09/2016	N/A	807,816	3,320	-	811,136	3,320
Sub Total/Average Fund 591 - Reserves Fund				816,130	3,343	-	819,473	3,343
Fund 602 - Interest & Sinking Revenue Bonds								
TexPool	N/A	09/30/2015	N/A	1,459,687	5,708,527	822,015	6,346,199	4,886,512
Sub Total/Average Fund 602 - Interest & Sinking Revenue Bonds				1,459,687	5,708,527	822,015	6,346,199	4,886,512
Fund 863 - Drainage Utility Revenue Bond								
TexPool	N/A	10/31/2015	N/A	1,390,966	4,317	80,523	1,314,761	(76,205)
NexBank	N/A	07/30/2017	N/A	3,010,271	11,486	-	3,021,757	11,486
Southside Bank	1.05%	01/11/2017	01/11/2018	1,507,820	3,991	-	1,511,811	3,991
Sub Total/Average Fund 863 - Drainage Utility Revenue Bond				5,909,058	19,794	80,523	5,848,329	(60,729)
Total / Average				\$ 314,010,050	\$ 83,031,808	\$ 65,370,732	\$ 331,646,635	\$ 17,636,585

Market Value Comparison

December 31, 2017

Issuer	Coupon Rate	Settlement Date	Maturity Date	Beginning Market Value	Total Buys/Increases	Total Sells/Decreases	Ending Market Value	Change in Market Value
Fund 000 - Pooled Investments								
JPMorgan Chase	N/A	09/30/2015	N/A	\$ 8,977,079	\$ 468,771	\$ 2,126,409	\$ 7,319,441	\$ --
TexPool	N/A	09/30/2015	N/A	9,308,842	16,459,225	6,239,820	19,528,247	--
TexSTAR	N/A	09/30/2015	N/A	191,213	530	--	191,743	--
TexasDAILY	N/A	09/30/2015	N/A	5,048,586	1,704	5,000,000	50,290	--
NexBank	N/A	11/29/2016	N/A	18,941,459	60,815	3,000,000	16,002,273	--
Green Bank	N/A	06/09/2016	N/A	2,038,344	2,268	2,000,000	40,612	--
TX Pub Fin Auth-Txbl	0.94%	02/08/2017	10/01/2017	5,000,000	--	5,000,000	--	--
Southside Bank	0.97%	12/08/2015	10/01/2017	5,088,907	--	5,088,907	--	--
Independent Bank	0.95%	03/30/2016	10/02/2017	10,119,512	--	10,119,512	--	--
Southside Bank	1.00%	12/08/2015	11/01/2017	5,088,333	--	5,088,333	--	--
LegacyTexas Bank	0.92%	08/29/2016	11/29/2017	5,050,137	3,819	5,053,956	--	--
Southside Bank	1.03%	12/08/2015	12/01/2017	5,091,003	--	5,091,003	--	--
Southside Bank	1.12%	01/06/2016	01/08/2018	7,626,769	21,530	--	7,648,299	--
Southside Bank	1.00%	01/25/2016	01/25/2018	5,075,401	12,793	--	5,088,194	--
Arlington TX ISD	0.00%	07/26/2016	02/15/2018	496,860	--	--	499,015	2,155
Lubbock TX	4.44%	02/14/2017	02/15/2018	1,051,305	--	--	1,043,411	(7,894)
Union State Bank	1.20%	02/23/2017	02/22/2018	5,000,000	--	--	5,000,000	--
Independent Bank	1.00%	02/25/2016	02/25/2018	13,195,740	33,260	--	13,229,000	--
LegacyTexas Bank	1.05%	06/20/2016	03/20/2018	5,066,138	13,274	--	5,079,411	--
LegacyTexas Bank	1.00%	07/06/2016	04/06/2018	4,552,931	11,361	--	4,564,291	--
Union State Bank	1.25%	05/11/2017	05/10/2018	2,000,000	--	--	2,000,000	--
