



**EXHIBIT**  
**"A"**

**City of Round Rock, Texas**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended September 30, 2020**

**ELECTED OFFICIALS**

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

**MANAGEMENT STAFF**

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

**OFFICIAL ISSUING REPORT**

*Susan L. Morgan, CPA*  
*Chief Financial Officer*



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**Mayor**  
Craig Morgan

**Mayor Pro-Tem**  
Rene Flores

**Councilmembers**  
Michelle Ly  
Matthew Baker  
Frank Ortega  
Writ Baese  
Hilda Montgomery

**City Manager**  
Laurie Hadley

**City Attorney**  
Stephan L. Sheets

February 8, 2021

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

The Comprehensive Annual Financial Report of the City of Round Rock, Texas for the fiscal year ended September 30, 2020, is submitted herewith. This report has been prepared by the City's Finance Department and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material aspects and is presented in a manner designed to clearly state the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

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

Whitley Penn, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Round Rock's financial statements for the year ended September 30, 2020. The independent auditors' report is located at the front of the financial section of this report.

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

### **City of Round Rock Profile**

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

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

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

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

Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of balances are not released until additional appropriations are made available.

### **Significant Local Economic Events**

#### **Strategic Goals**

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



**Financially Sound City  
Providing High Value Services**



**City Infrastructure:  
Today and or Tomorrow**



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



**Great Community  
to Live**



**Authentic Downtown - Exciting  
Community Destination**



**Sustainable Neighborhoods -  
Old and New**

The COVID-19 pandemic changed the budget process for fiscal year 2021. Rather than developing exciting new programs to expand services to our community, the City was in a challenging position with anticipated declines in revenues coupled with new and unique challenges facing our community. But because of a history of fiscal responsibility and financial policies the City had already put into place, the City was able to adopt the fiscal year 2021 budget from a position of financial strength. Specifics of the types of budgetary reductions included no new programs and reduced city-wide spending of \$25 million. The General Fund budget was reduced by \$5.0 million in such a way as to minimize the impact to service levels our citizens have come to expect. There were 23.75 positions strategically identified to be held vacant for all or part of the year for budgetary savings and no positions or major programs were eliminated.

### **Economy**

COVID-19 has had an unprecedented impact on local economies across the nation. Despite the ongoing pandemic, Round Rock's economy has remained strong. 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 2011 to the projected population for 2021, the City of Round Rock has experienced population growth of 19.3% over the past 10 years. Our long-range population estimates predict this increase continuing at a growth rate of around 2% per year for the foreseeable future. The strong economy, low unemployment rate, and low rate of overall taxation continues to draw new residents and businesses into Central Texas. While the State of Texas economy has been impacted by downturn in the oil and gas industry, Round Rock and Central Texas have almost no exposure to that sector and have not been affected.

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

Round Rock's businesses have faced challenges due to COVID-19. The hotel and restaurant industries have endured the most hardships during the pandemic, but revenues have fared better than expected. The City had 3,294 hotel rooms at the end of fiscal year 2020 with another 551 in various stages. The City gained an additional 975 rooms with the opening of Kalahari on November 12, 2020. COVID-19 has impacted the City's hotel occupancy rates, which are slowly recovering. Hotel occupancy tax collections support local tourism events and debt service for the Dell Diamond/Convention Center, the home of the "Round Rock Express" Triple A Baseball team and the Round Rock Sports Center, the City's 82,800-square-foot indoor sports venue which opened in January 2014. The third year of operations of the Round Rock Multipurpose Complex – a \$27 million tournament class outdoor sports complex which opened in May 2018 – has contributed to the economic impact of annual visitors who attend regional and national tournaments. The Sports Center and Multipurpose Complex have been opened and hosting mostly local events through the pandemic by creating safe operating protocols. Tourism is an important component of the City's overall economic development strategy and the City is eagerly waiting to get back to welcoming a wide range of tourists for local events year-round.

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

- Ranked number 3 by Milkeninstitute.org as one of the "Best Performing Cities"
- Ranked number 2 by Money.com as one of the "Best Places to Live in America"
- Ranked number 8 by Niche.com as one of the "Best Cities in America to Buy a House"
- Ranked number 1 by SmartAsset.com as one of the "Best Minor League Baseball Towns of 2019"
- Ranked number 5 by Homecity.com as one of the "Best Places to Live in Texas"
- Recognized by Sports Events Media Group as the "Top Choice for Sports Events Planners"

### **Economic Development**

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

Round Rock's economy has become stronger and more diverse because of a variety of business relocations bringing capital investment, job opportunities, and new residents to the City. Emerson Process Management opened its \$70 million, 282,000-square foot international headquarters and technology center in January 2014 for its automation systems and project services businesses which help customers operate facilities in fields like oil and gas. TECO-Westinghouse is the largest manufacturer of electric motors in North America. Houghton

Mifflin Harcourt (HMH) relocated its Texas regional office to Round Rock in July 2016. Their relocation brought over 270 jobs to the City and they now anchor a 100,000-square-foot Class A office building in La Frontera. ProPortion Foods LLC, a Los Angeles-based food service company relocated its office, food processing, storage, and warehouse facility to the City in 2016, bringing in at least 400 full-time jobs. Airco Mechanical, a commercial and residential heating, ventilation, and air conditioning service provider, has relocated its Central Texas headquarters to a previously vacant 47,000-square-foot building, bringing in another 400 full-time jobs.

Round Rock will be welcoming two new manufacturing facilities in August 2021. Triple Temp Cold Storage LLC will operate a new 125,000-square-foot cold storage and manufacturing facility in southwest Round Rock on a 10-acre site near Bratton Lane. The facility is expected to generate 60 new jobs with salaries averaging \$60,000 a year and will also serve as an incubator for entrepreneurs to create new food products and take them to market. The cold storage and incubator will be the first to market in the Austin-Round Rock area. East/West Manufacturing will be relocating and expanding to a new 43,000-square-foot facility in North Round Rock on Steam Way. They will produce high-quality Printed Circuit Board (PCB) assemblies, custom cables, and electrical/mechanical assemblies for multiple industries globally. East/West will relocate 30 jobs and create 30 new jobs over five years with the average salary being \$50,000 a year. The company will also invest \$5 million in the new facility with an additional \$650,000 in business personal property.

Dell is the largest employer in Round Rock with an estimated 13,000 employees in 2020. 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 sales tax receipts projected to continue to grow into fiscal year 2021. 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 November 2018 with a new regional distribution center that provides additional operating capacity for the Austin area. The \$70 million, 225,000-square-foot facility is located on fifty acres of land near SH 45 and A.W. Grimes Boulevard and employs more than 550 people with an annual salary of at least \$50,000.

Amazon is the newest Fortune 500 company to expand in Round Rock with a new delivery station on a 32-acre site at the Chisholm Trail Center near IH 35 and Old Settlers Boulevard. The industrial park has three buildings. The larger building is 180,550-square-feet and is used as the campus distribution center, while the two smaller buildings total 260,970-square-feet and are used as parking for employees and delivery vehicles. The delivery station created hundreds of local jobs.

Kalahari Resorts selected Round Rock as the location of its fourth family resort and convention center and opened November 12, 2020. 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, a state-of-the-art 200,000-square-foot convention center, and a 223,000-square-foot indoor/outdoor water park. This opens new opportunities for Round Rock and will provide substantial property tax revenues and diversify the local economy and available employment opportunities. Its 352-acre site and proximity to Old Settlers Park and the Dell Diamond – two well-established venues that draw more than a million visitors annually – bodes well for a successful, tourism-oriented development.

Over the next five years new economic development projects will reshape Round Rock's economy by diversifying the economy and bringing in new residents and visitors. The City entered into an agreement with Mark IV Capital for The District in February 2019. The planned \$200 million project will be a live, work, and play community located near the intersection of IH 35 and SH 45. Initial plans for the development include 1 million square feet of office space, approximately 900 multifamily residential units, a hotel, a high-end grocery store, and retail/restaurant space. This mixed-use development will be a great opportunity for continued growth and diversification of the City's economy.

A new Embassy Suites Hotel and Conference Center is being built for \$20 million on about 6 acres of land near the Bass Pro Shops and Round Rock Premium Outlets. The project will bring a 160-room hotel with at least 14,000-square-feet of convention and meeting space and will generate at least 60 jobs. The hotel and conference center are anticipated to open in 2021.

The local major destination retail hubs broaden Round Rock's economy. The Round Rock Premium Outlets' 430,000-square-foot outlet mall and the nearby Round Rock IKEA serve as a destination for shoppers from Central Texas and beyond. Round Rock Premium Outlets, IKEA, and similar destination-based retail stores like Bass Pro Shops which opened in 2015 were intentionally targeted by the City's economic development program to locate in Round Rock. These stores generate sales tax revenues for the City, bring in shoppers to the area which benefits neighboring retail and restaurants, and place a relatively low demand on City services such as police, fire, and parks and recreation. While traditional brick and mortar retail continues to see declines, destination shopping, both in Round Rock and across the nation, continues to bring in shoppers.

Round Rock continues to see growth in the medical industry. The City is home to several hospitals offering comprehensive world-class healthcare services. Post-Acute Medical Rehabilitation Hospital opened in December 2018. This 48,000-square-foot, 40-bed facility is the City's sixth hospital and is designed to treat patients who have suffered traumatic brain injuries and strokes.

Baylor Scott & White recently opened a new 39,000-square-foot cancer center. The facility provides services for radiation oncology, medical oncology, surgical oncology, and hematology. This is the first cancer center in all of Williamson County and further expands the diversity and quality of healthcare services offered in the City's medical corridor. Baylor Scott & White's presence in Round Rock includes a dialysis center, a clinic, a rehabilitation institute, and a 101-bed medical center. The Baylor Scott & White Healthcare system in Round Rock is the 6<sup>th</sup> largest employer in Round Rock with 750 employees in 2020.

Round Rock also has several higher education facilities, many of which focus on healthcare disciplines. These institutions of higher learning include Texas State University, Austin Community College, and the Texas A&M Health Science Center. Texas State University opened its newest building – Willow Hall – in 2018. This new \$67.5 million, 107,000-square-foot facility is home to the university's departments of communication disorders, physical therapy, and respiratory care which all moved from the university's San Marcos campus as the university continues to consolidate the College of Health Professionals in Round Rock.

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

Texas A&M University College of Medicine recently announced they will be expanding their educational opportunities at the Round Rock campus. Texas A&M will allow students to choose the Round Rock campus for clinical training starting with the class of 2024.

### **Relevant Financial Policies**

#### **Accounting System and Controls**

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

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: **(1)** the safeguarding of assets against loss from unauthorized use or disposition and **(2)**

the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: **(1)** the cost of a control should not exceed the benefits likely to be derived and **(2)** the evaluation of costs and benefits requires estimates and judgments by management.

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

### **Long-Term Financial Planning**

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

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

The City's economy is expected to generate approximately \$70.4 million in sales tax revenue for fiscal year 2021, net of sales tax rebates paid to Dell and Bass Pro Shops in accordance with economic development agreements in effect. This amount includes the 1/2% or \$18.9 million in additional sales and use tax for roads and economic development. The remaining 1 1/2% is projected to generate \$51.5 million for general operations, property tax reduction and capital projects.

Dell continues to be a key driver for both the Round Rock and Central Texas region. To ensure good overall financial stability for the City, a concentration risk account has been established to mitigate the City's annual net exposure to declining sales tax from any single sales taxpayer that represents more than 5% of the City's net General Fund revenues. In fiscal year 2019, the City Council adopted new financial policies to create balanced and reliable ongoing revenues by limiting Dell sales tax revenues in the General Fund to not exceed 20% of budgeted sales tax revenues. Any revenues received above this limit will be deposited to a capital projects fund.

The City sets utility rates based on the cost of service, establishing an equitable rate structure for total cost recovery. The utility rate model was last updated during 2017. The model will be updated in 2021. There were no water rate increases for fiscal year 2021 because the Utility Fund has saved money by reducing its power costs, improving operations, and lowering interest payments by refinancing its debt. The City's wastewater rates are not increasing since the model shows that the future needs of the wastewater program are adequately funded within current revenues, impact fees, and other development contributions. A new cost of service study will be performed in fiscal year 2021 taking into consideration new capital master plans and demand data.

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

system is currently undergoing improvements to increase capacity to collect and treat up to 30 MGD of wastewater. The City's portion will be approximately 20.1 MGD and will serve Round Rock through 2035. The City assumed operational control of the BCRWWS effective October 1, 2018. This has increased efficiencies with no net cost increase.

In December 2017, the City's Utility System and BCRUA both received an upgraded rating to AAA, the highest rating of creditworthiness, from Standard and Poor's (S&P). This raised rating reflects the stability of the City's utility system. S&P also noted that the system had good financial management policies and practices. In October 2018, the City's General Obligation (GO) bonds also received an upgraded rating to AAA. Round Rock is one of only eight 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. Crafted over two years, 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 Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Round Rock, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2019. This was the **thirty-fourth consecutive year** that the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City of Round Rock also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2019. 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, 2019. This award recognizes the City's ability to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal.

