



City of Round Rock, Texas

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2022

ELECTED OFFICIALS

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

MANAGEMENT STAFF

Laurie Hadley
City Manager

Brooks Bennett
Assistant City Manager

Bryan Williams
Assistant City Manager

OFFICIAL ISSUING REPORT

Susan L. Morgan, CPA
Chief Financial Officer



TABLE OF CONTENTS

INTRODUCTORY SECTION:

Letter of Transmittal	1
City Organizational Chart	10
Certificate of Achievement for Excellence in Financial Reporting	11

FINANCIAL SECTION:

Independent Auditors' Report	13
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Management's Discussion and Analysis	17
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Basic Financial Statements

Government Wide Financial Statements:

Statement of Net Position	32
Statement of Activities	34

Fund Financial Statements:

Governmental Funds:	
Balance Sheet	36
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	38
Statement of Revenues, Expenditures and Changes in Fund Balances	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	42
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	43
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Round Rock Transportation and Economic Development Corporation Fund	44
Proprietary Funds:	
Statement of Net Position	46
Statement of Revenues, Expenses and Changes in Net Position	48
Statement of Cash Flows	49

Notes to the Financial Statements	51
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Required Supplementary Information

Texas Municipal Retirement System (TMRS) Plan – Schedule of Changes in the Net Pension Liability and Related Ratios	100
Texas Municipal Retirement System (TMRS) Plan – Schedule of Contributions	102
Schedule of Changes in the Total OPEB Liability and Related Ratios	104

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds:

Combining Balance Sheet – Nonmajor Governmental Funds	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	108

TABLE OF CONTENTS

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

General Fund	112
Debt Service Fund	116
Nonmajor Special Revenue Funds:	
Community Development Block Grant	117
Hotel-Motel Occupancy Tax	118
Hotel-Motel Occupancy Venue Tax	119
Innovation and Development	120
Library and Recreational	121
Public Safety	122
Public Education & Government	123
Roadway Impact Fees	124

STATISTICAL SECTION (UNAUDITED):

Financial Trends:

Net Position by Component – Last Ten Fiscal Years	126
Changes in Net Position – Last Ten Fiscal Years	128
Fund Balances of Governmental Funds – Last Ten Fiscal Years	132
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	134

Revenue Capacity:

Actual and Taxable Assessed Value of Property – Last Ten Fiscal Years	136
Property Tax Rates – Direct and Overlapping Governments	
Per \$100 of Assessed Value – Last Ten Fiscal Years	137
Principal Property Taxpayers – Current Year and Nine Years Ago	138
Property Tax Levies and Collections – Last Ten Fiscal Years	139
Sales Tax and Ad Valorem Tax – Last Ten Fiscal Years	140
Taxable Sales by Category – Last Ten Calendar Years	142
Hotel Taxpayers	144
Hotel Occupancy Tax Collection History by Quarter – Last Ten Fiscal Years	145

Debt Capacity:

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	146
Ratios of Net General Bonded Debt Outstanding to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years	147
Computation of Direct and Overlapping Governmental Activities Debt	148
Legal Debt Margin Information – Last Ten Fiscal Years	150
Condensed Utility Statement of Operations – Last Ten Fiscal Years	152

Demographic and Economic Information:

Demographic and Economic Statistics – Last Ten Fiscal Years	155
Principal Employers – Current Year and Nine Years Ago	156

Operating Information:

Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	157
Operating Indicators by Function – Last Ten Fiscal Years	158
Capital Asset Statistics by Function – Last Ten Fiscal Years	160
Top Ten Water Customers	162
Water and Wastewater Retail Rates	163

TABLE OF CONTENTS

SINGLE AUDIT SECTION:

Schedule of Expenditures of Federal Awards	165
Notes to Schedule of Expenditures of Federal Awards	166
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	167
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	169
Schedule of Findings and Questioned Costs	172
Summary Schedule of Prior Audit Findings	173
Corrective Action Plan	174





Mayor
Craig Morgan

Mayor Pro-Tem
Rene Flores

Councilmembers
Michelle Ly
Matthew Baker
Frank Ortega
Kristin Stevens
Hilda Montgomery

City Manager
Laurie Hadley

City Attorney
Stephanie L. Sandre

February 6, 2023

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

The Annual Comprehensive Financial Report of the City of Round Rock, Texas for the fiscal year ended September 30, 2022, is submitted herein. This report has been prepared by the City's Finance Department and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material aspects and is presented in a manner designed to clearly state the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

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

Whitley Penn, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Round Rock's financial statements for the year ended September 30, 2022. The independent auditors' report is located at the front of the financial section of this report.

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

City of Round Rock Profile

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

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

The financial reporting entity (the government) includes all the funds of the primary government (the City of Round Rock as legally defined) as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The City provides a full range of services which include police and fire protection, parks and library, construction and maintenance of infrastructure, planning and community development, convention and tourism activities, and general administrative services. In addition, the City owns and operates a water, wastewater, and stormwater utility system and a golf course. These activities are included in the accompanying financial statements. Blended component units, although legally separate entities, are in substance part of the primary government's operations and included as part of the primary government. Accordingly, Round Rock Transportation and Economic Development Corporation (RRTEDC) revenues are reported in a special revenue fund of the City.

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

Budgetary control is monitored at the department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors; however, the level of control at which expenditures may not exceed the budget is at the fund level. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available.

Significant Local Economic Events

Strategic Goals

Along with the entire Central Texas region, the City has experienced tremendous population growth over the past several years which has led to an increased demand for city services. To adequately prepare for the effect of this activity on the City, much effort goes into planning and funding infrastructure and service programs. Each January, Council reviews the City's successes and challenges and refines both the short-term and long-term strategic goals for the City. These goals set the direction for the allocation of staff and financial resources and are the basis for the development of the following year's budget.

The goals and objectives identified by Council most recently are:

Financially Sound City Providing High Value Services



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

City Infrastructure: Today and For Tomorrow



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

"The Sports Capital of Texas" for Tourism and Residents



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

Great Community to Live



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

Authentic Downtown - Exciting Community Destination



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

Sustainable Neighborhoods



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

The budget adopted for fiscal year 2023 reflects a fiscally responsible approach to improving the City's infrastructure and meets current demands while maintaining the City's strong financial position.

Economy

Round Rock has experienced robust economic growth in recent years. As the largest city in Williamson County and part of the Austin Metropolitan Statistical Area (MSA), Round Rock is a key part of one of the fastest growing regions in Texas and the country. From 2013 to the projected population for 2023, the City of Round Rock will have experienced 10-year population growth of 25%. Our long-range population estimates predict this increase continuing at a growth rate of around 2.5% per year for the foreseeable future. The state's strong economy, low unemployment rate, and low rate of overall taxation continues to draw new residents and businesses into Central Texas.

The population for 2030 is projected to be over 161,000 within the City limits and over 229,000 in Greater Round Rock, which includes the City limits and the City's extraterritorial jurisdiction (ETJ). While most of the long-range growth will likely occur in northeast Round Rock where there are still large tracts of land that could be developed into additional neighborhoods, population density will likely increase across the City as residential development continues for single family townhomes, multifamily apartments, and senior living facilities. The City is planning and preparing for this population growth to ensure the high-quality services Round Rock residents have come to expect are expanded to serve residents of today and of tomorrow.

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

- Ranked number 2 by Milkeninstitute.org as one of the "Best Performing Cities"
- Ranked number 14 by SmartAsset.com as one of the "Safest Cities in America"
- Ranked number 18 by Niche.com as one of the "Best Cities to Buy a House in America"
- Ranked number 19 by Niche.com as one of the "Best Cities to Raise a Family in America"
- Ranked number 25 by Money.com as one of the "Best Places to Live"
- Awarded the "Leading the Way Award" by ETC Institute, an award that recognizes local governments for outstanding achievement in the delivery of services to residents
- The American Planning Association (APA) Texas Chapter named Round Rock 2030, the City's comprehensive plan, the Best Comprehensive Plan in the state of Texas and awarded the City of Round Rock the "Community of the Year Award."

Economic Development

The City understands that diversification of Round Rock's economy is a key to financial stability. The long-standing partnership between the City and the Round Rock Chamber of Commerce continues to attract new development to the City. The funding is leveraged with the Chamber Momentum Fund to create a public/private partnership for economic development priorities. This partnership continues to yield new prospects through an inspired approach to economic development for Round Rock.

Strong Local Base

Round Rock's economy has become stronger and more diverse because of a variety of business relocations bringing capital investment, job opportunities, and new residents to the City. **Emerson**, a global engineering, technology, and software company, opened its \$70 million, 282,000 square-foot international headquarters in January 2014. In February 2022, the City approved an economic development agreement for Emerson's \$9 million expansion plan which is to include 50 to 60 additional employees by the end of the agreement. **TECO-Westinghouse** is the largest manufacturer of electric motors in North America. **Cargill Meat Solutions** acquired ProPortion Foods LLC, a Los Angeles-based food service company which relocated its office, food processing, storage, and warehouse facility to the City in 2016, bringing in at least 400 full-time jobs.

Round Rock is home to **Dell's** global headquarters with an estimated 12,000 employees in 2022. Since Dell relocated its global headquarters to Round Rock in 1994 the economic impact to the City has been transformative. Dell remains the City's largest sales taxpayer with continued sales tax receipts projected to continue to grow into fiscal year 2023. Because of the company's commitment to Round Rock, the employment opportunities they offer, and the property tax and sales tax revenues they generate, Dell remains a major driver to the City's economy.

United Parcel Service (UPS) opened a new facility in Round Rock in late 2018. This \$70 million regional distribution center is 225,000 square-feet and is located on fifty acres of land near SH 45 and A.W. Grimes Boulevard. The new center employs more than 500 people with an annual average salary of at least \$50,000.

Kalahari Resorts and Conventions made its debut in Round Rock on November 12, 2020, with an estimated 700 employees in 2022. The Round Rock location represents its fourth family resort and convention center. The authentically African-themed Kalahari Resorts and Convention Center features 975 well-appointed guest rooms, full-service amenities, fully equipped fitness centers, on-site restaurants, unique retail shops, state-of-the-art 150,000 square-foot conference center, and a 200,000 square-foot indoor/outdoor water park. This resort has presented new opportunities for Round Rock and has provided substantial sales and hotel occupancy tax revenues, as well as diversify the local economy and available employment opportunities.

Amazon opened a new delivery station in Round Rock in 2021 and has an estimated 650 employees. The 32-acre site is located at the Chisholm Trail Center near I-35 and Old Settlers Boulevard and is comprised of three industrial buildings. The larger building is 180,550 square-feet and is used as the campus distribution center. The smaller two buildings total 260,970 square-feet and are used as parking for employees and delivery vehicles. The delivery station has created hundreds of local jobs.

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

A new **Embassy Suites Hotel and Conference Center** opened May 3, 2022, on nearly 6 acres of land near Bass Pro Shops and the Round Rock Premium Outlets. The hotel features 180 rooms with over 17,000 square-feet of beautiful event space with a grand ballroom for up to 600 guests. Embassy Suites Hotel and Conference Center has generated 77 jobs as of June 2022.

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

Triple Temp Cold Storage LLC will be operating a new cold storage and manufacturing facility in southwest Round Rock which started construction July 2021. The facility will be 125,000 square-feet on a 10-acre site near Bratton Lane and expected to generate 60 new jobs with salaries averaging \$60,000 a year. The new facility will also serve as an incubator for entrepreneurs to create new food products and take them to market. This cold storage and incubator will be the first to market in the Austin-Round Rock area, strategically located in central Texas along the I-35 corridor. Triple Temp Cold Storage LLC is set to be completed late in fiscal year 2023.

On the Horizon

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

Over the next five years, new economic development projects will reshape Round Rock’s economy by diversifying the economy and bringing in new residents and visitors. The City entered into an agreement with Mark IV Capital for **The District** on February 14, 2019, and proposed changes to development will be located near the intersection of I-35 and SH45. Revised plans for the development show the District is comprised of two to three million square-feet of office space, 1,600 luxury multifamily residential units, 230,000 square-feet of lifestyle retail and hospitality space, walkable amenities, and open green space. This mixed-use development will be a great opportunity for continued growth and diversification of the City’s economy.

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

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

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

Higher Education and Healthcare

Round Rock also has several higher education facilities, many of which focus on healthcare disciplines. These institutions of higher learning include the **Texas State University, Austin Community College, and Texas A&M Health Science Center**. Texas State University opened its newest building, Willow Hall, in May 2018. This \$67.5 million, 107,000 square-foot facility is home to the university's departments of communication disorders, physical therapy, and respiratory care which moved from the university's San Marcos campus as the university continues to consolidate the College of Health Professionals here in Round Rock. The 87th Texas Legislature, during its third special session in October 2021, passed Senate Bill 52 authorizing \$3.3 billion in tuition revenue bonds for the construction of public university and health institution projects. Texas State University will receive an allocation from those funds for Esperanza Hall, the fourth academic building for the College of Health Professions on the Round Rock Campus. The hall will be 81,651 square-feet with an estimated total project cost of \$52.4 million and will include classrooms, labs, and offices to support the College of Health Professions.

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

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

Relevant Financial Policies

Accounting System and Controls

The General Fund Reserve Policy remains at 25% of operating expenditures. The City's Concentration Risk Fund, a separate account to provide additional surety on the City's highest sales tax remitters, remains in place. Working capital in the Water/Wastewater Utility Fund is maintained at 33% of operating expenditures. Balances in excess of the above levels are earmarked for future uses or reduced to the target levels over an appropriate length of time.

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

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

Long-Term Financial Planning

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

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

The City's economy is expected to generate approximately \$108.7 million in sales tax revenue for fiscal year 2023, net of sales tax incentives paid to Dell, Bass Pro Shops, and Kalahari Resorts and Conventions in accordance with economic development agreements in effect. This amount includes the 0.5% in additional sales and use tax for roads and economic development. The remaining 1.5% is projected to generate \$78.2 million for general operations, property tax reduction and capital projects.

Dell continues to be a key driver for both Round Rock and the Central Texas region. To ensure good overall financial stability for the City, a concentration risk account has been established to mitigate the City's annual net exposure to declining sales tax from any single sales taxpayer. Therefore, any single taxpayer that represents more than 15% of total budgeted sales tax revenue, net of incentives will be limited to 16% in FY 2023 and 15% thereafter in the General Fund, with excess being recognized in the General Self-Financed Construction Fund. In fiscal year 2022, the City Council adopted new financial policies to cap the sales tax reliance in the General Fund. Any expected or realized sales tax in the General Fund will not exceed 45% of the operating budget. Any amount above 45% will be recognized in the General Self-Financed Construction Fund for pay-as-you-go one-time capital expenditures of projects.

The City sets utility rates based on the cost of service, establishing an equitable rate structure for total cost recovery. The utility rate model was updated during 2021 and the results showed no water rate increases were needed for the next several years. The City's wastewater rates decreased, and the new rates went into effect February 1, 2022. The utility rate model showed the cost of service for wastewater had decreased from the prior study projections due to the cost savings in taking over operations at the regional wastewater plant. The Utility Fund continued to show cost savings by reducing its power costs, improving operations, and lowering interest payments by refinancing its debt in prior years for both water and wastewater utility services.

The City planned ahead to ensure its utility system will serve the future citizens of Round Rock. With multiple contracts in place with the Brazos River Authority, the City has secured its water supply through expected buildout in 2050. Water from Lake Georgetown and Stillhouse Hollow Lake in the Brazos River Basin provide water to the City's current 52 million gallons per day (MGD) water treatment plant. The City also secured water from Lake Travis in the Lower Colorado River Basin. In order to treat water from Lake Travis, the City partnered with the Cities of Cedar Park and Leander to form the Brushy Creek Regional Utility Authority (BCRUA). The BCRUA system will ultimately pump and treat 105.6 MGD which meets all three Cities' supply needs through buildout. A deep-water intake and underground raw waterline tunnel contract was awarded in the summer of 2022 is on schedule to start construction and projected to be completed in 2027. The City's cost share in the project is budgeted at \$84.7 million.

In 2009, in order to provide the most cost-effective wastewater services, the City partnered with the Cities of Cedar Park and Austin to purchase the Brushy Creek Regional Wastewater System (BCRWWS). The system is currently undergoing improvements to increase capacity to collect and treat up to 30 MGD of wastewater. The City's portion will be approximately 20.1 MGD. The City assumed operational control of the BCRWWS effective October 1, 2018. This has increased efficiencies with no net cost increase.

In December 2017, the City's Utility System and BCRUA both received an upgraded bond rating to AAA, the highest rating of creditworthiness, from Standard and Poor's (S&P). This raised rating reflects the stability of the City's utility system. S&P also noted that the system had good financial management policies and practices. In October 2018, the City's General Obligation (GO) bonds also received an upgraded rating to AAA; this rating was affirmed in April 2022. Round Rock is one of only eight (8) cities in Texas with AAA ratings for both GO and Utility debt. The upgrade "reflect[ed] Round Rock's very strong economy and maintenance of a strong financial position ... (and) very strong management, with strong financial policies and practices", according to S&P.

Prospects for the Future

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

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

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Round Rock, Texas for its annual comprehensive financial report for the fiscal year ended September 30, 2021. This was the **thirty-sixth consecutive year** that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it report 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, 2021. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Additionally, the GFOA awarded the City a Certificate of Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended September 30, 2021. This award recognizes the City's ability to extract information from their annual comprehensive financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.

During fiscal year 2022, GFOA awarded the City the "Triple Crown" award which recognized Round Rock for receiving all three GFOA awards for fiscal year 2020: the Certificate of Achievement for Excellence in Financial Reporting Award; the Distinguished Budget Presentation Award; and the Certificate of Outstanding Achievement in Popular Annual Financial Report.

The City's investment policy was awarded the Certificate of Distinction by the Government Treasurers' Organization of Texas (GTOT) in June 2022. This is the third consecutive period the City has received this distinction. This certification recognizes the investment policy for meeting strict criteria in safeguarding the City's investments and is good for a two-year period.

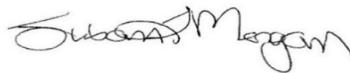
The City of Round Rock has earned all five Transparency Stars from the Texas Comptroller's Office recognizing the City's efforts to make information on the City's traditional finances, debt obligations, public pensions, economic development, and contracts and procurement transparent and readily available.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

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

Respectfully submitted,



Laurie Hadley
City Manager



Susan L. Morgan, CPA
Chief Financial Officer



**CITY OF ROUND ROCK, TEXAS
CITY ORGANIZATIONAL CHART**





Government Finance Officers Association

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

Presented to

**City of Round Rock
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrell

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position, the respective budgetary comparison statements for the General Fund and the Round Rock Transportation and Economic Development Corporation Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Austin, Texas
February 6, 2023



CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

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, 2022. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the City of Round Rock exceeded its liabilities and deferred inflows of resources at September 30, 2022, by \$1,136,925,222 (*net position*). Of this amount, \$735,501,769 (64.7%) is invested in capital assets. Net position restricted for specific purposes totals \$146,217,511 (12.9%). The remaining amount, \$255,205,942 (22.4%) (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.
- The City of Round Rock's total net position increased by \$96,311,633. The increase can be attributed to \$62.3 million of operating and capital grants and contributions from both governmental and business-type activities. Grants and contributions increased \$25.7 million compared to the previous year due in part to pass-through funds from Texas Department of Transportation (TxDOT), as well as other infrastructure contributions. Total general revenues increased \$17.5 million. Year over year, property taxes increased \$2.4 million, sales tax increased \$14.0 million, and Hotel Occupancy Tax (HOT) increased \$4.1 million. Sales tax increased due to increases in the retail trade, general services, and food sales tax categories. Retail sales tax was up \$3.3 million or 10.5% from the prior year. The increase in HOT is primarily due to the continuing success of Kalahari Resorts & Conventions with FY 2022 being its first full year of operations.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$314,418,691, an increase of \$62,998,216 in comparison to the prior year. The increase is due in part to \$76.5 million of bonds being issued in fiscal year 2022, along with \$32.4 million more revenue compared to fiscal year 2021. This increase in revenues can be attributed to increased sales, property, and HOT taxes and offset by a decrease in investment and other revenues. This is in addition to a \$56.7 million increase in current year expenditures compared to last year. The increase in expenditures is mostly related to capital projects. *Unassigned fund balance* of \$48,267,275, or 15.4% of the total fund balance is *available for spending* at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$48,267,275, or 38.3% of the total General Fund expenditures. The City's fund balance policy requires the General Fund's fund balance to be a minimum of 25% of expenditures, or \$31,465,880. The General Fund's total fund balance, \$48,652,842, is 54.6% more than the fund balance policy requirement.
- The City of Round Rock's total debt increased by \$58,158,961 during the current fiscal year. The change can be attributed to the issuance of general obligation and general obligation refunding bonds, certificates of obligation, limited tax notes, and a state infrastructure bank loan, along with the offset of regularly scheduled debt principal retirements as more fully described in Note IV (F) to the financial statements.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net 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, 2022

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

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

Fund Financial Statements

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

Governmental funds

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

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

The City of Round Rock maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Round Rock Transportation and Economic Development Corporation (RRTEDC) Fund, the Debt-Financed Capital Projects Fund, and the Self-Financed Construction Fund, all of which are considered to be major funds. Data from the other eight (8) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

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

Proprietary funds

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

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

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

other post-employment benefits (OPEB) liability as of September 30, 2022. The net income (loss) of the Internal Service Fund is allocated between governmental and business-type activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, and stormwater utility and for the golf course. The water, wastewater, and stormwater utility is considered a major fund of the City. Since the Golf Course Fund is the only remaining enterprise fund, it is presented separately even though it does not meet the criteria of a major fund in GASB Statement No. 34. The Internal Service Fund is a single presentation in the proprietary fund financial statements.

Notes to the Financial Statements

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

Other Information

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found beginning on page 100 of this report.

Government-wide Financial Analysis

Net position is a useful indicator of a government's financial position. For the City of Round Rock, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,136,925,222 as of September 30, 2022.

The largest portion of the City's net position, \$735,501,769 (64.7%) reflects its investments in capital assets (e.g., land, buildings and improvements, improvements other than buildings, machinery and equipment, right-to-use lease assets, and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$146,217,511 (12.9%) represents resources that are subject to external restriction on how they may be utilized. Restricted net position increased \$41.7 million, or 39.9%, compared to the prior year. Restricted net position for the governmental activities increased \$39.6 million, a direct result of the City's issuance of general obligations bonds to fund the new library, certificates of obligation for road projects, limited tax notes for vehicles and equipment, and state infrastructure bank loan to widen Gattis School Road. The \$2.1 million increase in restricted net position for business-type activities is a result of an increase in utility impact fees collected, which can be used to reimburse impact fee eligible capital project costs. The remaining balance is unrestricted net position of \$255,205,942 which may be used to meet the City's ongoing obligations to citizens and creditors.

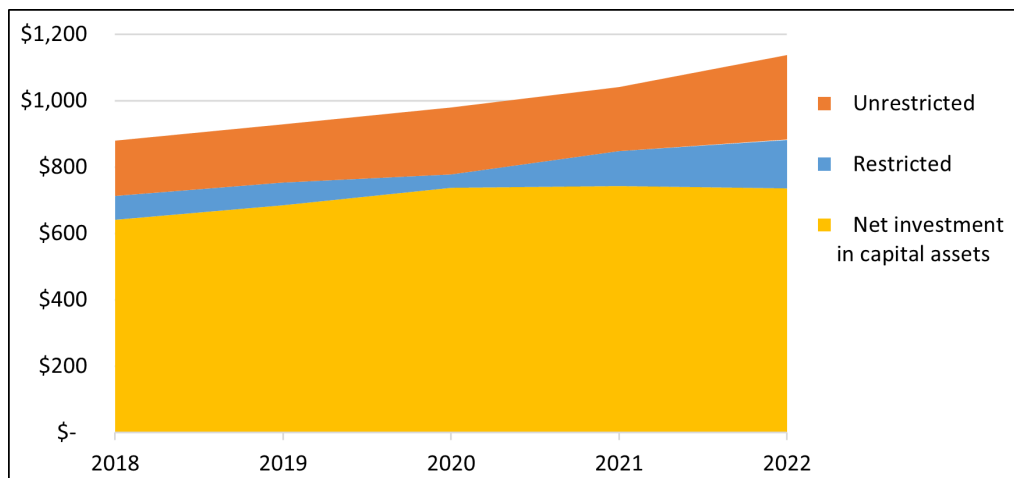
As of September 30, 2022, and 2021, the City was able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

**Net Position
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 362,014	\$ 289,473	\$ 242,007	\$ 241,771	\$ 604,021	\$ 531,244
Capital assets	754,672	696,336	398,172	377,927	1,152,844	1,074,263
Total assets	1,116,686	985,809	640,179	619,698	1,756,865	1,605,507
Deferred outflows of resources	19,760	17,204	6,268	5,941	26,028	23,145
Long term liabilities	434,339	391,986	70,716	75,914	505,055	467,900
Other liabilities	80,010	64,694	39,731	46,942	119,741	111,636
Total liabilities	514,349	456,680	110,447	122,856	624,796	579,536
Deferred inflows of resources	18,631	7,482	2,541	1,020	21,172	8,502
Net position:						
Net investment in capital assets	402,306	432,349	333,196	310,014	735,502	742,363
Restricted	132,351	92,773	13,866	11,751	146,217	104,524
Unrestricted	68,809	13,729	186,397	179,998	255,206	193,727
Total net position	\$ 603,466	\$ 538,851	\$ 533,459	\$ 501,763	\$ 1,136,925	\$ 1,040,614

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



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Analysis of Changes in Net Position

The table below summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2022, with comparisons to the previous year.