R Bank	1.50%	05/13/2016	05/14/2018	7,642,184	28,948	--	7,671,132	--
Texas A&M University System	1.54%	10/28/2015	05/15/2018	3,569,500	--	--	3,565,466	(4,034)
LegacyTexas Bank	1.10%	06/03/2016	06/04/2018	5,069,307	13,915	--	5,083,222	--
LegacyTexas Bank	1.10%	06/20/2016	06/20/2018	5,069,307	13,915	--	5,083,222	--
LegacyTexas Bank	1.05%	07/06/2016	07/06/2018	4,555,592	11,936	--	4,567,528	--
Union State Bank	1.45%	08/10/2017	08/09/2018	5,000,000	--	--	5,000,000	--
LegacyTexas Bank	1.02%	08/29/2016	08/29/2018	10,111,230	25,735	--	10,136,965	--
Green Bank	1.02%	09/13/2016	09/13/2018	5,051,195	12,845	--	5,064,041	--
R Bank	1.65%	10/02/2017	10/02/2018	--	2,000,000	--	2,000,000	--
Southside Bank	1.32%	04/06/2017	10/05/2018	6,019,746	20,028	--	6,039,774	--
Wallis State Bank	1.28%	01/27/2017	10/29/2018	4,528,609	14,611	--	4,543,219	--
DFW Airport-Txable Ref	3.12%	03/24/2017	11/01/2018	5,073,300	--	--	5,044,300	(29,000)
Wallis State Bank	1.30%	02/16/2017	11/15/2018	5,032,285	16,489	--	5,048,774	--
Southside Bank	1.15%	12/06/2016	12/06/2018	5,043,289	14,460	--	5,057,748	--
Lubbock National Bank	1.45%	01/11/2017	01/11/2019	10,096,943	36,545	--	10,133,488	--
Tomball TX CO's	5.00%	12/20/2016	02/15/2019	815,796	--	--	804,094	(11,703)
LegacyTexas Bank	1.40%	02/17/2017	02/19/2019	9,577,519	33,468	--	9,610,987	--
Corpus Christi-Ref	1.81%	03/14/2016	03/01/2019	2,247,323	--	--	2,241,990	(5,333)
Lubbock National Bank	1.45%	03/01/2017	03/01/2019	5,546,928	20,298	--	5,567,226	--
R Bank	1.74%	10/02/2017	04/02/2019	--	2,000,000	--	2,000,000	--
Lubbock National Bank	1.50%	04/05/2017	04/05/2019	6,037,821	22,608	--	6,060,429	--
Independent Bank	1.65%	05/01/2017	05/01/2019	5,020,795	20,881	--	5,041,676	--
Texas A&M Univ	1.94%	05/01/2017	05/15/2019	2,058,323	--	--	2,045,244	(13,079)
LegacyTexas Bank	2.05%	12/22/2017	06/21/2019	--	4,025,999	--	4,025,999	--
LegacyTexas Bank	1.70%	06/23/2017	06/24/2019	5,021,455	21,313	--	5,042,768	--
LegacyTexas Bank	1.70%	08/10/2017	08/09/2019	8,011,551	34,004	--	8,045,554	--
R Bank	1.80%	08/10/2017	08/10/2019	2,000,000	9,094	--	2,009,094	--
LegacyTexas Bank	1.70%	08/28/2017	08/28/2019	5,007,219	21,252	--	5,028,472	--
LegacyTexas Bank	2.10%	12/21/2017	09/20/2019	--	4,000,000	--	4,000,000	--
JPMorganChase	1.64%	10/02/2017	10/02/2019	--	14,000,000	--	14,000,000	--
Lubbock National Bank	1.65%	10/02/2017	10/02/2019	--	10,027,594	--	10,027,594	--
R Bank	1.83%	10/02/2017	10/02/2019	--	2,000,000	--	2,000,000	--
FNMA	0.00%	10/11/2017	10/09/2019	--	4,825,603	--	4,812,902	(12,701)
JPMorganChase	1.98%	11/09/2017	11/09/2019	--	5,000,000	--	5,000,000	--
Union State Bank	0.99%	12/05/2016	12/05/2019	245,000	--	--	245,000	--