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

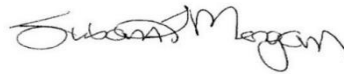
The City of Round Rock has earned all five Transparency Stars from the Texas Comptroller's Office recognizing the City's efforts to make information on the City's traditional finances, debt obligations, public pensions, economic development, and contracts and procurement transparent and readily available. During fiscal year 2020, the City applied for the last remaining star: Contracts and Procurement and was awarded the final star in December 2020. 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. Acknowledgement is also given to Whitley Penn, L.L.P. for their valuable assistance in production of the report. We would also like to thank the Mayor and Council members for their commitment in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Laurie Hadley  
City Manager



Susan L. Morgan, CPA  
Chief Financial Officer



# CITY OF ROUND ROCK, TEXAS

## CITY ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Round Rock  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, and the respective changes in financial position, the respective budgetary comparison statements for the General Fund and the Round Rock Transportation and Economic Development Corporation Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, 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 8, 2021



**CITY OF ROUND ROCK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**

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, 2020. 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, 2020, by \$979,967,476 (*net position*). Of this amount, \$737,729,572 (75.3%) is invested in capital assets. Net position restricted for specific purposes total \$39,787,385 (4.1%). The remaining amount, \$202,450,519 (20.6%) (*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 \$51,353,155. The increase can be attributed to \$31.6 million of operating and capital grants and contributions and \$3.1 million more in charges for services from both governmental and business-type activities, as well as increases in property and sales taxes.
- As of the close of the current fiscal year, the City of Round Rock's governmental funds reported combined ending fund balances of \$159,516,204, a decrease of \$8,684,630 in comparison to the prior year. The decrease is due in part to fewer bonds being issued in fiscal year 2020 offset by a \$9.9 million decrease in current year expenditures compared to last year. The decrease in expenditures is mostly related to capital projects. *Unassigned fund balance* of \$59,547,303, or 37.3% 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 \$59,547,303, or 54.2% 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 \$27,462,923. The General Fund's total fund balance was \$59,813,896, which is 29.4% more than the fund balance policy requirement.
- The City of Round Rock's total debt increased by \$15,895,000 during the current fiscal year. The change can be attributed to the issuance of general obligation refunding bonds and certificates of obligation bonds, along with the offset of regularly scheduled debt principal retirements as more fully described in Note IV (F) to the financial statements.

**Overview of the Financial Statements**

This discussion and analysis 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, 2020**

**Government-wide Financial Statements (Continued)**

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

Both of the government-wide financial statements distinguish functions of the City of Round Rock that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works and culture and recreation. The business-type activities of the City of Round Rock include water, sewer and 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 11 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, the Round Rock Transportation and Economic Development Corporation (RRTEDC) Fund, the Debt-Financed Capital Projects Fund, and the Self-Financed Construction Fund, all of which are considered to be major funds. Data from the other six (6) 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.

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Fund Financial Statements (Continued)**

***Proprietary funds***

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

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-funded health insurance program and funding of its other post-employment benefits (OPEB) liability as of September 30, 2020. The net income of the Internal Service Fund is allocated between governmental and business-type activities.

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

**Notes to the Financial Statements**

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

**Other Information**

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

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

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found beginning on page 104 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 \$979,967,476 as of September 30, 2020.

**CITY OF ROUND ROCK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**

**Government-wide Financial Analysis (Continued)**

The largest portion of the City's net position, \$737,729,572 (75.3%) reflects its investments in capital assets (e.g., land, buildings and improvements, improvements other than buildings, machinery and equipment and construction in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position \$39,787,385 (4.1%) represents resources that are subject to external restriction on how they may be utilized. Restricted net position decreased \$28.9 million, or 42.1%, compared to the prior year. The \$20.9 million decrease in restricted net position for governmental activities is a direct result of the City's contribution towards the Kalahari Convention Center and onsite and offsite improvements that had not been reimbursed to the City as of fiscal year end. The City's contributions will be reimbursed from future debt proceeds. The \$8.0 million decrease in restricted net position for business-type activities is a result of \$1.5 million in drainage revenue bonds being liquidated on eligible projects and \$6.5 million in utility impact fees used to reimburse impact fee eligible capital project costs. The remaining balance is unrestricted net position of \$202,450,519 which may be used to meet the City's ongoing obligations to citizens and creditors.

As of September 30, 2020, and 2019, 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.

**Net Position (in 000's)**

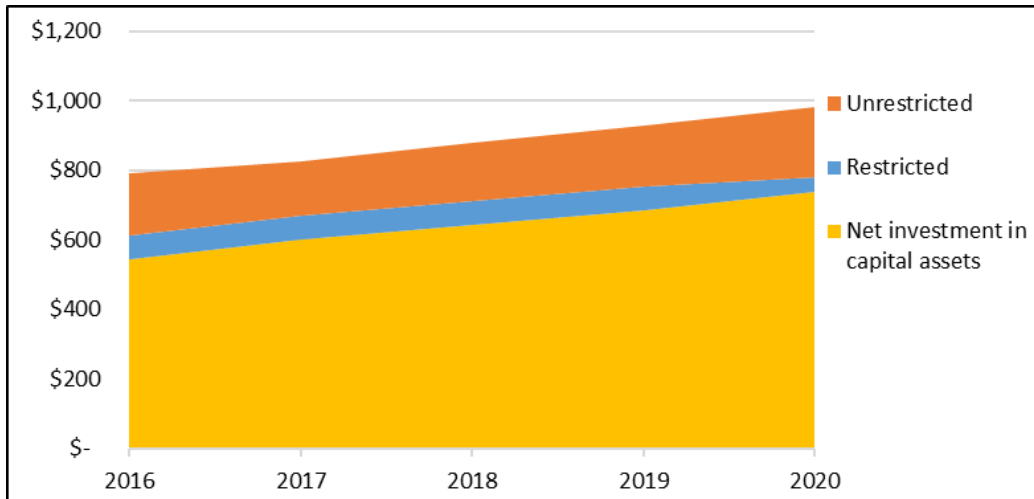
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 194,482	\$ 203,560	\$ 218,756	\$ 189,903	\$ 413,238	\$ 393,463
Capital assets	685,504	634,368	365,583	356,517	1,051,087	990,885
Total assets	879,986	837,928	584,339	546,420	1,464,325	1,384,348
Deferred outflows of resources	16,692	23,893	6,044	7,146	22,736	31,039
Long term liabilities	326,622	324,713	79,542	84,651	406,164	409,364
Other liabilities	61,732	62,049	29,764	13,864	91,496	75,913
Total liabilities	388,354	386,762	109,306	98,515	497,660	485,277
Deferred inflows of resources	8,302	1,316	1,132	179	9,434	1,495
Net position:						
Net investment in capital assets	442,969	400,490	294,760	283,846	737,729	684,336
Restricted	23,472	44,334	16,315	24,344	39,787	68,678
Unrestricted	33,582	28,919	168,869	146,681	202,451	175,600
Total net position	\$ 500,023	\$ 473,743	\$ 479,944	\$ 454,871	\$ 979,967	\$ 928,614



**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Government-wide Financial Analysis (Continued)**

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



**Analysis of Changes in Net Position**

The table on the following page summarizes the changes in the City's net position from its activities for the fiscal year ended September 30, 2020, with comparisons to the previous year.

**CITY OF ROUND ROCK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**

**Analysis of Changes in Net Position (Continued)**

	Changes in Net Position (in 000's)					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 10,998	\$ 12,485	\$ 63,495	\$ 58,924	\$ 74,493	\$ 71,409
Operating grants and contributions	3,742	2,987	-	-	3,742	2,987
Capital grants and contributions	9,464	9,915	18,444	21,584	27,908	31,499
General revenues:						
Property taxes	64,745	57,397	-	-	64,745	57,397
Franchise taxes	7,060	7,407	-	-	7,060	7,407
Sales tax	78,362	75,691	-	-	78,362	75,691
Hotel occupancy tax	4,112	6,000	-	-	4,112	6,000
Public service taxes	621	698	-	-	621	698
Investment earnings and other	9,082	12,181	4,011	4,773	13,093	16,954
Total revenues	188,186	184,761	85,950	85,281	274,136	270,042
Expenses:						
General government	27,468	27,861	-	-	27,468	27,861
Public safety	64,152	64,196	-	-	64,152	64,196
Public works	38,606	36,262	-	-	38,606	36,262
Culture and recreation	26,356	27,821	-	-	26,356	27,821
Interest on long-term debt	9,382	8,526	-	-	9,382	8,526
Water and sewer utility	-	-	54,000	54,388	54,000	54,388
Golf course	-	-	2,819	2,400	2,819	2,400
Total expenses	165,964	164,666	56,819	56,788	222,783	221,454
Increases in net position before						
Transfers	22,222	20,095	29,131	28,493	51,353	48,588
Transfers	4,058	3,698	(4,058)	(3,698)	-	-
Increase in net position	26,280	23,793	25,073	24,795	51,353	48,588
Net position - beginning	473,743	449,950	454,871	430,076	928,614	880,026
Net position - ending	\$ 500,023	\$ 473,743	\$ 479,944	\$ 454,871	\$ 979,967	\$ 928,614

**Governmental Activities**

During the current fiscal year, governmental activities increased the City's net position by \$26,279,827 or 51.2% 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:

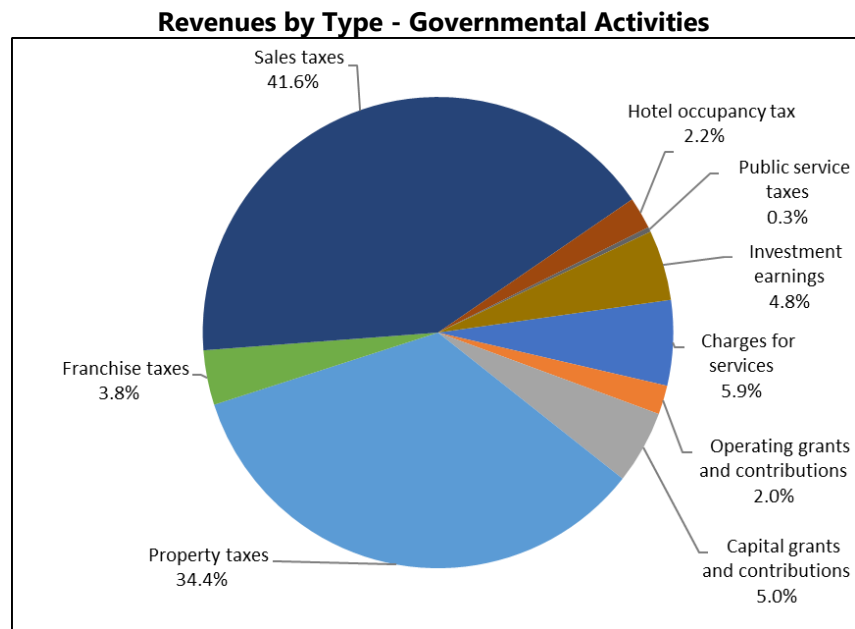
**REVENUES**

- Amounts received for property taxes increased from last year by 12.8% due primarily to an increase in taxable assessed value from \$13.6 billion for fiscal year 2019 to \$14.6 billion for fiscal year 2020. The fiscal year 2020 tax rate of \$0.439000 is 9.3% above the no-new-revenue rate (formerly known as the effective tax rate), \$0.401615. Property tax makes up 39.5% of total general revenues.
- Sales tax collections of \$78.4 million increased 3.5%, compared to prior year. Dell, the City's largest sales tax payer, had fiscal year 2020 sales tax revenues 5.6% 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, 2020**

**Governmental Activities (Continued)**

- Charges for services decreased by \$1.5 million due to a decrease in developer landscaping fees, municipal court collections, fire inspection fees, and recreation program fees as a result of COVID-19.
- Hotel occupancy tax revenues decreased 31.5% or \$1.9 million. This is the result of cancelled events and less people traveling due to COVID-19.
- Grants and contribution revenues increased \$304,000 over the prior year. This increase is primarily due to reimbursement of COVID-19 eligible expenses from Coronavirus Relief Funds passed down through Williamson County by the U.S. Department of Treasury.