	Changes in Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 12,087	\$ 11,000	\$ 71,093	\$ 64,125	\$ 83,180	\$ 75,125
Operating grants and contributions	4,802	4,262	-	-	4,802	4,262
Capital grants and contributions	23,442	10,055	34,040	22,289	57,482	32,344
General revenues:						
Property taxes	70,551	68,187	-	-	70,551	68,187
Franchise taxes	7,430	6,808	-	-	7,430	6,808
Sales tax	104,397	90,407	-	-	104,397	90,407
Hotel occupancy tax	15,128	11,003	-	-	15,128	11,003
Public service taxes	1,021	868	-	-	1,021	868
Investment earnings and other	11,176	12,651	95	2,364	11,271	15,015
Total revenues	250,034	215,241	105,228	88,778	355,262	304,019
Expenses:						
General government	41,211	35,906	-	-	41,211	35,906
Public safety	67,534	64,976	-	-	67,534	64,976
Public works	40,068	43,589	-	-	40,068	43,589
Culture and recreation	30,668	26,874	-	-	30,668	26,874
Interest on long-term debt	11,293	10,264	-	-	11,293	10,264
Water and wastewater utility	-	-	63,886	58,063	63,886	58,063
Golf course	-	-	4,291	3,700	4,291	3,700
Total expenses	190,774	181,609	68,177	61,763	258,951	243,372
Increases in net position before transfers	59,260	33,632	37,051	27,015	96,311	60,647
Transfers	5,355	5,196	(5,355)	(5,196)	-	-
Increase in net position	64,615	38,828	31,696	21,819	96,311	60,647
Net position - beginning	538,851	500,023	501,763	479,944	1,040,614	979,967
Net position - ending	\$ 603,466	\$ 538,851	\$ 533,459	\$ 501,763	\$ 1,136,925	\$ 1,040,614

Governmental Activities

During the current fiscal year, governmental activities increased the City's net position by \$64,615,566 or 67.1% of the total increase in the net position of the City over the prior year. Key factors for the increase in net position are as follows:

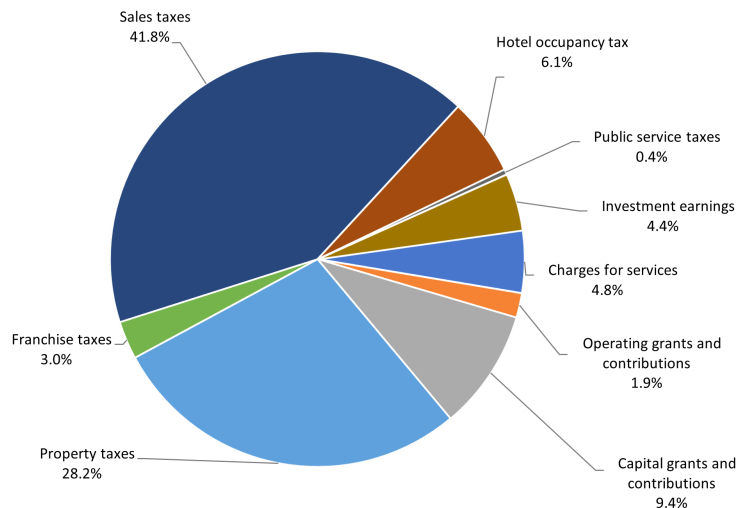
Revenues

- Amounts received for property taxes increased from last year by 3.5% due primarily to \$381 million in new taxable property and a 2.5% increase in the property tax rate. The fiscal year 2022 tax rate of \$0.397000 is 2.4% above the no-new-revenue rate of \$0.387441. Property tax makes up 33.6% of total general revenues.
- Sales tax collections of \$104.4 million increased 15.5%, compared to prior year. Dell remains one of the City's top sales taxpayers for fiscal year 2022. Retail trade sales tax was 10.5% higher than collections in the prior year. This growth combined with strong underlying growth in other City businesses led to the increase in sales tax collections.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

- Hotel occupancy tax (HOT) revenues totaled \$15.1 million compared to \$11.0 million in the prior year, up 37.5% from the prior year. The increase is due in part to the Kalahari Resorts and Conventions, which opened in November 2020. With no COVID-19 restrictions, more people are traveling and taking vacations. Hotel rooms numbers totaled 4,862 in FY 2022, an increase of 320 rooms or 7% as compared to FY 2021.
- Charges for services increased \$1.1 million, or 9.9% over the prior year. The increase, in part, can be attributed to culture and recreation which saw an increase in demand for services and increased participation in programming.
- Grants and contribution revenues increased \$13.9 million over the prior year. This increase is due to reimbursement of COVID-19 eligible expenses from Coronavirus Response & Relief Supplemental Appropriations Act (CRRSA) and the American Rescue Plan Act (ARPA) from the U.S. Department of Transportation, as well as capital related contributions.
- Unrestricted investment earnings and other general revenues decreased \$1.5 million. The decrease can be attributed to a one-time contractual billing correction and market conditions with a sudden change in interest rates resulting in unrealized investment losses. All investments are held to maturity so no losses will be realized.

Revenues by Type - Governmental Activities



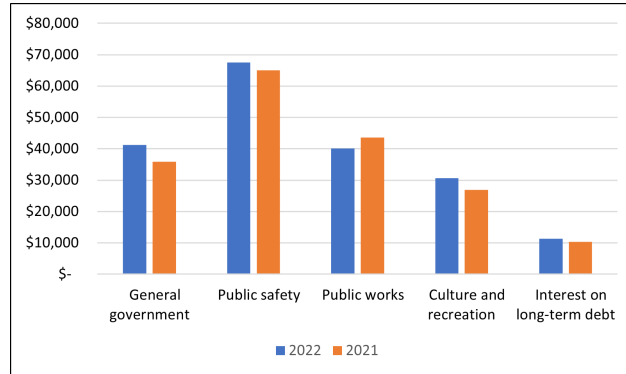
Expenses

Expenses for governmental activities for the City totaled \$190,773,818 for the year ended September 30, 2022. Significant factors are listed below:

- General government costs increased \$5.3 million from \$35.9 million in 2021 to \$41.2 million in 2022, an increase of 14.8%. The increase can be attributed to an increase in economic development incentive payments and increased salary costs. The City provided its employees with two cost of living adjustments totaling 7% this year.
- Public safety program costs including police and fire department activities totaled about \$67.5 million, or 35.4% of total expenses for governmental activities. Total costs increased 3.9% over the prior year, due largely to personnel costs relating to Fire overtime due to deployments and salary increases.
- Public works program costs decreased \$3.5 million, or 8.1%, compared to prior year. The decrease is a result of lower capital-related expenses. The prior year had higher capital-related expenses relating to the Kalahari Resorts and Convention Center project.
- Culture and recreation increased \$3.8 million from \$26.9 million in 2021 to \$30.7 million, or 14.1%, in 2022. This increase is due to increased salary expenses, in addition to the expansion and increased expenses associated with special events.

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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



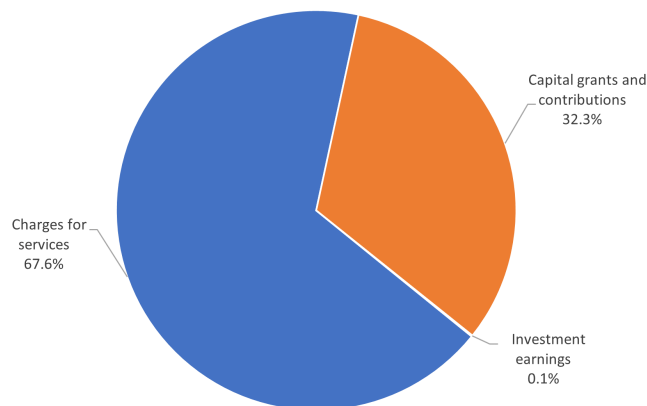
Business-Type Activities

Business-type activities increased the City's net position by \$31,696,067 or 32.9% of the total growth in the net position of the City over the prior year. This increase can be attributed to \$34.0 million in capital grants and contributions. Additionally, charges for services were up \$7.0 million, which is offset with an increase in expenses by \$6.4 million over the prior year. Key factors for the increase in net position are as follows:

Revenues

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

Revenues - Business-Type Activities



**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

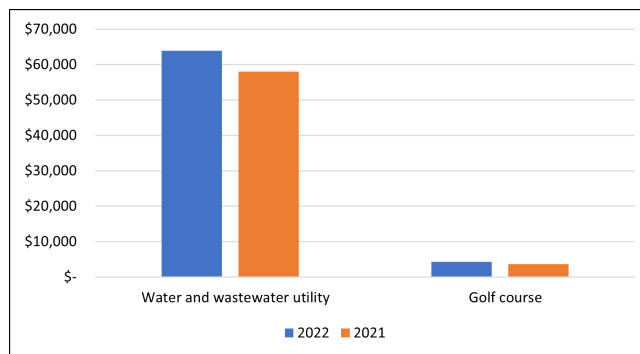
Comparative data for the past two fiscal years is presented as follows:

	2022	2021
Operating revenues	\$ 67,225,390	\$ 60,578,478
Operating income	5,832,830	5,169,141
Income available for debt service	28,163,395	28,112,944
Annual debt service	6,062,631	6,073,581
Coverage	4.65	4.63

Expenses

Expenses of the business-type activities increased \$6.4 million over the prior year. For the water and wastewater fund, this is primarily due to capital contributions by the City for its share of the Phase 2 Deep Water Intake Project at BCRUA. The golf course had higher operating costs due to an increase in demand.

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



Financial Analysis of the Government's Funds

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

Governmental Funds

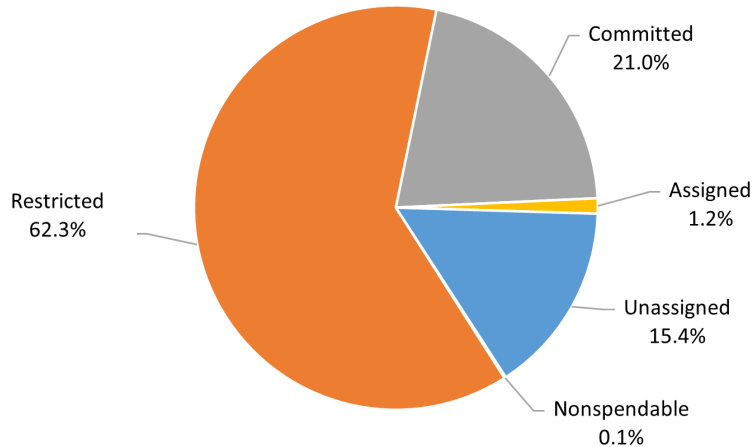
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net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

For the fiscal year ended September 30, 2022, the City's governmental funds reported combined ending fund balances of \$314,418,691. This is an increase of \$63.0 million, or 25.1% over the prior year. Unassigned fund balance is \$48,267,275, or approximately 15.4% of the total fund balance amount, is available for spending at the City's discretion. \$3,852,615 is assigned to culture and recreation while \$66,107,312 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

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

available for new spending because it has already been restricted to 1) pay debt service of \$7,041,411, 2) fund authorized construction of \$171,116,800, 3) other restricted purposes of \$17,629,099 or 4) non-spendable of \$404,179.

Fund Balance Type - Governmental Funds



The General Fund is the primary operating fund of the City. At the close of the current fiscal year, fund balance of the General Fund reached \$48,652,842, of which \$48,267,275, or 99.2% of the total amount is unassigned. To measure the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represented 38.3% of total general fund expenditures.

During the current fiscal year, the fund balance of the General Fund decreased by \$10,637,597 due to a budgeted transfer to the General Self-Financed Construction Fund for one-time capital projects. The General Fund's total revenues exceeded the budget by \$1,649,692. The City continues to budget revenues conservatively but with the continued population growth and increase in property values, the property taxes and sales tax revenues continue to surpass budgeted projections.

The Debt Service Fund had a total fund balance of \$4,658,982 at the end of the fiscal year, all of which is restricted for the payment of debt service. Fund balance decreased during the year by \$860,184. Debt service expenditure requirements increased by \$1,267,716 during the fiscal year and were adequately funded by the debt service portion of the property tax rate.

The fund balance of the RRTEDC Fund was \$111,882,213, an increase of \$35,806,562 compared to the prior year. The increase can be attributed to \$9.9 million additional grant revenues over last year plus \$27 million for a state infrastructure bank loan, offset by \$14.2 million increase in capital project expenditures over the prior year.

The fund balance of the Debt-Financed Capital Projects Fund was \$61,778,334, an increase of \$9,510,929 compared to the prior year. This is a result of the issuance of general obligation bonds for the new library, issuance of certificates of obligation for road improvement and expansion projects, and the issuance of limited tax notes for vehicles and equipment replacement, offset by costs incurred on road and expansion projects during the fiscal year.

The fund balance of the Self-Financed Construction Fund was \$59,887,320, an increase of \$22,743,459 compared to the prior year. The increase is the result of budgeted transfers for authorized projects approved by City Council and excess sales tax revenues of \$17.7 million. The City has a policy that Dell sales tax receipts, net of incentive, exceeding 15% of

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

budgeted General Fund revenues, is deposited in the General Self-Financed Construction Fund for pay-as-you-go, one-time capital expenditures. The increase in revenues is offset by an increase of \$7.7 million in capital project expenditures.

Enterprise Funds

The City's enterprise fund statements provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the fiscal year, total net position of the enterprise funds totaled \$531,972,108, an increase of \$31,748,949 over the prior year. Unrestricted net position of the funds totaled \$184,909,806 at September 30, 2022. The unrestricted net position represented 34.8% of the enterprise funds' total net position.

The Water and Wastewater Fund's net position increased \$29,701,652 over the prior year due to a \$5.8 million increase in charges for service revenues and increases in infrastructure and impact fee contributions, \$2.4 million and \$6.4 million respectively. Operating revenues totaled \$67,225,390, compared to \$60,578,478 in the prior year due to increased water and wastewater service sales resulting from a very dry summer and customer growth. Operating expenses were \$61,392,560, an increase of \$5,983,223 over the prior year. The increase is a result of increased salaries, chemical costs, emergency repairs, and a pipeline inspection.

The Golf Course Fund ended the year with a net position of \$11,914,029. Operating revenues totaled \$3,920,614, an 11.8% increase for the year compared to \$3,506,792 in the prior year. The increase is due to an increase in green fees and increased rounds played. Operating expenses were \$4,290,526, which is \$590,678 higher than the previous year. The increase can be attributed to higher costs for grounds maintenance at the course and equipment.

General Fund Budgetary Highlights

Two budget amendments were taken to City Council for the General Fund for the year ended September 30, 2022. The first budget amendment added two (2) full-time equivalents (FTE) to create a Community Enhancement Team under the Community and Neighborhood Services department. The budget amendment also added funds for street sweeping services, as well as increasing funds for the rising operating costs related to the Community and Neighborhood Services department. The second budget amendment was for higher costs in the Parks and Recreation Department's personnel and operating expenditures related to increased attendance and events. The higher costs were offset by increased Park and Recreation fee revenues.

Capital Assets and Debt Administration

Capital Assets

The City of Round Rock's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounted to \$1,152,843,909 (net of accumulated depreciation/amortization). This investment includes land, buildings and improvements (including infrastructure), machinery and equipment, right-to-use lease assets, and construction in progress.

Major capital asset events for the year ended September 30, 2022, included the following:

Downtown Improvements

- Construction was substantially completed on the Northeast Downtown Improvements project with \$10.2 million spent to date.
- Construction is nearing completion on the new Downtown Parking Garage with \$11.5 million spent to date.

Facility Improvements

- City facility improvements were completed at a cost of \$1.1 million. Of the \$1.1 million, \$813,000 was spent on HVAC improvements.

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

- Information technology infrastructure upgrades were completed at a cost of \$1.3 million. Of the \$1.3 million, \$504,000 was spent on security camera upgrades.
- Construction was completed on the new Dell Diamond Marquee Sign at a cost of \$535,000.
- Design is underway on the new Fire Station #1 with \$350,000 spent to date.
- Construction is underway for the new library with \$28.4 million spent to date. Of this \$28.4 million, \$23.2 million was funded from the 2014 and 2022 General Obligation (GO) bonds.

Park Improvements and Trails

- Construction was completed on the new Kinningham House at a total cost of \$2.5 million.
- Construction was completed on the Old Settlers Park Yonders Point Flag Plaza at a total cost of \$404,000.
- Expansion of other citywide trails is underway with \$7.2 million spent to date. Of this \$7.2 million, \$5.6 million was funded from the 2014 and 2017 GO bonds.
- Additional park and facility improvements were completed at a cost of \$1.8 million.

Transportation Improvements

- Major arterial, signal, and road projects for transportation are underway and at various stages of completion. Completed projects totaled \$10.9 million while construction in progress at year-end approximated \$49.9 million.
- Various neighborhood street improvement projects were completed at a cost of \$5.0 million.
- Developers contributed \$8.7 million for transportation infrastructure improvements.

Water, Wastewater, and Stormwater Improvements

- Various water pump station improvements were completed at a cost of \$1.2 million.
- Various water and wastewater system improvement projects were completed and placed in service at a cost of \$14.3 million and similar projects were in progress with \$5.7 million spent to date.
- The City completed a stormwater project in the Chisholm Valley neighborhood at a cost of \$1.8 million.
- Various additional stormwater improvement projects are in process with \$1.6 million spent to date.
- Developers contributed \$18.9 million for water, wastewater, and stormwater system infrastructure improvements.
- The City has partnered with the cities of Cedar Park, Austin, and Leander on the Brushy Creek Regional Wastewater Treatment Plant Expansion project with estimated completion in 2023. Construction is underway and 70% complete with \$14.1 million spent to date by the City.

Capital Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 116,588	\$ 114,073	\$ 10,916	\$ 8,483	\$ 127,504	\$ 122,556
Buildings and improvements	1,022,181	987,211	627,420	581,135	1,649,601	1,568,346
Machinery and equipment	94,034	89,892	21,698	17,574	115,732	107,466
Right-to-use lease assets	547	-	214	-	761	-
Accumulated depreciation/amortization	(571,511)	(537,865)	(274,513)	(252,515)	(846,024)	(790,380)
Construction in progress	92,833	43,025	12,437	23,250	105,270	66,275
Total	<u>\$ 754,672</u>	<u>\$ 696,336</u>	<u>\$ 398,172</u>	<u>\$ 377,927</u>	<u>\$ 1,152,844</u>	<u>\$ 1,074,263</u>

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

**CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

Long-Term Debt

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$460,133,030. Of this amount, \$319,914,619 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 \$58,158,961. Regularly scheduled debt principal was retired during 2022. The City issued general obligation refunding bonds, series 2022, which resulted in reduced debt service payments of \$10,161,561 and an economic gain of \$8,228,594. The City also issued \$26,570,000 combination tax and limited revenue certificates of obligation, series 2022, \$20,985,000 general obligation bonds, series 2022, \$1,900,000 limited tax notes, series 2022, and a \$27,000,000 state infrastructure bank loan. Details of the refunding and new bond issues can be found in Note IV (F) (4) to the financial statements.

**Long-Term Debt
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 162,165	\$ 131,555	\$ -	\$ -	\$ 162,165	\$ 131,555
Certificates of obligation	148,300	140,250	-	-	148,300	140,250
Limited tax notes	6,915	6,400	-	-	6,915	6,400
Hotel tax revenue bonds	7,375	8,065	-	-	7,375	8,065
Sales tax revenue bonds	42,320	44,670	-	-	42,320	44,670
State infrastructure bank loan	27,000	-	-	-	27,000	-
Notes payable	2,132	4,169	-	-	2,132	4,169
Leases	403	-	133	-	536	-
Water and wastewater revenue bonds	-	-	63,390	66,865	63,390	66,865
Total	<u>\$ 396,610</u>	<u>\$ 335,109</u>	<u>\$ 63,523</u>	<u>\$ 66,865</u>	<u>\$ 460,133</u>	<u>\$ 401,974</u>

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

There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), approved by the voters, that limits the maximum tax rate, for all City purposes to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of up to \$1.50 of the \$2.50 maximum tax rate for general obligation debt service. The revenues from this maximum tax rate would be sufficient to cover the debt service on over \$3.0 billion of bonds. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.1321, or 8.8%. Of \$70,241,994 levied in property taxes for the fiscal year ended September 30, 2022, 99.70% of taxes levied were collected during the fiscal year. The City is conservative in how it issues debt and has adopted a "pay as you go" philosophy by using excess cash funds to fund current projects and issuing debt only when deemed necessary.

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

CITY OF ROUND ROCK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022

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 2022-2023 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 2022-2023 budget process the City Manager and Executive team focused on various budget drivers in the decision-making process.

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

Revenue assumptions, in general for fiscal year 2022-2023, are expected to follow the growth curve of new jobs, population, retail sales activity, and new housing developments.

The City's economy is expected to generate approximately \$108.7 million in sales tax revenue for fiscal year 2023. This amount includes the 0.5%, or \$30.5 million, in additional sales and use tax for roads and economic development. The remaining 1.5% is projected to generate \$78.2 million for general operations, property tax reduction, and capital projects.

The fiscal year 2023 certified taxable property value for Round Rock is \$21.7 billion, an increase of 22.6% from last year's \$17.7 billion. The adopted property tax rate for fiscal year 2023 is \$0.342000 per \$100 of valuation. The tax rate is an increase of 1.6 cents over the no-new-revenue rate of \$0.326408, and well below the voter approval rate of \$0.363244. The 1.6 cents increase over the no-new-revenue tax rate allows the City to provide additional funding for public safety, as well as, the payment of GO bond debt for the new Library. With an adopted rate of \$0.342000, the City continues to have one of the lowest tax rates in Central Texas and is among the lowest rates in the state for medium-sized cities.

The Water and Wastewater Utility operations are funded primarily through user fees. The City's utility infrastructure and service delivery systems have been carefully planned and have sufficiently met demand for a growing customer base. Water sales are conservatively estimated using customer base projections, while at the same time taking into account changing weather conditions. Water conservation and drought contingency programs continue to help the City conserve existing water sources. There are no rate increases for retail water, wastewater, or stormwater budgeted for fiscal year 2023. The City has not increased water rates since October 2018 and wastewater has not increased since 2016.

Requests for Information

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



BASIC FINANCIAL STATEMENTS

CITY OF ROUND ROCK, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 18,588,135	\$ 19,238,860	\$ 37,826,995
Investments	134,835,331	152,886,129	287,721,460
Receivables (net of allowance for uncollectibles)-			
Property taxes	525,259	-	525,259
Accounts and other	13,756,560	19,983,745	33,740,305
Accrued interest	480,106	2,149,406	2,629,512
Intergovernmental	-	4,286,553	4,286,553
Grants	6,317,633	-	6,317,633
Interfund	(1,486,979)	1,486,979	-
Inventories	286,018	634,700	920,718
Prepaid items	430,661	615,772	1,046,433
Restricted assets -			
Cash and cash equivalents	55,710,995	3,734,125	59,445,120
Investments	129,546,737	12,118,911	141,665,648
Property tax receivable	376,607	-	376,607
Accounts and other	2,300,469	-	2,300,469
Accrued interest	347,032	38,496	385,528
Investment in joint venture	-	24,833,187	24,833,187
Capital assets -			
Land and construction in progress	209,420,952	23,353,220	232,774,172
Capital assets, net of accumulated depreciation/amortization	545,250,889	374,818,848	920,069,737
Total assets	<u>1,116,686,405</u>	<u>640,178,931</u>	<u>1,756,865,336</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refundings	623,944	3,694,158	4,318,102
Deferred outflows related to pensions	16,370,285	2,196,507	18,566,792
Deferred outflows related to OPEB	2,765,466	377,110	3,142,576
Total deferred outflows of resources	<u>19,759,695</u>	<u>6,267,775</u>	<u>26,027,470</u>

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

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 18,801,266	\$ 20,428,358	\$ 39,229,624
Accrued payroll	3,106,724	423,882	3,530,606
Unearned revenue	23,185,264	11,855,003	35,040,267
Accrued interest payable	2,034,259	404,439	2,438,698
Customer deposits	-	2,047,252	2,047,252
Due within one year			
Bonds, notes, leases, compensated absences	32,881,867	4,571,979	37,453,846
Due in more than one year			
Net pension liability	22,840,714	3,114,644	25,955,358
Total OPEB liability	19,841,461	2,705,654	22,547,115
Bonds, notes, leases, compensated absences	391,657,051	64,895,768	456,552,819
Total liabilities	514,348,606	110,446,979	624,795,585
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	17,573,936	2,396,445	19,970,381
Deferred inflows related to OPEB	1,057,423	144,195	1,201,618
Total deferred inflows of resources	18,631,359	2,540,640	21,171,999
NET POSITION			
Net investment in capital assets	402,305,527	333,196,242	735,501,769
Restricted for -			
Debt service	5,383,886	38,580	5,422,466
Capital projects	109,338,466	13,827,480	123,165,946
Hotel-motel tax	15,269,909	-	15,269,909
Public safety	887,046	-	887,046
General government	1,472,144	-	1,472,144
Unrestricted	68,809,157	186,396,785	255,205,942
Total net position	\$ 603,466,135	\$ 533,459,087	\$ 1,136,925,222

**CITY OF ROUND ROCK, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 41,210,815	\$ 2,962,085	\$ 4,791,178	\$ -
Public safety	67,534,584	1,705,859	8,167	-
Public works	40,067,607	873,899	-	23,320,593
Culture and recreation	30,667,820	6,544,740	2,755	121,808
Interest on long-term debt	11,292,992	-	-	-
Total governmental activities	190,773,818	12,086,583	4,802,100	23,442,401
Business-type activities:				
Water and wastewater utility	63,886,112	67,172,508	-	31,627,192
Golf course	4,290,895	3,920,614	-	2,413,139
Total business-type activities	68,177,007	71,093,122	-	34,040,331
Total primary government	<u>\$ 258,950,825</u>	<u>\$ 83,179,705</u>	<u>\$ 4,802,100</u>	<u>\$ 57,482,732</u>

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (33,457,552)	\$ -	\$ (33,457,552)
Public safety	(65,820,558)	-	(65,820,558)
Public works	(15,873,115)	-	(15,873,115)
Culture and recreation	(23,998,517)	-	(23,998,517)
Interest on long-term debt	(11,292,992)	-	(11,292,992)
Total governmental activities	(150,442,734)	-	(150,442,734)
Business-type activities:			
Water and wastewater utility	-	34,913,588	34,913,588
Golf course	-	2,042,858	2,042,858
Total business-type activities	-	36,956,446	36,956,446
Total primary government	(150,442,734)	36,956,446	(113,486,288)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	47,018,818	-	47,018,818
Property taxes, levied for debt service	23,532,242	-	23,532,242
Franchise taxes	7,429,827	-	7,429,827
Sales taxes	104,397,185	-	104,397,185
Hotel occupancy tax	15,128,191	-	15,128,191
Public service taxes	1,020,842	-	1,020,842
Unrestricted investment earnings and other	11,176,195	94,621	11,270,816
Transfers	5,355,000	(5,355,000)	-
Total general revenues and transfers	215,058,300	(5,260,379)	209,797,921
Change in net position	64,615,566	31,696,067	96,311,633
Net position-beginning	538,850,569	501,763,020	1,040,613,589
Net position-ending	\$ 603,466,135	\$ 533,459,087	\$ 1,136,925,222

CITY OF ROUND ROCK, TEXAS
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2022

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
ASSETS			
Cash and cash equivalents	\$ 6,473,185	\$ -	\$ 48,751
Investments	46,956,717	-	353,769
Receivables (net of allowance for uncollectibles) -			
Property taxes, including interest and penalties	525,259	-	-
Accounts and other	8,675,044	-	1,233,094
Accrued interest	223,872	-	1,207
Interfund	7,357	-	-
Grants	465,905	-	5,817,816
Inventories	286,018	-	-
Prepaid items	99,549	-	-
Restricted assets -			
Cash and cash equivalents	-	4,666,339	33,187,978
Investments	-	-	75,508,566
Receivables -			
Property taxes, including interest and penalties	-	376,607	-
Sales tax	-	-	2,300,469
Accrued interest	-	-	319,592
Total assets	<u>\$ 63,712,906</u>	<u>\$ 5,042,946</u>	<u>\$ 118,771,242</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities -			
Accounts payable	\$ 7,960,127	\$ -	\$ 6,320,709
Accrued payroll	3,024,596	-	-
Interfund payables	-	7,357	-
Unearned revenue	3,550,082	-	568,320
Total liabilities	<u>14,534,805</u>	<u>7,357</u>	<u>6,889,029</u>
Deferred inflows of resources -			
Unavailable revenue - property taxes	525,259	376,607	-
Total deferred inflows of resources	<u>525,259</u>	<u>376,607</u>	<u>-</u>
Fund balances -			
Nonspendable	385,567	-	-
Restricted - debt service	-	4,658,982	2,382,429
Restricted - authorized construction	-	-	109,096,057
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Restricted - general government	-	-	-
Committed - general government	-	-	-
Committed - capital projects funds	-	-	403,727
Committed - culture and recreation	-	-	-
Assigned - culture and recreation	-	-	-
Unassigned	48,267,275	-	-
Total fund balances	<u>48,652,842</u>	<u>4,658,982</u>	<u>111,882,213</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 63,712,906</u>	<u>\$ 5,042,946</u>	<u>\$ 118,771,242</u>