Market Value Comparison

December 31, 2017

Issuer	Coupon Rate	Settlement Date	Maturity Date	Beginning Market Value	Total Buys/Increases	Total Sells/Decreases	Ending Market Value	Change in Market Value
LegacyTexas Bank	2.20%	12/21/2017	12/20/2019	-	10,000,000	-	10,000,000	-
Sub Total/Average Fund 000 - Pooled Investments								
				257,460,776	75,360,892	53,807,941	278,932,139	(81,588)
Fund 170 - Interest & Sinking GO Bonds								
TexPool	N/A	09/30/2015	N/A	42,769	7,663	750	49,682	-
TexasDAILY	N/A	04/30/2016	N/A	2,519	1,772,880	-	1,775,398	-
NexBank	N/A	02/27/2017	N/A	2,144,375	7,290	233,280	1,918,385	-
Sub Total/Average Fund 170 - Interest & Sinking GO Bonds								
				2,189,663	1,787,832	234,030	3,743,466	-
Fund 210 - Interest & Sinking Debt Service								
JPMorgan Chase	N/A	09/30/2015	N/A	5,055	957	-	6,012	-
Sub Total/Average Fund 210 - Interest & Sinking Debt Service								
				5,055	957	-	6,012	-
Fund 460 - Bond Fund								
TexPool	N/A	09/30/2015	N/A	4,229,833	9,030	2,531,642	1,707,221	-
NexBank	N/A	11/29/2016	N/A	17,263,533	65,859	-	17,329,392	-
Sub Total/Average Fund 460 - Bond Fund								
				21,493,365	74,890	2,531,642	19,036,613	-
Fund 461 - CO Bond Fund								
TexPool	N/A	10/31/2015	N/A	1,151,592	3,480	103,063	1,052,009	-
Sub Total/Average Fund 461 - CO Bond Fund								
				1,151,592	3,480	103,063	1,052,009	-
Fund 462 - 2017 Bond Fund								
TexPool	N/A	05/30/2017	N/A	5,911,696	11,621	3,769,674	2,153,643	-
LegacyTexas Bank	1.30%	06/23/2017	12/22/2017	4,013,121	8,724	4,021,845	-	-
LegacyTexas Bank	1.40%	06/23/2017	03/23/2018	3,010,599	10,520	-	3,021,119	-
LegacyTexas Bank	1.50%	06/23/2017	06/22/2018	3,513,250	13,155	-	3,526,405	-
LegacyTexas Bank	1.55%	06/23/2017	09/24/2018	3,011,736	11,653	-	3,023,389	-
LegacyTexas Bank	1.60%	06/23/2017	12/24/2018	2,008,077	8,021	-	2,016,098	-
LegacyTexas Bank	1.65%	06/23/2017	03/22/2019	1,004,165	4,137	-	1,008,301	-
LegacyTexas Bank	1.70%	06/23/2017	06/24/2019	1,004,291	4,263	-	1,008,554	-
Sub Total/Average Fund 462 - 2017 Bond Fund								
				23,476,934	72,093	7,791,519	15,757,509	-
Fund 591 - Reserves Fund								
TexPool	N/A	09/30/2015	N/A	8,314	23	-	8,337	-
Green Bank	N/A	06/09/2016	N/A	807,816	3,320	-	811,136	-
Sub Total/Average Fund 591 - Reserves Fund								
				816,130	3,343	-	819,473	-
Fund 602 - Interest & Sinking Revenue Bonds								
TexPool	N/A	09/30/2015	N/A	1,459,687	5,708,527	822,015	6,346,199	-
Sub Total/Average Fund 602 - Interest & Sinking Revenue Bonds								
				1,459,687	5,708,527	822,015	6,346,199	-
Fund 863 - Drainage Utility Revenue Bond								
TexPool	N/A	10/31/2015	N/A	1,390,966	4,317	80,523	1,314,761	-
NexBank	N/A	07/30/2017	N/A	3,010,271	11,486	-	3,021,757	-
Southside Bank	1.05%	01/11/2017	01/11/2018	1,507,820	3,991	-	1,511,811	-
Sub Total/Average Fund 863 - Drainage Utility Revenue Bond								
				5,909,058	19,794	80,523	5,848,329	-
Total / Average								
				\$ 313,962,261	\$ 83,031,808	\$ 65,370,732	\$ 331,541,749	\$ (81,588)