**EXPENSES**

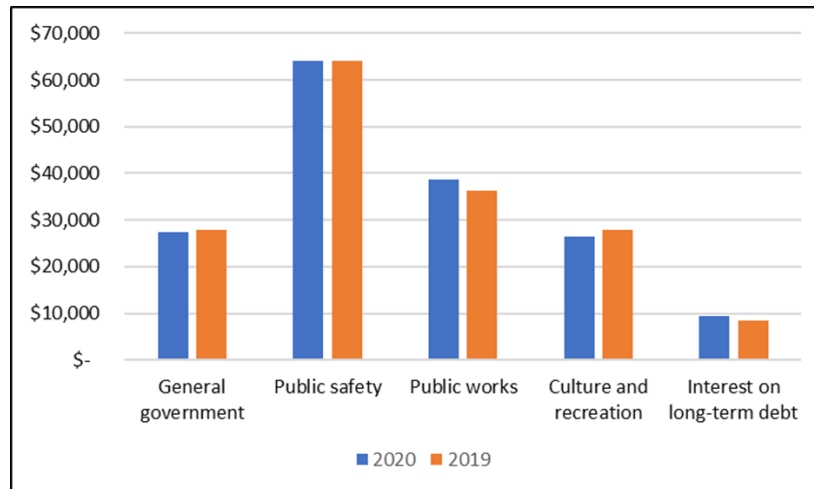
Expenses for governmental activities for the City totaled \$165,963,706 for the year ended September 30, 2020. Significant factors are listed below.

- General government costs decreased \$394,400 from \$27.9 million in 2019 to \$27.5 million in 2020, or 1.4%. This decrease is primarily a result of decreased issuance costs offset some by additional expenses incurred to respond to COVID-19, not all of which were considered eligible for reimbursement from Coronavirus Relief Funds passed through Williamson County by the U.S. Department of Treasury.
- Public safety program costs including police and fire department activities totaled about \$64.2 million, or 38.7% of total expenses for governmental activities. Total costs remained relatively flat, decreasing 0.1% over the prior year.
- Public works program costs increased \$2.3 million, or 6.5%, compared to prior year. This increase is primarily due to an increase in economic incentive payments of \$1.26 million during fiscal year 2020.
- Culture and recreation decreased \$1.5 million from \$27.8 million in 2019 to \$26.4 million, or 5.3%, in 2020. This decrease is due in part to limited operating capacity, reduced services, and budget reductions in response to COVID-19.

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Governmental Activities (Continued)**

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



**Business-Type Activities**

Business-type activities increased the City's net position by \$25,073,328 or 48.8% of the total growth in the net position of the City over the prior year. This increase was due to \$18.4 million in capital grants and contributions. Additionally, charges for services were up \$4.6 million and expenses were relatively flat, increasing \$30,235 over the prior year. Key factors for the increase in net position are as follows:

**REVENUES**

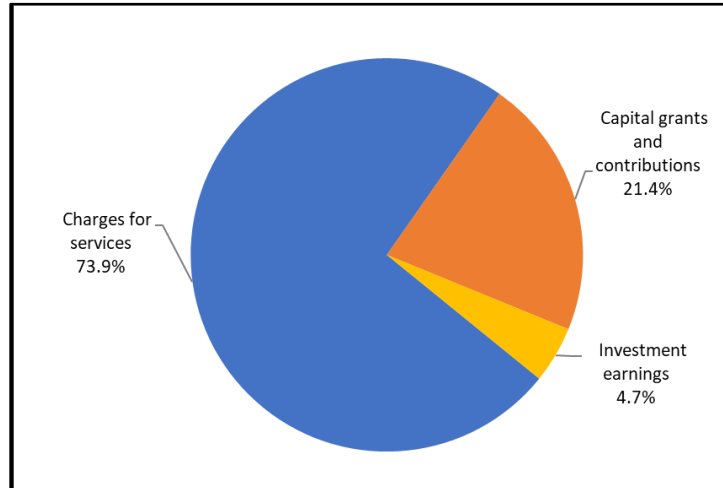
The City's water, sewer and stormwater utility continues to show increases in the number of customers and operating revenues. Scheduled uses of impact fees received have allowed current rates to remain stable while still providing adequate times coverage of utility bonded debt service. Comparative data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

	2020	2019
Operating revenues	\$ 60,389,659	\$ 56,801,942
Operating income	\$ 9,199,641	\$ 5,270,827
Income available for debt service	\$ 32,687,905	\$ 28,347,020
Annual debt service	\$ 6,082,481	\$ 6,102,631
Coverage	5.37	4.65

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Business-Type Activities (Continued)**

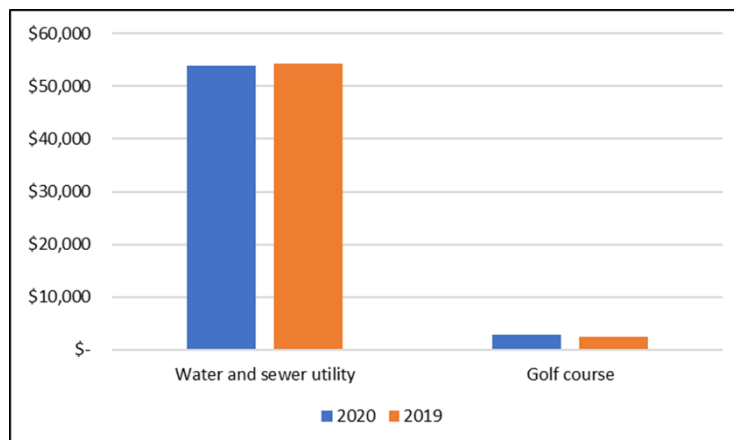
**Revenues - Business-Type Activities**



**EXPENSES**

Expenses of the business-type activities increased \$30,235 from the prior year. Expenses remained relatively steady over the prior year.

**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.

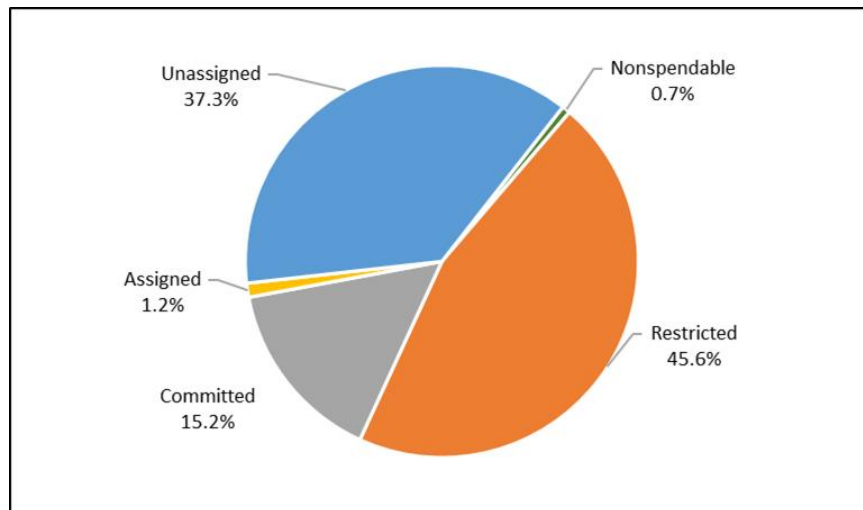
**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**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, 2020, the City's governmental funds reported combined ending fund balances of \$159,516,204. This is a decrease of \$8.7 million, or 5.2% over the prior year. Unassigned fund balance is \$59,547,303, or approximately 37.3% of the total fund balance amount, is available for spending at the City's discretion. \$1,834,073 is assigned to culture and recreation while \$24,290,534 of the fund balance is committed to either capital projects or special revenue projects/programs. The remainder of fund balance is restricted or non-spendable to indicate that it is not available for new spending because it has already been committed to 1) pay debt service of \$5,080,091, 2) fund authorized construction of \$58,069,777, 3) other restricted purposes of \$9,599,773 or 4) non-spendable of \$1,094,653.

**Fund Balance Type - Governmental Funds**



The General Fund is the chief operating fund of the City. At the close of the current fiscal year, fund balance of the General Fund reached \$59,813,896, of which \$59,547,303 was 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 54.2% of total general fund expenditures.

During the current fiscal year, the fund balance of the General Fund increased by \$10,089,022 due to conservative budget reductions and reduced spending overall by the departments. The General Fund total revenues exceeded the budget by \$10,515,276. The City continues to budget revenues conservatively but with the continued population growth and increase in property values, the property taxes and sales tax revenues continue to surpass budgeted projections.

The Debt Service Fund had a total fund balance of \$5,080,091 at the end of the fiscal year, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$60,716. Debt

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Governmental Funds (Continued)**

service expenditure requirements increased by \$2,131,079 during the fiscal year and were adequately funded by the debt service portion of the property tax rate.

The fund balance of the RRTEDC revenue fund was \$9,762,034, a decrease of \$19,943,654 compared to the prior year. The decrease is a result of the City contributing towards the Kalahari Convention Center and onsite and offsite improvements to accommodate the Kalahari Resort. The Kalahari Resort and Convention Center were near completion on September 30, 2020. The City's contributions, totaling \$70 million, will be reimbursed from future debt proceeds.

The fund balance of the Debt-Financed Capital Projects Fund was \$47,373,686, an increase of \$6,126,615 compared to the prior year. This is a result of the issuance of certificates of obligation bonds for road improvement and expansion projects, offset by costs incurred on road and expansion projects during the fiscal year.

The fund balance of the Self-Financed Construction Fund was \$20,263,903, a decrease of \$4,969,153 compared to the prior year. The decrease is a result of the spend down of neighborhood street maintenance funds. A targeted reduction due to the COVID-19 pandemic was to not transfer the annual \$4.3 million from the General Fund to neighborhood street maintenance projects in the Self-Financed Construction Fund. The projects performed in fiscal year 2020 were funded with residual allocations from previous years.

**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 \$478,444,848, an increase of \$24,651,546 over the prior year. Unrestricted net position of the funds totaled \$167,368,635 at September 30, 2020. The unrestricted net position represented 35.0% of the enterprise funds' total net position.

The Water and Sewer Fund's net position increased \$24,585,566 over the prior year due in part to an increase in charges for services, lower operating expenses, and infrastructure and impact fee contributions. Operating revenues totaled \$60,389,659, compared to \$56,801,942 in the prior year due to increased water and sewer service sales resulting from a drier summer and customer growth. Operating expenses were \$51,190,018, a decrease of \$341,097 over the prior year.

The Golf Course Fund ended the year with a net position of \$10,058,812. Operating revenues totaled \$2,684,066, a 36.1% increase for the year compared to \$1,971,887 in the prior year. Rounds of golf played were 52,053 compared to 36,303 in the prior year. Golf is an activity that can easily be played during the COVID-19 pandemic while maintaining social distancing. Operating expenses were \$2,818,489, which is \$418,907 higher than the previous year. The increase in golf rounds played increased the amount of maintenance costs for the course and equipment.

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**General Fund Budgetary Highlights**

Two budget amendments were taken to City Council for the General Fund for the year ended September 30, 2020. The first budget amendment was a budget reduction of \$8.97 million to offset anticipated revenue loss due to COVID-19. The realized savings were a result of position vacancies and savings in both personnel and operating accounts. The amendment also allocated an additional contingency that allowed the City Manager to pay for any unanticipated COVID-19 response related expenses. The second budget amendment added budget for revenues and associated expenses related to Coronavirus Relief Funds from Williamson County for the operational impact on Fiscal Support from COVID-19.

**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, 2020, amounted to \$1,051,086,635 (net of accumulated depreciation). This investment includes land, buildings and improvements, improvements other than buildings (including infrastructure), machinery and equipment, and construction in progress.

Major capital asset events for the year ended September 30, 2020, included the following:

***Downtown Improvements***

- Design is underway on the Northeast Downtown Improvements project with \$910,000 spent to date.
- Design is underway on the new Downtown Parking Garage with \$2.6 million spent to date.
- Construction was substantially complete on the Downtown Streetscape Improvements project at a cost of \$2.5 million.
- Additional Downtown improvements were completed at a cost of \$3.0 million.

***Facility Improvements***

- City facility improvements were completed at a cost of \$508,000.
- Information technology infrastructure upgrades were completed at a cost of \$601,000.
- Construction was near completion on the new Fire Station #3 with \$5.9 million spent to date and an estimated cost of \$6.4 million. Of the \$5.9 million spent, \$5.4 million was funded from the 2017 General Obligation (GO) bonds.
- Design is underway for the new library with \$6.1 million spent to date. Of this \$6.1 million, \$1.5 million was funded from the 2014 GO bonds.

***Kalahari Convention Center and Road Improvements***

- Construction was near completion on the Kalahari family resort, water park and convention center with \$39.7 million spent to date on the convention center.
- Construction was near completion on the onsite roadway improvements with \$14.3 million spent to date.
- Construction is underway on the offsite roadway improvements with \$10.4 million spent to date.



**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Capital Assets (Continued)**

***Park Improvements and Trails***

- Construction was completed on the Adult Recreation Complex at a total cost of \$4.7 million. Of this \$4.7 million, \$3.7 million was funded from the GO bonds.
- Expansion of Brushy Creek Trail from A.W. Grimes to Georgetown Street was completed at a total cost of \$2.7 million funded from the 2014 GO bonds.
- Expansion of other citywide trails is underway at an estimated cost of \$17.6 million with \$4.4 million spent to date. Of this \$4.4 million, \$2.8 million was funded from the GO bonds.
- Construction was completed on the Old Settlers Park Tennis Courts project at a total cost of \$809,000.
- Neighborhood park improvements, upgrades to comply with the American with Disabilities Act (ADA), and facility improvements are underway and at various stages of completion. Completed projects totaled \$3.3 million while construction in progress at year-end approximated \$107,000. Of the \$3.3 million in completed projects, \$1.2 million was funded from the GO bonds.