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

Debt-Financed Capital Projects Fund	Self-Financed Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ 163,097	\$ 7,402,245	\$ 3,090,059	\$ 17,177,337
1,183,520	53,714,532	22,389,314	124,597,852
-	-	-	525,259
-	-	1,098,422	11,006,560
4,214	126,583	90,547	446,423
-	-	-	7,357
-	-	33,912	6,317,633
-	-	-	286,018
18,612	-	-	118,161
16,758,224	-	1,098,454	55,710,995
46,067,244	-	7,970,927	129,546,737
-	-	-	376,607
-	-	-	2,300,469
26,210	-	1,230	347,032
<u>\$ 64,221,121</u>	<u>\$ 61,243,360</u>	<u>\$ 35,772,865</u>	<u>\$ 348,764,440</u>

\$ 2,442,787	\$ 1,356,040	\$ 206,904	\$ 18,286,567
-	-	82,128	3,106,724
-	-	-	7,357
-	-	7,924,833	12,043,235
<u>2,442,787</u>	<u>1,356,040</u>	<u>8,213,865</u>	<u>33,443,883</u>
-	-	-	901,866
-	-	-	901,866
18,612	-	-	404,179
-	-	-	7,041,411
60,427,503	-	1,593,240	171,116,800
-	-	15,269,909	15,269,909
-	-	887,046	887,046
-	-	1,472,144	1,472,144
-	-	1,077,519	1,077,519
1,332,219	59,887,320	1,923,472	63,546,738
-	-	1,483,055	1,483,055
-	-	3,852,615	3,852,615
-	-	-	48,267,275
<u>61,778,334</u>	<u>59,887,320</u>	<u>27,559,000</u>	<u>314,418,691</u>
<u>\$ 64,221,121</u>	<u>\$ 61,243,360</u>	<u>\$ 35,772,865</u>	<u>\$ 348,764,440</u>

CITY OF ROUND ROCK, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

Total Fund Balances - Governmental Funds	\$ 314,418,691
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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	\$ 116,587,882	
Construction in progress	92,833,070	
Building and improvements	1,022,181,093	
Equipment	94,034,523	
Right-to-use lease assets	546,644	
Accumulated depreciation/amortization	(571,511,371)	
Total capital assets	\$ 754,671,841	754,671,841

Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds.	623,944
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Contributions to the pension plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds.	8,664,071
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Pension actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds.	(9,867,722)
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Contributions to the OPEB plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds.	504,646
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OPEB actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds.	1,203,397
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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.	901,866
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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.	9,992,782
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Unearned revenue associated with long-term economic development agreements are not a current financial resource and, therefore, are not reported in the funds.	(11,142,029)
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Long-term receivable from the Crow Group Series, LLC for a forgivable loan associated with an economic development project is not a current financial resource and, therefore, was reported in the funds as an expenditure, and not as a receivable.	2,750,000
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Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end.	(2,034,259)
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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).	(467,221,093)
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Net Position of Governmental Activities	\$ 603,466,135
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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, 2022**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
Revenues -			
Taxes and franchise, including interest and penalties	\$ 112,789,493	\$ 23,393,952	\$ 29,116,181
Licenses, permits and fees	2,619,840	-	-
Charges for services	5,308,795	-	-
Fines and forfeitures	1,143,039	-	-
Intergovernmental	4,177,384	-	11,487,619
Hotel occupancy tax	-	-	-
Contributions	-	-	1,616,159
Investment and other	1,694,181	107,138	(434,371)
Total revenues	<u>127,732,732</u>	<u>23,501,090</u>	<u>41,785,588</u>
Expenditures -			
Current -			
General government	26,055,869	-	-
Public safety	64,353,318	-	-
Public works	16,878,535	-	2,177,738
Culture and recreation	18,575,796	-	-
Debt service -			
Principal retirement	-	19,650,222	-
Interest and fiscal charges	-	12,133,701	-
Issuance costs	-	778,091	91,850
Capital projects	-	-	40,420,293
Total expenditures	<u>125,863,518</u>	<u>32,562,014</u>	<u>42,689,881</u>
Excess (deficiency) of revenues over expenditures	<u>1,869,214</u>	<u>(9,060,924)</u>	<u>(904,293)</u>
Other financing sources (uses) -			
Issuance of debt	-	-	27,000,000
Issuance of refunding bonds	-	79,860,000	-
Issuance of premium	-	-	-
Payment to refunded bond escrow agent	-	(79,078,568)	-
Transfers in	6,455,000	7,419,308	23,478,840
Transfers out	(18,961,811)	-	(13,767,985)
Total other financing sources (uses)	<u>(12,506,811)</u>	<u>8,200,740</u>	<u>36,710,855</u>
Net change in fund balances	<u>(10,637,597)</u>	<u>(860,184)</u>	<u>35,806,562</u>
Fund balances, October 1, 2021	<u>59,290,439</u>	<u>5,519,166</u>	<u>76,075,651</u>
Fund balances, September 30, 2022	<u>\$ 48,652,842</u>	<u>\$ 4,658,982</u>	<u>\$ 111,882,213</u>

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

Debt-Financed Capital Projects Fund	Self-Financed Construction Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 17,678,902	\$ 183,753	\$ 183,162,281
-	-	339,502	2,959,342
-	-	2,620,992	7,929,787
-	-	237,859	1,380,898
-	-	9,151,399	24,816,402
-	-	15,128,191	15,128,191
-	44,593	1,624,563	3,285,315
90,949	1,416,762	(95,750)	2,778,909
90,949	19,140,257	29,190,509	241,441,125
-	-	9,321,762	35,377,631
-	-	-	64,353,318
-	-	-	19,056,273
-	-	5,441,912	24,017,708
-	-	-	19,650,222
-	-	-	12,133,701
642,367	-	-	1,512,308
29,465,951	16,740,420	949,097	87,575,761
30,108,318	16,740,420	15,712,771	263,676,922
(30,017,369)	2,399,837	13,477,738	(22,235,797)
49,455,000	-	-	76,455,000
-	-	-	79,860,000
2,642,581	-	-	2,642,581
-	-	-	(79,078,568)
11,300,548	20,526,331	856,938	70,036,965
(23,869,831)	(182,709)	(7,899,629)	(64,681,965)
39,528,298	20,343,622	(7,042,691)	85,234,013
9,510,929	22,743,459	6,435,047	62,998,216
52,267,405	37,143,861	21,123,953	251,420,475
\$ 61,778,334	\$ 59,887,320	\$ 27,559,000	\$ 314,418,691

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, 2022

Net Change in Fund Balances-Total Governmental Funds	\$	62,998,216
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization. They are detailed in Note III (B).		49,393,648
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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. They are detailed in Note III (B).		8,540,070
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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.		236,633
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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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. They are detailed in Note III (B).		(60,306,984)
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Governmental funds report repayment of lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.		(293)
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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 are detailed in Note III (B) and include:

Pension costs, net		5,032,964
OPEB costs, net		(1,576,240)
Interest and employee expense		480,996

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.		(183,444)
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Change in Net Position of Governmental Activities	\$	64,615,566
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The accompanying notes are an integral part of this financial statement.

CITY OF ROUND ROCK, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance -
	Original	Final	Actual	Positive (Negative)
Revenues -				
Taxes and franchise, including interest and penalties	\$ 111,335,701	\$ 111,530,161	\$ 112,789,493	\$ 1,259,332
Licenses, permits and fees	1,690,650	1,690,650	2,619,840	929,190
Charges for services	3,909,000	4,646,000	5,308,795	662,795
Fines and forfeitures	970,000	970,000	1,143,039	173,039
Intergovernmental	2,496,529	2,496,529	4,177,384	1,680,855
Investment and other	4,749,700	4,749,700	1,694,181	(3,055,519)
Total revenues	125,151,580	126,083,040	127,732,732	1,649,692
Expenditures -				
Current -				
General government	28,189,073	27,752,059	26,055,869	1,696,190
Public safety	65,505,537	65,744,726	64,353,318	1,391,408
Public works	22,191,496	17,862,039	16,878,535	983,504
Culture and recreation	17,434,446	18,593,188	18,575,796	17,392
Total expenditures	133,320,552	129,952,012	125,863,518	4,088,494
Excess (deficiency) of revenues over expenditures	(8,168,972)	(3,868,972)	1,869,214	5,738,186
Other financing sources (uses) -				
Transfers in	6,455,000	6,455,000	6,455,000	-
Transfers out	(13,500,000)	(18,961,811)	(18,961,811)	-
Total other financing sources (uses)	(7,045,000)	(12,506,811)	(12,506,811)	-
Net change in fund balances	\$ (15,213,972)	\$ (16,375,783)	(10,637,597)	\$ 5,738,186
Fund balance, October 1, 2021			59,290,439	
Fund balance, September 30, 2022			\$ 48,652,842	

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

CITY OF ROUND ROCK, TEXAS
ROUND ROCK TRANSPORTATION AND ECONOMIC DEVELOPMENT CORPORATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Revenues -				
Sales tax	\$ 21,959,250	\$ 21,959,250	\$ 29,116,181	\$ 7,156,931
Intergovernmental	22,730,996	22,730,996	11,487,619	(11,243,377)
Contributions	12,161,282	12,161,282	1,616,159	(10,545,123)
Investment and other	300,000	300,000	(434,371)	(734,371)
Total revenues	57,151,528	57,151,528	41,785,588	(15,365,940)
Expenditures -				
Current -				
Public works	10,936,476	10,936,476	2,177,738	8,758,738
Debt Service -				
Issuance costs	-	91,850	91,850	-
Capital projects	40,420,293	40,420,293	40,420,293	-
Total expenditures	51,356,769	51,448,619	42,689,881	8,758,738
Excess (deficiency) of revenues over expenditures	5,794,759	5,702,909	(904,293)	(6,607,202)
Other financing sources (uses) -				
Issuance of debt	-	-	27,000,000	27,000,000
Transfers in	2,035,197	2,035,197	23,478,840	21,443,643
Transfers out	(1,100,000)	(13,767,985)	(13,767,985)	-
Total other financing sources (uses)	935,197	(11,732,788)	36,710,855	48,443,643
Net change in fund balances	\$ 6,729,956	\$ (6,029,879)	35,806,562	\$ 41,836,441
Fund balance, October 1, 2021			76,075,651	
Fund balance, September 30, 2022			\$ 111,882,213	

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



**CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 18,966,217	\$ 272,643	\$ 19,238,860	\$ 1,410,798
Investments	152,309,783	576,346	152,886,129	10,237,479
Receivables (net of allowance for uncollectibles of \$1,049,338) -				
Accounts and other	19,878,745	105,000	19,983,745	-
Accrued interest	2,147,925	1,481	2,149,406	33,683
Intergovernmental	4,286,553	-	4,286,553	-
Inventories	634,700	-	634,700	-
Prepaid items	467,024	148,748	615,772	312,500
Total current assets	198,690,947	1,104,218	199,795,165	11,994,460
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	7,389,434	-	7,389,434	-
Construction	6,399,550	-	6,399,550	-
Customer deposits	2,025,472	-	2,025,472	-
Revenue bond covenant accounts	38,580	-	38,580	-
Restricted accrued interest	38,496	-	38,496	-
Investment in joint venture	24,833,187	-	24,833,187	-
Capital assets:				
Land and construction in progress	19,048,906	4,304,314	23,353,220	-
Capital assets being depreciated/amortized	367,963,698	6,855,150	374,818,848	-
Total capital assets (net of accumulated depreciation/amortization of \$274,513,125)	387,012,604	11,159,464	398,172,068	-
Total noncurrent assets	427,737,323	11,159,464	438,896,787	-
Total assets	626,428,270	12,263,682	638,691,952	11,994,460
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refundings	3,694,158	-	3,694,158	-
Deferred outflows related to pensions	2,196,507	-	2,196,507	-
Deferred outflows related to OPEB	377,110	-	377,110	-
Total deferred outflows of resources	6,267,775	-	6,267,775	-

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

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 20,210,309	\$ 218,049	\$ 20,428,358	\$ 514,699
Accrued payroll	423,882	-	423,882	-
Accrued benefit obligations	630,234	-	630,234	-
Unearned revenue	11,855,003	-	11,855,003	-
Accrued interest	404,439	-	404,439	-
Customer deposits	2,047,252	-	2,047,252	-
Lease payable	1,434	78,903	80,337	-
Bonds payable	3,861,408	-	3,861,408	-
Total current liabilities	39,433,961	296,952	39,730,913	514,699
Noncurrent liabilities:				
Net pension liability	3,114,644	-	3,114,644	-
Total OPEB liability	2,705,654	-	2,705,654	-
Accrued benefit obligations	167,531	-	167,531	-
Lease payable	373	52,701	53,074	-
Bonds payable	64,675,163	-	64,675,163	-
Total noncurrent liabilities	70,663,365	52,701	70,716,066	-
Total liabilities	110,097,326	349,653	110,446,979	514,699
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	2,396,445	-	2,396,445	-
Deferred inflows related to OPEB	144,195	-	144,195	-
Total deferred inflows of resources	2,540,640	-	2,540,640	-
NET POSITION				
Net investment in capital assets	322,168,381	11,027,861	333,196,242	-
Restricted for:				
Debt service	38,580	-	38,580	-
Capital projects	13,827,480	-	13,827,480	-
Unrestricted	184,023,638	886,168	184,909,806	11,479,761
Total net position	\$ 520,058,079	\$ 11,914,029	531,972,108	\$ 11,479,761
Reconciliation to government-wide statement of net position:				
Adjustment to reflect the cumulative net profit of the internal service fund that was allocated to enterprise fund functions.			1,486,979	
Net position of business-type activities			\$ 533,459,087	

CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
Operating revenues -				
Charges for services	\$ 60,923,212	\$ 3,920,614	\$ 64,843,826	\$ 15,727,327
Licenses, permits, and fees	6,302,178	-	6,302,178	-
Total revenues	67,225,390	3,920,614	71,146,004	15,727,327
Operating expenses -				
Personnel services	13,633,693	-	13,633,693	-
Contractual services	18,392,887	3,667,199	22,060,086	3,049,629
Supplies	1,810,064	1,168	1,811,232	-
Repair and maintenance	2,424,329	379	2,424,708	1,867
Heat, light and power	2,891,204	58,984	2,950,188	4,908
Claims expense	-	-	-	12,960,388
Depreciation and amortization	22,240,383	562,796	22,803,179	-
Total operating expenses	61,392,560	4,290,526	65,683,086	16,016,792
Operating income (loss)	5,832,830	(369,912)	5,462,918	(289,465)
Nonoperating revenues (expenses) -				
Investment and other revenues	90,182	4,439	94,621	53,139
Interest and fiscal charges	(2,493,552)	(369)	(2,493,921)	-
Total nonoperating revenues (expenses)	(2,403,370)	4,070	(2,399,300)	53,139
Income before contributions and transfers	3,429,460	(365,842)	3,063,618	(236,326)
Contributions and transfers -				
Contributions - impact fees	10,874,007	-	10,874,007	-
Contributions - infrastructure	18,891,783	-	18,891,783	-
Contributions - other	1,861,402	2,413,139	4,274,541	-
Transfers out	(5,355,000)	-	(5,355,000)	-
Total contributions and transfers	26,272,192	2,413,139	28,685,331	-
Change in net position	29,701,652	2,047,297	31,748,949	(236,326)
Net position, October 1, 2021	490,356,427	9,866,732		11,716,087
Net position, September 30, 2022	<u>\$ 520,058,079</u>	<u>\$ 11,914,029</u>		<u>\$ 11,479,761</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

(52,882)

Change in net position of business-type activities

\$ 31,696,067

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, 2022**

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 72,133,543	\$ 3,890,614	\$ 76,024,157	\$ 1,848,140
Cash received from other funds for services provided	-	-	-	13,879,187
Cash payments to suppliers for goods and services	(39,963,132)	(3,722,545)	(43,685,677)	(16,580,247)
Cash payments to employees for services	(13,969,977)	-	(13,969,977)	-
Net cash provided (used) by operating activities	18,200,434	168,069	18,368,503	(852,920)
Cash flows from noncapital financing activities:				
Transfers to other funds	(5,355,000)	-	(5,355,000)	-
Net cash provided (used) by noncapital financing activities	(5,355,000)	-	(5,355,000)	-
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	65,215	-	65,215	-
Proceeds from ARPA grant	6,427,502	-	6,427,502	-
Acquisition and construction of capital assets	(21,355,554)	(21,992)	(21,377,546)	-
Investment in joint venture	(7,743,143)	-	(7,743,143)	-
Liability associated with right-to-use assets	1,807	131,604	133,411	-
Acquisition of right-to-use assets	(4,107)	(210,355)	(214,462)	-
Principal paid on revenue bonds	(3,806,408)	-	(3,806,408)	-
Interest paid on revenue, certificates of obligation bonds, & leases	(2,204,822)	(369)	(2,205,191)	-
Contributions	1,861,402	-	1,861,402	-
Impact fees	10,874,007	-	10,874,007	-
Net cash provided (used) by capital and related financing activities	(15,884,101)	(101,112)	(15,985,213)	-
Cash flows from investing activities:				
Sale (purchase) of investments	(23,319,048)	(116,825)	(23,435,873)	(920,082)
Investment and other income	-	3,166	3,166	25,285
Net cash provided (used) by investing activities	(23,319,048)	(113,659)	(23,432,707)	(894,797)
Net increase (decrease) in cash and cash equivalents	(26,357,715)	(46,702)	(26,404,417)	(1,747,717)
Cash and cash equivalents at beginning of year	49,058,327	319,345	49,377,672	3,158,515
Cash and cash equivalents at end of year	<u>\$ 22,700,612</u>	<u>\$ 272,643</u>	<u>\$ 22,973,255</u>	<u>\$ 1,410,798</u>

(CONTINUED)

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

CITY OF ROUND ROCK, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	Business-Type Activities- Enterprise Funds			Governmental Activities
	Water and Wastewater Fund	Golf Course Fund	Total	Internal Service Fund
Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Position				
Cash and cash equivalents	\$ 18,966,217	\$ 272,643	\$ 19,238,860	\$ 1,410,798
Restricted assets - Cash and cash equivalents	3,734,395	-	3,734,395	-
Cash and cash equivalents	<u>\$ 22,700,612</u>	<u>\$ 272,643</u>	<u>\$ 22,973,255</u>	<u>\$ 1,410,798</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 5,832,830	\$ (369,912)	\$ 5,462,918	\$ (289,465)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation & amortization	22,240,383	562,796	22,803,179	-
Provision for bad debts	165,931	-	165,931	-
(Increase) decrease in:				
Receivables	4,588,875	(30,000)	4,558,875	-
Customer deposits	(154,406)	-	(154,406)	-
Inventory	(76,615)	-	(76,615)	-
Other assets	(36,905)	(148,748)	(185,653)	(225,000)
Pension related deferred outflows	(486,372)	-	(486,372)	-
OPEB related deferred outflows	(102,184)	-	(102,184)	-
Increase (decrease) in:				
Accounts payable	(14,176,722)	153,933	(14,022,789)	(338,455)
Customer deposits	153,347	-	153,347	-
Accrued payroll	135,089	-	135,089	-
Pension related deferred inflows	1,461,004	-	1,461,004	-
OPEB related deferred inflows	59,391	-	59,391	-
Net pension liability	(1,660,946)	-	(1,660,946)	-
Total OPEB liability	257,734	-	257,734	-
Total adjustments	<u>12,367,604</u>	<u>537,981</u>	<u>12,905,585</u>	<u>(563,455)</u>
Net cash provided (used) by operations	<u>\$ 18,200,434</u>	<u>\$ 168,069</u>	<u>\$ 18,368,503</u>	<u>\$ (852,920)</u>

NOTES:

Noncash capital and related financing activities:

In fiscal year 2022, the Water and Wastewater Fund had \$18,891,783 in capital assets contributed, recognized a change of (\$2,959,296) in fair value of investments, and a change of \$7,743,143 in joint venture net position.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 wastewater utility system. The City's staff provides the necessary support for the services provided. All are responsible to the citizens of Round Rock and are therefore included within the reporting entity.

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

Blended Component Unit

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

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

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

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

Government-wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component unit.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are funded by fees and charges for services.

The City's statement of net position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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

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

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

Fund Financial Statements

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental and proprietary categories. GASB Statement No. 34 sets forth minimum criteria for the determination of major funds (i.e., funds whose revenues, expenditures/expenses, assets, or liabilities are at least 10% of corresponding totals for all governmental or enterprise funds and at least 5% of the aggregate amount for all governmental and enterprise funds). The major governmental funds are the General Fund, the Debt Service Fund, the Round Rock Transportation and Economic Development Corporation Fund, the Debt-Financed Capital Projects Fund, and the Self-Financed Construction Fund. The nonmajor funds are combined in a separate column in the fund financial statements.

The Internal Service Fund, which provides services to the other funds of the government, is presented as part of the proprietary fund financial statements. The net income (loss) of the Internal Service Fund is allocated between governmental and business-type activities. Because the principal users are the City's governmental activities, financial statements of the Internal Service Fund are consolidated into the governmental column when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (general government, public safety, public works, etc.).

C. GOVERNMENTAL FUND TYPES

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

There are nine (9) groups of funds within the Special Revenue Funds which account for the activities related to grant programs, hotel-motel room taxes, transportation system improvement, and economic development sales tax and funds designated for specific service programs. They are as follows:

Major Fund

- *Round Rock Transportation and Economic Development Corporation Fund*

Nonmajor Funds

- *Community Development Block Grant Fund*
- *Hotel-Motel Occupancy Tax Fund*
- *Hotel-Motel Occupancy Venue Tax Fund*
- *Innovation & Development Fund*
- *Library & Recreational Fund*
- *Public Safety Fund*
- *Public Education & Government Fund*
- *Roadway Impact Fees Fund*

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

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

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

Major Funds

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

The Self-Financed Construction Fund and the Debt-Financed Capital Projects Fund are considered major funds in the fund financial statements. The Self-Financed Construction Fund accounts for the costs of authorized general capital improvements and facilities. Financing is provided by general government resources, such as sales tax. Dell sales tax receipts, net of incentives, are not to exceed 20% of budgeted sales tax revenues in the General Fund. Dell sales tax receipts, net of incentives, in excess of 20% will be budgeted and deposited in the Self-Financed Construction Fund for pay-as-you-go one-time capital expenditures or projects. In fiscal year 2021, as part of the fiscal year 2022 budget adoption process, City Council adopted a revision to the financial policies that further reduces reliance on Dell sales tax performance, dropping to 15% by fiscal year 2024. The cap was 17% for fiscal year 2022. The Debt-Financed Capital Projects Fund accounts for projects related to fire department facilities, parks and recreational purposes, library facilities, police and fire training facilities, street maintenance, and road construction. Financing is provided by general obligation bonds and certificates of obligation.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

D. PROPRIETARY FUND TYPES

The **Proprietary Funds** are used to account for the City's ongoing organizations and activities that are similar to those found in the private sector. These funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are the determination of income before contributions and transfers, net position and cash flows. The City maintains both Enterprise Funds and an Internal Service Fund.

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

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

E. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

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

F. BASIS OF ACCOUNTING

Government-wide Statements

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

Fund Financial Statements

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

Governmental Funds

Revenue Recognition

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

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

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

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

Expenditure Recognition

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

Proprietary Funds

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

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

G. CASH AND CASH EQUIVALENTS

In accordance with GASB Statement No. 9, for reporting purposes, the City has developed a definition of cash equivalents. Cash equivalents are demand deposit account balances, investments with the State Investment

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Pool, repurchase agreements, obligations of the United States government and its agencies, commercial paper and certificates of deposit with original maturities of three months or less.

H. INVESTMENTS

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

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

I. INVENTORIES AND PREPAID ITEMS

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

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

J. JOINT VENTURE

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

K. CAPITAL ASSETS

Capital assets are stated at historical cost, except for intangible right-to-use lease assets. Maintenance and repairs are charged to operations as incurred. Improvements and betterments, which extend the useful lives of assets, are capitalized.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by the fund's measurement focus. The minimum capitalization threshold is \$5,000 and greater for machinery and equipment with a useful life of at least five (5) years and \$50,000 and greater with a useful life of at least ten (10) years for other asset categories. Donated capital assets, donated works of art, and similar items are reported at acquisition value rather than fair value. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

<i>Buildings</i>	<i>40 years</i>
<i>Improvements to buildings</i>	<i>10 years</i>
<i>Improvements other than buildings</i>	<i>10 - 30 years</i>
<i>Machinery and equipment</i>	<i>5 - 7 years</i>
<i>Right-to-use leased assets</i>	<i>5 - 7 years</i>

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

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

L. LONG-TERM DEBT

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

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

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

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

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

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

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

M. ACCRUED BENEFIT OBLIGATIONS

Unpaid Compensated Absences

Regular full-time employees and regular part-time employees who are normally scheduled to work at least twenty (20) hours per week are eligible to accrue vacation leave. Public service employees, including the police department, can accrue a maximum of 320 hours. Regular, full-time suppression firefighters have a maximum accrual of 656 hours, while regular, full-time administration firefighters can earn a maximum of 437 hours. Employees are paid for the accumulated vacation upon termination. Effective January 1, 1994, sick pay does not vest for non-Civil Service employees; therefore, a liability is only recorded for sick leave relating to Civil Service employees.

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

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

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

Other Post-Employment Benefits

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self-insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report prepared by Holmes Murphy & Associates, the City's third-party actuary, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Additionally, the City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

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

N. TRANSACTIONS BETWEEN FUNDS

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds - for example, contribution of capital assets to a proprietary fund or transfers of residual balances of discontinued funds to other funds - are accounted for as transfers.

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

O. NET POSITION

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists of capital assets net of accumulated depreciation/amortization, outstanding balances of capital-related borrowings, and capital-related deferred outflows (inflows) of resources. Net position classified as restricted 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.

P. CLASSIFICATION OF FUND EQUITY

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

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

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

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

Assigned fund balance – Assigned fund balances are amounts that are subject to a purpose constraint that represents an intended use but are neither restricted or committed. Assignments are made by City Council or the City Manager as defined in the Financial Policies of the City.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

Q. MINIMUM FUND BALANCE POLICY

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

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

- Deferred charges on refundings - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred charge on refundings is reported in the government-wide statement of net position.
- OPEB and pension contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference between projected and actual investment earnings on pension assets, difference between expected and actual economic experience on pension and OPEB assets, and changes in actuarial assumptions used to determine the net pension and total OPEB liabilities.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Reported as a deferred inflow for the City both for OPEB and pension are the difference in expected and actual experience and the difference arising from changes in assumptions (both are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date). For the governmental funds, the property tax receivable is offset by unavailable revenue and reported as deferred inflows because this receivable will not be received within 60 days after fiscal year end.