Holdings by Allocation and Portfolio (Fund)
September 30, 2017

Issuer	Coupon Rate	Credit Rating	Settlement Date	Face Amount/ Shares	Book Value	Market Price	Market Value	Maturity Date	Days to Maturity	YTM @ Book
Fund 000 - Pooled Investments										
NexBank	1.46%		11/29/2016	\$ 18,941,459	\$ 18,941,459	100.00	\$ 18,941,459	N/A	1	1.46%
Green Bank	1.20%		06/09/2016	2,038,344	2,038,344	100.00	2,038,344	N/A	1	1.20%
JPMorgan Chase	0.38%		09/30/2015	8,977,079	8,977,079	100.00	8,977,079	N/A	1	0.38%
TexSTAR	1.04%	AAAm	09/30/2015	191,213	191,213	100.00	191,213	N/A	1	1.04%
TexPool	1.02%	AAAm	09/30/2015	9,308,842	9,308,842	100.00	9,308,842	N/A	1	1.02%
TexasDAILY	1.03%	AAAm	09/30/2015	5,048,586	5,048,586	100.00	5,048,586	N/A	1	1.03%
TX Pub Fin Auth-Txbl	0.94%	Aaa/AAA/-	02/08/2017	5,000,000	5,000,005	100.00	5,000,000	10/01/2017	1	0.90%
Southside Bank	0.97%		12/08/2015	5,088,907	5,088,907	100.00	5,088,907	10/01/2017	1	0.97%
Independent Bank	0.95%		03/30/2016	10,119,512	10,119,512	100.00	10,119,512	10/02/2017	2	0.95%
Southside Bank	1.00%		12/08/2015	5,088,333	5,088,333	100.00	5,088,333	11/01/2017	32	1.00%
LegacyTexas Bank	0.92%		08/29/2016	5,050,137	5,050,137	100.00	5,050,137	11/29/2017	60	0.92%
Southside Bank	1.03%		12/08/2015	5,091,003	5,091,003	100.00	5,091,003	12/01/2017	62	1.03%
Southside Bank	1.12%		01/06/2016	7,626,769	7,626,769	100.00	7,626,769	01/08/2018	100	1.12%
Southside Bank	1.00%		01/25/2016	5,075,401	5,075,401	100.00	5,075,401	01/25/2018	117	1.00%
Arlington TX ISD	0.00%	Aaa/AAA/-	07/26/2016	500,000	498,090	99.37	496,860	02/15/2018	138	1.02%
Lubbock TX	4.44%	Aa2/AA+/AA+	02/14/2017	1,040,000	1,053,152	101.09	1,051,305	02/15/2018	138	1.07%
Union State Bank	1.20%		02/23/2017	5,000,000	5,000,000	100.00	5,000,000	02/22/2018	145	1.20%
Independent Bank	1.00%		02/25/2016	13,195,740	13,195,740	100.00	13,195,740	02/25/2018	148	1.00%
LegacyTexas Bank	1.05%		06/20/2016	5,066,138	5,066,138	100.00	5,066,138	03/20/2018	171	1.05%
LegacyTexas Bank	1.00%		07/06/2016	4,552,931	4,552,931	100.00	4,552,931	04/06/2018	188	1.00%
Union State Bank	1.25%		05/11/2017	2,000,000	2,000,000	100.00	2,000,000	05/10/2018	222	1.25%
R Bank	1.50%		05/13/2016	7,642,184	7,642,184	100.00	7,642,184	05/14/2018	226	1.50%
Texas A&M University System	1.54%	Aaa/AAA/AAA	10/28/2015	3,570,000	3,581,929	99.99	3,569,500	05/15/2018	227	0.99%
LegacyTexas Bank	1.10%		06/03/2016	5,069,307	5,069,307	100.00	5,069,307	06/04/2018	247	1.10%
LegacyTexas Bank	1.10%		06/20/2016	5,069,307	5,069,307	100.00	5,069,307	06/20/2018	263	1.10%
LegacyTexas Bank	1.05%		07/06/2016	4,555,592	4,555,592	100.00	4,555,592	07/06/2018	279	1.05%
Union State Bank	1.45%		08/10/2017	5,000,000	5,000,000	100.00	5,000,000	08/09/2018	313	1.45%
LegacyTexas Bank	1.02%		08/29/2016	10,111,230	10,111,230	100.00	10,111,230	08/29/2018	333	1.02%
Green Bank	1.02%		09/13/2016	5,051,195	5,051,195	100.00	5,051,195	09/13/2018	348	1.02%
Southside Bank	1.32%		04/06/2017	6,019,746	6,019,746	100.00	6,019,746	10/05/2018	370	1.32%
Wallis State Bank	1.28%		01/27/2017	4,528,609	4,528,609	100.00	4,528,609	10/29/2018	394	1.28%
DFW Airport-Txable Ref	3.12%	A1/A+/A	03/24/2017	5,000,000	5,086,400	101.47	5,073,300	11/01/2018	397	1.50%
Wallis State Bank	1.30%		02/16/2017	5,032,285	5,032,285	100.00	5,032,285	11/15/2018	411	1.30%
Southside Bank	1.15%		12/06/2016	5,043,289	5,043,289	100.00	5,043,289	12/06/2018	432	1.15%
Lubbock National Bank	1.45%		01/11/2017	10,096,943	10,096,943	100.00	10,096,943	01/11/2019	468	1.45%
Tomball TX CO's	5.00%	Aa3/AA+/-	12/20/2016	775,000	812,675	105.26	815,796	02/15/2019	503	1.40%
LegacyTexas Bank	1.40%		02/17/2017	9,577,519	9,577,519	100.00	9,577,519	02/19/2019	507	1.40%
Corpus Christi-Ref	1.81%	Aa2/AA/AA	03/14/2016	2,250,000	2,263,492	99.88	2,247,323	03/01/2019	517	1.37%
Lubbock National Bank	1.45%		03/01/2017	5,546,928	5,546,928	100.00	5,546,928	03/01/2019	517	1.45%
Lubbock National Bank	1.50%		04/05/2017	6,037,821	6,037,821	100.00	6,037,821	04/05/2019	552	1.50%
Independent Bank	1.65%		05/01/2017	5,020,795	5,020,795	100.00	5,020,795	05/01/2019	578	1.65%
Texas A&M Univ	1.94%	Aaa/AAA/AAA	05/01/2017	2,050,000	2,064,452	100.41	2,058,323	05/15/2019	592	1.50%
LegacyTexas Bank	1.70%		06/23/2017	5,021,455	5,021,455	100.00	5,021,455	06/24/2019	632	1.70%
LegacyTexas Bank	1.70%		08/10/2017	8,011,551	8,011,551	100.00	8,011,551	08/09/2019	678	1.70%
R Bank	1.80%		08/10/2017	2,000,000	2,000,000	100.00	2,000,000	08/10/2019	679	1.80%
LegacyTexas Bank	1.70%		08/28/2017	5,007,219	5,007,219	100.00	5,007,219	08/28/2019	697	1.70%
Union State Bank	0.99%		12/05/2016	245,000	245,000	100.00	245,000	12/05/2019	796	0.99%
Sub Total / Average	1.28%			257,333,370	257,508,566	100.05	257,460,776		255	1.21%