***Transportation Improvements***

- Major arterial, signal, and road projects for transportation are underway and at various stages of completion. Completed projects totaled \$15.0 million while construction in progress at year-end approximated \$16.1 million.
- Various neighborhood street improvement projects were completed at a cost of \$6.6 million.
- Developers contributed \$4.3 million for transportation infrastructure improvements.

***Water, Wastewater and Stormwater Improvements***

- The City was near completion of an updated water and wastewater masterplan at the end of the year. This plan will project the future capital needs of the Utility Department for the next five years.
- Various water pump station improvements were completed at a cost of \$2.7 million and similar projects were in progress with \$6.4 million spent to date.
- Various water and wastewater line improvement projects were completed and placed in service at a cost of \$7.8 million and similar projects were in progress with \$4.1 million to date.
- The City completed two major stormwater projects in the Kensington neighborhood and Dry Branch areas at a cost of \$3.1 million.
- Various additional stormwater improvement projects are in process with \$2.4 million spent to date.
- Developers contributed \$10.4 million for water, sewer and stormwater system infrastructure improvements.
- The City has partnered with the Cities of Cedar Park, Austin and Leander on the Brushy Creek Regional Wastewater Treatment Plant Expansion project with estimated completion in 2023. Construction is underway with \$3.1 million spent to date.

**CITY OF ROUND ROCK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2020**

**Capital Assets (Continued)**

**Capital Assets (in 000's)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 110,451	\$ 103,983	\$ 8,453	\$ 8,453	\$ 118,904	\$ 112,436
Buildings and improvements	186,200	184,555	32,102	31,099	218,302	215,654
Improvements other than buildings	726,087	692,573	519,988	496,572	1,246,075	1,189,145
Machinery and equipment	89,079	85,440	18,380	22,996	107,459	108,436
Accumulated depreciation	(518,217)	(489,937)	(232,351)	(218,920)	(750,568)	(708,857)
Construction in progress	91,904	57,755	19,011	16,317	110,915	74,072
Total	<u>\$ 685,504</u>	<u>\$ 634,369</u>	<u>\$ 365,583</u>	<u>\$ 356,517</u>	<u>\$ 1,051,087</u>	<u>\$ 990,886</u>

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

**Long-Term Debt**

At the end of the current fiscal year, the City of Round Rock had total debt outstanding of \$341,500,000. Of this amount, \$233,745,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured solely by specified revenue sources (i.e., revenue bonds).

During the current fiscal year, the City of Round Rock's total debt increased by \$15,895,000. Regularly scheduled debt principal was retired during 2020. The City issued general obligation refunding bonds, series 2020, which resulted in reduced debt service payments of \$463,661 and an economic gain of \$436,000. Additionally, the City issued \$30 million combination tax and revenue certificates of obligation, series 2020 and \$4.5 million limited tax notes, series 2020. Details of the refunding and new bond issues can be found in Note IV (F) (4) to the financial statements.

**Long-Term Debt (in 000's)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 141,220	\$ 151,405	\$ -	\$ -	\$ 141,220	\$ 151,405
Certificates of obligation	88,025	58,870	-	-	88,025	58,870
Limited tax notes	4,500	-	-	-	4,500	-
Hotel tax revenue bonds	9,780	10,425	-	-	9,780	10,425
Sales tax revenue bonds	27,785	31,535	-	-	27,785	31,535
Water and wastewater revenue bonds	-	-	70,190	73,370	70,190	73,370
Total	<u>\$ 271,310</u>	<u>\$ 252,235</u>	<u>\$ 70,190</u>	<u>\$ 73,370</u>	<u>\$ 341,500</u>	<u>\$ 325,605</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

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Long-Term Debt (Continued)**

tax rate, for all City purposes to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of up to \$1.50 of the \$2.50 maximum tax rate for general obligation debt service. The revenues from this maximum tax rate would be sufficient to cover the debt service on over \$2.5 billion of bonds. Of the maximum tax rate for debt service of \$1.50, the City uses \$0.1255, or 8.4%. Of \$64,708,293 levied in property taxes for the fiscal year ended September 30, 2020, 99.59% of taxes levied were collected during the fiscal year. The City is conservative in how it issues debt and has adopted a "pay as you go" philosophy by using excess cash funds to fund current projects and issuing debt only when deemed necessary.

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

**Economic Factors and Next Year's Budgets and Rates**

The development of the City's budget is guided by several factors including the Council's Strategic Goals, prevailing economic conditions and the continuing need to provide basic and improved customer services for a growing population. The fiscal year 2020-2021 budget adopted by the City Council adheres to the City's financial policies and preserves the City's strong financial position while maintaining levels of service. During the creation of the 2020-2021 budget process the City Manager and Executive team focused on various budget drivers in the decision-making process.

- Addressing Council's Strategic Goals
- Recovering from the COVID-19 pandemic from a position of financial strength
- 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

The City's economy is expected to generate approximately \$70.4 million in sales tax revenue for fiscal year 2021. This amount includes the 1/2% or \$18.9 million in additional sales and use tax for roads and economic development. The remaining 1 1/2% is projected to generate \$51.5 million for general operations, property tax reduction, and capital projects.

The fiscal year 2021 certified taxable property value for Round Rock is \$15.4 billion, an increase of 5.5% from last year's \$14.6 billion. The adopted property tax rate for fiscal year 2021 is \$0.439000 per \$100 of valuation. The tax rate is an increase of 1.3 cents over the no new revenue rate of \$0.425550, and well below the voter approval rate of \$0.460650. The 1.3 cent increase over the no new revenue tax rate allows the City to provide additional funding for roads. With an adopted rate of \$0.439000, 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

**CITY OF ROUND ROCK, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

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

a growing customer base. Water sales are conservatively estimated using customer base projections, while at the same time taking into account changing weather conditions. Water conservation and drought contingency programs continue to help the City conserve existing water sources. There are no utility rate increases budgeted for fiscal year 2021. A cost-of-service study will be performed in fiscal year 2021 taking into consideration new capital master plans and demand data.

**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, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,547,468	\$ 26,073,321	\$ 45,620,789
Investments	93,448,868	132,106,648	225,555,516
Receivables (net of allowance for uncollectibles)-			
Property taxes	419,655	-	419,655
Accounts & other	8,301,428	18,767,457	27,068,885
Accrued interest	154,688	1,374,877	1,529,565
Intergovernmental	-	3,236,495	3,236,495
Grants	3,037,689	-	3,037,689
Interfund	(1,499,972)	1,499,972	-
Inventories	226,303	426,585	652,888
Other current assets	955,850	427,014	1,382,864
Restricted assets -			
Cash and cash equivalents	32,955,491	4,952,216	37,907,707
Investments	35,224,091	13,025,369	48,249,460
Property tax receivable	233,517	-	233,517
Accounts and other	1,395,689	-	1,395,689
Accrued interest	81,237	18,843	100,080
Investment in joint venture	-	16,847,463	16,847,463
Capital assets -			
Land and construction in progress	202,354,980	27,463,492	229,818,472
Capital asset, net of accumulated depreciation	483,148,921	338,119,242	821,268,163
Total assets	<u>879,985,903</u>	<u>584,338,994</u>	<u>1,464,324,897</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refundings	3,036,965	4,217,952	7,254,917
Deferred outflows related to pensions	11,780,660	1,570,648	13,351,308
Deferred outflows related to OPEB	1,874,779	255,653	2,130,432
Total deferred outflows of resources	<u>16,692,404</u>	<u>6,044,253</u>	<u>22,736,657</u>

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

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 18,199,935	\$ 23,061,423	\$ 41,261,358
Accrued payroll	2,315,150	310,341	2,625,491
Unearned revenue	12,230,798	-	12,230,798
Accrued interest payable	1,487,789	458,097	1,945,886
Customer deposits	-	1,718,267	1,718,267
Due within one year			
Bonds, notes, leases, compensated absences	27,498,331	4,216,350	31,714,681
Due in more than one year			
Net pension liability	35,323,270	4,816,810	40,140,080
Total OPEB liability	16,377,380	2,233,279	18,610,659
Bonds, notes, leases, compensated absences	274,921,424	72,491,827	347,413,251
Total liabilities	<u>388,354,077</u>	<u>109,306,394</u>	<u>497,660,471</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	7,552,515	1,029,888	8,582,403
Deferred inflows related to OPEB	<u>749,059</u>	<u>102,145</u>	<u>851,204</u>
Total deferred inflows of resources	<u>8,301,574</u>	<u>1,132,033</u>	<u>9,433,607</u>
<b>NET POSITION</b>			
Net investment in capital assets	442,969,195	294,760,377	737,729,572
Restricted for -			
Debt service	3,825,819	208,878	4,034,697
Capital projects	10,045,957	16,106,958	26,152,915
Hotel-motel tax	7,440,558	-	7,440,558
Public safety	757,284	-	757,284
General government	1,401,931	-	1,401,931
Unrestricted	<u>33,581,912</u>	<u>168,868,607</u>	<u>202,450,519</u>
Total net position	<u>\$ 500,022,656</u>	<u>\$ 479,944,820</u>	<u>\$ 979,967,476</u>

**CITY OF ROUND ROCK, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
General government	\$ 27,467,722	\$ 4,529,682	\$ 3,359,309	\$ 4,300
Public safety	64,151,715	1,684,921	10,918	5,375
Public works	38,606,348	700,442	-	9,376,694
Culture and recreation	26,355,801	4,082,796	371,933	77,720
Interest on long-term debt	9,382,120	-	-	-
Total governmental activities	165,963,706	10,997,841	3,742,160	9,464,089
<b>Business-type activities:</b>				
Water and sewer utility	53,999,588	60,811,441	-	18,443,560
Golf course	2,818,489	2,684,066	-	-
Total business-type activities	56,818,077	63,495,507	-	18,443,560
<b>Total primary government</b>	<b>\$ 222,781,783</b>	<b>\$ 74,493,348</b>	<b>\$ 3,742,160</b>	<b>\$ 27,907,649</b>

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



<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Functions/Programs</b>	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>			
General government	\$ (19,574,431)	\$ -	\$ (19,574,431)
Public safety	(62,450,501)	-	(62,450,501)
Public works	(28,529,212)	-	(28,529,212)
Culture and recreation	(21,823,352)	-	(21,823,352)
Interest on long-term debt	(9,382,120)	-	(9,382,120)
Total governmental activities	(141,759,616)	-	(141,759,616)
<b>Business-type activities:</b>			
Water and sewer utility	-	25,255,413	25,255,413
Golf course	-	(134,423)	(134,423)
Total business-type activities	-	25,120,990	25,120,990
<b>Total primary government</b>	<b>(141,759,616)</b>	<b>25,120,990</b>	<b>(116,638,626)</b>
<b>General revenues:</b>			
Taxes:			
Property taxes, levied for general purpose	42,009,003	-	42,009,003
Property taxes, levied for debt service	22,735,620	-	22,735,620
Franchise taxes	7,060,026	-	7,060,026
Sales taxes	78,361,955	-	78,361,955
Hotel occupancy tax	4,111,858	-	4,111,858
Public service taxes	620,996	-	620,996
Unrestricted investment earnings and other	9,081,735	4,010,588	13,092,323
<b>Transfers</b>	<b>4,058,250</b>	<b>(4,058,250)</b>	<b>-</b>
Total general revenues and transfers	168,039,443	(47,662)	167,991,781
Change in net position	26,279,827	25,073,328	51,353,155
<b>Net position-beginning</b>	<b>473,742,829</b>	<b>454,871,492</b>	<b>928,614,321</b>
<b>Net position-ending</b>	<b>\$ 500,022,656</b>	<b>\$ 479,944,820</b>	<b>\$ 979,967,476</b>