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

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

The City adopted a roadway impact fee ordinance in March 2019. Roadway impact fees are intended to recover the incremental cost of each new unit of development on the arterial and collector roadway infrastructure. Effective January 1, 2020, assessment of roadway impact fees began but no roadway impact fees were charged for any building permit application dated before January 1, 2021. The roadway impact fees were charged

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

effective January 1, 2021. There are three phases in the roadway impact fee schedule. Phase 1 of the roadway impact fees are for final plat dates prior to January 1, 2022; phase 2 is for final plat dates between January 1, 2022, and December 31, 2023; and phase 3 is for final plat dates on or after January 1, 2024.

T. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the actuarial calculations to determine the net pension liability and total OPEB liability are based on assumptions about events far into the future. Accordingly, actual results could differ from those estimates.

U. PENSIONS

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

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

V. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following statements which became effective for fiscal year 2022, as well as statements that are effective in future fiscal years, but the City implemented early.

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

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

GASB Statement No. 93, *"Replacement of Interbank Offered Rates (IBOR)"* – The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR due to global reference rate reform. This will improve the usefulness of information for users of state and local government financial statements. The London Interbank Offered Rate (LIBOR) ceased to exist at the end of 2021.

GASB Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"*—an Amendment of GASB Statements No. 14 and No.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The GASB has issued the following statements which will become effective for fiscal year 2023:

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

GASB Statement No 99, *“Omnibus 2022”*–The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB Statement No. 100, *“Accounting for Changes and Error Corrections”*– an Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement No. 100 is effective October 1, 2023 for the City and will be implemented early, if applicable.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022

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

	Original Budget	Amendments Increase (Decrease)	Final Budget
Revenues -			
Taxes and franchise, including interest and penalties	\$ 111,335,701	\$ 194,460	\$ 111,530,161
Licenses, permits and fees	1,690,650	-	1,690,650
Charges for services	3,909,000	737,000	4,646,000
Fines and forfeitures	970,000	-	970,000
Intergovernmental	2,496,529	-	2,496,529
Investment and other	4,749,700	-	4,749,700
Total revenues	<u>125,151,580</u>	<u>931,460</u>	<u>126,083,040</u>
Expenditures -			
Current -			
General government	28,189,073	(437,014)	27,752,059
Public safety	65,505,537	239,189	65,744,726
Public works	22,191,496	(4,329,457)	17,862,039
Culture and recreation	17,434,446	1,158,742	18,593,188
Total expenditures	<u>133,320,552</u>	<u>(3,368,540)</u>	<u>129,952,012</u>
Excess (deficiency) of revenues over expenditures	<u>(8,168,972)</u>	<u>4,300,000</u>	<u>(3,868,972)</u>
Other financing sources (uses) -			
Transfers in	6,455,000	-	6,455,000
Transfers out	(13,500,000)	(5,461,811)	(18,961,811)
Total other financing sources (uses)	<u>(7,045,000)</u>	<u>(5,461,811)</u>	<u>(12,506,811)</u>
Net change in fund balances	<u>\$ (15,213,972)</u>	<u>\$ (1,161,811)</u>	<u>\$ (16,375,783)</u>

B. ENCUMBRANCES

Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. For budgetary purposes, encumbrances lapse at fiscal year-end. In accordance with the City Charter, Part I, Article 8, Section 8.03 (a)(10) – Finance Administration, a capital improvement program may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition. Therefore, purchase orders and contracts associated with capital improvement programs roll at the end of the fiscal year. The encumbrances and significant commitments at September 30, 2022, associated with capital improvements for governmental funds, not proprietary funds, in accordance with GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” are summarized below:

Major Funds

Round Rock Transportation and Economic Development Corporation Fund	\$ 46,538,000
Self-Financed Construction Fund	2,181,000
Debt-Financed Capital Projects Fund	6,259,000

Nonmajor Funds

Special revenue funds	\$ 279,000
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CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Bonds and certificates payable - public placement	\$ 331,335,000
Plus: Issuance premium (amortized against interest expense)	18,195,210
Less: Issuance discount (amortized against interest expense)	(36,237)
Bonds and certificates payable - private placement	35,740,000
State infrastructure bank loan	27,000,000
Notes payable	2,132,040
Right-to-use lease payable	402,579
Net pension liability	22,840,714
Compensated absences	9,770,326
Total OPEB liability	<u>19,841,461</u>
Net adjustment to reduce fund balance - total governmental funds	
to arrive at net position - governmental activities	<u>\$ 467,221,093</u>

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

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

Capital outlay	\$ 86,316,796
Depreciation/amortization expense	<u>(36,923,148)</u>
Net adjustment to increase net changes in fund balances -	
total governmental funds to arrive at changes in net position	
of governmental activities	<u>\$ 49,393,648</u>

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

Donations	\$ 8,672,222
Reclassifications, disposals, and transfers	<u>(132,152)</u>
Net adjustment to increase net changes in fund balances -	
total governmental funds to arrive at changes in net position	
of governmental activities	<u>\$ 8,540,070</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Issuance of debt - public placement	\$ (129,315,000)
Premiums received on issuance of debt - public placement	(2,642,581)
Remove premiums on refunded bonds	4,902,783
Issuance of State Infrastructure Bank Loan	(27,000,000)
Debt payments/refundings - public placement	88,590,000
Debt payments/refundings - private placement	4,590,000
Deferred amount on refunding - public placement	(1,469,215)
Notes payments	<u>2,037,029</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (60,306,984)</u></u>

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

Decrease in net pension liability	\$ 12,180,273
Increase in deferred outflows related to pensions	3,566,724
Increase in deferred inflows related to pensions	<u>(10,714,033)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 5,032,964</u></u>
Increase in total OPEB liability	\$ (1,890,053)
Increase in deferred outflows related to OPEB	749,346
Increase in deferred inflows related to OPEB	<u>(435,533)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (1,576,240)</u></u>
Change in compensated absences	\$ (437,906)
Amortization of bond premium/discount - public placement	1,148,648
Change in accrued interest - public placement	52,560
Change in accrued interest - private placement	8,841
Amortization of deferred amount on refunding - public placement	(242,778)
Amortization of deferred amount on refunding - private placement	<u>(48,369)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 480,996</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

IV. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Cash and investments at September 30, 2022, reconciled to the statement of net position amounts for cash and cash equivalents and investments is as follows:

Cash in banks	\$ 34,483,593
Investments	<u>492,175,630</u>
 Total cash and investments	 <u><u>\$ 526,659,223</u></u>
 Statement of net position presentation:	
Cash and cash equivalents	\$ 37,826,995
Investments	287,721,460
Restricted assets -	
Cash and cash equivalents	59,445,120
Investments	<u>141,665,648</u>
 Total cash and cash equivalents and investments	 <u><u>\$ 526,659,223</u></u>

At September 30, 2022, the carrying amount of deposits was a debit balance of \$34,483,593, including \$1,826,190 in outstanding checks, and the respective bank balances totaled \$36,309,783. The City's bank balances were fully insured or collateralized with securities held by the City's agent in the City's name and/or letters of credit.

Investments

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

	Carrying Amount	Fair Value	Weighted Average Maturity (Days)
U. S. Government Securities	\$ 300,067,003	\$ 300,067,003	278
Municipal Bonds	14,997,653	14,997,653	4
Certificates of Deposit	114,322,455	114,322,455	40
State Investment Pools	62,788,519	62,788,519	3
	<u>\$ 492,175,630</u>	<u>\$ 492,175,630</u>	
Portfolio weighted average maturity			325

Following GASB Statement No. 72, "Fair Value Measurement and Application," the City categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of September 30, 2022, the City has the recurring fair value measurements for U.S. Government securities of \$300,067,003 valued using quoted prices for similar assets in active markets (level 2 inputs).

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (PFIA) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

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

Policies Governing Deposits and Investments

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

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

Interest Rate Risk – In compliance with the City's Investment Policy, as of September 30, 2022, the City minimized its interest rate risk in the portfolio by limiting the weighted average maturity to 540 days, structuring the portfolio so that maturities meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity, monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by PFIA, and investing operating funds primarily in short-term securities, money market mutual funds, money market accounts, or government investment pools.

Credit Risk – In compliance with the City's Investment Policy, as of September 30, 2022, the City minimized credit risk losses due to default of security issuer or backer by limiting investments to the safest rated securities, using a registered investment advisor to provide investment and market advice, and diversifying the investment portfolio so that potential losses on individual securities were minimized. All the City's purchased investments in U. S. Agencies were rated AA+ by Standard & Poor's and Moody's respectively.

Concentration Risk - The City invests in pools, certificates of deposit, money market funds, municipal bonds and U.S. Government Securities. State law authorizes the City to invest in obligations of the United States government and its agencies, commercial paper, money market funds, certificates of deposit of any state or federally chartered bank, obligations of states, agencies, counties, cities and other political subdivisions of any state not rated less than A or equivalent. All investments made in fiscal year 2022 were in the aforementioned categories.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Local Government Investment Pools

As of September 30, 2022, the City's investments included TexPool, TexSTAR, and Texas Term TexasDAILY Investment Pools. The investment pools' investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk. The City had \$55,245,568 invested in TexPool, \$201,831 invested in TexSTAR, and \$7,341,120 in TexasDAILY at September 30, 2022.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, authorized by the PFIA. The Texas State Comptroller of Public Accounts has oversight responsibility for TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City's investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAm by Standard and Poor's. This rating indicates excellent safety and superior capacity to maintain principal value and limit exposure to loss.

The City is invested in Texas Short Term Asset Reserve program (TexSTAR), a local government investment cooperative created under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the PFIA, specifically tailored to meet state and local government investment objectives of preservation of principal, daily liquidity and competitive yield.

TexSTAR is co-administered by J.P. Morgan Investment Management Inc. and Hilltop Securities Inc. and is overseen by a five-member government board made up of three participants and one of each of the program's co-administrator or an affiliate. The responsibility of the board includes the ability to influence operations, designation of management, and accountability for fiscal matters. TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. The fair value of the City's position in TexSTAR is the same as the value of TexSTAR shares.

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

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

TexasDAILY Select invests in the full range of PFIA permitted investments and is rated AAAmf by Fitch. TexasDAILY Select's investment objectives are to earn the highest income consistent with preserving principal and maintaining liquidity, and to maintain a stable NAV of \$1.00 per share.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

B. PROPERTY TAXES AND RECEIVABLES

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

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

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real and personal property within the City on the 2021 tax roll. The tax rate, based on total taxable assessed valuation of \$17,670,723,796 was \$0.397000 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.264862 and \$0.132138, respectively.

Property taxes receivable as of September 30, 2022, were as follows:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 123,669	\$ 60,911	\$ 184,580
Prior years' levies	406,896	319,500	726,396
	<u>530,565</u>	<u>380,411</u>	<u>910,976</u>
Less - allowance for uncollectible taxes	<u>(5,306)</u>	<u>(3,804)</u>	<u>(9,110)</u>
	<u><u>\$ 525,259</u></u>	<u><u>\$ 376,607</u></u>	<u><u>\$ 901,866</u></u>

Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

C. INTERFUND, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2022, were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
General Fund	Debt Service Fund	<u>\$ 7,357</u>	<u>\$ 7,357</u>
Governmental Funds		<u><u>\$ 7,357</u></u>	<u><u>\$ 7,357</u></u>

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

<u>Governmental Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund -		
Water and Wastewater Fund	\$ 5,355,000	\$ -
Self-Financed Construction Fund	-	18,961,811
RRTEDC Fund	1,100,000	-
	<u>6,455,000</u>	<u>18,961,811</u>
Debt Service Fund -		
RRTEDC Fund	1,367,437	-
Nonmajor Governmental Funds	6,051,871	-
	<u>7,419,308</u>	<u>-</u>
RRTEDC Fund -		
General Fund	-	1,100,000
Debt Service Fund	-	1,367,437
Self-Financed Construction Fund	182,709	-
Debt-Financed Capital Projects Fund	23,296,131	11,300,548
	<u>23,478,840</u>	<u>13,767,985</u>
Debt-Financed Capital Projects Fund -		
Self-Financed Construction Fund	-	573,700
RRTEDC Fund	11,300,548	23,296,131
	<u>11,300,548</u>	<u>23,869,831</u>
Self-Financed Construction Fund -		
General Fund	18,961,811	-
RRTEDC Fund	-	182,709
Debt-Financed Capital Projects Fund	573,700	-
Nonmajor Governmental Funds	990,820	-
	<u>20,526,331</u>	<u>182,709</u>
Other Governmental Funds -		
Debt Service Fund	-	6,051,871
Self-Financed Construction Fund	-	990,820
RRTEDC Fund	-	-
Nonmajor Governmental Funds	856,938	856,938
	<u>856,938</u>	<u>7,899,629</u>
Subtotal of Governmental Funds	<u>70,036,965</u>	<u>64,681,965</u>
<u>Proprietary Funds</u>		
Water and Wastewater Fund -		
General Fund	-	5,355,000
	<u>-</u>	<u>5,355,000</u>
Total Transfers	<u>\$ 70,036,965</u>	<u>\$ 70,036,965</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022

	Total	City's Interest
ASSETS		
Cash and cash equivalents	\$ 2,816,431	\$ 742,004
Accounts receivable	1,269,398	20,872
Restricted investments	132,727,984	13,292,185
Capital assets	192,603,142	65,082,269
Total assets	<u>329,416,955</u>	<u>79,137,330</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>11,824,408</u>	<u>4,607,620</u>
LIABILITIES		
Accounts payable	11,110,592	3,171,407
Retainage payable	433,748	127,685
Due to partner cities	656,964	322,962
Current portion of bonds payable	10,370,000	2,290,000
Accrued bond interest payable	1,285,979	323,127
Total current liabilities	<u>23,857,283</u>	<u>6,235,181</u>
Noncurrent portion of bonds payable	269,459,742	52,676,582
Total liabilities	<u>293,317,025</u>	<u>58,911,763</u>
NET POSITION	<u><u>\$ 47,924,338</u></u>	<u><u>\$ 24,833,187</u></u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2022

	Total	City's Interest
Operating revenues	\$ 3,463,968	\$ 656,136
Interest expense	(7,146,279)	(1,710,717)
Other operating expenses	(7,532,183)	(2,079,731)
Other income(expense)	(2,916,529)	(563,807)
Changes in Net Position	<u>(14,131,023)</u>	<u>(3,698,119)</u>
Net position, October 1, 2021	35,066,495	17,090,044
Contribution of capital, net	26,988,866	11,441,262
Net position, September 30, 2022	<u><u>\$ 47,924,338</u></u>	<u><u>\$ 24,833,187</u></u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

E. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	October 1, 2021 (restated)	Additions/ Completions	Retirements/ Adjustments	September 30, 2022
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 114,072,773	\$ 2,515,109	\$ -	\$ 116,587,882
Construction in progress	43,024,603	83,584,793	(33,776,326)	92,833,070
Total capital assets not being depreciated/ amortized	157,097,376	86,099,902	(33,776,326)	209,420,952
Capital assets being depreciated/amortized:				
Buildings and improvements	987,211,249	35,094,844	(125,000)	1,022,181,093
Equipment	89,892,372	7,570,598	(3,428,447)	94,034,523
Right-to-use lease assets (1)	546,644	-	-	546,644
Total capital assets being depreciated/ amortized	1,077,650,265	42,665,442	(3,553,447)	1,116,762,260
Less accumulated depreciation/amortization for:				
Buildings and improvements	468,364,246	29,149,125	(115,625)	497,397,746
Equipment	69,501,041	7,774,023	(3,305,670)	73,969,394
Right-to-use lease assets	-	144,231	-	144,231
Total accumulated depreciation/amortization	537,865,287	37,067,379	(3,421,295)	571,511,371
Total capital assets being depreciated/ amortized, net	539,784,978	5,598,063	(132,152)	545,250,889
Governmental activities capital assets, net	<u>\$ 696,882,354</u>	<u>\$ 91,697,965</u>	<u>\$ (33,908,478)</u>	<u>\$ 754,671,841</u>
Business-Type Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 8,483,349	\$ 2,432,663	\$ -	\$ 10,916,012
Construction in progress	23,250,023	21,931,815	(32,744,630)	12,437,208
Total capital assets not being depreciated/ amortized	31,733,372	24,364,478	(32,744,630)	23,353,220
Capital assets being depreciated/amortized:				
Buildings and improvements	581,134,786	46,284,930	-	627,419,716
Equipment	17,573,775	4,928,653	(804,633)	21,697,795
Right-to-use lease assets (1)	214,462	-	-	214,462
Total capital assets being depreciated/ amortized	598,923,023	51,213,583	(804,633)	649,331,973
Less accumulated depreciation/amortization for:				
Building and improvements	239,106,817	20,435,707	-	259,542,524
Equipment	13,407,762	2,286,710	(804,633)	14,889,839
Right-to-use lease assets	-	80,762	-	80,762
Total accumulated depreciation/amortization	252,514,579	22,803,179	(804,633)	274,513,125
Total capital assets being depreciated/ amortized, net	346,408,444	28,410,404	-	374,818,848
Business-type activities capital assets, net	<u>\$ 378,141,816</u>	<u>\$ 52,774,882</u>	<u>\$ (32,744,630)</u>	<u>\$ 398,172,068</u>

(1) The implementation of GASB Statement No. 87, Leases, resulted in restatement of the beginning capital asset balances for reporting the right-to-use asset associated with leases, effective fiscal year 2022 for the City.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Governmental Activities:

General government	\$ 3,021,281
Public safety	5,525,761
Public works	21,498,386
Culture and recreation	7,021,951
Total depreciation/amortization expense - governmental activities	<u>\$ 37,067,379</u>

Business-Type Activities:

Water and wastewater utility	\$ 22,240,383
Golf course	562,796
Total depreciation/amortization expense - business-type activities	<u>\$ 22,803,179</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, 2022, follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Total capital assets (net of accumulated depreciation/amortization)	\$ 754,671,841	\$ 398,172,068	\$ 1,152,843,909
Plus capital-related deferred outflows of resources	623,944	3,694,158	4,318,102
Less capital-related long-term debt	(414,768,592)	(68,669,984)	(483,438,576)
Plus unspent bond proceeds	61,778,334	-	61,778,334
Net investment in capital assets (net of related debt)	<u>\$ 402,305,527</u>	<u>\$ 333,196,242</u>	<u>\$ 735,501,769</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022:

	Balance October 1, 2021 (restated)	Additions	Refundings/ Retirements	Balance September 30, 2022	Due within one year
Governmental Activities					
<u>Public Placement</u>					
General obligation bonds	\$ 126,580,000	\$ 100,845,000	\$ (68,965,000)	\$ 158,460,000	\$ 11,040,000
Certificates of obligation	111,190,000	26,570,000	(17,410,000)	120,350,000	4,140,000
Hotel tax revenue bonds	8,065,000	-	(690,000)	7,375,000	655,000
Sales tax revenue bonds	42,005,000	-	(1,030,000)	40,975,000	1,940,000
Limited tax notes	2,770,000	1,900,000	(495,000)	4,175,000	860,000
Plus deferred amount:					
For issuance premium	21,615,176	2,642,581	(6,062,547)	18,195,210	1,349,865
For issuance discount	(47,353)	-	11,116	(36,237)	11,116
Total Public Placement	312,177,823	131,957,581	(94,641,431)	349,493,973	19,995,981
<u>Private Placement</u>					
General obligation bonds	4,975,000	-	(1,270,000)	3,705,000	1,285,000
Certificates of obligation	29,060,000	-	(1,110,000)	27,950,000	1,135,000
Limited tax notes	3,630,000	-	(890,000)	2,740,000	900,000
Sales tax revenue bonds	2,665,000	-	(1,320,000)	1,345,000	1,345,000
Total Private Placement	40,330,000	-	(4,590,000)	35,740,000	4,665,000
State Infrastructure Bank Loan	-	27,000,000	-	27,000,000	-
Notes payable	4,169,069	-	(2,037,029)	2,132,040	1,531,203
Leases (1)	546,644	-	(144,065)	402,579	143,564
Compensated absences	9,332,420	6,690,627	(6,252,721)	9,770,326	6,546,119
Total governmental activities	366,555,956	165,648,208	(107,665,246)	424,538,918	32,881,867
Business-Type Activities					
<u>Public Placement</u>					
Revenue bonds	66,865,000	-	(3,475,000)	63,390,000	3,530,000
Plus deferred amount:					
For issuance premium	5,477,981	-	(331,410)	5,146,571	331,408
Leases (1)	214,462	-	(81,051)	133,411	80,337
Compensated absences	731,841	644,078	(578,154)	797,765	630,234
Total Public Placement	73,289,284	644,078	(4,465,615)	69,467,747	4,571,979
Total business-type activities	73,289,284	644,078	(4,465,615)	69,467,747	4,571,979
Total primary government	\$ 439,845,240	\$ 166,292,286	\$ (112,130,861)	\$ 494,006,665	\$ 37,453,846

(1) The implementation of GASB Statement No. 87, Leases, resulted in restatement of the beginning debt balances for reporting the lease payable associated with leases, effective fiscal year 2022 for the City.

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Long-term debt at September 30, 2022, is comprised of the following:

	Governmental Activities Public Placement	Governmental Activities Private Placement	Business- Type Activities Public Placement
General Obligation Bonds:			
\$8,615,000 2013 refunding bonds due in annual installments of \$455,000 to \$925,000 through 2024; interest at 1.00% to 1.65%	\$ 940,000	\$ -	\$ -
\$66,885,000 2014 GO bonds due in annual installments of \$-0- to \$4,790,000 through 2039; interest at 3.0% to 5.0%	10,085,000	-	-
\$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%	7,640,000	-	-
\$6,995,000 2016 refunding bonds due in annual installments of \$-0- to \$1,755,000 through 2032; interest at 2.0% to 4.0%	3,885,000	-	-
\$28,585,000 2017 GO bonds due in annual installments of \$-0- to \$1,945,000 through 2042; interest at 3.0% to 5.0%	26,980,000	-	-
\$12,210,000 2019 refunding bonds due in annual installments of \$1,330,000 to \$1,775,000 through 2027; interest at 3.0% to 5.0%	8,085,000	-	-
\$6,980,000 2020 refunding bonds due in annual installments of \$375,000 to \$2,005,000 through 2027; interest at 1.21%	-	3,705,000	-
\$79,860,000 2022 Refunding bonds due in annual installments of \$190,000 to \$6,705,000 through 2039; interest at 1.16% to 2.97%	79,860,000	-	-
\$20,985,000 2022 GO bonds due in annual installments of \$280,000 to \$1,310,000 through 2047; interest at 3.63% to 5.00%	20,985,000	-	-
Total General Obligation Bonds	158,460,000	3,705,000	-
Certificates of Obligation:			
\$27,270,000 2014 Combination tax and limited revenue certificates of obligation due in installments of \$175,000 to \$1,700,000 through 2039; interest at 2.0% to 4.0%	6,570,000	-	-
\$6,915,000 2018 Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$510,000 through 2038; interest at 3.0% to 5.0%	6,370,000	-	-
\$27,250,000 2019 Combination tax and revenue certificates of obligation due in installments of \$-0- to \$1,740,000 through 2044; interest at 2.0% to 5.0%	25,825,000	-	-
\$30,000,000 2020 Combination tax and limited revenue certificates of obligation due in installments of \$940,000 to \$3,480,000 through 2032; interest at 1.81%	-	27,950,000	-
\$27,460,000 2021A Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$1,510,000 through 2046; interest at 2.0% to 5.0%	27,460,000	-	-
\$13,745,000 2021B Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$740,000 through 2046; interest at 2.0% to 5.0%	13,745,000	-	-
\$13,810,000 2021C Combination tax and limited revenue certificates of obligation due in installments of \$-0- to \$715,000 through 2046; interest at 2.0% to 4.0%	13,810,000	-	-
\$26,570,000 2022 Combination tax and limited revenue certificates of obligation due in installments of \$350,000 to \$1,675,000 through 2047; interest at 4.0% to 5.0%	26,570,000	-	-
Total Certificates of Obligation	120,350,000	27,950,000	-

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

	Governmental Activities Public Placement	Governmental Activities Private Placement	Business- Type Activities Public Placement
Limited Tax Notes:			
\$4,500,000 2020 Limited tax notes due in annual installments of \$870,000 to \$925,000 through 2025; interest at 1.15%	\$ -	\$ 2,740,000	\$ -
\$2,770,000 2021 Limited tax notes due in annual installments of \$495,000 to \$605,000 through 2026; interest at 2.0% to 4.0%	2,275,000	-	-
\$1,900,000 2022 Limited tax notes due in annual installments of \$325,000 to \$425,000 through 2027; interest at 5.0%	1,900,000	-	-
Total Limited Tax Notes	4,175,000	2,740,000	-
Hotel Tax Revenue Bonds:			
\$4,455,000 2016 refunding bonds due in annual installments of \$30,000 to \$630,000 through 2024; interest at 2.0% to 4.0%	1,815,000	-	-
\$5,560,000 2021 refunding bonds due in annual installments of \$75,000 to \$515,000 through 2037; interest at 4.0%	5,560,000	-	-
Total Hotel Tax Revenue Bonds	7,375,000	-	-
Sales Tax Revenue Bonds:			
\$10,140,000 2017 refunding bonds due in annual installments of \$1.32 to \$1.92 million through 2023; interest at 1.78%	-	1,345,000	-
\$21,310,000 2019 taxable bonds due in annual installments of \$-0- to \$1.22 million through 2044; interest at 2.15% to 3.68%	20,280,000	-	-
\$20,695,000 2021 taxable bonds due in annual installments of \$-0- to \$1,010,000 through 2046; interest at 0.45% to 3.25%	20,695,000	-	-
Total Sales Tax Revenue Bonds	40,975,000	1,345,000	-
Utility System Revenue Bonds:			
\$8,000,000 2014 bonds due in annual installments of \$-0- to \$585,000 through 2034; interest at 2.0% to 4.0%	-	-	5,630,000
\$35,185,000 2016 refunding bonds due in annual installments of \$155,000 to \$3,400,000 through 2035; interest at 2.0% to 5.0%	-	-	34,185,000
\$32,785,000 2017 refunding bonds due in annual installments of \$360,000 to \$4,265,000 through 2039; interest at 3.0% to 5.0%	-	-	23,575,000
Total Utility System Revenue Bonds	-	-	63,390,000
Issuance premium	18,195,210	-	5,146,571
Issuance discount	(36,237)	-	-
State Infrastructure Bank Loan:			
\$27,000,000 loan due in annual installments of \$0 to \$1,865,000 through 2042; interest at 2.1%	27,000,000	-	-
Notes payable:			
\$8,881,044 notes due in semi-annual installments including interest ranging from 1.7183%-2.9474% due in 2024. The notes payable is funded with general revenue sources.	2,132,040	-	-
Leases	402,579	-	133,411
Compensated absences	9,770,326	-	797,765
Total Primary Government Debt	\$ 388,798,918	\$ 35,740,000	\$ 69,467,747

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

The annual requirements to amortize bonds, certificates of obligation, loan and lease debt at September 30, 2022, including interest, are as follows:

Governmental Activities:

Year Ending Sept. 30,	General Obligation Bonds and Certificates of Obligation					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 15,180,000	\$ 10,018,611	\$ 25,198,611	\$ 2,420,000	\$ 550,725	\$ 2,970,725
2024	13,725,000	8,973,880	22,698,880	3,285,000	514,634	3,799,634
2025	13,190,000	8,388,057	21,578,057	2,395,000	463,005	2,858,005
2026	13,530,000	7,860,099	21,390,099	3,415,000	421,875	3,836,875
2027	14,010,000	7,373,151	21,383,151	3,490,000	362,284	3,852,284
2028-2032	65,065,000	30,029,481	95,094,481	16,650,000	917,399	17,567,399
2033-2037	63,495,000	19,339,652	82,834,652	-	-	-
2038-2042	52,675,000	9,206,324	61,881,324	-	-	-
2043-2047	27,940,000	2,448,100	30,388,100	-	-	-
	<u>\$ 278,810,000</u>	<u>\$ 103,637,355</u>	<u>\$ 382,447,355</u>	<u>\$ 31,655,000</u>	<u>\$ 3,229,922</u>	<u>\$ 34,884,922</u>

Year Ending Sept. 30,	Limited Tax Notes					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 860,000	\$ 195,275	\$ 1,055,275	\$ 900,000	\$ 31,510	\$ 931,510
2024	920,000	136,250	1,056,250	915,000	21,160	936,160
2025	965,000	95,800	1,060,800	925,000	10,638	935,638
2026	1,005,000	53,350	1,058,350	-	-	-
2027	425,000	21,250	446,250	-	-	-
	<u>\$ 4,175,000</u>	<u>\$ 501,925</u>	<u>\$ 4,676,925</u>	<u>\$ 2,740,000</u>	<u>\$ 63,308</u>	<u>\$ 2,803,308</u>

Year Ending Sept. 30,	Hotel Tax Revenue Bonds - Public Placement		
	Principal	Interest	Total
2023	\$ 655,000	\$ 281,900	\$ 936,900
2024	680,000	255,200	935,200
2025	705,000	227,500	932,500
2026	320,000	207,000	527,000
2027	335,000	193,900	528,900
2028-2032	1,870,000	755,000	2,625,000
2033-2037	2,295,000	339,500	2,634,500
2038	515,000	10,300	525,300
	<u>\$ 7,375,000</u>	<u>\$ 2,270,300</u>	<u>\$ 9,645,300</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Year Ending Sept. 30,	Sales Tax Revenue Bonds					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,940,000	\$ 1,119,083	\$ 3,059,083	\$ 1,345,000	\$ 23,941	\$ 1,368,941
2024	1,970,000	1,091,684	3,061,684	-	-	-
2025	2,000,000	1,060,930	3,060,930	-	-	-
2026	2,040,000	1,023,475	3,063,475	-	-	-
2027	2,075,000	982,664	3,057,664	-	-	-
2028-2032	8,940,000	4,210,846	13,150,846	-	-	-
2033-2037	7,425,000	3,167,566	10,592,566	-	-	-
3038-2042	8,690,000	1,908,069	10,598,069	-	-	-
2043-2047	5,895,000	431,421	6,326,421	-	-	-
	<u>\$ 40,975,000</u>	<u>\$ 14,995,738</u>	<u>\$ 55,970,738</u>	<u>\$ 1,345,000</u>	<u>\$ 23,941</u>	<u>\$ 1,368,941</u>

Year Ending Sept. 30,	State Infrastructure Bank Loan		
	Principal	Interest	Total
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	-	-	-
2026	1,340,000	567,000	1,907,000
2027	1,365,000	538,860	1,903,860
2028-2032	7,275,000	2,251,725	9,526,725
2033-2037	8,070,000	1,454,985	9,524,985
2038-2042	8,950,000	571,620	9,521,620
	<u>\$ 27,000,000</u>	<u>\$ 5,384,190</u>	<u>\$ 32,384,190</u>

Year Ending Sept. 30,	Notes Payable		
	Principal	Interest	Total
2023	\$ 1,531,203	\$ 36,703	\$ 1,567,906
2024	600,837	8,675	609,512
	<u>\$ 2,132,040</u>	<u>\$ 45,378</u>	<u>\$ 2,177,418</u>

Business-Type Activities:

Year Ending Sept. 30,	Utility System Revenue Bonds		
	Principal	Interest	Total
2023	\$ 3,530,000	\$ 2,426,631	\$ 5,956,631
2024	3,685,000	2,263,181	5,948,181
2025	3,860,000	2,092,331	5,952,331
2026	4,045,000	1,908,950	5,953,950
2027	3,350,000	1,715,100	5,065,100
2028-2032	17,915,000	7,173,744	25,088,744
2033-2037	18,645,000	4,106,163	22,751,163
2038-2039	8,360,000	536,563	8,896,563
	<u>\$ 63,390,000</u>	<u>\$ 22,222,663</u>	<u>\$ 85,612,663</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022, 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	23,200,000	-
Police & Fire	11/5/2013	27,400,000	27,400,000	-
		<u>\$ 123,600,000</u>	<u>\$ 123,600,000</u>	<u>\$ -</u>

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

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

Utility Revenue Bonds

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

The debt service funds are restricted within the Enterprise Fund and require that net revenues of the City's waterworks and wastewater system, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments which will accumulate to the semi-annual principal and interest requirements as they become due. For fiscal year 2022, net revenues available for debt service were 4.75 times the average annual debt service requirement.

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

Hotel Tax Revenue Bonds

Hotel occupancy tax revenue bonds were issued to fund the City's portion of the convention center complex. The debt service fund for the hotel tax revenue bonds, aggregating \$503,177 at September 30, 2022, is reported in the governmental funds. Bond covenants require that the hotel tax revenues be irrevocably pledged by providing

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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 \$876,266 at September 30, 2022. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires ½ of the average annual debt service requirements of the bonds in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

Sales Tax Revenue Bonds

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

The debt service fund for the sales tax revenue bonds, aggregating \$1,655,815 at September 30, 2022, is reported in the governmental funds. Bond covenants require that RRTEDC's share of the sales tax is pledged as security for the bonds. RRTEDC provides monthly installments that accumulate to the semi-annual principal and interest requirements as they become due.

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

2022 Refunding/Issuances

In March 2022, the City issued \$79,860,000 General Obligation Refunding Bonds, Taxable Series 2022. The debt was issued to refund \$48,390,000 of Series 2014 General Obligation Bonds, \$15,495,000 of Series 2014 Combination Tax and Limited Revenue Certificates of Obligation, and \$11,760,000 of Series 2015 General Obligation Refunding Bonds. The bonds were issued with an interest rate of 1.156% to 2.966% and mature through 2039. The refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements. This is a current refunding and was recorded as an expenditure on the Statement of Revenues, Expenditures, and Change in Fund Balance.

The refunding reduced the total debt service payments over the next 20 years by \$10,161,561 and resulted in an economic gain (i.e. the difference between the present value of the debt service payments of the refunded debt and the refunding bonds) of \$8,228,594.

In May of 2022, the City issued \$20,985,000 of General Obligation Bonds, Series 2022. The bonds were issued with an interest rate of 3.625% to 5.000% and mature through 2047. Proceeds from the sale will be used for City library facilities and professional services including fiscal, engineering, architectural and legal fees, and other such costs incurred in connection therewith including the costs of issuing the Bonds.

Additionally, in May 2022, the City issued \$26,570,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2022. The certificates were issued with an interest rate of 4.000% to 5.000% and mature through 2047. Proceeds from the sale will be used for constructing, improving, extending, expanding, upgrading and/or developing streets, roads, bridges, sidewalks, intersections, traffic signalization and other transportation improvement projects including related waterworks, wastewater and drainage improvements, signage, landscaping, irrigation, purchasing any necessary rights-of-way and other related transportation costs and professional services including fiscal, engineering, architectural and legal fees, and other such costs incurred in connection therewith including the costs of issuing the Certificates.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

The City also issued \$1,900,000 Limited Tax Notes, Series 2022 in May 2022. The notes were issued with an interest rate of 5.000% and mature through 2027. The proceeds will be used to purchase City vehicles and professional services including fiscal, engineering, architectural and legal fees, and other such costs incurred in connection therewith including the costs of issuing the Notes.

G. LEASES PAYABLE

For the year ended September 30, 2022, the financial statements include the adoption of GASB Statement No. 87, "Leases". The primary objective of this statement is to enhance the relevance and consistency of information about the City's leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

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

The commitments below represent leases that were effective prior to implementation on October 1, 2021, and the estimated useful life represents the months remaining on those leases at implementation.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

	Lease Asset Value	Accumulated Amortization	Lease Liability
TAVCO Services, Inc., lease for the use of equipment with required monthly fixed payments of \$404 including interest at 0.5820%, with three (3) extension options, each for 12 months. The lease liability was initially recorded for \$8,215 with an estimated useful life of 27 months.	\$ 8,214	\$ 3,606	\$ 3,614
PNC Equipment Finance, LLC, lease for the use of equipment with required monthly fixed payments of \$3,036 including interest at 0.2280%. The lease liability was initially recorded for \$96,861 with an estimated useful life of 32 months.	96,861	36,399	60,599
PNC Equipment Finance, LLC, lease for the use of equipment with required monthly fixed payments of \$510 including interest at 0.2280%. The lease liability was initially recorded for \$16,276 with an estimated useful life of 32 months.	16,276	6,103	10,183
PNC Equipment Finance LLC, lease for the use of equipment with required monthly fixed payments of \$3,047 including interest at 0.2280%. The lease liability was initially recorded for \$126,979 with an estimated useful life of 32 months.	97,218	36,457	60,823
United Site Services of Texas, Inc., lease for the use of equipment with required monthly fixed payments of \$3,750 including interest at 0.2980%. The lease liability was initially recorded for \$126,979 with an estimated useful life of 34 months.	126,979	44,816	82,265
Pitney Bowes Global Financial Services LLC, lease for the use of equipment with required monthly fixed payments of \$1,253 including interest at 0.2980%. The lease liability was initially recorded for \$43,654 with an estimated useful life of 35 months.	43,654	14,967	28,724
Dahill Office Technology Corporation, lease for the use of equipment with required monthly fixed payments of \$12,000 including interest at 0.4350%. The lease liability was initially recorded for \$371,904 with an estimated useful life of 54 months.	371,904	82,645	289,782
Totals, Right-to-use Leased Equipment	<u>\$ 761,106</u>	<u>\$ 224,993</u>	<u>\$ 535,990</u>

Year Ending Sept. 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 143,564	\$ 1,352	\$ 144,916
2024	134,283	809	135,092
2025	83,065	378	83,443
2026	41,667	53	41,720
	<u>\$ 402,579</u>	<u>\$ 2,592</u>	<u>\$ 405,171</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Year Ending Sept. 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 80,337	\$ 224	\$ 80,561
2024	53,074	46	53,120
	<u>\$ 133,411</u>	<u>\$ 270</u>	<u>\$ 133,681</u>

H. ACCRUED COMPENSATED ABSENCES

Changes to accrued compensated absences for the year ended September 30, 2022, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2021	\$ 9,332,420	\$ 731,841
Additions	6,690,627	644,078
Reductions	(6,252,721)	(578,154)
Balance, September 30, 2022	<u>\$ 9,770,326</u>	<u>\$ 797,765</u>

Accrued compensated absences due within one year were \$6,546,119 for governmental activities and \$630,234 for business-type activities. Liabilities for accrued compensated absences are funded from General, Hotel-Motel Occupancy Tax, Hotel-Motel Occupancy Venue Tax, and Library and Recreational Funds revenues for the governmental activities and Water and Wastewater Fund program revenues for the business-type activities.

I. RESTRICTED ASSETS

The following summarizes restricted assets by purpose at September 30, 2022:

	Cash and Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
Governmental Activities:					
Debt Service Fund	\$ 4,666,339	\$ -	\$ 376,607	\$ -	\$ -
Restricted by debt covenants - Round Rock Transportation and Economic Development Corporation Fund	33,187,978	75,508,566	-	2,300,469	319,592
Debt-Financed Capital Projects Fund	16,758,224	46,067,244	-	-	26,210
Other Governmental funds	1,098,454	7,970,927	-	-	1,230
Total Governmental Activities	<u>\$ 55,710,995</u>	<u>\$ 129,546,737</u>	<u>\$ 376,607</u>	<u>\$ 2,300,469</u>	<u>\$ 347,032</u>

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

	Cash and Cash Equivalents	Investments	Accrued Interest Receivable
Business-Type Activities:			
Water and Wastewater Fund -			
Impact fees	\$ 894,982	\$ 6,494,452	\$ -
Construction	775,091	5,624,459	-
Customer deposits	2,025,472	-	-
Revenue bond debt service	38,850	-	-
Accrued interest receivable	-	-	38,496
Total Business-Type Activities	<u><u>\$ 3,734,395</u></u>	<u><u>\$ 12,118,911</u></u>	<u><u>\$ 38,496</u></u>

V. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

Tax Collections

The City has a contract with the tax offices of Williamson and Travis counties to collect City taxes and deposit monies to the City's accounts. For this service, Williamson County was paid \$10,547 and Travis County was paid \$881 for the fiscal year ended September 30, 2022.

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, 2022, the City's cost under this contract was \$557,760.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the BRA, wherein it received the right to purchase 8,134 acre-feet of water per year from Stillhouse Hollow Lake. Rights for an additional 10,000 acre-feet of water were acquired in the November 13, 1996, "System Water Supply Agreement". These agreements were replaced with the "System Water Availability Agreement for Lake Stillhouse Hollow" dated September 1, 2001. Under this agreement, the City purchases 18,134 acre-feet per year at the new system rate. For the fiscal year ended September 30, 2022, the City's cost under this contract was \$1,505,122.

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, 2022, the City's cost under these contracts was \$1,825,345.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Regional Wastewater Project

In December 2009, the Cities of Round Rock, Austin and Cedar Park purchased the Brushy Creek Regional Wastewater System (BCRWWS) assets from the Lower Colorado River Authority and entered into a Master Contract for the Financing, Construction, Ownership and Operation of the BCRWWS. The Master Contract provided for the terms and conditions by which the cities would jointly own and operate the BCRWWS.

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

The BCRWWS treatment plant ownership is allocated based on the amount of reserved capacity each city has in the system. The system currently has a total treatment capacity of 24.5 MGD which is sufficient to meet future projected flows through 2023. The City of Round Rock's current reserved capacity in the system is 20.1 MGD, or 81.96%, of total treatment capacity. The BCRWWS East Plant is currently undergoing a 10 MGD expansion project of which 1.2 MGD will be allocated to the City of Round Rock. Construction is ongoing and 70% complete as of September 30, 2022. The expansion is estimated for completion in summer 2023.

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

The cost of the BCRWWS operation and maintenance expenses are allocated based on each city's annual flow percentage into the system. For fiscal year ended September 30, 2022, the City of Round Rock's allocated share of operation and maintenance expenses was 69.05%.

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, 2022, the potential rebate was calculated at \$0.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Any contributions made to the deferred compensation plan, in compliance with Section 457 of the Internal Revenue Code (IRC), are not available to employees until termination of employment, retirement, death or an unforeseen emergency. A third-party administrator, Nationwide Retirement Solutions, administers contributions to the plan. Effective January 1997, and in compliance with the provisions of the IRC Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plans' participants and beneficiaries. In

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

accordance with GASB Statement No. 32, the City provides neither administrative services nor investment advice to the plans and therefore, no fiduciary relationship exists between the City and the deferred compensation plan.

Tax Abatements

The City enters into economic development agreements designed to promote development and redevelopment within the City, create primary jobs, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of Round Rock. The City negotiates property tax, hotel occupancy tax, and sales tax rebates and incentives on an individual basis. Each agreement was negotiated under Chapter 380 of the Texas Local Government Code. Under a 380 economic development agreement, the recipient pays the total taxes due to the City, and the City rebates a portion of the taxes paid based on the terms of the agreement. The City has a recapture clause in each agreement. Amounts paid for the rebate and incentive programs for the year ended September 30, 2022, are summarized below. No tax abatements were made under Chapter 312, Property Redevelopment and Tax Abatement Act, of the Texas Local Government Code.

<u>Rebate & Incentive Programs</u>	<u>Amount</u>
Hotel Occupancy Tax	\$ 4,870,722
Property Tax	1,483,095
Sales Tax	12,247,410

The City is not subject to any tax abatement agreements entered into by other governmental entities. However, the City may also act as a conduit for the refunding of state sales and hotel occupancy taxes generated by a qualifying project under Sections 151.429(h), 351.102(b), and 351.1022 of the Texas Tax Code, Section 2303.5055 of the Texas Government Code, and other applicable laws.

B. RISK MANAGEMENT

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

Self-Funded Health Insurance Fund

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

An analysis of claims activities is presented below:

Fiscal Year	Beginning Liability	Claims and Changes in Estimates	Actual Claim Payments	Ending Liability
2020	\$ 585,451	\$ 9,899,294	\$ 10,296,152	\$ 188,593
2021	188,593	11,652,169	10,987,608	853,154
2022	853,154	12,960,388	13,298,843	514,699

C. EMPLOYEE RETIREMENT PLAN

Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

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

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years and any age, vested and age 60
Updated Service Credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating
Supplemental death benefits for employees and retirees	Yes

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Employees Covered by Benefit Terms

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	427
Inactive employees entitled to but not yet receiving benefits	497
Active employees	<u>971</u>
Total	<u><u>1,895</u></u>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the city matching ratios are either 1:1, 1.5:1 or 2:1, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the entry age normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their total compensation during the fiscal year. The City elected to contribute for calendar years 2021 and 2022 as follows:

	<u>2021</u>	<u>2022</u>
Total Retirement Rate	15.84%	15.94%
Supplemental Death Benefit	<u>0.14</u>	<u>0.14</u>
Total Combined Contribution	<u><u>15.98%</u></u>	<u><u>16.08%</u></u>

The City's contributions to TMRS for the year ended September 30, 2022, were \$12,729,994 and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2021, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the table that follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2020	\$ 338,234,042	\$ 298,437,465	\$ 39,796,577
Changes for the year:			
Service cost	13,320,453	-	13,320,453
Interest	22,912,308	-	22,912,308
Difference between expected and actual experience	5,600,114	-	5,600,114
Contributions - employer	-	11,712,945	(11,712,945)
Contributions - employee	-	5,177,300	(5,177,300)
Net investment income	-	38,962,631	(38,962,631)
Benefit payments, including refunds of employee contributions	(10,905,346)	(10,905,346)	-
Administrative expense	-	(180,015)	180,015
Other	-	1,233	(1,233)
Net changes	30,927,529	44,768,748	(13,841,219)
Balance at December 31, 2021	\$ 369,161,571	\$ 343,206,213	\$ 25,955,358

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

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

	1% Decrease	Current	1% Increase
	5.75%	Discount Rate	7.75%
		6.75%	
City's Net Pension Liability	\$ 84,639,022	\$ 25,955,358	\$ (21,727,264)

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, 2022

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

For the year ended September 30, 2022, the City recognized a decrease to pension expense of \$5,032,964. At September 30, 2022, 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	\$ 8,382,685	\$ -
Difference between projected and actual investment earnings	-	19,970,381
Changes in actuarial assumptions used to determine pension liability	288,636	-
Pension contributions after measurement date	9,895,471	-
Total	<u>\$ 18,566,792</u>	<u>\$ 19,970,381</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$9,895,471 will be recognized as a reduction of the NPL for the measurement year ending December 31, 2022 (i.e., recognized in the City's financial statements September 30, 2023). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2022	\$ (1,274,404)
2023	(5,876,708)
2024	(2,250,545)
2025	(2,488,467)
2026	591,064
Thereafter	-
Total	<u>\$ (11,299,060)</u>

D. OTHER POST-EMPLOYMENT BENEFITS

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

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

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

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Benefits Provided

SDBF: Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). Retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB. The City offers supplemental death benefits to both active employees and retirees.

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

Self-Funded Health Insurance: All retirees who are eligible to receive pension benefits under the City's pension system are eligible for OPEB. Retirees may also enroll eligible dependents under the medical, dental, and vision plan(s) in which they participate. Eligible dependents of the retiree include a legally married spouse, children under age 26, and eligible disabled children beyond 26 years of age, if covered prior to age 26. A surviving spouse of a deceased retiree is ineligible to continue retiree medical, dental, and/or vision coverage. However, a surviving spouse may elect COBRA coverage for no more than 36 months and are required to pay the entire COBRA premium plus a 2 percent administrative fee.

Employees Covered by Benefit Terms

At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

SDBF:

Inactive employees currently receiving benefits	349
Inactive employees entitled to but not yet receiving benefits	153
Active employees	971
Total	<u><u>1,473</u></u>

Self-Funded Health Insurance:

Inactive employees (retirees)	43
Active employees	950
Total	<u><u>993</u></u>

Contributions

SDBF: The City contributes to SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance and represents 0.14% of required contributions. The City's contributions to SDBF for the years ended 2022, 2021, and 2020 were \$17,967, \$16,388, and \$14,889, respectively, which equaled the required contributions each year. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The retiree-only portion of the SDBF rate was 0.05% for the year ended 2022 and 2021, and 0.02% for the year ended 2020.

Self-Funded Health Insurance: OPEB are funded on a pay-as-you-go basis. The City recognizes the cost of providing these benefits as an expense and corresponding revenue in the Internal Service Fund (self-funded health insurance). Medical, dental, vision, and life insurance premiums are reported in this fund.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Total OPEB Liability

For the fiscal year ended September 30, 2022, the City recognized a total OPEB liability of \$22,547,115, \$3,360,455 of which was for the SDBF, and \$19,186,660 for the Self-Funded Health Insurance plan. Both were measured as of December 31, 2021, and were determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

	SDBF	Self-Funded Health Insurance
Inflation	2.5%	2.5%
Salary increases	3.5% to 11.5% including inflation	3.0%
Discount rate**	1.84%	1.84%
Healthcare cost trend rate	None	Getzen model (7.58% to 4.44%)
Retirees' share of benefit-related costs	\$ 0	Varies based on plan elected and years of service
Actuarial cost method***	Entry Age Normal Actuarial Cost Method	Entry Age Normal Cost Method
Mortality	For service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. For disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.	Mortality rates were based on the PUB-2010 General Table projected using MP-2021. The mortality table was switched to the PUB-2010 as this is more tailored to public entities.
Development of claims	None	Retiree medical and pharmacy claims were projected to the following fiscal year and age-adjusted to age 65. A composite retiree contribution was netted out. That net age-65 cost was then average with the trended, age-65 cost from the prior valuation to smooth out any fluctuations. That average then was allocated to all pre-65 ages using the same age factors.

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

** Because this plan is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the total OPEB liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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

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

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

Changes in the Total OPEB Liability

	SDBF	Self-Funded Health Insurance	Total
Balance at December 31, 2020	\$ 3,090,138	\$ 17,309,190	\$ 20,399,328
Changes for the year:			
Service cost	177,507	1,743,411	1,920,918
Interest	63,208	337,146	400,354
Differences between expected and actual experience	(49,160)	(756,790)	(805,950)
Changes in assumptions or other inputs	115,743	1,414,747	1,530,490
Benefit payments	(36,981)	(861,044)	(898,025)
Net changes	270,317	1,877,470	2,147,787
Balance at December 31, 2021	\$ 3,360,455	\$ 19,186,660	\$ 22,547,115

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

The following tables present the total OPEB liability of the City, calculated using the discount rate (1.84% both for SDBF and the Self-Funded Health Insurance plan), as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 0.84%	Current Discount Rate 1.84%	1% Increase 2.84%
SDBF	\$ 4,215,401	\$ 3,360,455	\$ 2,715,967
Self-Funded Health Insurance	20,187,319	19,186,661	18,184,728

CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

The following table presents the total OPEB liability of the City, calculated using the healthcare trend rate of 7.58% to 4.44%, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (6.58% to 3.44%) or 1-percentage-point higher (8.58% to 5.44%) than the current healthcare trend rate:

	1% Decrease	Healthcare Trend Rate	1% Increase
Self-Funded Health Insurance	\$ 17,283,424	\$ 19,186,661	\$ 21,381,586

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

For the fiscal year ended September 30, 2022, the City recognized total OPEB expense of \$1,791,181, \$321,043 of which was for the SDBF, and \$1,470,138 for the Self-Funded Health Insurance plan. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
		Self- Funded Health Insurance			Self- Funded Health Insurance	
	SDBF		Total	SDBF		Total
Difference between expected and actual economic experience	\$ -	\$ -	\$ -	\$ 113,458	\$ 765,399	\$ 878,857
Changes in assumptions and other inputs	743,389	1,825,724	2,569,113	72,813	249,948	322,761
OPEB contributions after measurement date	29,335	544,128	573,463	-	-	-
Total	<u>\$ 772,724</u>	<u>\$ 2,369,852</u>	<u>\$ 3,142,576</u>	<u>\$ 186,271</u>	<u>\$ 1,015,347</u>	<u>\$ 1,201,618</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$573,463 will be recognized as a reduction of the total OPEB for the measurement year ending December 31, 2022, (i.e., recognized in the City's financial statements September 30, 2023). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources	
Measurement Year Ending December 31,	SDBF	Self-Funded Health Insurance
2022	\$ 120,092	\$ 221,961
2023	120,092	173,886
2024	104,261	162,717
2025	114,246	101,536
2026	78,352	101,536
Thereafter	20,075	48,741
Total	<u>\$ 557,118</u>	<u>\$ 810,377</u>

**CITY OF ROUND ROCK, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

E. MUNICIPAL GOLF COURSE

Management Agreement

Management of the City's golf course has been performed by a private operator in accordance with the terms of a Management Agreement since 1989. The current Management Agreement had an initial term of three years that shall automatically renew for two additional 1-year terms. The agreement began on January 1, 2017, with the third 1-year renewal period beginning on January 1, 2022. The contract will continue automatic 1-year renewal terms unless one of the parties chooses to terminate. Under conditions set forth in the Management Agreement, the operator shall be paid a monthly base management fee. Additionally, the operator may earn an annual incentive management fee based upon gross receipts of the golf course.

F. SUBSEQUENT EVENTS

Crow Group Series, LLC

On July 26, 2018, the City entered into an Economic Development Program Agreement with Crow Group Series, LLC (Crow) to promote economic development. Crow intended to construct, develop and operate three Class A office buildings containing a total of approximately 125,000 square feet of office, parking, and related space (the "project"). Crow is required to invest approximately \$24.0 million in improvements to the property and the City provided funding through an economic development loan for \$2.2 million to defray a portion of the Project's costs. The loan is secured by a first lien on a portion of the land to be developed. The project consists of three phases. As of December 31, 2020, Crow is in default on the agreement as Phase 2 has not been completed by the date specified in the agreement. The City and Crow Group are in negotiations to resolve the default.





CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022
(UNAUDITED)

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

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

Notes to Schedule:

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

See Independent Auditors' Report.