Holdings by Allocation and Portfolio (Fund)
September 30, 2017

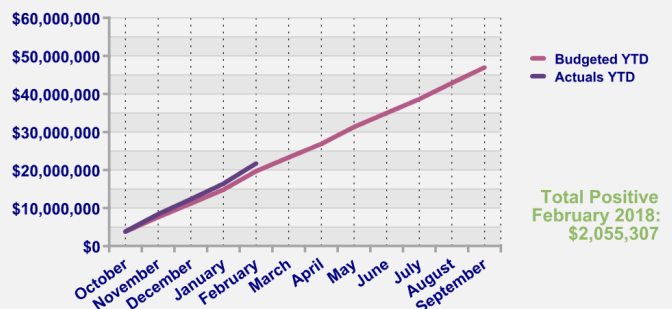
Issuer	Coupon Rate	Credit Rating	Settlement Date	Face Amount/ Shares	Book Value	Market Price	Market Value	Maturity Date	Days to Maturity	YTM @ Book
Fund 170 - Interest & Sinking GO Bonds										
TexasDAILY	1.03%	AAAm	04/30/2016	2,519	2,519	100.00	2,519	N/A	1	1.03%
NexBank	1.46%		02/27/2017	2,144,375	2,144,375	100.00	2,144,375	N/A	1	1.46%
TexPool	1.02%	AAAm	09/30/2015	42,769	42,769	100.00	42,769	N/A	1	1.02%
Sub Total / Average	1.45%			2,189,663	2,189,663	100.00	2,189,663		1	1.45%
Fund 210 - Interest & Sinking Debt Service										
JPMorgan Chase	0.38%		09/30/2015	5,055	5,055	100.00	5,055	N/A	1	0.38%
Sub Total / Average	0.38%			5,055	5,055	100.00	5,055		1	0.38%
Fund 460 - Bond Fund										
NexBank	1.46%		11/29/2016	17,263,533	17,263,533	100.00	17,263,533	N/A	1	1.46%
TexPool	1.02%	AAAm	09/30/2015	4,229,833	4,229,833	100.00	4,229,833	N/A	1	1.02%
Sub Total / Average	1.37%			21,493,365	21,493,365	100.00	21,493,365		1	1.37%
Fund 461 - CO Bond Fund										
TexPool	1.02%	AAAm	10/31/2015	1,151,592	1,151,592	100.00	1,151,592	N/A	1	1.02%
Sub Total / Average	1.02%			1,151,592	1,151,592	100.00	1,151,592		1	1.02%
Fund 462 - 2017 Bond Fund										
TexPool	1.02%	AAAm	05/30/2017	5,911,696	5,911,696	100.00	5,911,696	N/A	1	1.02%
LegacyTexas Bank	1.30%		06/23/2017	4,013,121	4,013,121	100.00	4,013,121	12/22/2017	83	1.30%
LegacyTexas Bank	1.40%		06/23/2017	3,010,599	3,010,599	100.00	3,010,599	03/23/2018	174	1.40%
LegacyTexas Bank	1.50%		06/23/2017	3,513,250	3,513,250	100.00	3,513,250	06/22/2018	265	1.50%
LegacyTexas Bank	1.55%		06/23/2017	3,011,736	3,011,736	100.00	3,011,736	09/24/2018	359	1.55%
LegacyTexas Bank	1.60%		06/23/2017	2,008,077	2,008,077	100.00	2,008,077	12/24/2018	450	1.60%
LegacyTexas Bank	1.65%		06/23/2017	1,004,165	1,004,165	100.00	1,004,165	03/22/2019	538	1.65%
LegacyTexas Bank	1.70%		06/23/2017	1,004,291	1,004,291	100.00	1,004,291	06/24/2019	632	1.70%
Sub Total / Average	1.36%			23,476,934	23,476,934	100.00	23,476,934		211	1.36%
Fund 591 - Reserves Fund										
Green Bank	1.20%		06/09/2016	807,816	807,816	100.00	807,816	N/A	1	1.20%
TexPool	1.02%	AAAm	09/30/2015	8,314	8,314	100.00	8,314	N/A	1	1.02%
Sub Total / Average	1.20%			816,130	816,130	100.00	816,130		1	1.20%
Fund 602 - Interest & Sinking Revenue Bonds										
TexPool	1.02%	AAAm	09/30/2015	1,459,687	1,459,687	100.00	1,459,687	N/A	1	1.02%
Sub Total / Average	1.02%			1,459,687	1,459,687	100.00	1,459,687		1	1.02%
Fund 863 - Drainage Utility Revenue Bond										
NexBank	1.46%		07/30/2017	3,010,271	3,010,271	100.00	3,010,271	N/A	1	1.46%
TexPool	1.02%	AAAm	10/31/2015	1,390,966	1,390,966	100.00	1,390,966	N/A	1	1.02%
Southside Bank	1.05%		01/11/2017	1,507,820	1,507,820	100.00	1,507,820	01/11/2018	103	1.05%
Sub Total / Average	1.25%			5,909,058	5,909,058	100.00	5,909,058		27	1.25%
Total / Average	1.29%			\$ 313,834,854	\$ 314,010,050	100.04	\$ 313,962,261		226	1.23%



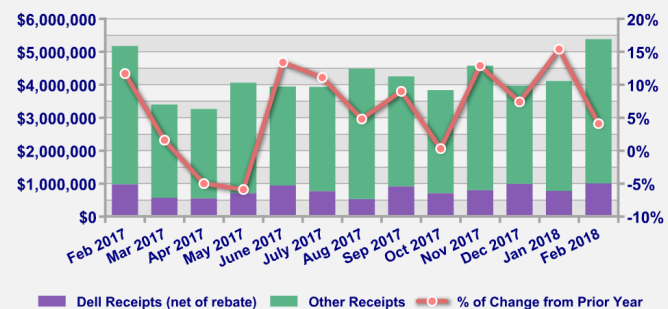
Round Rock by the Numbers

FY 2017/18 - First Quarter - 12/31/2017

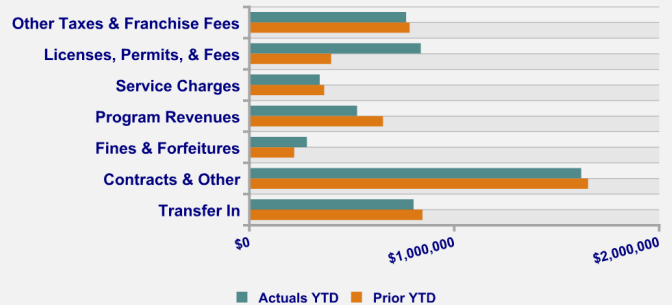
Sales Tax Actuals vs. Projections - Gen Fund Only



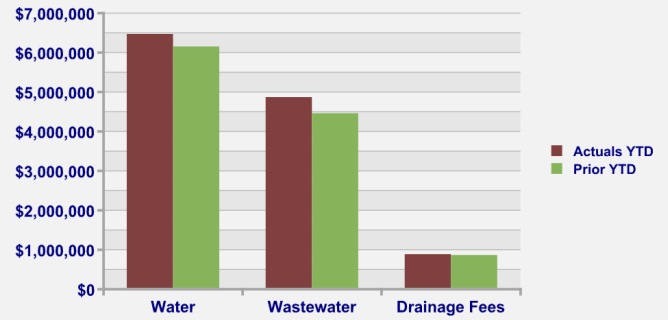
Rolling 12 Month - General Fund Sales Tax