**CITY OF ROUND ROCK, TEXAS**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2020**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,709,610	\$ -	\$ 128,818
Investments	51,186,425	-	632,257
Receivables (net of allowance for uncollectibles) -			
Property taxes, including interest and penalties	419,655	-	-
Accounts and other	5,302,934	-	119,015
Accrued interest	89,738	-	1,042
Interfund	-	10,706	-
Grants	737,562	-	2,035,468
Inventories	226,303	-	-
Other current assets	40,290	-	-
Restricted assets -			
Cash and cash equivalents	-	5,069,385	2,311,990
Investments	-	-	11,057,480
Receivables -			
Property taxes, including interest and penalties	-	233,517	-
Sales tax	-	-	1,395,689
Accrued interest	-	-	66,684
Total assets	<u>\$ 68,712,517</u>	<u>\$ 5,313,608</u>	<u>\$ 17,748,443</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities -			
Accounts payable	\$ 6,217,367	\$ -	\$ 7,986,409
Accrued payroll	2,256,796	-	-
Interfund payables	10,706	-	-
Unearned revenue	-	-	-
Total liabilities	<u>8,484,869</u>	<u>-</u>	<u>7,986,409</u>
Deferred inflows of resources -			
Unavailable revenue - property taxes	413,752	233,517	-
Total deferred inflows of resources	<u>413,752</u>	<u>233,517</u>	<u>-</u>
Fund balances -			
Nonspendable	266,593	-	-
Restricted - debt service	-	5,080,091	-
Restricted - authorized construction	-	-	8,996,542
Restricted - hotel-motel tax	-	-	-
Restricted - public safety	-	-	-
Restricted - general government	-	-	-
Committed - general government	-	-	-
Committed - capital projects funds	-	-	765,492
Assigned - culture and recreation	-	-	-
Unassigned	59,547,303	-	-
Total fund balances	<u>59,813,896</u>	<u>5,080,091</u>	<u>9,762,034</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 68,712,517</u>	<u>\$ 5,313,608</u>	<u>\$ 17,748,443</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
\$ -	\$ 3,859,471	\$ 2,861,252	\$ 17,559,151
-	18,458,561	13,662,168	83,939,411
-	-	-	419,655
-	-	296,079	5,718,028
-	25,412	23,930	140,122
-	-	-	10,706
-	-	264,659	3,037,689
-	-	-	226,303
-	828,060	-	868,350
25,274,797	-	299,319	32,955,491
22,735,072	-	1,431,539	35,224,091
-	-	-	233,517
-	-	-	1,395,689
13,951	-	602	81,237
<u>\$ 48,023,820</u>	<u>\$ 23,171,504</u>	<u>\$ 18,839,548</u>	<u>\$ 181,809,440</u>

\$ 650,134	\$ 2,674,472	\$ 482,960	\$ 18,011,342
-	-	58,354	2,315,150
-	-	-	10,706
-	233,129	1,075,640	1,308,769
<u>650,134</u>	<u>2,907,601</u>	<u>1,616,954</u>	<u>21,645,967</u>
-	-	-	647,269
-	-	-	647,269
-	828,060	-	1,094,653
-	-	-	5,080,091
47,373,686	-	1,699,549	58,069,777
-	-	7,440,558	7,440,558
-	-	757,284	757,284
-	-	1,401,931	1,401,931
-	-	1,030,812	1,030,812
-	19,435,843	3,058,387	23,259,722
-	-	1,834,073	1,834,073
-	-	-	59,547,303
<u>47,373,686</u>	<u>20,263,903</u>	<u>17,222,594</u>	<u>159,516,204</u>
<u>\$ 48,023,820</u>	<u>\$ 23,171,504</u>	<u>\$ 18,839,548</u>	<u>\$ 181,809,440</u>

**CITY OF ROUND ROCK, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2020**

**Total Fund Balances - Governmental Funds** \$ 159,516,204

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	\$ 110,451,124	
Construction in progress	91,903,856	
Building and improvements	912,286,412	
Equipment	89,079,498	
Accumulated depreciation	(518,216,989)	
Total capital assets	<u>\$ 685,503,901</u>	685,503,901

Deferred amounts on refundings are deferred outflows of resources and, therefore, are not reported in the funds. 3,036,965

Contributions to the pension plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 7,373,405

Pension actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. (3,145,260)

Contributions to the OPEB plan after the measurement date are deferred outflows of resources and, therefore, are not reported in the funds. 423,621

OPEB actuarial losses (gains) are deferred outflows (inflows) of resources and, therefore, are not reported in the funds. 702,099

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. 647,269

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. 9,964,675

Unearned revenue associated with long-term economic development agreements are not a current financial resource and, therefore, are not reported in the funds. (10,922,029)

Long-term receivable from the Crow Group Series, LLC for a forgivable loan associated with an economic development project is not a current financial resource and, therefore, was reported in the funds as an expenditure, and not as a receivable. 2,530,000

Accrued interest payable in the governmental funds are not recognized because they are not paid within the prescribed time period after year end. (1,487,789)

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). (354,120,405)

**Net Position of Governmental Activities** \$ 500,022,656

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, 2020**

	General Fund	Debt Service Fund	Round Rock Transportation and Economic Development Corporation Fund
<b>Revenues -</b>			
Taxes and franchise, including interest and penalties	\$ 103,643,156	\$ 22,710,737	\$ 21,999,048
Licenses, permits and fees	1,640,692	-	-
Charges for services	3,523,118	-	-
Fines and forfeitures	1,454,794	-	-
Grants	2,317,254	-	2,164,202
Hotel occupancy tax	-	-	-
Contributions	-	-	2,908,982
Investment and other	6,247,650	159,587	1,208,919
Total revenues	<u>118,826,664</u>	<u>22,870,324</u>	<u>28,281,151</u>
<b>Expenditures -</b>			
Current -			
General government	23,688,228	-	-
Public safety	56,318,222	-	-
Public works	14,830,655	-	2,460,070
Culture and recreation	15,014,586	-	-
Debt service -			
Principal retirement	-	18,296,526	-
Interest and fiscal charges	-	10,243,591	-
Payment to refunding agent	-	7,010,563	-
Issuance costs	-	80,383	-
Capital projects	-	-	54,994,266
Total expenditures	<u>109,851,691</u>	<u>35,631,063</u>	<u>57,454,336</u>
Excess (deficiency) of revenues over expenditures	<u>8,974,973</u>	<u>(12,760,739)</u>	<u>(29,173,185)</u>
<b>Other financing sources (uses) -</b>			
Issuance of debt	-	-	-
Issuance of refunding bonds	-	6,980,000	-
Transfers in	5,061,250	5,841,455	18,135,532
Transfers out	(3,947,201)	-	(8,906,001)
Total other financing sources (uses)	<u>1,114,049</u>	<u>12,821,455</u>	<u>9,229,531</u>
Net change in fund balances	10,089,022	60,716	(19,943,654)
<b>Fund balances, October 1, 2019</b>	<u>49,724,874</u>	<u>5,019,375</u>	<u>29,705,688</u>
<b>Fund balances, September 30, 2020</b>	<u><u>\$ 59,813,896</u></u>	<u><u>\$ 5,080,091</u></u>	<u><u>\$ 9,762,034</u></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
\$ -	\$ 2,153,396	\$ 211,144	\$ 150,717,481
-	-	193,619	1,834,311
-	-	1,751,857	5,274,975
-	-	169,182	1,623,976
-	-	1,058,707	5,540,163
-	-	4,111,858	4,111,858
4,300	56,555	366,199	3,336,036
683,522	453,147	412,642	9,165,467
687,822	2,663,098	8,275,208	181,604,267
-	-	1,153,434	24,841,662
-	-	176,380	56,494,602
-	-	-	17,290,725
-	-	4,008,261	19,022,847
-	-	-	18,296,526
-	-	-	10,243,591
-	-	-	7,010,563
142,650	53,025	-	276,058
8,975,475	16,917,934	1,462,898	82,350,573
9,118,125	16,970,959	6,800,973	235,827,147
(8,430,303)	(14,307,861)	1,474,235	(54,222,880)
30,000,000	4,500,000	-	34,500,000
-	-	-	6,980,000
2,583,599	7,198,501	675,000	39,495,337
(18,026,681)	(2,359,793)	(2,197,411)	(35,437,087)
14,556,918	9,338,708	(1,522,411)	45,538,250
6,126,615	(4,969,153)	(48,176)	(8,684,630)
41,247,071	25,233,056	17,270,770	168,200,834
\$ 47,373,686	\$ 20,263,903	\$ 17,222,594	\$ 159,516,204

**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, 2020**

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

<b>Net Change in Fund Balances-Total Governmental Funds</b>	\$	(8,684,630)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation. They are detailed in Note III (B).		46,889,362
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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).		4,246,319
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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.		70,119
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The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. They are detailed in Note III (B).		(16,337,919)
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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		(1,407,033)
OPEB costs, net		(888,482)
Interest and employee expense		127,512

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.		2,264,579
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<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>26,279,827</b>
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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, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
<b>Revenues -</b>				
Taxes and franchise, including interest and penalties	\$ 101,976,250	\$ 96,391,250	\$ 103,643,156	\$ 7,251,906
Licenses, permits and fees	1,702,400	1,402,400	1,640,692	238,292
Charges for services	4,837,900	2,772,900	3,523,118	750,218
Fines and forfeitures	1,395,000	950,000	1,454,794	504,794
Grants	1,083,538	1,640,538	2,317,254	676,716
Investment and other	5,704,300	5,154,300	6,247,650	1,093,350
Total revenues	<u>116,699,388</u>	<u>108,311,388</u>	<u>118,826,664</u>	<u>10,515,276</u>
<b>Expenditures -</b>				
Current -				
General government	27,122,006	24,422,672	23,688,228	734,444
Public safety	57,293,889	56,528,952	56,318,222	210,730
Public works	20,466,769	15,772,576	14,830,655	941,921
Culture and recreation	15,874,973	15,745,060	15,014,586	730,474
Total expenditures	<u>120,757,637</u>	<u>112,469,260</u>	<u>109,851,691</u>	<u>2,617,569</u>
Excess (deficiency) of revenues over expenditures	<u>(4,058,249)</u>	<u>(4,157,872)</u>	<u>8,974,973</u>	<u>13,132,845</u>
<b>Other financing sources (uses) -</b>				
Transfers in	5,061,250	5,061,250	5,061,250	-
Transfers out	<u>(200,000)</u>	<u>(3,947,201)</u>	<u>(3,947,201)</u>	<u>-</u>
Total other financing sources (uses), net	<u>4,861,250</u>	<u>1,114,049</u>	<u>1,114,049</u>	<u>-</u>
Net change in fund balances	<u>\$ 803,001</u>	<u>\$ (3,043,823)</u>	<u>10,089,022</u>	<u>\$ 13,132,845</u>
<b>Fund balance, October 1, 2019</b>			<u>49,724,874</u>	
<b>Fund balance, September 30, 2020</b>			<u>\$ 59,813,896</u>	

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

**CITY OF ROUND ROCK, TEXAS**  
**ROUND ROCK TRANSPORTATION AND ECONOMIC DEVELOPMENT CORPORATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts			Variance -
	Original	Final	Actual	Positive (Negative)
<b>Revenues -</b>				
Sales tax	\$ 19,890,000	\$ 19,890,000	\$ 21,999,048	\$ 2,109,048
Grants	7,818,874	7,818,874	2,164,202	(5,654,672)
Contributions	1,420,000	1,420,000	2,908,982	1,488,982
Investment and other	350,000	350,000	1,208,919	858,919
Total revenues	29,478,874	29,478,874	28,281,151	(1,197,723)
<b>Expenditures -</b>				
Public works	14,691,741	14,691,741	2,460,070	12,231,671
Capital projects	54,994,266	54,994,266	54,994,266	-
Total expenditures	69,686,007	69,686,007	57,454,336	12,231,671
Excess (deficiency) of revenues over expenditures	(40,207,133)	(40,207,133)	(29,173,185)	11,033,948
<b>Other financing sources (uses) -</b>				
Transfers in	27,000,000	27,000,000	18,135,532	(8,864,468)
Transfers out	(803,000)	(8,906,001)	(8,906,001)	-
Total other financing sources (uses)	26,197,000	18,093,999	9,229,531	(8,864,468)
Net change in fund balances	\$ (14,010,133)	\$ (22,113,134)	(19,943,654)	\$ 2,169,480
<b>Fund balance, October 1, 2019</b>			29,705,688	
<b>Fund balance, September 30, 2020</b>			\$ 9,762,034	

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



**CITY OF ROUND ROCK, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
YEAR ENDED SEPTEMBER 30, 2020**

	Business-Type Activities Enterprise Funds			Other Internal Service Fund
	Water and Sewer Fund	Golf Course Fund	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 25,846,447	\$ 226,874	\$ 26,073,321	\$ 1,988,317
Investments	131,643,041	463,607	132,106,648	9,509,457
Receivables (net of allowance for uncollectibles of \$743,752) -				
Accounts	18,692,457	75,000	18,767,457	53,400
Accrued interest	1,374,575	302	1,374,877	14,566
Intergovernmental	3,236,495	-	3,236,495	-
Inventories	426,585	-	426,585	-
Other current assets	427,014	-	427,014	87,500
Total current assets	181,646,614	765,783	182,412,397	11,653,240
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Impact fees	8,217,035	-	8,217,035	-
Construction	7,871,080	-	7,871,080	-
Customer deposits	1,680,592	-	1,680,592	-
Revenue bond covenant accounts	208,878	-	208,878	-
Restricted accounts and accrued interest receivable:				
Restricted accrued interest	18,843	-	18,843	-
Investment in joint venture	16,847,463	-	16,847,463	-
Capital assets:				
Land and construction in progress	25,572,317	1,891,175	27,463,492	-
Capital assets being depreciated	330,542,836	7,576,406	338,119,242	-
Total capital assets (net of accumulated depreciation of \$232,351,401)	356,115,153	9,467,581	365,582,734	-
Total noncurrent assets	390,959,044	9,467,581	400,426,625	-
Total assets	572,605,658	10,233,364	582,839,022	11,653,240
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	4,217,952	-	4,217,952	-
Deferred outflows related to pensions	1,570,648	-	1,570,648	-
Deferred outflows related to OPEB	255,653	-	255,653	-
Total deferred outflows of resources	6,044,253	-	6,044,253	-