	2017	2018	2019	2020	2021
\$	10,430,650	\$ 11,165,127	\$ 12,125,301	\$ 13,315,518	\$ 13,320,453
	16,360,878	17,747,611	19,262,844	21,130,343	22,912,308
	671,908	773,706	4,071,075	2,225,761	5,600,114
	-	-	608,160	-	-
	(7,483,495)	(7,089,473)	(8,347,798)	(9,643,873)	(10,905,346)
	19,979,941	22,596,971	27,719,582	27,027,749	30,927,529
	240,909,799	260,889,740	283,486,711	311,206,293	338,234,042
\$	260,889,740	\$ 283,486,711	\$ 311,206,293	\$ 338,234,042	\$ 369,161,571
\$	9,138,705	\$ 9,753,253	\$ 10,471,204	\$ 11,366,407	\$ 11,712,945
	4,113,985	4,406,956	4,793,245	5,184,834	5,177,300
	27,187,574	(6,861,490)	35,438,150	20,602,217	38,962,631
	(7,483,495)	(7,089,473)	(8,347,798)	(9,643,873)	(10,905,346)
	(140,808)	(132,486)	(199,970)	(133,140)	(180,015)
	(7,136)	(6,921)	(6,007)	(5,193)	1,233
	32,808,825	69,839	42,148,824	27,371,252	44,768,748
	196,038,725	228,847,550	228,917,389	271,066,213	298,437,465
	228,847,550	228,917,389	271,066,213	298,437,465	343,206,213
\$	32,042,190	\$ 54,569,322	\$ 40,140,080	\$ 39,796,577	\$ 25,955,358
	87.72%	80.75%	87.10%	88.23%	92.97%
\$	58,533,388	\$ 62,831,331	\$ 68,196,291	\$ 74,016,219	\$ 73,961,425
	54.74%	86.85%	58.86%	53.77%	35.09%

**CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022
(UNAUDITED)**

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

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

Notes to Schedule of Contributions

Valuation Date

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years (longest amortization ladder)
Asset Valuation Method	10-year smoothed fair value; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

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

See Independent Auditors' Report.

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

CITY OF ROUND ROCK, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022
(UNAUDITED)

Schedule of Changes in the Total OPEB Liability and Related Ratios

Supplemental Death Benefit Fund

Measurement period ended December 31,	2017	2018	2019	2020	2021
Service Cost	\$ 87,800	\$ 106,813	\$ 102,294	\$ 148,032	\$ 177,507
Interest	63,146	66,031	72,369	69,727	63,208
Changes in assumptions or other inputs	176,033	(160,017)	438,301	461,065	115,743
Differences between expected and actual experience	-	(41,694)	(36,755)	(42,783)	(49,160)
Benefit payments	(11,707)	(12,566)	(13,639)	(14,803)	(36,981)
Net change in total OPEB liability	315,272	(41,433)	562,570	621,238	270,317
Total OPEB liability - beginning	1,632,491	1,947,763	1,906,330	2,468,900	3,090,138
Total OPEB liability - ending	<u>\$ 1,947,763</u>	<u>\$ 1,906,330</u>	<u>\$ 2,468,900</u>	<u>\$ 3,090,138</u>	<u>\$ 3,360,455</u>
Covered payroll	\$ 58,533,338	\$ 62,831,331	\$ 68,196,291	\$ 74,016,219	\$ 73,961,425
Total OPEB liability as a percentage of covered payroll	3.33%	3.03%	3.62%	4.17%	4.54%

Self-Funded Health Insurance

Measurement period ended December 31,	2017	2018	2019	2020	2021
Service Cost	\$ 837,881	\$ 886,296	\$ 919,177	\$ 1,405,816	\$ 1,743,411
Interest	477,714	498,983	532,239	472,779	337,146
Changes in assumptions or other inputs	798,106	(643,572)	882,735	-	1,414,747
Differences between expected and actual experience	(114,595)	-	(196,828)	-	(756,790)
Benefit payments	(431,570)	(465,610)	(597,720)	(711,164)	(861,044)
Net change in total OPEB liability	1,567,536	276,097	1,539,603	1,167,431	1,877,470
Total OPEB liability - beginning	12,758,523	14,326,059	14,602,156	16,141,759	17,309,190
Total OPEB liability - ending	<u>\$ 14,326,059</u>	<u>\$ 14,602,156</u>	<u>\$ 16,141,759</u>	<u>\$ 17,309,190</u>	<u>\$ 19,186,660</u>
Covered payroll	\$ 58,533,338	\$ 62,831,331	\$ 68,196,291	\$ 74,016,219	\$ 73,171,576
Total OPEB liability as a percentage of covered payroll	24.5%	23.2%	23.7%	23.4%	26.2%

Notes to Schedule:

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

See Independent Auditors' Report.

NONMAJOR GOVERNMENTAL FUNDS

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

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

Hotel - Motel Occupancy Tax Fund – To account for the levy and use of the 7% hotel – motel bed tax received. Proceeds from this tax are to be used toward tourism, community events, cultural enhancements, ongoing repairs, maintenance and capital improvements to the City-owned Dell Diamond, a minor league baseball stadium and conference center, and for promotion of the City.

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

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

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

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

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

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

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2022**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Innovation and Development
ASSETS				
Cash and cash equivalents	\$ -	\$ 678,954	\$ 1,054,461	\$ 179,845
Investments	-	4,926,842	7,628,857	1,305,044
Receivables -				
Accounts and other	-	874,032	224,390	-
Accrued interest	-	19,922	25,403	15,877
Grants	33,912	-	-	-
Restricted assets -				
Cash and cash equivalents	-	194,092	-	179,623
Investments	-	1,408,421	-	1,303,432
Accrued interest receivable	-	1,230	-	-
Total assets	<u>\$ 33,912</u>	<u>\$ 8,103,493</u>	<u>\$ 8,933,111</u>	<u>\$ 2,983,821</u>
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	\$ 33,912	\$ 60,692	\$ 49,749	\$ -
Accrued payroll	-	17,647	51,284	-
Unearned revenue	-	-	-	-
Total liabilities	<u>33,912</u>	<u>78,339</u>	<u>101,033</u>	<u>-</u>
Fund balances -				
Restricted - authorized construction	-	1,587,323	-	-
Restricted - hotel-motel tax	-	6,437,831	8,832,078	-
Restricted - public safety	-	-	-	-
Restricted - general government	-	-	-	-
Committed - general government	-	-	-	-
Committed - capital projects funds	-	-	-	-
Committed - culture and recreation	-	-	-	1,483,055
Assigned - culture and recreation	-	-	-	1,500,766
Total fund balances	<u>-</u>	<u>8,025,154</u>	<u>8,832,078</u>	<u>2,983,821</u>
Total liabilities and fund balances	<u>\$ 33,912</u>	<u>\$ 8,103,493</u>	<u>\$ 8,933,111</u>	<u>\$ 2,983,821</u>

Library and Recreational	Public Safety	Public Education & Government	Roadway Impact Fees	Total Nonmajor Governmental Funds
\$ 890,044	\$ 108,987	\$ 177,768	\$ -	\$ 3,090,059
6,447,740	790,856	1,289,975	-	22,389,314
-	-	-	-	1,098,422
22,247	2,697	4,401	-	90,547
-	-	-	-	33,912
-	-	-	724,739	1,098,454
-	-	-	5,259,074	7,970,927
-	-	-	-	1,230
<u>\$ 7,360,031</u>	<u>\$ 902,540</u>	<u>\$ 1,472,144</u>	<u>\$ 5,983,813</u>	<u>\$ 35,772,865</u>

\$ 47,057	\$ 15,494	\$ -	\$ -	\$ 206,904
13,197	-	-	-	82,128
1,946,937	-	-	5,977,896	7,924,833
<u>2,007,191</u>	<u>15,494</u>	<u>-</u>	<u>5,977,896</u>	<u>8,213,865</u>
-	-	-	5,917	1,593,240
-	-	-	-	15,269,909
-	887,046	-	-	887,046
-	-	1,472,144	-	1,472,144
1,077,519	-	-	-	1,077,519
1,923,472	-	-	-	1,923,472
-	-	-	-	1,483,055
2,351,849	-	-	-	3,852,615
<u>5,352,840</u>	<u>887,046</u>	<u>1,472,144</u>	<u>5,917</u>	<u>27,559,000</u>
<u>\$ 7,360,031</u>	<u>\$ 902,540</u>	<u>\$ 1,472,144</u>	<u>\$ 5,983,813</u>	<u>\$ 35,772,865</u>

**CITY OF ROUND ROCK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2022**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Innovation and Development
Revenues -				
Taxes and franchise	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Charges for services	-	-	1,864,711	-
Fines and forfeitures	-	-	-	-
Intergovernmental	621,961	-	-	8,529,438
Hotel occupancy tax	-	7,082,184	3,367,108	4,678,899
Contributions	-	-	-	-
Investment and other	-	87,346	(58,371)	(44,112)
Total revenues	621,961	7,169,530	5,173,448	13,164,225
Expenditures -				
Current -				
General government	468,688	-	-	8,498,036
Culture and recreation	-	2,048,465	2,131,765	-
Capital projects	153,273	641,470	-	-
Total expenditures	621,961	2,689,935	2,131,765	8,498,036
Excess (deficiency) of revenues over expenditures	-	4,479,595	3,041,683	4,666,189
Other financing sources (uses) -				
Transfers in	-	181,938	-	-
Transfers out	-	(1,651,967)	(1,290,938)	(3,456,724)
Total other financing sources (uses)	-	(1,470,029)	(1,290,938)	(3,456,724)
Net change in fund balances	-	3,009,566	1,750,745	1,209,465
Fund balances, October 1, 2021	-	5,015,588	7,081,333	1,774,356
Fund balances, September 30, 2022	\$ -	\$ 8,025,154	\$ 8,832,078	\$ 2,983,821

Library and Recreational	Public Safety	Public Education & Government	Roadway Impact Fees	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 183,753	\$ -	\$ 183,753
339,502	-	-	-	339,502
756,281	-	-	-	2,620,992
-	237,859	-	-	237,859
-	-	-	-	9,151,399
-	-	-	-	15,128,191
124,563	-	-	1,500,000	1,624,563
(68,683)	1,952	(13,882)	-	(95,750)
<u>1,151,663</u>	<u>239,811</u>	<u>169,871</u>	<u>1,500,000</u>	<u>29,190,509</u>
134,920	88,661	131,457	-	9,321,762
1,261,682	-	-	-	5,441,912
154,354	-	-	-	949,097
<u>1,550,956</u>	<u>88,661</u>	<u>131,457</u>	<u>-</u>	<u>15,712,771</u>
<u>(399,293)</u>	<u>151,150</u>	<u>38,414</u>	<u>1,500,000</u>	<u>13,477,738</u>
675,000	-	-	-	856,938
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>	<u>(7,899,629)</u>
<u>675,000</u>	<u>-</u>	<u>-</u>	<u>(1,500,000)</u>	<u>(7,042,691)</u>
275,707	151,150	38,414	-	6,435,047
<u>5,077,133</u>	<u>735,896</u>	<u>1,433,730</u>	<u>5,917</u>	<u>21,123,953</u>
<u>\$ 5,352,840</u>	<u>\$ 887,046</u>	<u>\$ 1,472,144</u>	<u>\$ 5,917</u>	<u>\$ 27,559,000</u>



**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

**GENERAL, DEBT SERVICE,
AND NONMAJOR SPECIAL REVENUE FUNDS**

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance - Positive (Negative)	2021 Actual
	Original	Final	Actual		
Revenues -					
Taxes and franchise -					
Property tax	\$ 46,304,059	\$ 46,304,059	\$ 46,826,726	\$ 522,667	\$ 43,431,612
Penalty and interest	89,000	89,000	93,749	4,749	90,091
Sales tax	57,407,642	57,602,102	57,602,102	-	49,201,861
Franchise	6,845,000	6,845,000	7,246,074	401,074	6,617,294
Bingo tax	30,000	30,000	52,897	22,897	50,538
Mixed drink tax	660,000	660,000	967,945	307,945	817,088
Total taxes and franchise	111,335,701	111,530,161	112,789,493	1,259,332	100,208,484
Licenses, permits and fees -					
Building permits	645,000	645,000	1,460,043	815,043	1,014,677
Other permits	47,400	47,400	29,297	(18,103)	39,670
Fees	998,250	998,250	1,130,500	132,250	1,348,496
Total licenses, permits, and fees	1,690,650	1,690,650	2,619,840	929,190	2,402,843
Charges for services -					
Trash collection fees	1,216,900	1,216,900	1,292,162	75,262	1,292,994
Swimming pool fees	902,100	1,309,841	1,462,896	153,055	1,366,839
Recreation program fees	1,706,000	2,035,259	2,389,551	354,292	2,142,331
Filing and reproduction fees	9,000	9,000	21,140	12,140	10,949
Other	75,000	75,000	143,046	68,046	67,184
Total charges for services	3,909,000	4,646,000	5,308,795	662,795	4,880,297
Fines and forfeitures	970,000	970,000	1,143,039	173,039	1,027,327
Grants	2,496,529	2,496,529	4,177,384	1,680,855	3,103,417
Investment and other -					
Investment income	500,000	500,000	(751,552)	(1,251,552)	625,132
Other	4,249,700	4,249,700	2,445,733	(1,803,967)	4,601,522
Total investment and other	4,749,700	4,749,700	1,694,181	(3,055,519)	5,226,654
Total revenues	125,151,580	126,083,040	127,732,732	1,649,692	116,849,022

CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance -	
	Original	Final	Actual	Positive (Negative)	2021 Actual
Expenditures -					
Current -					
General government					
Executive -					
Personnel services	\$ 16,774,577	\$ 15,570,897	\$ 15,136,168	\$ 434,729	\$ 14,089,331
Operations	10,091,827	10,725,547	9,727,878	997,669	9,419,139
Capital projects	75,000	169,589	49,671	119,918	3,759
Total executive	<u>26,941,404</u>	<u>26,466,033</u>	<u>24,913,717</u>	<u>1,552,316</u>	<u>23,512,229</u>
Judicial -					
Personnel services	1,159,638	1,197,995	1,073,984	124,011	972,497
Operations	88,031	88,031	68,168	19,863	62,292
Total judicial	<u>1,247,669</u>	<u>1,286,026</u>	<u>1,142,152</u>	<u>143,874</u>	<u>1,034,789</u>
Total general government	<u>28,189,073</u>	<u>27,752,059</u>	<u>26,055,869</u>	<u>1,696,190</u>	<u>24,547,018</u>
Public safety					
Police -					
Personnel services	32,327,228	32,451,552	32,220,833	230,719	30,021,401
Operations	4,114,492	4,226,492	4,157,072	69,420	3,542,335
Police-capital projects	502,209	502,209	47,985	454,224	11,310
Total police	<u>36,943,929</u>	<u>37,180,253</u>	<u>36,425,890</u>	<u>754,363</u>	<u>33,575,046</u>
Fire -					
Personnel services	24,835,708	25,339,873	25,339,589	284	23,923,015
Operations	2,921,330	2,455,030	2,454,961	69	1,947,397
Capital outlay	804,570	769,570	132,878	636,692	-
Total fire	<u>28,561,608</u>	<u>28,564,473</u>	<u>27,927,428</u>	<u>637,045</u>	<u>25,870,412</u>
Total public safety	<u>65,505,537</u>	<u>65,744,726</u>	<u>64,353,318</u>	<u>1,391,408</u>	<u>59,445,458</u>

(CONTINUED)

**CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance - Positive (Negative)	2021 Actual
	Original	Final	Actual		
Expenditures -					
Current -					
Public works					
Administration -					
Personnel services	\$ 5,198,426	\$ 5,211,582	\$ 5,211,576	\$ 6	\$ 4,887,707
Operations	3,568,679	3,571,524	3,571,520	4	3,198,330
Capital outlay	-	224,388	224,388	-	-
Total administration	<u>8,767,105</u>	<u>9,007,494</u>	<u>9,007,484</u>	<u>10</u>	<u>8,086,037</u>
Streets -					
Personnel services	3,207,360	3,306,345	2,674,078	632,267	2,628,372
Operations	8,022,105	3,348,782	3,180,676	168,106	2,904,679
Capital outlay	<u>253,000</u>	<u>253,000</u>	<u>177,721</u>	<u>75,279</u>	<u>124,731</u>
Total streets	<u>11,482,465</u>	<u>6,908,127</u>	<u>6,032,475</u>	<u>875,652</u>	<u>5,657,782</u>
Maintenance shop -					
Personnel services	1,526,028	1,530,520	1,509,554	20,966	1,466,071
Operations	395,898	360,888	274,015	86,873	200,021
Capital outlay	<u>20,000</u>	<u>55,010</u>	<u>55,007</u>	<u>3</u>	<u>6,493</u>
Total maintenance shop	<u>1,941,926</u>	<u>1,946,418</u>	<u>1,838,576</u>	<u>107,842</u>	<u>1,672,585</u>
Total public works	<u>22,191,496</u>	<u>17,862,039</u>	<u>16,878,535</u>	<u>983,504</u>	<u>15,416,404</u>

CITY OF ROUND ROCK, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts			Variance -	
	Original	Final	Actual	Positive (Negative)	2021 Actual
Expenditures -					
Current -					
Culture and recreation					
Library -					
Personnel services	\$ 2,728,683	\$ 2,879,041	\$ 2,878,137	\$ 904	\$ 2,598,651
Operations	768,118	755,118	754,623	495	691,976
Total library	<u>3,496,801</u>	<u>3,634,159</u>	<u>3,632,760</u>	<u>1,399</u>	<u>3,290,627</u>
Parks and recreation -					
Personnel services	9,871,353	10,336,737	10,336,413	324	8,830,738
Operations	3,884,292	4,421,252	4,420,858	394	3,682,420
Culture-Parks-capital projects	182,000	201,040	185,765	15,275	57,707
Total parks and recreation	<u>13,937,645</u>	<u>14,959,029</u>	<u>14,943,036</u>	<u>15,993</u>	<u>12,570,865</u>
Total culture and recreation	<u>17,434,446</u>	<u>18,593,188</u>	<u>18,575,796</u>	<u>17,392</u>	<u>15,861,492</u>
Total expenditures	<u>133,320,552</u>	<u>129,952,012</u>	<u>125,863,518</u>	<u>4,088,494</u>	<u>115,270,372</u>
Excess (deficiency) of revenues over expenditures	<u>(8,168,972)</u>	<u>(3,868,972)</u>	<u>1,869,214</u>	<u>5,738,186</u>	<u>1,578,650</u>
Other financing sources (uses) -					
Transfers in	6,455,000	6,455,000	6,455,000	-	6,257,264
Transfers out	<u>(13,500,000)</u>	<u>(18,961,811)</u>	<u>(18,961,811)</u>	-	<u>(8,359,371)</u>
Total other financing sources (uses)	<u>(7,045,000)</u>	<u>(12,506,811)</u>	<u>(12,506,811)</u>	-	<u>(2,102,107)</u>
Net change in fund balances	<u>\$ (15,213,972)</u>	<u>\$ (16,375,783)</u>	<u>(10,637,597)</u>	<u>\$ 5,738,186</u>	<u>(523,457)</u>
Fund balance, October 1, 2021			<u>59,290,439</u>		<u>59,813,896</u>
Fund balance, September 30, 2022			<u>\$ 48,652,842</u>		<u>\$ 59,290,439</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, 2022

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues -				
Taxes and franchise	\$ 24,995,540	\$ 24,995,540	\$ 23,393,952	\$ (1,601,588)
Investment and other	50,000	50,000	107,138	57,138
Total revenues	25,045,540	25,045,540	23,501,090	(1,544,450)
Expenditures -				
Debt service -				
Principal retirement	1,320,000	19,650,222	19,650,222	-
Interest and fiscal charges	47,437	12,133,701	12,133,701	-
Issuance costs	100,000	778,091	778,091	-
Total expenditures	1,467,437	32,562,014	32,562,014	-
Excess (deficiency) of revenues over expenditures	23,578,103	(7,516,474)	(9,060,924)	(1,544,450)
Other financing sources (uses) -				
Issuance of refunding bonds	-	79,860,000	79,860,000	-
Payment to refunded bond escrow agent	-	(79,078,568)	(79,078,568)	-
Transfers in	2,693,638	2,693,638	7,419,308	4,725,670
Total other financing sources (uses)	2,693,638	3,475,070	8,200,740	4,725,670
Net change in fund balances	\$ 26,271,741	\$ (4,041,404)	(860,184)	\$ 3,181,220
Fund balance, October 1, 2021			5,519,166	
Fund balance, September 30, 2022			\$ 4,658,982	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
Revenues -				
Intergovernmental	\$ 621,961	\$ 621,961	\$ 621,961	\$ -
Total revenues	621,961	621,961	621,961	-
Expenditures -				
Current -				
General government-				
Operations	468,688	468,688	468,688	-
Capital projects	153,273	153,273	153,273	-
Total expenditures	621,961	621,961	621,961	-
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund balance, October 1, 2021			-	
Fund balance, September 30, 2022			\$ -	

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, 2022

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Hotel occupancy tax	\$ 4,500,000	\$ 4,500,000	\$ 7,082,184	\$ 2,582,184
Investment and other	37,400	37,400	87,346	49,946
Total revenues	4,537,400	4,537,400	7,169,530	2,632,130
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	588,787	613,787	557,280	56,507
Operations	1,738,376	1,839,004	1,491,185	347,819
Capital projects	70,000	641,470	641,470	-
Total expenditures	2,397,163	3,094,261	2,689,935	404,326
Excess (deficiency) of revenues over expenditures	2,140,237	1,443,139	4,479,595	3,036,456
Other financing sources (uses) -				
Transfers in	-	-	181,938	181,938
Transfers out	(1,651,967)	(1,651,967)	(1,651,967)	-
Total other financing sources (uses)	(1,651,967)	(1,651,967)	(1,470,029)	181,938
Net change in fund balances	\$ 488,270	\$ (208,828)	3,009,566	\$ 3,218,394
Fund balance, October 1, 2021			5,015,588	
Fund balance, September 30, 2022			\$ 8,025,154	

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, 2022

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Charges for services	\$ 1,325,000	\$ 1,325,000	\$ 1,864,711	\$ 539,711
Hotel occupancy tax	2,538,380	2,538,380	3,367,108	828,728
Investment and other	81,000	81,000	(58,371)	(139,371)
Total revenues	3,944,380	3,944,380	5,173,448	1,229,068
Expenditures -				
Current -				
Culture and recreation-				
Personnel services	1,440,475	1,256,475	1,242,950	13,525
Operations	725,796	909,796	888,815	20,981
Total expenditures	2,166,271	2,166,271	2,131,765	34,506
Excess (deficiency) of revenues over expenditures	1,778,109	1,778,109	3,041,683	1,263,574
Other financing sources (uses) -				
Transfers out	(1,359,625)	(1,359,625)	(1,290,938)	68,687
Total other financing sources (uses)	(1,359,625)	(1,359,625)	(1,290,938)	68,687
Net change in fund balances	\$ 418,484	\$ 418,484	1,750,745	\$ 1,332,261
Fund balance, October 1, 2021			7,081,333	
Fund balance, September 30, 2022			\$ 8,832,078	

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
INNOVATION AND DEVELOPMENT FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Intergovernmental	\$ -	\$ 8,244,980	\$ 8,529,438	\$ 284,458
Hotel occupancy tax	-	4,963,357	4,678,899	(284,458)
Investment and other	-	(44,112)	(44,112)	-
Total revenues	-	13,164,225	13,164,225	-
Expenditures -				
Current -				
General Government -				
Operations	-	8,498,036	8,498,036	-
Total expenditures	-	8,498,036	8,498,036	-
Excess (deficiency) of revenues over expenditures	-	4,666,189	4,666,189	-
Other financing sources (uses) -				
Transfers out	-	(3,456,724)	(3,456,724)	-
Total other financing sources (uses)	-	(3,456,724)	(3,456,724)	-
Net change in fund balances	\$ -	\$ 1,209,465	1,209,465	\$ -
Fund balance, October 1, 2021			1,774,356	
Fund balance, September 30, 2022			\$ 2,983,821	

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LIBRARY AND RECREATIONAL FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Licenses, permits and fees	\$ 128,150	\$ 132,150	\$ 339,502	\$ 207,352
Charges for services	712,200	712,200	756,281	44,081
Contributions	2,000	2,000	124,563	122,563
Investment and other	38,122	38,122	(68,683)	(106,805)
Total revenues	880,472	884,472	1,151,663	267,191
Expenditures -				
Current-				
General government-				
Operations	131,150	135,150	134,920	230
Total general government	131,150	135,150	134,920	230
Culture and recreation-				
Personnel services	632,988	610,988	572,154	38,834
Operations	744,926	766,926	689,528	77,398
Capital projects	841,500	1,011,372	154,354	857,018
Total culture and recreation	2,219,414	2,389,286	1,416,036	973,250
Total expenditures	2,350,564	2,524,436	1,550,956	973,480
Excess (deficiency) of revenues over expenditures	(1,470,092)	(1,639,964)	(399,293)	1,240,671
Other financing sources (uses) -				
Transfers in	675,000	675,000	675,000	-
Total other financing sources (uses)	675,000	675,000	675,000	-
Net change in fund balances	\$ (795,092)	\$ (964,964)	275,707	\$ 1,240,671
Fund balance, October 1, 2021			5,077,133	
Fund balance, September 30, 2022			\$ 5,352,840	

CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC SAFETY FUND
YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Fines and forfeitures	\$ 119,500	\$ 119,500	\$ 237,859	\$ 118,359
Investment and other	26,000	26,000	1,952	(24,048)
Total revenues	145,500	145,500	239,811	94,311
Expenditures -				
Current-				
General government-				
Operations	691,489	691,489	88,661	602,828
Total expenditures	691,489	691,489	88,661	602,828
Net change in fund balances	<u>\$ (545,989)</u>	<u>\$ (545,989)</u>	151,150	<u>\$ 697,139</u>
Fund balance, October 1, 2021			<u>735,896</u>	
Fund balance, September 30, 2022			<u>\$ 887,046</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC EDUCATION & GOVERNMENT FUND
YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Taxes and franchise	\$ 220,000	\$ 220,000	\$ 183,753	\$ (36,247)
Investment and other	11,000	11,000	(13,882)	(24,882)
Total revenues	231,000	231,000	169,871	(61,129)
Expenditures -				
Current -				
General Government- Operations	130,500	133,163	131,457	1,706
Total expenditures	130,500	133,163	131,457	1,706
Net change in fund balances	<u>\$ 100,500</u>	<u>\$ 97,837</u>	38,414	<u>\$ (59,423)</u>
Fund balance, October 1, 2021			<u>1,433,730</u>	
Fund balance, September 30, 2022			<u>\$ 1,472,144</u>	

**CITY OF ROUND ROCK, TEXAS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
ROADWAY IMPACT FEES FUND
YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts			Variance- Positive (Negative)
	Original	Final	Actual	
Revenues -				
Contributions	\$ 1,000,000	\$ 1,500,000	\$ 1,500,000	\$ -
Total revenues	1,000,000	1,500,000	1,500,000	-
Expenditures -				
Other financing sources (uses) -				
Transfers out	(1,000,000)	(1,500,000)	(1,500,000)	-
Total other financing sources (uses)	(1,000,000)	(1,500,000)	(1,500,000)	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, October 1, 2021			<u>5,917</u>	
Fund balance, September 30, 2022			<u>\$ 5,917</u>	

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

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	126
Revenue Capacity These schedules contain information to help the reader assess the City's significant local revenue sources, the property and sales tax.	136
Debt Capacity These schedules present information to help the reader assess the affordability of the City's currently outstanding debt and the City's ability to issue additional debt in the future.	146
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	155
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information contained in the City's financial report relates to the services the City provides and the activities it performs.	157