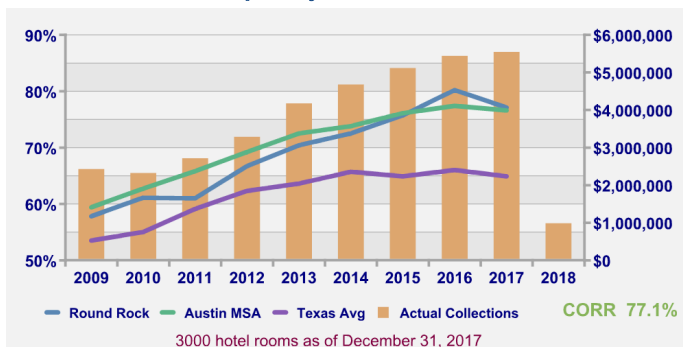
Other General Fund Revenues



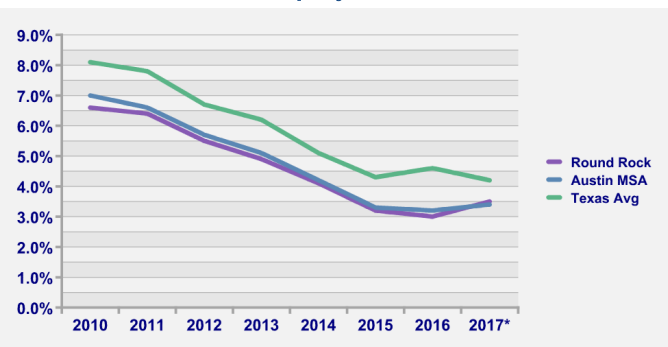
Utility Revenues



Hotel Occupancy Rates and Revenues

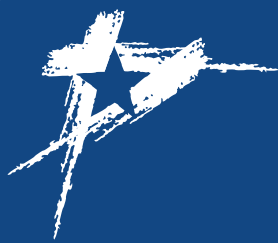


Unemployment Data



Notes & Comments

- Sales tax receipts through February (on sales through December) are up 10.50% over the prior year-to-date, largely because Dell receipts are trending 36.86% over the prior year-to-date.
- Most property tax collections occur from November through January each year. Collections have been strong in 2017/18 and staff expects budget to be met.
- Utility revenues are trending in line with budget over the first three months of the fiscal year. Water revenues for 2017/18 include the 3.5% rate increase that went into effect on 10/1/2017.
- Hotel occupancy tax and Venue tax revenues are trending in line with budget over the first three months of the fiscal year.
- Overall for GF Revenues - In addition to strong sales tax and property tax collections, all other General Fund revenues appear strong and on target overall.
 - Licenses, Permits, and Fees are well ahead of projections due to continued strong growth in commercial and residential development and Master Development Fee revenues of \$367,000 from Highlands at Mayfield Ranch MUD.



Round Rock by the Numbers

FY 2017/18 - Annual Facts

Tax Information

	2017/18	2016/17
Population	111,387	108,353
Property Tax Rate	\$ 0.43000	0.42500
M&O .28786 Debt .14214		
Median Home Value	\$ 227,714	208,906
Taxable Property Value (billions)	\$ 12.5	11.3
Property Tax per Capita	\$ 482.47	414.07

Taxing Entities

CORR	\$	0.430
Williamson County	\$	0.477
RRISD	\$	1.300
ACC	\$	0.102
Upper Brushy Creek	\$	0.020
Total Tax Rate (includes CORR)	\$	2.329

Top 10 Property Taxpayers (sorted by rank as of Oct 2017)

Dell Computer Holdings, LP
 CPG Round Rock, LP (Premium Outlets)
 CMF 15 Portfolio, LLC (Colonial Grand Apt)
 Baltgem Development Group (La Frontera Village)
 Columbia / St. Davids Healthcare
 Fisher-Rosemount Systems Inc. (Emerson)
 Dell Computer Corp.
 BAEV-LASALLE RR University Blvd (University Commons Shopping Ctr)
 FST La Frontera LLC (La Frontera @ Hesters Xing)

Debt Information

GO Bond Rating:	S & P	AA+
Utility Bond Rating:	S & P	AAA

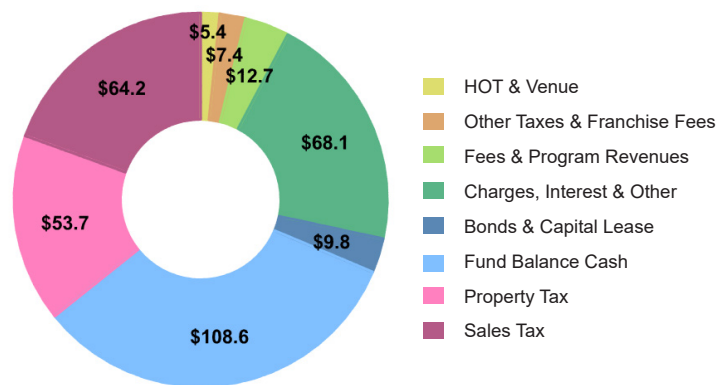
Outstanding as of 9/30/2017 (millions)