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

	Business-Type Activities Enterprise Funds			
	Water and Sewer Fund	Golf Course Fund	Total	Other Internal Service Fund
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 22,886,871	\$ 174,552	\$ 23,061,423	\$ 188,593
Accrued payroll	310,341	-	310,341	-
Accrued benefit obligations	559,942	-	559,942	-
Accrued interest	458,097	-	458,097	-
Customer deposits	1,718,267	-	1,718,267	-
Bonds payable	3,656,408	-	3,656,408	-
Total current liabilities	29,589,926	174,552	29,764,478	188,593
Noncurrent liabilities:				
Net pension liability	4,816,810	-	4,816,810	-
Total OPEB liability	2,233,279	-	2,233,279	-
Accrued benefit obligations	148,846	-	148,846	-
Bonds payable	72,342,981	-	72,342,981	-
Total noncurrent liabilities	79,541,916	-	79,541,916	-
Total liabilities	109,131,842	174,552	109,306,394	188,593
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	1,029,888	-	1,029,888	-
Deferred inflows related to OPEB	102,145	-	102,145	-
Total deferred inflows of resources	1,132,033	-	1,132,033	-
<b>NET POSITION</b>				
Net investment in capital assets	285,292,796	9,467,581	294,760,377	-
Restricted for:				
Debt service	208,878	-	208,878	-
Capital projects	16,106,958	-	16,106,958	-
Unrestricted	166,777,404	591,231	167,368,635	11,464,647
Total net position	\$ 468,386,036	\$ 10,058,812	478,444,848	\$ 11,464,647
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.			1,499,972	
Net position of business-type activities			\$ 479,944,820	

**CITY OF ROUND ROCK, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Business-Type Activities Enterprise Funds			Other Internal Service Fund
	Water and Sewer Fund	Golf Course Fund	Total	
<b>Operating revenues -</b>				
Charges for services	\$ 55,695,939	\$ 2,684,066	\$ 58,380,005	\$ 15,132,362
Licenses, permits, and fees	4,693,720	-	4,693,720	-
Total revenues	60,389,659	2,684,066	63,073,725	15,132,362
<b>Operating expenses -</b>				
Personnel services	12,751,829	-	12,751,829	-
Contractual services	13,759,401	2,286,452	16,045,853	2,874,289
Supplies	1,039,638	127	1,039,765	-
Materials	1,708,224	5,284	1,713,508	6,598
Heat, light and power	2,452,847	52,400	2,505,247	6,769
Claims expense	-	-	-	9,899,294
Depreciation	19,478,079	474,226	19,952,305	-
Total operating expenses	51,190,018	2,818,489	54,008,507	12,786,950
Operating income (loss)	9,199,641	(134,423)	9,065,218	2,345,412
<b>Nonoperating revenues (expenses) -</b>				
Investment and other revenues	4,010,185	403	4,010,588	340,949
Interest and fiscal charges	(2,809,570)	-	(2,809,570)	-
Total nonoperating revenues (expenses)	1,200,615	403	1,201,018	340,949
Income before contributions and transfers	10,400,256	(134,020)	10,266,236	2,686,361
<b>Contributions and transfers -</b>				
Contributions - impact fees	6,454,447	-	6,454,447	-
Contributions - infrastructure	10,380,855	-	10,380,855	-
Contributions - other	1,608,258	-	1,608,258	-
Transfers in	-	200,000	200,000	-
Transfers out	(4,258,250)	-	(4,258,250)	-
Total contributions and transfers	14,185,310	200,000	14,385,310	-
Change in net position	24,585,566	65,980	24,651,546	2,686,361
<b>Net position, October 1, 2019</b>	443,800,470	9,992,832		8,778,286
<b>Net position, September 30, 2020</b>	<u>\$ 468,386,036</u>	<u>\$ 10,058,812</u>		<u>\$ 11,464,647</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	421,782
Change in net position of business-type activities	<u>\$ 25,073,328</u>

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

**CITY OF ROUND ROCK, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Business Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
Cash flows from operating activities:				
Cash received from customers	\$ 62,385,187	\$ 2,684,066	\$ 65,069,253	\$ 1,155,710
Cash received from other funds for services provided	-	-	-	13,946,892
Cash payments to suppliers for goods and services	(4,050,215)	(2,237,960)	(6,288,175)	(13,183,808)
Cash payments to employees for services	(12,251,121)	-	(12,251,121)	-
Net cash provided (used) by operating activities	46,083,851	446,106	46,529,957	1,918,794
Cash flows from noncapital financing activities:				
Transfers from other funds	-	200,000	200,000	-
Transfers to other funds	(4,258,250)	-	(4,258,250)	-
Net cash provided (used) by noncapital financing activities	(4,258,250)	200,000	(4,058,250)	-
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	232,881	-	232,881	-
Acquisition and construction of capital assets	(18,976,780)	-	(18,976,780)	-
Investment in joint venture	(1,826,133)	-	(1,826,133)	-
Principal paid on revenue bonds	(3,511,408)	-	(3,511,408)	-
Contributions	1,608,258	-	1,608,258	-
Impact fees	6,454,447	-	6,454,447	-
Interest and fiscal charges paid	(2,522,023)	-	(2,522,023)	-
Net cash provided (used) by capital and related financing activities	(18,540,758)	-	(18,540,758)	-
Cash flows from investing activities:				
Sale (purchase) of investments	(12,813,317)	(463,607)	(13,276,924)	(1,302,680)
Investment and other income	3,815,768	101	3,815,869	352,076
Net cash provided (used) by investing activities	(8,997,549)	(463,506)	(9,461,055)	(950,604)
Net increase (decrease) in cash and cash equivalents	14,287,294	182,600	14,469,894	968,190
Cash and cash equivalents at beginning of year	16,511,369	44,274	16,555,643	1,020,127
Cash and cash equivalents at end of year	\$ 30,798,663	\$ 226,874	\$ 31,025,537	\$ 1,988,317

(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, 2020**

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Golf Course Fund	Total	Internal Service Fund
<u>Reconciliation of Cash and Cash Equivalents to Proprietary Fund Statement of Net Position</u>				
Cash and cash equivalents	\$ 25,846,447	\$ 226,874	\$ 26,073,321	\$ 1,988,317
Restricted assets -				
Cash and cash equivalents	4,952,216	-	4,952,216	-
Cash and cash equivalents	<u>\$ 30,798,663</u>	<u>\$ 226,874</u>	<u>\$ 31,025,537</u>	<u>\$ 1,988,317</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>				
Operating income (loss)	\$ 9,199,641	\$ (134,423)	\$ 9,065,218	\$ 2,345,412
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	19,478,079	474,226	19,952,305	-
Provision for bad debts	120,266	-	120,266	-
(Increase) decrease in:				
Receivables	1,645,902	-	1,645,902	(29,760)
Customer deposits	(247,468)	-	(247,468)	-
Inventory	(131,130)	-	(131,130)	-
Other assets	22,401	-	22,401	-
Pension related deferred outflows	977,077	-	977,077	-
OPEB related deferred outflows	(137,376)	-	(137,376)	-
Increase (decrease) in:				
Accounts payable	15,266,092	106,303	15,372,395	(396,858)
Customer deposits	229,360	-	229,360	-
Compensated absences	187,685	-	187,685	-
Pension related deferred inflows	946,300	-	946,300	-
OPEB related deferred inflows	6,271	-	6,271	-
Net pension liability	(1,731,509)	-	(1,731,509)	-
Total OPEB liability	252,260	-	252,260	-
Total adjustments	<u>36,884,210</u>	<u>580,529</u>	<u>37,464,739</u>	<u>(426,618)</u>
Net cash provided (used) by operations	<u>\$ 46,083,851</u>	<u>\$ 446,106</u>	<u>\$ 46,529,957</u>	<u>\$ 1,918,794</u>

**NOTES:**

Noncash capital and related financing activities:

In fiscal year 2020, the Water and Sewer Fund had \$10,380,855 in capital assets contributed, recognized a change of (\$140,460) in fair value of investments, and a change of \$764,519 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, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

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

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

**Blended Component Unit**

The Round Rock Transportation and Economic Development Corporation (RRTEDC), an entity legally separate from the City, is governed by a seven-member board appointed by the City Council. The City Council maintains budgetary control of the RRTEDC. For financial reporting purposes, the RRTEDC is presented as a part of the City's operations because its purpose is to utilize sales tax revenues for the improvement of the City's transportation system and for economic development purposes, covered under local government code. The revenues of the RRTEDC, its administrative expenditures, and capital projects are accounted for in a special revenue fund.

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 quarterly 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.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

**Fund Financial Statements:**

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

governmental and proprietary categories. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The major governmental funds are the General Fund, the Debt Service Fund, the Round Rock Transportation and Economic Development Corporation Fund, the 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:

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 seven 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*
- *Library & Recreational Fund*

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. GOVERNMENTAL FUND TYPES (CONTINUED)**

- *Public Safety Fund*
- *Public Education & Government Fund*

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

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

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

***Major Funds***

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

The Self-Financed Construction Fund and the Debt-Financed Capital Projects Fund are considered major funds in the fund financial statements. The Self-Financed Construction Fund accounts for the costs of authorized general capital improvements and facilities. Financing is provided by general government resources, such as sales tax. Dell sales tax receipts, net of rebate, are not to exceed 20% of budgeted sales tax revenues in the General Fund. Any funds in excess of expected or realized sales tax 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. 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.

**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 the following Proprietary Fund types:

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. PROPRIETARY FUND TYPES (CONTINUED)**

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

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

**E. NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES**

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

**F. BASIS OF ACCOUNTING**

**Government-wide Statements**

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. BASIS OF ACCOUNTING (CONTINUED)**

**Governmental Funds**

***Revenue Recognition***

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

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

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

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-

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. BASIS OF ACCOUNTING (CONTINUED)**

term debt which are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds' fund financial statements.

**Proprietary Funds**

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

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

**G. CASH AND CASH EQUIVALENTS**

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

**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*.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. INVENTORIES AND PREPAID ITEMS**

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

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

**J. JOINT VENTURE**

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

**K. CAPITAL ASSETS**

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

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

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

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

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

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



**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. CAPITAL ASSETS (CONTINUED)**

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

**L. LONG-TERM DEBT**

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

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

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

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

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

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 Fund, Hotel-Motel Occupancy Tax Fund, and Multipurpose Complex Fund.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. TRANSACTIONS BETWEEN FUNDS**

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

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

**O. NET POSITION**

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

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

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 required to be maintained intact.

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. CLASSIFICATION OF FUND EQUITY (CONTINUED)**

**Committed fund balance** – Committed fund balances are amounts that are committed to specific purposes by City Council through an ordinance. Amounts cannot be used for other purposes unless the City Council takes the same action to remove or change the constraint. The most significant 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 the City intends to use for a specific purpose but are neither restricted nor committed. Assignments are made by City management based on City Council direction.

**Unassigned fund balance** – Unassigned fund balances are amounts that are available for any legal purposes. The General Fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to these 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 and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 90 days or 25% of annual budgeted expenditures.

**R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)**

- Difference between projected and actual investment earnings on pension assets, difference between expected and actual economic experience on pension and OPEB assets, and changes in actuarial assumptions used to determine the net pension and total OPEB liabilities.

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

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

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

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

**T. USE OF ESTIMATES**

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

**U. PENSIONS**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its fiduciary net position in TMRS and

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**U. PENSIONS (CONTINUED)**

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 Fund, Hotel-Motel Occupancy Tax Fund, and Multipurpose Complex Fund.

**V. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS**

The GASB has issued the following statements which became effective for fiscal year 2020.

In light of the COVID-19 pandemic, the GASB issued Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"* in May 2020. The primary objective of this statement is to provide temporary relief to municipalities and other stakeholders. This statement postpones the effective dates of certain Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, or later.

The GASB has issued the following statements which will become effective for fiscal year 2021.

Statement No. 84, *"Fiduciary Activities"* – This statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. Established criteria for identifying fiduciary activities is focused on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.

Statement No. 90, *"Majority Equity Interests"* – an amendment of GASB Statements No. 14 and No. 61" – This statement will improve financial reporting by providing financial statement users with essential information presented for majority equity interests in legally separate organizations. A majority equity interest in a legally separate organization should be reported as an investment if the government's holding of the equity interest meets the definition of an investment. The statement also provides for improved relevance of financial statement information for certain component units. If a government has a 100 percent equity interest, it must account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest.