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

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

	2013	2014	2015	2016
Governmental activities-				
Net investment in capital assets	\$ 295,777,997	\$ 303,977,353	\$ 299,730,557	\$ 310,185,706
Restricted	42,970,091	43,974,370	48,019,726	51,813,118
Unrestricted	<u>74,833,175</u>	<u>44,713,408</u>	<u>53,355,360</u>	<u>52,451,939</u>
Total governmental activities net position	<u>\$ 413,581,263</u>	<u>\$ 392,665,131</u>	<u>\$ 401,105,643</u>	<u>\$ 414,450,763</u>
Business-type activities-				
Net investment in capital assets	\$ 214,178,908	\$ 221,062,599	\$ 228,866,895	\$ 234,981,264
Restricted	6,868,062	7,764,750	19,215,972	15,275,659
Unrestricted	<u>116,650,981</u>	<u>114,901,064</u>	<u>110,519,279</u>	<u>126,490,054</u>
Total business-type activities net position	<u>\$ 337,697,951</u>	<u>\$ 343,728,413</u>	<u>\$ 358,602,146</u>	<u>\$ 376,746,977</u>
Primary government-				
Net investment in capital assets	\$ 509,956,905	\$ 525,039,952	\$ 528,597,452	\$ 545,166,970
Restricted	49,838,153	51,739,120	67,235,698	67,088,777
Unrestricted	<u>191,484,156</u>	<u>159,614,472</u>	<u>163,874,639</u>	<u>178,941,993</u>
Total primary government net position	<u>\$ 751,279,214</u>	<u>\$ 736,393,544</u>	<u>\$ 759,707,789</u>	<u>\$ 791,197,740</u>

Source: Annual Comprehensive Financial Reports

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 356,586,425	\$ 373,007,353	\$ 400,490,136	\$ 442,969,195	\$ 432,348,991	\$ 402,305,527
48,954,352	48,357,161	44,334,128	23,471,549	92,772,878	132,351,451
29,054,168	28,585,838	28,918,565	33,581,912	13,728,700	68,809,157
<u>\$ 434,594,945</u>	<u>\$ 449,950,352</u>	<u>\$ 473,742,829</u>	<u>\$ 500,022,656</u>	<u>\$ 538,850,569</u>	<u>\$ 603,466,135</u>
\$ 245,005,044	\$ 268,467,171	\$ 283,846,141	\$ 294,760,377	\$ 310,014,313	\$ 333,196,242
19,800,722	22,628,600	24,343,881	16,315,836	11,750,401	13,866,060
126,634,362	138,980,320	146,681,470	168,868,607	179,998,306	186,396,785
<u>\$ 391,440,128</u>	<u>\$ 430,076,091</u>	<u>\$ 454,871,492</u>	<u>\$ 479,944,820</u>	<u>\$ 501,763,020</u>	<u>\$ 533,459,087</u>
\$ 601,591,469	\$ 641,474,524	\$ 684,336,277	\$ 737,729,572	\$ 742,363,304	\$ 735,501,769
68,755,074	70,985,761	68,678,009	39,787,385	104,523,279	146,217,511
155,688,530	167,566,158	175,600,035	202,450,519	193,727,006	255,205,942
<u>\$ 826,035,073</u>	<u>\$ 880,026,443</u>	<u>\$ 928,614,321</u>	<u>\$ 979,967,476</u>	<u>\$ 1,040,613,589</u>	<u>\$ 1,136,925,222</u>

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

	2013	2014	2015	2016
Expenses:				
Governmental activities-				
General government	\$ 27,923,780	\$ 28,050,936	\$ 28,860,077	\$ 28,434,006
Public safety	41,842,363	45,283,826	45,236,987	49,439,902
Public works	31,215,489	33,537,533	33,412,841	33,448,357
Culture and recreation	15,702,435	18,024,001	19,202,557	20,885,009
Interest on long-term debt	6,915,772	8,478,700	8,118,490	8,294,279
Total governmental activities expenses	123,599,839	133,374,996	134,830,952	140,501,553
Business-type activities-				
Water and wastewater utility	42,657,792	44,605,155	46,069,705	47,947,818
Golf course	141,153	71,090	144,993	133,270
Total business-type activities expenses	42,798,945	44,676,245	46,214,698	48,081,088
Total primary government expenses	166,398,784	178,051,241	181,045,650	188,582,641
Program revenues:				
Governmental activities-				
Charges for services-				
General government	2,822,715	2,559,380	2,168,842	2,258,333
Public safety	3,248,867	2,652,480	2,461,782	1,669,550
Public works	2,942,382	726,785	749,524	742,437
Culture and recreation	2,844,842	3,032,109	3,288,970	3,919,254
Operating grants and contributions	829,367	1,042,301	1,199,574	946,604
Capital grants and contributions	5,310,541	5,901,038	4,234,018	8,013,039
Total governmental activities program revenues	17,998,714	15,914,093	14,102,710	17,549,217
Business-type activities-				
Charges for services-				
Water and wastewater utility	43,094,185	43,705,878	45,898,090	48,653,788
Golf course	522,169	382,081	320,846	360,371
Capital grants and contributions	6,514,369	10,226,302	17,742,568	19,607,086
Total business-type activities program revenues	50,130,723	54,314,261	63,961,504	68,621,245
Total primary government program revenues	68,129,437	70,228,354	78,064,214	86,170,462
Net (expense) revenue-				
Governmental activities	(105,601,125)	(117,460,903)	(120,728,242)	(122,952,336)
Business-type activities	7,331,778	9,638,016	17,746,806	20,540,157
Total primary government net expense	(98,269,347)	(107,822,887)	(102,981,436)	(102,412,179)

2017	2018	2019	2020	2021	2022
\$ 24,864,772	\$ 23,408,887	\$ 27,861,595	\$ 27,467,722	\$ 35,906,343	\$ 41,210,815
52,243,460	57,987,997	64,196,001	64,151,715	64,975,588	67,534,584
34,359,785	47,120,999	36,261,500	38,606,348	43,588,532	40,067,607
24,130,067	25,218,145	27,821,410	26,355,801	26,874,261	30,667,820
8,075,351	8,415,687	8,525,551	9,382,120	10,264,036	11,292,992
143,673,435	162,151,715	164,666,057	165,963,706	181,608,760	190,773,818
49,400,833	51,749,727	54,388,260	53,999,588	58,063,832	63,886,112
1,857,334	1,642,036	2,399,582	2,818,489	3,699,848	4,290,895
51,258,167	53,391,763	56,787,842	56,818,077	61,763,680	68,177,007
194,931,602	215,543,478	221,453,899	222,781,783	243,372,440	258,950,825
19,778,439	2,273,091	3,189,150	4,529,682	2,824,567	2,962,085
1,478,161	1,762,172	2,298,635	1,684,921	1,396,999	1,705,859
607,398	693,223	1,347,815	700,442	970,763	873,899
5,133,816	5,489,515	5,649,283	4,082,796	5,807,940	6,544,740
1,202,810	2,574,008	2,987,128	3,742,160	4,261,827	4,802,100
5,958,205	18,206,390	9,914,802	9,464,089	10,054,791	23,442,401
34,158,829	30,998,399	25,386,813	24,204,090	25,316,887	40,331,084
51,980,615	55,139,117	56,951,931	60,811,441	60,618,367	67,172,508
733,883	299,761	1,971,887	2,684,066	3,506,792	3,920,614
15,642,381	30,495,633	21,584,780	18,443,560	22,288,498	34,040,331
68,356,879	85,934,511	80,508,598	81,939,067	86,413,657	105,133,453
102,515,708	116,932,910	105,895,411	106,143,157	111,730,544	145,464,537
(109,514,606)	(131,153,316)	(139,279,244)	(141,759,616)	(156,291,873)	(150,442,734)
17,098,712	32,542,748	23,720,756	25,120,990	24,649,977	36,956,446
(92,415,894)	(98,610,568)	(115,558,488)	(116,638,626)	(131,641,896)	(113,486,288)

(CONTINUED)

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

	2013	2014	2015	2016
General revenues and other changes in net position:				
Governmental activities-				
Taxes-				
Property	\$ 34,979,578	\$ 36,502,409	\$ 39,932,573	\$ 44,239,067
Franchise	5,952,712	6,460,448	7,255,212	7,175,948
Sales	66,216,447	68,462,292	67,620,848	67,340,120
Hotel occupancy	4,140,920	4,646,208	5,083,556	5,407,667
Public service	347,846	477,606	515,778	566,712
Investment earnings and other	2,026,554	1,882,139	5,020,786	7,957,942
Transfers	2,882,818	1,800,895	3,740,000	3,610,000
Total governmental activities	<u>116,546,875</u>	<u>120,231,997</u>	<u>129,168,753</u>	<u>136,297,456</u>
Business-type activities-				
Investment earnings and other	1,385,847	1,397,321	866,927	1,214,674
Transfers	<u>(2,882,818)</u>	<u>(1,800,895)</u>	<u>(3,740,000)</u>	<u>(3,610,000)</u>
Total business-type activities	<u>(1,496,971)</u>	<u>(403,574)</u>	<u>(2,873,073)</u>	<u>(2,395,326)</u>
Total primary government	<u>115,049,904</u>	<u>119,828,423</u>	<u>126,295,680</u>	<u>133,902,130</u>
Change in net position:				
Governmental activities	10,945,750	2,771,094	8,440,511	13,345,120
Business-type activities	<u>5,834,807</u>	<u>9,234,442</u>	<u>14,873,733</u>	<u>18,144,831</u>
Total primary government	<u><u>\$ 16,780,557</u></u>	<u><u>\$ 12,005,536</u></u>	<u><u>\$ 23,314,244</u></u>	<u><u>\$ 31,489,951</u></u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 49,107,424	\$ 54,082,288	\$ 57,396,623	\$ 64,744,623	\$ 68,187,362	\$ 70,551,060
7,103,548	7,140,940	7,407,178	7,060,026	6,808,434	7,429,827
64,209,719	72,861,565	75,690,767	78,361,955	90,406,552	104,397,185
5,515,163	5,714,235	6,000,447	4,111,858	11,003,127	15,128,191
627,164	647,243	697,835	620,996	867,626	1,020,842
8,201,944	9,024,223	12,180,534	9,081,735	12,650,685	11,176,195
3,492,871	(2,961,771)	3,698,337	4,058,250	5,196,000	5,355,000
<u>138,257,833</u>	<u>146,508,723</u>	<u>163,071,721</u>	<u>168,039,443</u>	<u>195,119,786</u>	<u>215,058,300</u>
2,289,777	3,131,444	4,772,982	4,010,588	2,364,223	94,621
(3,492,871)	2,961,771	(3,698,337)	(4,058,250)	(5,196,000)	(5,355,000)
<u>(1,203,094)</u>	<u>6,093,215</u>	<u>1,074,645</u>	<u>(47,662)</u>	<u>(2,831,777)</u>	<u>(5,260,379)</u>
<u>137,054,739</u>	<u>152,601,938</u>	<u>164,146,366</u>	<u>167,991,781</u>	<u>192,288,009</u>	<u>209,797,921</u>
28,743,227	15,355,407	23,792,477	26,279,827	38,827,913	64,615,566
15,895,618	38,635,963	24,795,401	25,073,328	21,818,200	31,696,067
<u>\$ 44,638,845</u>	<u>\$ 53,991,370</u>	<u>\$ 48,587,878</u>	<u>\$ 51,353,155</u>	<u>\$ 60,646,113</u>	<u>\$ 96,311,633</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<i>Nonspendable-</i>				
Inventories, prepaids and other	\$ 375,087	\$ 397,271	\$ 430,821	\$ 372,288
<i>Restricted for-</i>				
Debt service	2,415,427	2,278,062	2,351,780	2,749,645
Authorized construction	43,630,036	106,539,802	117,515,606	77,545,478
Hotel-motel tax	9,549,082	11,173,765	10,934,476	12,653,710
Public safety	1,249,246	1,050,349	1,274,293	676,724
General government	-	-	-	-
<i>Committed to-</i>				
General government	865,493	684,199	856,977	1,081,159
Capital projects funds	31,856,334	26,570,024	24,696,122	24,865,777
Streets and drainage	1,570,994	-	1,145,826	1,152,195
Culture and recreation	10,530	12,438	322,576	293,694
<i>Assigned to-</i>				
Culture and recreation	283,518	264,662	272,666	212,080
<i>Unassigned</i>	<u>38,604,781</u>	<u>38,726,365</u>	<u>50,277,389</u>	<u>52,427,796</u>
Total governmental funds	<u>\$ 130,410,528</u>	<u>\$ 187,696,937</u>	<u>\$ 210,078,532</u>	<u>\$ 174,030,546</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 232,004	\$ 253,592	\$ 226,190	\$ 1,094,653	\$ 1,783,208	\$ 404,179
3,880,982	4,853,517	5,019,375	5,080,091	7,901,595	7,041,411
81,086,426	62,649,029	72,690,649	58,069,777	124,312,278	171,116,800
6,526,672	7,863,705	6,807,382	7,440,558	10,222,462	15,269,909
585,878	750,657	1,025,501	757,284	735,896	887,046
1,269,075	1,268,233	1,439,377	1,401,931	1,433,730	1,472,144
124,703	232,243	883,883	1,030,812	881,812	1,077,519
28,397,665	21,934,876	28,971,259	23,259,722	41,256,494	63,546,738
-	-	-	-	-	-
-	-	-	-	1,483,055	1,483,055
1,004,583	1,274,658	1,638,534	1,834,073	2,496,916	3,852,615
50,090,080	53,558,920	49,498,684	59,547,303	58,913,029	48,267,275
<u>\$ 173,198,068</u>	<u>\$ 154,639,430</u>	<u>\$ 168,200,834</u>	<u>\$ 159,516,204</u>	<u>\$ 251,420,475</u>	<u>\$ 314,418,691</u>

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

	2013	2014	2015	2016
Revenues-				
Taxes and franchise	\$ 107,417,612	\$ 111,592,909	\$ 115,508,506	\$ 119,211,433
Licenses, permits and fees	3,567,437	1,243,857	1,704,374	1,843,633
Charges for services	4,436,779	4,645,527	4,513,428	5,172,465
Fines and forfeitures	3,208,637	2,673,670	2,451,316	1,573,476
Intergovernmental	1,225,195	3,044,095	1,679,993	990,683
Hotel occupancy tax	4,140,920	4,646,208	5,083,556	5,407,667
Investment and other	2,567,327	3,152,100	600,919	368,748
Contributions	3,565,842	4,783,567	7,207,478	7,963,854
Total revenues	<u>130,129,749</u>	<u>135,781,933</u>	<u>138,749,570</u>	<u>142,531,959</u>
Expenditures-				
General government	23,783,735	24,375,794	23,838,520	24,394,392
Public safety	39,475,791	42,306,841	43,067,272	44,388,881
Public works	11,852,443	11,291,499	12,328,284	12,062,839
Culture and recreation	12,440,948	13,775,702	14,766,040	15,078,964
Capital projects	65,523,775	38,694,239	33,476,554	65,414,999
Debt service-				
Principal retirement	12,852,059	14,395,697	13,919,366	13,463,922
Interest and fiscal charges	6,797,281	7,372,652	8,597,372	9,641,498
Payment to refunding agent	-	-	-	-
Other charges	98,630	862,888	942,596	229,245
Total expenditures	<u>172,824,662</u>	<u>153,075,312</u>	<u>150,936,004</u>	<u>184,674,740</u>
Excess of revenues over (under) expenditures	<u>(42,694,913)</u>	<u>(17,293,379)</u>	<u>(12,186,434)</u>	<u>(42,142,781)</u>
Other financing sources (uses)-				
Issuance of lease (1)	1,000,000	1,450,000	2,000,000	2,250,000
Issuance of debt	8,615,000	77,350,000	70,665,000	11,450,000
Premium on bonds issued	-	6,161,887	6,369,020	1,094,690
Payment to refunded bond escrow agent	(8,509,756)	(11,682,994)	(48,205,991)	(12,309,895)
Transfers in	49,547,722	32,984,237	27,070,865	30,552,126
Transfers out	(46,363,263)	(31,683,342)	(23,330,865)	(26,942,126)
Total other financing sources (uses)	<u>4,289,703</u>	<u>74,579,788</u>	<u>34,568,029</u>	<u>6,094,795</u>
Net change in fund balances	<u>\$ (38,405,210)</u>	<u>\$ 57,286,409</u>	<u>\$ 22,381,595</u>	<u>\$ (36,047,986)</u>
Capital outlay including amounts reported under departmental current expenditures	\$ 67,059,266	\$ 38,644,877	\$ 35,385,140	\$ 65,116,395
Debt service as a percentage of noncapital expenditures	18.6%	19.0%	19.5%	19.3%

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

2017	2018	2019	2020	2021	2022
\$ 121,142,245	\$ 134,637,978	\$ 141,150,180	\$ 150,717,481	\$ 166,252,010	\$ 183,162,281
1,646,077	2,037,211	2,703,240	1,834,311	2,543,143	2,959,342
6,307,377	6,563,868	6,916,463	5,274,975	7,092,585	7,929,787
1,440,795	1,616,922	2,153,309	1,623,976	1,152,990	1,380,898
2,950,833	9,511,022	3,822,463	5,540,163	11,400,907	24,816,402
5,515,163	5,714,235	6,000,447	4,111,858	11,003,127	15,128,191
931,601	2,335,783	4,670,671	9,165,467	7,261,313	2,778,909
8,253,614	9,260,526	12,728,177	3,336,036	2,338,936	3,285,315
148,187,705	171,677,545	180,144,950	181,604,267	209,045,011	241,441,125
21,055,932	23,744,730	22,423,018	24,841,662	31,324,914	35,377,631
47,595,884	52,839,347	56,063,867	56,494,602	59,445,458	64,353,318
12,682,503	14,748,037	15,077,947	17,290,725	16,946,664	19,056,273
17,219,700	18,513,216	20,213,897	19,022,847	19,931,144	24,017,708
63,268,686	59,809,511	90,837,258	82,350,573	47,540,721	87,575,761
13,287,160	14,325,970	17,792,363	18,296,526	20,148,502	19,650,222
8,306,767	9,244,645	8,616,675	10,243,591	10,367,705	12,133,701
10,050,443	-	13,758,972	7,010,563	-	-
423,510	-	967,009	276,058	1,225,607	1,512,308
193,890,585	193,225,456	245,751,006	235,827,147	206,930,715	263,676,922
(45,702,880)	(21,547,911)	(65,606,056)	(54,222,880)	2,114,296	(22,235,797)
-	5,981,044	2,900,000	-	-	-
38,725,000	-	67,685,000	41,480,000	84,040,000	156,315,000
2,652,531	-	4,884,123	-	7,036,650	2,642,581
-	-	-	-	(6,482,675)	(79,078,568)
31,908,470	22,678,818	42,110,430	39,495,337	75,973,539	70,036,965
(28,415,599)	(25,640,589)	(38,412,093)	(35,437,087)	(70,777,539)	(64,681,965)
44,870,402	3,019,273	79,167,460	45,538,250	89,789,975	85,234,013
\$ (832,478)	\$ (18,528,638)	\$ 13,561,404	\$ (8,684,630)	\$ 91,904,271	\$ 62,998,216
\$ 90,020,515	\$ 46,896,225	\$ 87,242,801	\$ 80,820,915	\$ 40,870,035	\$ 86,316,796
20.8%	16.1%	16.7%	18.4%	18.4%	17.9%

**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	
2013	\$ 7,837,387,397	\$ 947,316,007	\$ 8,784,703,404	\$ 493,653,067	\$ 8,291,050,337	\$ 0.4203
2014	8,195,046,631	1,062,520,327	9,257,566,958	567,914,523	8,689,652,435	0.4195
2015	9,193,035,124	1,030,331,518	10,223,366,642	589,210,216	9,634,156,426	0.4146
2016	10,040,964,402	1,018,628,138	11,059,592,540	567,506,618	10,492,085,922	0.4147
2017	10,935,482,664	1,031,249,775	11,966,732,439	639,556,585	11,327,175,854	0.4250
2018	12,013,959,238	1,124,094,154	13,138,053,392	686,899,632	12,451,153,760	0.4300
2019	13,176,805,756	1,160,970,549	14,337,776,305	738,356,451	13,599,419,854	0.4200
2020	14,022,511,023	1,427,644,784	15,450,155,807	802,376,438	14,647,779,369	0.4390
2021	14,769,011,872	1,302,409,762	16,071,421,634	713,462,308	15,357,959,326	0.4390
2022	17,549,969,505	1,450,591,938	19,000,561,443	1,329,837,647	17,670,723,796	0.3970

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	
2013	\$ 0.2830	\$ 0.1373	\$ 0.4203	\$ 1.3800	\$ 0.4890	\$ 0.1151	\$ 2.4044
2014	0.2800	0.1395	0.4195	1.3674	0.4890	0.1149	2.3908
2015	0.2628	0.1518	0.4146	1.3375	0.4865	0.1142	2.3528
2016	0.2545	0.1602	0.4147	1.3325	0.4815	0.1205	2.3492
2017	0.2719	0.1531	0.4250	1.3325	0.4765	0.1220	2.3560
2018	0.2879	0.1421	0.4300	1.3048	0.4665	0.1208	2.3221
2019	0.2981	0.1219	0.4200	1.3048	0.4590	0.1248	2.3086
2020	0.3135	0.1255	0.4390	1.2348	0.4587	0.1249	2.2574
2021	0.2963	0.1427	0.4390	1.2212	0.4587	0.1258	2.2447
2022	0.2649	0.1321	0.3970	1.1336	0.4408	0.1223	2.0937

Source: Williamson County Tax Office

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

Name of Taxpayer	2022			2013		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 407,378,245	1	2.305 %	\$ 155,156,519	1	1.871 %
Kalahari Resorts and Conventions	368,363,095	2	2.085	-		-
CPG Round Rock, LP/ Round Rock Premium Outlets	162,521,096	3	0.920	134,005,150	2	1.616
Dell Computer Corp.	113,013,726	4	0.640	56,450,337	5	0.681
CMF 15 Portfolio, LLC/ Colonial Grand Apartments	93,131,080	5	0.527	47,642,352	6	0.575
Baltgem Development Corp./ La Frontera Village	86,103,232	6	0.487	78,890,823	3	0.952
2811 LA Frontera LP/ Griffis Apartments	80,394,600	7	0.455	-		-
Fisher-Rosemount Systems, Inc.	78,368,729	8	0.443	33,000,000	10	0.398
Oncor Electric Delivery Co.	75,011,547	9	0.424	40,170,098	7	0.484
Columbia/ St. David Healthcare	70,575,468	10	0.399	62,942,176	4	0.759
Inland American University Oaks, LP	-		-	38,354,296	8	0.463
Round Rock Luxury Apts, LTD	-		-	35,310,952	9	0.426
	<u>\$ 1,534,860,818</u>		<u>8.685 %</u>	<u>\$ 681,922,703</u>		<u>8.225 %</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
2013	\$ 34,865,783	\$ 34,717,536	99.57 %	\$ 2,029	\$ 34,719,565	99.58 %
2014	36,452,223	36,281,479	99.53	2,078	36,283,557	99.54
2015	39,792,302	39,697,745	99.76	2,259	39,700,004	99.77
2016	44,063,923	43,894,949	99.62	2,468	43,897,417	99.62
2017	49,113,540	48,988,540	99.75	3,187	48,991,727	99.75
2018	53,890,399	53,775,618	99.79	3,151	53,778,769	99.79
2019	57,296,592	57,106,114	99.67	(3,550)	57,102,564	99.66
2020	64,708,293	64,443,984	99.59	(4,908)	64,439,076	99.58
2021	68,133,164	67,922,644	99.69	(32,385)	67,890,259	99.64
2022	70,241,994	70,033,185	99.70	-	70,033,185	99.70

**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>
2013	\$ 33,108,223	\$ 34,865,783	94.96 %	\$ 0.3993	102,349	\$ 323
2014	34,231,146	36,452,223	93.91	0.3939	103,107	332
2015	33,810,424	39,792,302	84.97	0.3509	105,405	321
2016	33,670,060	44,063,923	76.41	0.3209	106,591	316
2017	34,970,879	49,113,540	71.20	0.3087	108,353	323
2018	40,929,405	53,890,399	75.95	0.3287	112,201	365
2019	41,348,047	57,296,592	72.16	0.3040	116,120	356
2020	42,562,498	64,708,293	65.78	0.2906	118,024	361
2021	50,217,518	68,133,164	73.70	0.3270	122,827	409
2022	58,232,363	70,241,994	82.90	0.3295	124,614	467

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

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



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

Calendar Year	Retail Trade	Manufacturing	Services	Wholesale Trade	Utilities
2012	\$ 1,228,352,605	\$ 985,127,289	\$ 381,294,220	\$ 99,025,592	\$ 26,448,906
2013	1,399,874,606	1,103,790,424	402,483,896	131,162,463	29,351,784
2014	1,529,469,558	1,061,444,585	432,758,149	128,755,561	34,412,553
2015	1,556,013,209	951,496,554	476,798,645	123,940,513	41,822,044
2016	1,592,542,371	905,719,610	505,372,604	141,775,154	41,190,339
2017	1,582,407,350	925,729,209	521,326,342	132,124,078	38,444,682
2018	1,766,233,513	1,022,456,613	544,823,077	144,551,512	44,328,814
2019	1,806,032,459	953,019,073	570,848,600	197,736,186	42,248,207
2020	1,782,012,610	843,382,610	523,120,666	221,749,525	24,315,005
2021	<u>2,077,784,400</u>	<u>1,127,507,544</u>	<u>896,501,602</u>	<u>270,878,555</u>	<u>32,367,651</u>
	<u>\$ 16,320,722,681</u>	<u>\$ 9,879,673,511</u>	<u>\$ 5,255,327,801</u>	<u>\$ 1,591,699,139</u>	<u>\$ 354,929,985</u>

Source: Texas Comptroller of Public Accounts

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

Construction	Finance, Insurance	Total	City Direct Sales Tax Rate	State Sales Tax Rate	Over- lapping
\$ 70,736,973	\$ 2,846,478	\$ 2,793,832,063	2.00 %	6.25 %	8.25 %
90,125,307	2,368,176	3,159,156,656	2.00	6.25	8.25
95,799,482	2,497,918	3,285,137,806	2.00	6.25	8.25
110,293,477	2,600,258	3,262,964,700	2.00	6.25	8.25
135,370,923	2,951,985	3,324,922,986	2.00	6.25	8.25
144,818,546	2,773,206	3,347,623,413	2.00	6.25	8.25
162,271,653	2,449,613	3,687,114,795	2.00	6.25	8.25
175,871,253	2,898,780	3,748,654,558	2.00	6.25	8.25
159,456,159	3,103,437	3,557,140,012	2.00	6.25	8.25
151,326,047	3,053,232	4,559,419,031	2.00	6.25	8.25
<u>\$ 1,296,069,820</u>	<u>\$ 27,543,083</u>	<u>\$ 34,725,966,020</u>			