GO & CO Bonds	\$	196.9
Capital Lease	\$	9.8
Utility / Drainage	\$	131.1 / 7.4
HOT	\$	4.4
Sports Center	\$	7.3
Type B	\$	17.5

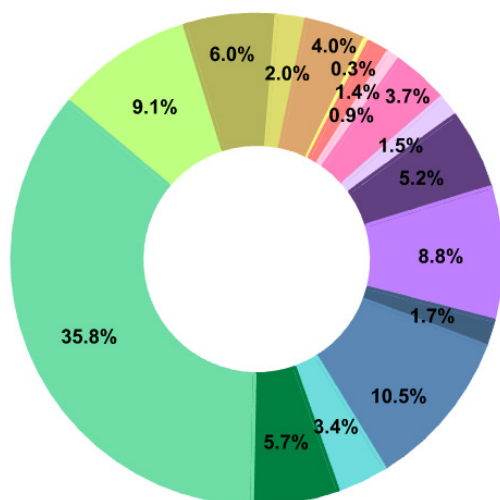
City Employees

FTEs	956.26	Dept Total
Sworn Police*	175	251
Firefighters	144	152
*School Resource Officers -	10 SROs + 2 Sgts	

Total Revenues & Funding Sources 2017/18 - \$329.9 million



Total Adopted Budget 2017/18 - \$329.9 million



	(millions)
Police	\$ 30.1
Fire	\$ 19.9
Fiscal Support Services	\$ 6.5
Transportation	\$ 13.2
Communication	\$ 1.1
General Services	\$ 4.6
Library	\$ 2.8
Parks and Recreation	\$ 12.3
Planning and Development	\$ 4.8
Support Services	\$ 17.3
Water/Wastewater/Drainage	\$ 29.0
Sports Management	\$ 5.7
Debt Principal & Interest	\$ 34.6
Administrative Charges	\$ 11.1
General SFC	\$ 18.8
Capital Improvement Projects	\$ 118.1



City of Round Rock

Agenda Item Summary

Agenda Number: G.4

Title: Consider a resolution expressing official intent to reimburse certain design and construction of offsite public improvement expenditures in conjunction with the Kalahari Project, from the proceeds of a future tax-exempt Certificate of Obligation debt issuance.

Type: Resolution

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director: Susan Morgan, CFO

Cost:

Indexes:

Attachments: Resolution

Department: Finance Department

Text of Legislative File 2018-5206

Consider a resolution expressing official intent to reimburse certain design and construction of offsite public improvement expenditures from the proceeds of a future certificate of obligation debt issuance

This resolution allows for project costs related to offsite public improvements that will be located near the property of Kalahari Resorts and Convention Center to be spent before the bond proceeds are received. This resolution will allow the project to move forward using existing cash and then reimburse the funds once the bonds are issued.

In accordance with Section 6.02 and 6.03 of the Master Development between the City and KR CC, Inc. the City of Round Rock plans to issue approximately \$16.5 million of tax-exempt certificates of obligation for the design and construction of offsite public improvements and related bond issuance costs. The costs of issuance and related costs will require that total debt issued be up to \$16.5 million to ensure the \$15 million is available for direct project design and construction as required by the agreement.

These Offsite public improvements include:

- A. the intersection of US 79 and Harrell parkway to include a newly constructed, multi-lane crossing of the Union Pacific Railroad line, turn/cuing expansion along US 79 and signal modifications. This project will also include the extension of a potable water line from the north side of US 79 via underground bore to a point south of US 79 and the rail line.

- B. the existing crossing of the Union Pacific Railroad line at the wastewater treatment plant to include additional capacity, turn/cuing expansion, and a signal.
- C. improvement of the operation of Joe DiMaggio Blvd., between US 79 and Kenney Fort Blvd.
- D. improvements to allow direct access to the Property and extension from Forest Creek to Gattis School Road.

This resolution is required to meet IRS rules and regulations regarding the use of tax-exempt bond funds.

RESOLUTION NO. R-2018-5206

**RESOLUTION EXPRESSING OFFICIAL INTENT TO REIMBURSE CERTAIN
EXPENDITURES OF THE CITY OF ROUND ROCK, TEXAS**

WHEREAS, the City Council of the City of Round Rock, Texas (the "Issuer") expects to pay expenditures in connection with the project described in Exhibit A (the "Project") prior to the issuance of obligations to finance the Project; and

WHEREAS, the Issuer finds, considers and declares that the reimbursement of the Issuer for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the Issuer and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues obligations to finance the Project, Now Therefore

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROUND ROCK,
TEXAS:**

Section 1. The Issuer reasonably expects to incur debt, as one or more separate series of various types of obligations, with an aggregate maximum principal amount not to exceed \$16.5 million for the purpose of paying the costs of the Project.

Section 2. All costs to be reimbursed pursuant hereto will be capital expenditures. No tax-exempt obligations will be issued by the Issuer in furtherance of this Resolution after a date which is later than 18 months after the later of (1) the date the expenditures are paid or (2) the date on which the property, with respect to which such expenditures were made, is placed in service.

Section 3. The foregoing notwithstanding, no tax-exempt obligation will be issued pursuant to this Resolution more than three years after the date any expenditure which is to be reimbursed is paid.

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

RESOLVED this 22nd day of February, 2018.