Statement No. 93, *Replacement of Interbank Offered Rates"* – This statement will enhance the comparability of accounting and financial reporting requirements and improve consistency of

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**V. NEW AND FUTURE FINANCIAL REPORTING REQUIREMENTS (CONTINUED)**

authoritative literature. This will improve the usefulness of information for users of state and local government financial statements. The London Interbank Offered Rate (LIBOR) is expected to cease to exist at the end of 2021. Some governments have agreements with variable payments dependent on an Interbank Offered Rate (IBOR) – most notably, LIBOR. This is prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates.

**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, 2020**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. BUDGETARY ACCOUNTING (CONTINUED)**

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

	Original Budget	Amendments Increase (Decrease)	Final Budget
<b>Revenues -</b>			
Taxes and franchise, including interest and penalties	\$ 101,976,250	\$ (5,585,000)	\$ 96,391,250
Licenses, permits and fees	1,702,400	(300,000)	1,402,400
Charges for services	4,837,900	(2,065,000)	2,772,900
Fines and forfeitures	1,395,000	(445,000)	950,000
Grants	1,083,538	557,000	1,640,538
Investment and other	5,704,300	(550,000)	5,154,300
Total revenues	<u>116,699,388</u>	<u>(8,388,000)</u>	<u>108,311,388</u>
<b>Expenditures -</b>			
Current -			
General government	27,122,006	(2,699,334)	24,422,672
Public safety	57,293,889	(764,937)	56,528,952
Public works	20,466,769	(4,694,193)	15,772,576
Culture and recreation	15,874,973	(129,913)	15,745,060
Total expenditures	<u>120,757,637</u>	<u>(8,288,377)</u>	<u>112,469,260</u>
Excess (deficiency) of revenues over expenditures	<u>(4,058,249)</u>	<u>(99,623)</u>	<u>(4,157,872)</u>
<b>Other financing sources (uses) -</b>			
Transfers in	5,061,250	-	5,061,250
Transfers out	(200,000)	(3,747,201)	(3,947,201)
Total other financing sources (uses)	<u>4,861,250</u>	<u>(3,747,201)</u>	<u>1,114,049</u>
Net change in fund balances	<u>\$ 803,001</u>	<u>\$ (3,846,824)</u>	<u>\$ (3,043,823)</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, 2020, 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 on the following page.



**CITY OF ROUND ROCK, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. ENCUMBRANCES (CONTINUED)**

**Major Funds**

Round Rock Transportation and Economic Development Corporation Fund	\$ 11,681,000
Self-Financed Construction Fund	3,001,000
Debt-Financed Capital Projects Fund	8,917,000

**Nonmajor Funds**

Special revenue funds	\$ 429,000
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**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	\$ 223,355,000
Plus: Issuance premium (amortized against interest expense)	15,952,285
Less: Issuance discount (amortized against interest expense)	(61,032)
Bonds and certificates payable - private placement	47,955,000
Capital leases payable	6,394,238
Net pension liability	35,323,270
Compensated absences	8,824,264
Total OPEB liability	<u>16,377,380</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 354,120,405</u>

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

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

Capital outlay	\$ 80,820,915
Depreciation expense	<u>(33,931,553)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 46,889,362</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	\$ 4,330,050
Reclassifications, disposals, and transfers	<u>(83,731)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,246,319</u>

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 - private placement	\$ (41,480,000)
Debt payments/refundings - public placement	18,655,000
Debt payments/refundings - private placement	3,750,000
Deferred amount on refunding - public placement	522,516
Deferred amount on refunding - private placement	(386,954)
Capital lease payments	<u>2,601,519</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (16,337,919)</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 summarized on the following page.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

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

Decrease in net pension liability	\$ 12,697,733
Decrease in deferred outflows related to pensions	(7,165,231)
Increase in deferred inflows related to pensions	<u>(6,939,535)</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>\$ (1,407,033)</u></u>
Increase in total OPEB liability	\$ (1,849,913)
Increase in deferred outflows related to OPEB	1,007,417
Increase in deferred inflows related to OPEB	<u>(45,986)</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>\$ (888,482)</u></u>
Change in compensated absences	\$ (898,966)
Amortization of bond premium/discount - public placement	1,560,907
Change in accrued interest - public placement	337,945
Change in accrued interest - private placement	(216,015)
Amortization of deferred amount on refunding - public placement	(638,489)
Amortization of deferred amount on refunding - private placement	<u>(17,870)</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>\$ 127,512</u></u>

**IV. DETAILED NOTES ON ALL FUNDS**

**A. CASH AND INVESTMENTS**

Cash and investments at September 30, 2020, reconciled to the statement of net position amounts for cash and cash equivalents and investments is as follows:

Cash in banks	\$ 64,305,557
Investments	<u>293,027,915</u>
Total cash and investments	<u><u>\$ 357,333,472</u></u>
Statement of net position presentation:	
Cash and cash equivalents	\$ 45,620,789
Investments	225,555,516
Restricted assets -	
Cash and cash equivalents	37,907,707
Investments	<u>48,249,460</u>
Total cash and cash equivalents and investments	<u><u>\$ 357,333,472</u></u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. CASH AND INVESTMENTS (CONTINUED)**

At September 30, 2020, the carrying amount of deposits was a debit balance of \$64,305,557, including \$447,914 in outstanding checks, and the respective bank balances totaled \$63,857,643. 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	\$ 6,006,319	\$ 6,006,319	15
Municipal Bonds	16,339,160	16,339,160	275
Certificates of Deposit	251,459,497	251,459,497	283
State Investment Pools	19,222,939	19,222,939	41
	<u>\$ 293,027,915</u>	<u>\$ 293,027,915</u>	

Portfolio weighted average maturity	261
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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, 2020, the City has the recurring fair value measurements for U.S. Government securities of \$6,006,319 valued using quoted prices for similar assets in active markets (level 2 inputs).

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,

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. CASH AND INVESTMENTS (CONTINUED)**

(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, 2020, 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, 2020, 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 2020 were in the aforementioned categories.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. CASH AND INVESTMENTS (CONTINUED)**

Local Government Investment Pools

As of September 30, 2020, 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 \$16,015,454 invested in TexPool, \$200,452 invested in TexSTAR, and \$3,007,033 in TexasDAILY at September 30, 2020.

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

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

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

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

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

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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. CASH AND INVESTMENTS (CONTINUED)**

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

**B. PROPERTY TAXES AND RECEIVABLES**

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

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

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real and personal property within the City on the 2019 tax roll. The tax rate, based on total taxable assessed valuation of \$14,647,779,369 was \$0.439000 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.313509 and \$0.125491, respectively.

	General Fund	Debt Service Fund	Total
Current year levy	\$ 176,152	\$ 83,854	\$ 260,006
Prior years' levies	247,682	152,022	399,704
	423,834	235,876	659,710
Less - allowance for uncollectible taxes	(4,179)	(2,359)	(6,538)
	<u>\$ 419,655</u>	<u>\$ 233,517</u>	<u>\$ 653,172</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, 2020, were as follows:

Receivable Fund	Payable Fund	Receivable	Payable
Debt Service Fund	General Fund	\$ 10,706	\$ 10,706
Governmental Funds		<u>\$ 10,706</u>	<u>\$ 10,706</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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

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 below.

	Transfers In	Transfers Out
<u>Governmental Funds</u>		
General Fund -		
Water and Sewer Fund	\$ 4,258,250	\$ -
Self-Financed Construction Fund	-	3,947,201
Round Rock Transportation and Economic Development Corporation Fund	803,000	-
	<u>5,061,250</u>	<u>3,947,201</u>
Debt Service Fund -		
Round Rock Transportation and Economic Development Corporation Fund	4,569,000	-
Nonmajor Governmental Funds	1,272,455	-
	<u>5,841,455</u>	<u>-</u>
Round Rock Transportation and Economic Development Corporation Fund -		
General Fund	-	803,000
Debt Service Fund	-	4,569,000
Self-Financed Construction Fund	108,851	3,001,344
Debt-Financed Capital Projects Fund	-	532,657
Transportation CO's	18,026,681	-
	<u>18,135,532</u>	<u>8,906,001</u>
Debt-Financed Capital Projects Fund -		
Round Rock Transportation and Economic Development Corporation Fund	532,657	18,026,681
Self-Financed Construction Fund	2,050,942	-
	<u>2,583,599</u>	<u>18,026,681</u>
Self-Financed Construction Fund -		
General Fund	3,947,201	-
Golf Course Fund	-	200,000
Round Rock Transportation and Economic Development Corporation Fund	3,001,344	108,851
Debt-Financed Capital Projects Fund	-	2,050,942
Nonmajor Governmental Funds	249,956	-
	<u>7,198,501</u>	<u>2,359,793</u>
Governmental Funds -		
Debt Service Fund	-	1,272,455
Self-Financed Construction Fund	-	249,956
Nonmajor Governmental Funds	675,000	675,000
	<u>675,000</u>	<u>2,197,411</u>
Subtotal of Governmental Funds	<u>39,495,337</u>	<u>35,437,087</u>
<u>Proprietary Funds</u>		
Water and Sewer Fund -		
General Fund	-	4,258,250
	<u>-</u>	<u>4,258,250</u>
Golf Course Fund -		
Self-Financed Construction Fund	200,000	-
	<u>200,000</u>	<u>-</u>
Subtotal of Proprietary Funds	<u>200,000</u>	<u>4,258,250</u>
Total Transfers	<u>\$ 39,695,337</u>	<u>\$ 39,695,337</u>



**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. JOINT VENTURE**

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

**STATEMENT OF NET POSITION**  
**As of September 30, 2020**

	Total	City's Interest
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 2,877,545	\$ 1,329,150
Restricted investments	28,961,124	11,198,963
Capital assets	175,702,053	60,805,566
Total assets	<u>207,540,722</u>	<u>73,333,679</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>13,317,027</u>	<u>5,189,249</u>
<b><u>LIABILITIES</u></b>		
Accounts payable	2,191,690	553,447
Retainage payable	676,707	180,478
Due to partner cities	638,665	49,145
Current portion of bonds payable	6,345,000	2,095,000
Accrued bond interest payable	1,025,965	349,012
Total current liabilities	<u>10,878,027</u>	<u>3,227,082</u>
Noncurrent portion of bonds payable	177,998,971	58,448,383
Total liabilities	<u>188,876,998</u>	<u>61,675,465</u>
<b><u>NET POSITION</u></b>	<u>\$ 31,980,751</u>	<u>\$ 16,847,463</u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**

**For the Year Ended September 30, 2020**

	Total	City's Interest
Operating revenues	\$ 1,137,397	\$ 218,734
Interest expense	(5,592,805)	(1,762,236)
Other operating expenses	(6,815,864)	(2,060,024)
Other income	483,746	151,789
Changes in Net Position	<u>(10,787,526)</u>	<u>(3,451,737)</u>
Net position, October 1, 2019, as restated (1)	30,187,401	16,082,944
Contribution of capital, net	12,580,876	4,216,256
Net position, September 30, 2020	<u>\$ 31,980,751</u>	<u>\$ 16,847,463</u>

(1) Restatement of beginning net position is the result of a change in accounting policy for amortization of bond premiums and discounts using the effective interest rate method.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020, was as follows:

	October 1, 2019	Additions/ Completions	Retirements/ Adjustments	September 30, 2020
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 103,983,047	\$ 6,468,077	\$ -	\$ 110,451,124
Construction in progress	57,754,782	76,813,458	(42,664,384)	91,903,856
Total capital assets not being depreciated	161,737,829	83,281,535	(42,664,384)	202,354,980
Capital assets being depreciated:				
Buildings and improvements	877,127,315	36,011,914	(852,817)	912,286,412
Equipment	85,439,959	8,647,156	(5,007,617)	89,079,498
Total capital assets being depreciated	962,567,274	44,659,070	(5,860,434)	1,001,365,910
Less accumulated depreciation for:				
Buildings and improvements	426,392,303	25,888,149	(852,817)	451,427,635
Equipment	63,544,580	8,043,404	(4,798,630)	66,789,354
Total accumulated depreciation	489,936,883	33,931,553	(5,651,447)	518,216,989
Total capital assets being depreciated, net	472,630,391	10,727,517	(208,987)	483,148,921
Governmental activities capital assets, net	<u>\$ 634,368,220</u>	<u>\$ 94,009,052</u>	<u>\$ (42,873,371)</u>	<u>\$ 685,503,901</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 8,452,956	\$ -	\$ -	\$ 8,452,956
Construction in progress	16,317,089	18,454,913	(15,761,466)	19,010,536
Total capital assets not being depreciated	24,770,045	18,454,913	(15,761,466)	27,463,492
Capital assets being depreciated:				
Buildings and improvements	527,670,625	24,419,776	-	552,090,401
Equipment	22,996,276	1,891,931	(6,507,965)	18,380,242
Total capital assets being depreciated	550,666,901	26,311,707	(6,507,965)	570,470,643
Less accumulated depreciation for:				
Building and improvements	202,426,693	17,597,592	-	220,024,285
Equipment	16,492,973	2,354,713	(6,520,570)	12,327,116
Total accumulated depreciation	218,919,666	19,952,305	(6,520,570)	232,351,401
Total capital assets being depreciated, net	331,747,235	6,359,402	12,605	338,119,242
Business-type activities capital assets, net	<u>\$ 356,517,280</u>	<u>\$ 24,814,315</u>	<u>\$ (15,748,861)</u>	<u>\$ 365,582,734</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities:**