**CITY OF ROUND ROCK, TEXAS
HOTEL TAXPAYERS
YEAR ENDED SEPTEMBER 30, 2022**

Taxpayer	Hotel Motel Occupancy Tax	Hotel Motel Occupancy Venue Tax	Total Collections Year Ended Sept. 30, 2022	Number of Rooms	% of Total Collections
Kalahari Resorts & Conventions	\$ 5,883,739	\$ 1,681,066	\$ 7,564,805	975	50.00 %
Austin Marriott North	524,378	150,902	675,280	295	4.46
Hyatt Place	294,397	84,113	378,510	138	2.50
Hilton Garden Inn	276,283	79,537	355,820	122	2.35
Homewood Suites	267,650	76,471	344,121	115	2.27
Embassy Suites	223,925	64,320	288,245	180	1.91
Courtyard Marriott	212,545	60,727	273,272	113	1.81
Springhill Suites	209,374	60,270	269,644	104	1.78
Holiday Inn Express North	205,578	59,193	264,771	109	1.75
Tru By Hilton	200,985	57,671	258,656	98	1.71
Towneplace Suites	199,209	56,917	256,126	102	1.69
Hampton Inn	194,125	55,455	249,580	93	1.65
Home2 Suites	179,367	51,246	230,613	91	1.52
Aloft	173,300	49,659	222,959	120	1.47
La Quinta East	169,643	48,959	218,602	99	1.45
Holiday Inn	167,733	48,354	216,087	116	1.43
Element	158,564	45,468	204,032	123	1.35
Holiday Inn Express South	151,392	43,660	195,052	91	1.29
AVID	151,195	43,588	194,783	89	1.29
Microtel	138,893	39,988	178,881	82	1.18
Residence Inn	137,268	39,219	176,487	96	1.17
Staybridge	135,139	38,693	173,832	81	1.15
Wingate Inn	125,557	35,925	161,482	100	1.07
La Quinta North	124,684	35,805	160,489	116	1.06
Red Roof Inn	122,086	34,882	156,968	107	1.04
Ruby Hotel	116,211	33,203	149,414	39	0.99
Sleep Inn	105,443	30,431	135,874	74	0.90
La Quinta South	105,333	30,135	135,468	86	0.90
Comfort Suites	101,667	29,273	130,940	63	0.87
Motel 6	97,982	27,995	125,977	60	0.83
Best Western	91,279	26,149	117,428	68	0.78
Country Inn	85,343	24,384	109,727	61	0.73
Extended Stay America #6030	79,077	22,594	101,671	138	0.67
Woodspring Suites North	74,026	21,150	95,176	121	0.63
Quality Inn	71,499	20,570	92,069	49	0.61
Candlewood Suites	71,356	20,484	91,840	98	0.61
Extended Stay America #6197	68,495	19,570	88,065	104	0.58
Short Term Rentals	35,860	10,281	46,141	22	0.30
Woodspring Suites South	30,165	8,705	38,870	122	0.25
Provident Crossings Retirement	337	97	434	2	0.01
	<u>\$ 11,761,082</u>	<u>\$ 3,367,109</u>	<u>\$ 15,128,191</u>	<u>4,862</u>	<u>100.0 %</u>

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

<u>Fiscal Year</u>	<u>1st Quarter Oct. – Dec.</u>	<u>2nd Quarter Jan. – Mar.</u>	<u>3rd Quarter Apr. – June</u>	<u>4th Quarter July – Sept.</u>	<u>Total</u>
2013	\$ 964,181	\$ 1,091,350	\$ 1,152,982	\$ 932,407	\$ 4,140,920
2014	1,071,926	1,217,483	1,271,649	1,085,150	4,646,208
2015	1,114,213	1,274,209	1,437,121	1,258,012	5,083,555
2016	1,214,093	1,354,383	1,570,064	1,269,127	5,407,667
2017	1,249,406	1,411,265	1,509,276	1,345,218	5,515,165
2018	1,365,737	1,429,006	1,637,645	1,281,847	5,714,235
2019	1,365,684	1,546,937	1,661,651	1,426,175	6,000,447
2020	1,574,968	1,289,910	483,480	763,500	4,111,858
2021	1,145,806	2,201,407	3,689,498	3,966,416	11,003,127
2022	3,235,991	3,249,855	4,400,515	4,241,830	15,128,191

CITY OF ROUND ROCK, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Other Debt Obligations	Revenue Bonds and Other Obligations			
2013	\$ 96,340,000	\$ 11,770,000	\$ 56,131,110	\$ 85,392,673	\$ 249,633,783	7.56 %	\$ 2,439
2014	155,780,000	11,135,000	55,963,734	90,799,894	313,678,628	9.12	3,042
2015	154,925,000	29,675,000	56,701,818	87,827,948	329,129,766	10.00	3,123
2016	149,540,000	27,095,000	52,746,502	89,364,624	318,746,126	6.43	2,990
2017	170,615,000	26,315,000	49,477,613	86,027,443	332,435,056	6.87	3,068
2018	162,820,000	25,520,000	48,520,464	82,997,070	319,857,534	5.93	2,851
2019	151,405,000	58,870,000	68,930,433	79,510,797	358,716,230	6.08	3,089
2020	141,220,000	88,025,000	64,350,491	75,999,389	369,594,880	5.89	3,132
2021	131,555,000	140,250,000	84,871,892	72,342,981	429,019,873	6.16	3,493
2022	162,165,000	148,300,000	104,303,592	68,669,982	483,438,574	6.16	3,879

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

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

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

Fiscal Year	Population*	Net Assessed Value (in thousands)	Gross Bonded Debt	Amount Available in Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013	102,349	\$ 8,291,050	\$ 108,241,436	\$ 2,415,427	\$ 105,826,009	1.28 %	\$ 1,034
2014	103,107	8,689,652	172,890,871	2,278,062	170,612,809	1.96	1,655
2015	105,405	9,634,156	203,112,523	2,351,780	200,760,743	2.08	1,905
2016	106,591	10,492,086	195,911,354	2,749,645	193,161,709	1.84	1,812
2017	108,353	11,327,176	216,797,444	3,880,982	212,916,462	1.88	1,965
2018	112,201	12,451,154	211,532,890	4,853,517	206,679,373	1.66	1,842
2019	116,120	13,599,420	236,945,452	5,019,375	231,926,077	1.71	1,997
2020	118,024	14,647,779	255,778,105	5,080,091	250,698,014	1.71	2,124
2021	122,827	15,357,959	298,467,896	5,519,166	292,948,730	1.91	2,385
2022	124,614	17,670,723	336,822,235	4,658,982	332,163,253	1.88	2,666

* Source: Planning Department, City of Round Rock

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

CITY OF ROUND ROCK, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
YEAR ENDED SEPTEMBER 30, 2022

Name of Governmental Unit	Total General Debt Outstanding*	Estimated Percentage Applicable**	Estimated Share of Overlapping Debt
Debt repaid with property taxes-			
Williamson County	\$ 1,109,300,000	18.97 %	\$ 21,043,421,000
Round Rock Independent School District	794,720,000	36.55	290,470,160
Round Rock MUD #1	3,935,000	100.00	3,935,000
Travis County	978,465,000	0.25	2,446,163
Austin Community College	414,210,000	5.98	24,769,758
Georgetown ISD	551,680,000	0.64	3,530,752
Pflugerville ISD	508,435,000	0.28	1,423,618
Travis County Healthcare District	78,140,000	0.25	195,350
Subtotal, overlapping debt			21,370,191,801
City direct debt			414,768,592
Total direct and overlapping debt			\$ 21,784,960,393

* Gross Debt as of September 30, 2022

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

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

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



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

	2013	2014	2015	2016
Debt limit	\$ 1,486,218,341	\$ 1,557,670,054	\$ 1,640,628,922	\$ 1,786,728,268
Total net debt applicable to limit	<u>101,824,573</u>	<u>161,006,938</u>	<u>178,893,220</u>	<u>170,530,355</u>
Legal debt margin	<u>\$ 1,384,393,768</u>	<u>\$ 1,396,663,116</u>	<u>\$ 1,461,735,702</u>	<u>\$ 1,616,197,913</u>
Total net debt applicable to the limit as a percentage of debt limit	6.85%	10.34%	10.90%	9.54%

Legal Debt Margin Calculation for Fiscal Year 2022

Total assessed value	<u>\$ 17,670,723,796</u>
Debt limit - maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 3,009,199,691
Amount of debt applicable to debt limit: Total General Obligation Debt	\$ 319,914,519
Less: Amount available in Debt Service Fund	<u>(4,658,982)</u>
Total net debt applicable to debt limit	<u>315,255,537</u>
Legal debt margin	<u>\$ 2,693,944,154</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, 2021, assessed valuation of \$17,670,723,796 at 100% collection, tax revenue of \$265,060,857 would be produced. This revenue could service the debt on \$3,009,199,691 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 2023	\$ 31,427,568
Tax Year 2022 Interest and Sinking Fund Tax Levy @ 99% Collection	\$ 25,924,510
Interest and Sinking Fund Balance as of September 30, 2022	4,658,982
Self-Supporting Debt	<u>1,874,550</u>
	32,458,042
Estimated Balance, September 30, 2023	<u>\$ 1,030,474</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,928,938,196	\$ 2,120,343,710	\$ 2,315,885,331	\$ 2,494,413,566	\$ 2,615,352,206	\$ 3,009,199,691
<u>193,049,018</u>	<u>183,486,483</u>	<u>205,255,625</u>	<u>224,164,909</u>	<u>266,285,834</u>	<u>315,255,537</u>
<u>\$ 1,735,889,178</u>	<u>\$ 1,936,857,227</u>	<u>\$ 2,110,629,706</u>	<u>\$ 2,270,248,657</u>	<u>\$ 2,349,066,372</u>	<u>\$ 2,693,944,154</u>
10.01%	8.65%	8.86%	8.99%	10.18%	10.48%

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

	2013	2014	2015	2016
Gross Revenue (1)				
Charges for services	\$ 43,094,185	\$ 40,762,523	\$ 41,880,906	\$ 44,406,721
Licenses, permits and fees	1,941,121	2,943,355	4,017,184	4,247,067
Investment and other income	1,385,965	1,397,259	863,900	1,211,532
Total	46,421,271	45,103,137	46,761,990	49,865,320
Direct Operating Expense (2)				
Personnel services	8,634,094	8,939,263	9,228,272	9,742,128
Contracted services	14,335,824	14,200,624	14,500,269	15,222,355
Materials and supplies	1,890,480	2,163,731	1,837,026	2,091,331
Heat, light and power	1,951,428	1,829,036	1,783,408	1,662,779
Total	26,811,826	27,132,654	27,348,975	28,718,593
Net available for Debt Service	<u>\$ 19,609,445</u>	<u>\$ 17,970,483</u>	<u>\$ 19,413,015</u>	<u>\$ 21,146,727</u>
Debt Service Requirements (P&I)	\$ 6,101,113	\$ 6,347,632	\$ 6,894,788	\$ 5,994,842
Revenue Bond Coverage	3.21	2.83	2.82	3.53
Metered Water Customers	31,431	32,012	32,447	32,930
Metered Wastewater Customers	30,766	31,133	31,531	31,984
Average Annual Principal and Interest Requirements, FY 2023-2041				\$ 5,036,039
Coverage of Average Requirements by FY 2022 Net Revenue				5.59
Estimated Maximum Principal and Interest Requirements, FY 2023				\$ 5,956,631
Estimated Coverage of Maximum Requirements by FY 2022 Net Revenue				4.73
Parity Debt Outstanding at FY 2022				\$ 63,390,000

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

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

2017	2018	2019	2020	2021	2022
\$ 47,769,478	\$ 50,715,034	\$ 51,973,150	\$ 55,695,939	\$ 55,106,110	\$ 60,923,212
4,211,137	4,226,721	4,828,792	4,693,720	5,472,368	6,302,178
2,284,171	3,122,041	4,772,982	4,010,185	2,363,247	90,182
54,264,786	58,063,796	61,574,924	64,399,844	62,941,725	67,315,572
11,871,681	10,940,702	12,809,236	12,751,829	12,896,946	13,633,693
14,854,212	16,695,290	14,844,774	13,759,401	16,476,180	18,392,887
2,504,640	2,392,415	3,385,739	2,747,862	3,051,250	4,234,393
1,618,297	1,578,540	2,188,155	2,452,847	2,404,405	2,891,204
30,848,830	31,606,947	33,227,904	31,711,939	34,828,781	39,152,177
\$ 23,415,956	\$ 26,456,849	\$ 28,347,020	\$ 32,687,905	\$ 28,112,944	\$ 28,163,395
\$ 6,352,459	\$ 5,444,927	\$ 6,102,631	\$ 6,082,481	\$ 6,073,581	\$ 6,062,631
3.67	4.86	4.65	5.37	4.63	4.65
33,602	34,581	35,397	35,998	36,593	37,324
32,614	33,277	34,085	35,299	35,879	36,581



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

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(3) Median Age	(4) School Enrollment	(3) Unemployment Rate
2013	102,349	\$ 3,221,434,775	\$ 31,475	32.0	45,361	5.0 %
2014	103,107	3,282,514,452	31,836	31.7	45,924	4.2
2015	105,405	4,104,259,890	38,938	33.5	47,093	3.2
2016	106,591	4,636,495,318	43,498	33.9	47,580	3.3
2017	108,353	4,841,103,687	44,679	34.4	48,121	3.0
2018	112,201	5,395,858,291	48,091	34.2	48,888	2.9
2019	116,120	5,896,109,120	50,776	33.7	50,345	2.6
2020	118,024	6,272,385,480	53,145	33.7	50,966	5.4
2021	122,827	6,963,431,111	56,693	33.7	48,366	3.3
2022	124,614	7,842,083,634	62,931	33.7	47,184	2.6

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

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

Name of Employer	2022			2013		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Dell Technologies	12,000	1	16.06 %	13,000	1	23.97 %
Round Rock Independent School District	6,604	2	8.84	5,750	2	10.60
St. David's Round Rock Medical Center	1,200	3	1.61	689	9	1.27
City of Round Rock, Texas	1,130	4	1.51	824	4	1.52
Baylor Scott & White Healthcare	911	5	1.22	750	5	1.38
Ascension Seton Medical Center Williamson	750	6	1.00	450	10	0.83
Kalahari Resorts & Conventions	700	7	0.94	-		-
Amazon Round Rock Delivery Station	650	8	0.87	-		-
Emerson Automation Solutions	600	9	0.80	750	5	1.38
Airco Mechanical	550	10	0.74	-		-
Sears TeleServe	-		-	1,500	3	2.77
Field Asset Services	-		-	700	7	1.29
Texas Guaranteed Student Loan	-		-	700	7	1.29
	<u>25,095</u>		<u>33.59 %</u>	<u>25,113</u>		<u>46.30 %</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General government	149	157	159	163	179	194	202	205	206	216
Public safety-										
Police-										
Officers	153	159	167	168	174	176	176	180	180	186
Civilians	68	64	67	72	74	75	78	78	78	82
Fire-										
Firefighters & officers	124	129	129	132	134	149	152	153	155	159
Civilians	6	8	8	8	8	9	10	10	8	22
Public works-										
Street & Stormwater	70	70	69	76	73	77	81	82	82	90
Shop	15	16	18	19	18	18	19	19	19	19
Culture & Recreation-										
Library	30	31	31	31	31	31	32	33	34	40
Parks & Recreation	91	91	91	106	102	105	107	108	108	110
Water & Wastewater Utility	<u>126</u>	<u>128</u>	<u>129</u>	<u>128</u>	<u>128</u>	<u>131</u>	<u>151</u>	<u>151</u>	<u>151</u>	<u>151</u>
Total	<u>832</u>	<u>853</u>	<u>868</u>	<u>903</u>	<u>921</u>	<u>965</u>	<u>1,008</u>	<u>1,019</u>	<u>1,021</u>	<u>1,075</u>

Source: City of Round Rock Finance Department

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

	2013	2014	2015	2016
Function:				
Police-				
Arrests	6,182	5,773	4,600	4,476
Accident reports	4,845	6,383	2,249	2,370
Index crimes reported**	2,632	2,338	2,329	2,383
Crimes per thousand residents**	25.10	21.70	22.00	22.50
Officers per thousand of population	1.46	1.42	1.53	1.43
Fire-				
Incident volume***	8,749	9,027	9,928	9,346
Priority calls answered***	3,728	3,713	2,780	3,735
Non-emergency calls answered***	5,021	5,314	7,148	5,611
Priority calls-response less than 6 minutes	60%	63%	56%	61%
Public Works-				
Street-				
Street resurfacing (lane miles)	80	80	40	60
Potholes repaired annually	4,000	4,000	1,500	400
Signals maintained	79	83	84	83
Shop-				
Work orders	4,447	4,178	4,399	4,761
Number of departments served	12	12	12	12
Culture and Recreation-				
Library-				
Number of items circulated	940,135	975,291	972,094	1,080,312
Number of card holders	81,620	74,192	99,822	77,818
Number of library visits	323,384	309,167	388,625	391,256
Parks & Recreation-				
Total park acres maintained	2,035	2,045	2,045	2,045
Number of athletic fields maintained	49	49	49	49
Number of trees planted	163	165	110	195
Number of recreation enrollees*	487,455	490,704	-	-
Number of recreation participants	-	-	832,184	988,337
Water-				
New connections	442	360	402	480
Line maintenance work orders	5,500	6,734	3,317	3,512
Average monthly consumption	549,154,150	491,936,100	505,251,158	536,082,308
Wastewater-				
Average monthly treatment	409,000,000	394,000,000	385,611,068	416,357,161
Line feet reviewed for infiltration & inflow	377,783	459,128	187,464	189,418

Source: City of Round Rock Finance Department

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

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

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

2017	2018	2019	2020	2021	2022
4,600	4,152	4,272	3,592	3,049	4,243
2,370	2,762	2,698	2,636	2,236	3,109
2,383	2,870	2,648	2,400	6,960	8,522
22.50	26.50	23.40	21.00	56.10	67.80
1.48	1.56	1.53	1.53	1.49	1.48
10,777	11,328	11,813	12,189	13,193	14,876
2,548	5,083	4,078	3,248	2,590	6,288
8,229	6,245	7,735	6,905	4,770	8,588
58%	53%	79%	73%	72%	67%
60	60	121	183	190	140
300	300	280	250	220	260
89	90	93	100	100	100
4,620	4,733	4,936	4,980	2,972	4,492
12	12	12	12	12	12
1,188,757	1,229,141	1,315,186	986,686	1,105,973	1,171,561
79,415	81,181	83,507	80,656	65,159	65,788
389,930	388,732	416,391	219,736	156,742	275,851
2,270	2,270	2,285	2,285	2,295	2,301
49	49	49	51	51	51
408	43	74	98	73	21
-	-	-	-	-	-
1,080,853	1,140,094	892,870	332,895	513,322	518,194
665	911	789	534	486	710
3,346	3,013	1,778	2,366	2,383	2,513
571,062,558	612,026,451	543,547,232	620,080,709	622,781,309	773,701,493
425,631,471	426,330,521	410,300,487	440,156,307	498,103,453	695,438,048
206,675	169,579	133,098	109,080	102,296	194,727

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

Function:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police-				
Number of stations	1	1	1	1
Number of units	201	229	240	259
Fire-				
Number of stations	7	7	7	7
Number of fire trucks	16	14	16	15
Public Works-				
Street-				
Lane miles	1,250	1,250	1,250	1,200
Drainage miles	150	150	150	150
Number of street lights*	6,000	6,800	5,400	5,433
Number of traffic signals	79	83	84	83
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	13
Culture and Recreation-				
Library-				
Number of library books	150,211	154,278	156,277	257,667
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	2,035	2,035	2,035	2,035
Number of athletic fields	49	49	49	49
Number of parks	62	62	62	62
Number of tennis courts	23	25	25	25
Number of pools	4	4	4	4
Water-				
Number of miles of water lines**	587	601	608	615
Pumping stations	10	10	10	10
Tanks	20	19	19	19
Treatment capacity (millions of gallons/day)	52	52	52	52
Wastewater-				
Number of miles of wastewater mains	424	432	424	427
Wastewater lift stations	12	12	12	12

Source: City of Round Rock Finance Department

* Count per third-party inventory of street lights performed at the end of FY 2021

** Includes MUDS and private owned lines

2017	2018	2019	2020	2021	2022
1 256	1 261	1 241	1 252	1 258	1 270
9 16	9 16	9 17	9 17	9 17	9 20
1,200 151 5,604 89	1,300 200 5,674 90	1,350 200 5,733 93	1,450 333 5,771 100	1,500 352 5,749 100	1,500 368 5,787 100
1 18	1 18	1 18	2 21	2 21	2 21
213,381 1	225,903 1	230,094 1	227,880 1	228,866 1	230,577 1
2,270 59 61 22 4	2,270 59 61 21 4	2,285 61 61 21 4	2,285 61 61 21 4	2,295 61 61 21 4	2,301 61 61 21 4
614 10 19 52	651 10 19 52	636 11 19 52	667 11 19 61	698 11 20 61	722 11 20 61
428 12	461 12	445 11	467 11	477 11	495 11

**CITY OF ROUND ROCK, TEXAS
TOP TEN WATER CUSTOMERS
SEPTEMBER 30, 2022**

Name of Customer	Type of Business	Water Consumption in Gallons	% of Total Water Consumption in Gallons
City of Georgetown, Texas	Municipality	1,020,265,100	10.989 %
Fern Bluff Municipal Utility District	Municipal Utility District	343,146,800	3.696
Paloma Lake Municipal Utility District #1 & #2	Municipal Utility District	269,897,500	2.907
Williamson County Municipal Utility District #11	Municipal Utility District	201,858,700	2.174
Williamson County Municipal Utility District #10	Municipal Utility District	192,614,000	2.075
Chandler Creek Municipal Utility District	Municipal Utility District	161,099,000	1.735
Jonah Water Special Utility District	Special Utility District	139,945,500	1.507
Kalahari Resorts & Conventions	Hotel	139,775,400	1.505
Vista Oaks Municipal Utility District	Municipal Utility District	121,469,500	1.308
Round Rock Independent School District	Public Schools	97,977,300	1.055
		<u>2,688,048,800</u>	<u>28.951 %</u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS
WATER AND WASTEWATER RETAIL RATES
SEPTEMBER 30, 2022**

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

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

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

Volume Rate	Monthly Service Charge	
	Meter Size Base	Monthly
	Serving Customer	Wastewater
		Service Charge
\$3.09 per 1,000 gallons of water used by all customers*	5/8 inch	\$ 13.27
	3/4 inch	17.31
	1 inch	24.82
	1 1/2 inch	45.26
	2 inch	69.79
	3 inch	127.01
	4 inch	208.75
	6 inch	615.27
	8 inch	1,073.67
	10 inch	1,684.85
	12 inch	2,066.84

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

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



CITY OF ROUND ROCK, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-Through Grantor Program Title	ALN*	Grant or Identifying Number	Pass-Through to Non-State Entities	Direct Expenditures	Total Expenditures
Institute of Museum and Library Services					
<i>Pass-Through from Texas State Library and Archives Commission</i>					
Grants to States	45.310	LS-249990-OLS-21	\$ -	\$ 11,694	\$ 11,694
Grants to States (Covid-19)	45.310	LS-250239-OLS-21	-	32,216	32,216
<i>Total Grants to States</i>			-	43,910	43,910
Total Institute of Museum and Library Services			-	43,910	43,910
U.S. Department of Homeland Security					
<i>Pass-Through from Texas A&M Engineering Extension Service</i>					
<i>National Urban Search & Rescue Response System</i>					
Kentucky Tornadoes	97.025	2021-0199	-	13,791	13,791
Tropical Cyclone Ida	97.025	2021-0096 TC-IDA	-	19,561	19,561
<i>Total National Urban Search & Rescue Response System</i>			-	33,352	33,352
Total U.S. Department of Homeland Security			-	33,352	33,352
U.S. Department of Housing & Urban Development					
<i>Community Development Block Grants/Entitlement Grants Cluster</i>					
Community Development Block Grants/Entitlement Grants	14.218	B19MC480514	81,255	20,900	102,155
Community Development Block Grants/Entitlement Grants	14.218	B20MC480514	-	93,585	93,585
Community Development Block Grants/Entitlement Grants	14.218	B21MC480514	103,948	234,745	338,693
Community Development Block Grants/Entitlement Grants (Covid-19)	14.218	B20MW480514	48,740	38,788	87,528
<i>Total Community Development Block Grants/Entitlement Grants Cluster</i>			233,943	388,018	621,961
Total U.S. Department of Housing & Urban Development			233,943	388,018	621,961
U.S. Department of the Treasury					
Coronavirus State and Local Fiscal Recovery Funds (Covid-19)	21.027	SLT-4414	-	998,587	998,587
Total U.S. Department of the Treasury			-	998,587	998,587
U.S. Department of Transportation					
<i>Federal Transit Cluster</i>					
Federal Transit Formula Grants	20.507	TX-2019-053-00	-	172,447	172,447
Federal Transit Formula Grants	20.507	TX-2020-026-00	-	69,211	69,211
Federal Transit Formula Grants (Covid-19)	20.507	TX-2021-031-00	-	14,499	14,499
Federal Transit Formula Grants (Covid-19)	20.507	TX-2021-082-00	-	1,884,250	1,884,250
<i>Total Federal Transit Cluster</i>			-	2,140,407	2,140,407
<i>Highway Planning and Construction Cluster</i>					
<i>Pass-Through from Texas Department of Transportation</i>					
University Boulevard East (AW Grimes to SH130)	20.205	0914-05-193	-	3,885,675	3,885,675
Kenney Fort Boulevard (Segments 2 & 3)	20.205	0914-05-195	-	7,601,944	7,601,944
<i>Total Highway Planning and Construction Cluster</i>			-	11,487,619	11,487,619
Total U.S. Department of Transportation			-	13,628,026	13,628,026
Total Expenditures of Federal Awards			\$ 233,943	\$ 15,091,893	\$ 15,325,836

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

CITY OF ROUND ROCK, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2022

1. BASIS OF PRESENTATION

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

2. BASIS OF ACCOUNTING

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

3. INDIRECT COST RATE

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

4. EXPENDITURES INCURRED IN A PRIOR YEAR

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

Even though the expenditures were incurred in a prior year, the final invoices were not approved for payment until FY 2022. Accordingly, these expenditures are being reported on the City of Round Rock's SEFA in the year they were approved for payment, in compliance with the OMB Compliance Supplement.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the “City”), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 6, 2023.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

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

Austin, Texas
February 6, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited City of Round Rock, Texas' (the "City") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

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

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

Austin, Texas
February 6, 2023

CITY OF ROUND ROCK, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
U.S. Department of Transportation <i>Highway Planning and Construction Cluster</i>	20.205
U.S. Department of the Treasury <i>Coronavirus State and Local Fiscal Recovery Funds (COVID-19)</i>	21.027
Dollar Threshold Used to Distinguish Between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

None noted.

III. Federal Award Findings and Questioned Costs

None noted.

CITY OF ROUND ROCK, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2022

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

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected, or no longer valid or not warranting further action.

The Summary Schedule of Prior Audit Findings for the year ended September 30, 2022 has been prepared to address these requirements.

I. Prior Audit Findings

None noted.

CITY OF ROUND ROCK, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended September 30, 2022

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

The Corrective Action Plan for the year ended September 30, 2022 has been prepared to address these requirements.

I. Corrective Action Plan

Not applicable.