CRAIG MORGAN, Mayor
City of Round Rock, Texas

ATTEST:

SARA L. WHITE, City Clerk

EXHIBIT A

PROJECT DESCRIPTION

The Project is the design and construction of offsite public improvement expenditures in conjunction with the Kalahari Resort. These offsite public improvements include:

- A. the intersection of US 79 and Harrell parkway to include a newly constructed, multi-lane crossing of the Union Pacific Railroad line, turn/cuing expansion along US 79 and signal modifications. This project will also include the extension of a potable water line from the north side of US 79 via underground bore to a point south of US 79 and the rail line;
- B. the existing crossing of the Union Pacific Railroad line at the wastewater treatment plant to include additional capacity, turn/cuing expansion, and a signal;
- C. improvement of the operation of Joe DiMaggio Blvd., between US 79 and Kenney Fort Blvd; and
- D. improvements to allow direct access to the Property and extension from Forest Creek to Gattis School Road.



City of Round Rock

Agenda Item Summary

Agenda Number: G.5

Title: Consider a resolution expressing official intent to reimburse certain project expenditures in conjunction with the Public Works Center project, from the proceeds of a future Certificates of Obligation bond sale.

Type: Resolution

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director: Susan Morgan, CFO

Cost:

Indexes:

Attachments: Resolution

Department: Finance Department

Text of Legislative File 2018-5208

This resolution allows for project costs related to design and construction of the Luther Peterson Public Works Center to be spent before the bond proceeds are received. This resolution will allow the project to move forward using existing cash and then reimburse the funds once the bonds are issued.

The City plans to issue up to \$7.0 million of Certificates of Obligations to fund the project and estimated closing costs during Spring 2019. Per Council direction during the 2016/17 budget process, the original General Self-Finance Construction Fund monies designated for this project were redirected to the City's neighborhood street maintenance program.

The project timing is currently being discussed due circumstances that have arisen since Council first approved a similar reimbursement resolution March 2017.

This first phase of the new Luther Peterson Public Works Center will move most Utilities divisions and all Transportation divisions to this location.

- Utility department staff currently at Luther Peterson,
- All Utility department management and administration, currently located at the Enterprise location;
- A portion of Utility department staff currently located at the water plant; and
- All Transportation staff.

The maximum cost of the Luther Peterson Public Works Center is \$20.9 million before value engineering and scope analysis, which is currently underway. The Utility Fund's portion is an estimated \$13.9 million.

This resolution is required to meet IRS rules and regulations regarding the use of tax-exempt

funds.

RESOLUTION NO. R-2018-5208

**RESOLUTION EXPRESSING OFFICIAL INTENT TO REIMBURSE CERTAIN
EXPENDITURES OF THE CITY OF ROUND ROCK, TEXAS**

WHEREAS, the City Council of the City of Round Rock, Texas (the "Issuer") expects to pay expenditures in connection with the projects described on Exhibit "A" attached hereto (the "Project") prior to the issuance of obligations to finance the Project; and

WHEREAS, the Issuer finds, considers and declares that the reimbursement of the Issuer for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the Issuer and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues obligations to finance the Project, Now Therefore

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROUND ROCK,
TEXAS:**

Section 1. The Issuer reasonably expects to incur debt, as one or more separate series of various types of obligations, with an aggregate maximum principal amount not to exceed the amounts set forth in Exhibit "A" for the purpose of paying the costs of the Project.

Section 2. All costs to be reimbursed pursuant hereto will be capital expenditures. No tax-exempt obligations will be issued by the Issuer in furtherance of this Resolution after a date which is later than 18 months after the later of (1) the date the expenditures are paid or (2) the date on which the property, with respect to which such expenditures were made, is placed in service.

Section 3. The foregoing notwithstanding, no tax-exempt obligation will be issued pursuant to this Resolution more than three years after the date any expenditure which is to be reimbursed is paid.

The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Resolution was adopted was posted and that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

RESOLVED this 22nd day of February, 2018.

CRAIG MORGAN, Mayor
City of Round Rock, Texas

ATTEST:

SARA L. WHITE, City Clerk

EXHIBIT A

The construction of a two story, approximately 50,000-square foot Public Works Facility located at 910 Luther Peterson, and the payment of any professional services in connection therewith including engineering, legal and other related costs. This facility will house the administrative, field and shop functions of Transportation and Utilities. The funding for this facility will be shared by both Utility Fund Revenues and General Fund Revenues based on a square footage factor and use. The proposed Certificates of Obligation Bonds for this project will be approximately \$7,000,000. This resolution will allow the project to move forward using existing cash and then reimburse the funds once the bonds are issued.

PUBLIC WORKS FACILITY **Preliminary Schematic Design**





City of Round Rock

Agenda Item Summary

Agenda Number: I.1

Title: Consider Executive Session as authorized by §551.087, Government Code, to deliberate the offer of a financial or other incentive to business prospects considering Round Rock as a location for new businesses that would bring economic development to the City.

Type: Executive Session

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director:

Cost:

Indexes:

Attachments:

Department:

Text of Legislative File 2018-5201



City of Round Rock

Agenda Item Summary

Agenda Number: I.2

Title: Consider Executive Session as authorized by §551.074, Texas Government Code, to deliberate the evaluation and performance of the City Attorney.

Type: Executive Session

Governing Body: City Council

Agenda Date: 2/22/2018

Dept Director:

Cost:

Indexes:

Attachments:

Department:

Text of Legislative File 2018-5233