General government	\$ 2,054,801
Public safety	5,516,064
Public works	19,636,118
Culture and recreation	6,724,570
Total depreciation expense - governmental activities	<u>\$ 33,931,553</u>

**Business-Type Activities:**

Water and sewer utility	\$ 19,478,079
Golf course	474,226
Total depreciation expense - business-type activities	<u>\$ 19,952,305</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, 2020, follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets:			
Total capital assets (net of accumulated depreciation)	\$ 685,503,901	\$ 365,582,734	\$ 1,051,086,635
Plus capital-related deferred outflows of resources	3,036,965	4,217,952	7,254,917
Less long-term debt	(293,595,491)	(75,999,389)	(369,594,880)
Plus unspent bond proceeds	48,023,820	959,080	48,982,900
Net investment in capital assets (net of related debt)	<u>\$ 442,969,195</u>	<u>\$ 294,760,377</u>	<u>\$ 737,729,572</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT**

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2020:

	Balance October 1, 2019	Additions	Refundings/ Retirements	Balance September 30, 2020	Due within one year
<b>Governmental Activities</b>					
<u>Public Placement:</u>					
General obligation bonds	\$ 151,405,000	\$ -	\$ (17,165,000)	\$ 134,240,000	\$ 7,660,000
Certificates of obligation	58,870,000	-	(845,000)	58,025,000	1,850,000
Hotel tax revenue bonds	10,425,000	-	(645,000)	9,780,000	665,000
Sales tax revenue bonds	21,310,000	-	-	21,310,000	-
Plus deferred amount:					
For issuance premium	18,049,387	-	(2,097,102)	15,952,285	1,574,586
For issuance discount	(74,711)	-	13,679	(61,032)	(13,679)
Total Public Placement	259,984,676	-	(20,738,423)	239,246,253	11,735,907
<u>Private Placement:</u>					
General obligation bonds	-	6,980,000	-	6,980,000	2,005,000
Certificates of obligation	-	30,000,000	-	30,000,000	940,000
Limited tax notes	-	4,500,000	-	4,500,000	870,000
Sales tax revenue bonds	10,225,000	-	(3,750,000)	6,475,000	3,810,000
Total Private Placement	10,225,000	41,480,000	(3,750,000)	47,955,000	7,625,000
Lease purchase payable	8,995,757	-	(2,601,519)	6,394,238	2,225,167
Compensated absences	7,925,298	6,208,916	(5,309,950)	8,824,264	5,912,257
Total governmental activities	287,130,731	47,688,916	(32,399,892)	302,419,755	27,498,331
<b>Business-Type Activities</b>					
<u>Public Placement:</u>					
Revenue bonds	73,370,000	-	(3,180,000)	70,190,000	3,325,000
Plus deferred amount:					
For issuance premium	6,140,797	-	(331,408)	5,809,389	331,408
Compensated absences	584,738	585,992	(461,942)	708,788	559,942
Total Public Placement	80,095,535	585,992	(3,973,350)	76,708,177	4,216,350
Total business-type activities	80,095,535	585,992	(3,973,350)	76,708,177	4,216,350
Total government	\$ 367,226,266	\$ 48,274,908	\$ (36,373,242)	\$ 379,127,932	\$ 31,714,681

The General Fund and Hotel/Motel Fund are responsible for liquidating the liability for compensated absences in the governmental activities and the Water and Sewer Fund and Stormwater Fund are 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, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

Long-term debt at September 30, 2020, is comprised of the following:

	Governmental Activities- Public Placement	Governmental Activities- Private Placement	Business- Type Activities- Public Placement
<b>General Obligation Bonds:</b>			
\$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%	\$ 2,320,000	\$ -	\$ -
\$10,465,000 2014A refunding bonds due in annual installments of \$270,000 to \$1,740,000 through 2021; interest at 2.0% to 5.0%	270,000	-	-
\$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%	62,845,000	-	-
\$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%	24,335,000	-	-
\$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%	5,005,000	-	-
\$28,585,000 2017 refunding bonds due in annual installments of \$-0- to \$1,945,000 through 2042; interest at 3.0% to 5.0%	28,585,000	-	-
\$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%	10,880,000	-	-
\$6,980,000 2020 refunding bonds due in annual installments of \$375,000 to \$2,005,000 through 2027; interest at 1.21%	-	6,980,000	-
Total General Obligation Bonds	<u>134,240,000</u>	<u>6,980,000</u>	<u>-</u>
<b>Certificates of Obligation:</b>			
\$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%	23,860,000	-	-
\$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%	6,915,000	-	-
\$27,250,000 2019 Combination tax and revenue certificates of obligation due in installments of \$-0- to \$1,740,000 through 2044; interest 2.0% to 5.0%	27,250,000	-	-
\$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%	-	30,000,000	-
Total Certificates of Obligation	<u>58,025,000</u>	<u>30,000,000</u>	<u>-</u>
<b>Limited Tax Notes:</b>			
\$4,500,000 2020 Limited tax notes due in annual installments of \$870,000 to \$925,000 through 2025; interest at 1.15%	-	4,500,000	-
Total Limited Tax Notes	<u>-</u>	<u>4,500,000</u>	<u>-</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

	Governmental Activities- Public Placement	Governmental Activities- Private Placement	Business- Type Activities- Public Placement
<b>Hotel Tax Revenue Bonds:</b>			
\$7,715,000 2012 venue tax and hotel bonds due in annual installments of \$10,000 to \$590,000 through 2037; interest at 2.0% to 4.0%	6,875,000	-	-
\$4,455,000 2016 refunding bonds due in annual installments of \$30,000 to \$630,000 through 2024; interest at 2.0% to 4.0%	2,905,000	-	-
Total Hotel Tax Revenue Bonds	9,780,000	-	-
<b>Sales Tax Revenue Bonds:</b>			
\$10,930,000 2015 refunding bonds due in annual installments of \$1.75 to \$1.89 million through 2021 including interest at 1.56%	-	1,890,000	-
\$10,140,000 2017 refunding bonds due in annual installments of \$1.32 to \$1.92 million through 2023 including interest at 1.78%	-	4,585,000	-
\$21,310,000 2019 taxable bonds due in annual installments of \$-0- to \$1.22 million through 2044; interest at 2.15% to 3.68%	21,310,000	-	-
Total Sales Tax Revenue Bonds	21,310,000	6,475,000	-
<b>Utility System Revenue Bonds:</b>			
\$8,000,000 2014 bonds due in annual installments of \$-0- to \$585,000 through 2034; interest at 2.0 to 4.0%	-	-	6,350,000
\$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%	-	-	34,540,000
\$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%	-	-	29,300,000
Total Utility System Revenue Bonds	-	-	70,190,000
Issuance premium	15,952,285	-	5,809,389
Issuance discount	(61,032)	-	-
Lease purchases payable:			
\$13,131,044 leases due in semi-annual installments including interest ranging from 1.325% - 2.9474% due in 2024. The lease obligation is funded with general revenue sources.	6,394,238	-	-
Compensated absences	8,824,264	-	708,788
<b>Total Primary Government Debt</b>	<b>\$ 254,464,755</b>	<b>\$ 47,955,000</b>	<b>\$ 76,708,177</b>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize bonded, certificates of obligation, loan and lease debt at September 30, 2020, including interest are as follows:

**Governmental Activities:**

Year Ending Sept. 30,	General Obligation Bonds & Certificates of Obligation					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 9,510,000	\$ 8,185,731	\$ 17,695,731	\$ 2,945,000	\$ 754,158	\$ 3,699,158
2022	10,730,000	7,830,712	18,560,712	2,380,000	586,184	2,966,184
2023	11,325,000	7,363,706	18,688,706	2,420,000	550,726	2,970,726
2024	9,900,000	6,882,150	16,782,150	3,285,000	514,634	3,799,634
2025	9,880,000	6,427,081	16,307,081	2,395,000	463,005	2,858,005
2026-2030	45,760,000	25,789,669	71,549,669	16,675,000	1,514,042	18,189,042
2031-2035	43,630,000	15,951,675	59,581,675	6,880,000	187,516	7,067,516
2036-2040	41,140,000	6,655,406	47,795,406	-	-	-
2041-2045	10,390,000	900,600	11,290,600	-	-	-
	<u>\$ 192,265,000</u>	<u>\$ 85,986,730</u>	<u>\$ 278,251,730</u>	<u>\$ 36,980,000</u>	<u>\$ 4,570,265</u>	<u>\$ 41,550,265</u>

Year Ending Sept. 30,	Limited Tax Notes - Private Placement		
	Principal	Interest	Total
2021	\$ 870,000	\$ 63,825	\$ 933,825
2022	890,000	41,745	931,745
2023	900,000	31,510	931,510
2024	915,000	21,160	936,160
2025	925,000	10,638	935,638
	<u>\$ 4,500,000</u>	<u>\$ 168,878</u>	<u>\$ 4,668,878</u>

Year Ending Sept. 30,	Hotel Tax Revenue Bonds - Public Placement		
	Principal	Interest	Total
2021	\$ 665,000	\$ 343,280	\$ 1,008,280
2022	690,000	317,505	1,007,505
2023	720,000	290,680	1,010,680
2024	745,000	262,780	1,007,780
2025	775,000	233,805	1,008,805
2026-2030	2,060,000	944,100	3,004,100
2031-2035	2,425,000	582,295	3,007,295
2036-2040	1,700,000	103,800	1,803,800
	<u>\$ 9,780,000</u>	<u>\$ 3,078,245</u>	<u>\$ 12,858,245</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

Year Ending Sept. 30,	Sales Tax Revenue Bonds					
	Public Placement			Private Placement		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ 657,279	\$ 657,279	\$ 3,810,000	\$ 111,097	\$ 3,921,097
2022	1,030,000	657,279	1,687,279	1,320,000	47,437	1,367,437
2023	1,050,000	635,103	1,685,103	1,345,000	23,941	1,368,941
2024	1,075,000	611,709	1,686,709	-	-	-
2025	1,100,000	587,221	1,687,221	-	-	-
2026-2030	5,345,000	2,485,242	7,830,242	-	-	-
2031-2035	3,555,000	1,843,950	5,398,950	-	-	-
2036-2040	4,200,000	1,194,040	5,394,040	-	-	-
2041-2045	3,955,000	370,576	4,325,576	-	-	-
	<u>\$ 21,310,000</u>	<u>\$ 9,042,399</u>	<u>\$ 30,352,399</u>	<u>\$ 6,475,000</u>	<u>\$ 182,475</u>	<u>\$ 6,657,475</u>

Year Ending September 30,	Lease Purchases		
	Principal	Interest	Total
2021	\$ 2,225,169	\$ 123,333	\$ 2,348,502
2022	2,037,029	78,193	2,115,222
2023	1,531,203	36,703	1,567,906
2024	600,837	8,675	609,512
	<u>\$ 6,394,238</u>	<u>\$ 246,904</u>	<u>\$ 6,641,142</u>

**Business-Type Activities:**

Year Ending September 30,	Utility System Revenue Bonds - Public Placement		
	Principal	Interest	Total
2021	\$ 3,325,000	\$ 2,748,581	\$ 6,073,581
2022	3,475,000	2,587,631	6,062,631
2023	3,530,000	2,426,631	5,956,631
2024	3,685,000	2,263,181	5,948,181
2025	3,860,000	2,092,331	5,952,331
2026-2030	18,005,000	8,234,463	26,239,463
2031-2035	18,260,000	5,465,256	23,725,256
2036-2040	16,050,000	1,740,801	17,790,801
	<u>\$ 70,190,000</u>	<u>\$ 27,558,875</u>	<u>\$ 97,748,875</u>

In prior years, the City defeased certain revenue and general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2020, there are no bonds outstanding which have been reported as defeased.



**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

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

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

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

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

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

**(1) UTILITY REVENUE BONDS**

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

The debt service funds are restricted within the Enterprise Fund and require that net revenues of the City's waterworks and sewer system, after operating and maintenance expenses are deducted, be irrevocably pledged by providing equal monthly installments which will accumulate to the semi-annual principal and interest requirements as they become due. For fiscal year 2020, net revenues available for debt service were 5.37 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

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

be invested in time deposits, certificates of deposit and direct or guaranteed obligations of the United States of America.

**(2) HOTEL TAX REVENUE BONDS**

Hotel occupancy tax revenue bonds were issued to fund the City's portion of the convention center complex. The debt service fund for the hotel tax revenue bonds, aggregating \$736,968 at September 30, 2020, is reported in the governmental funds. Bond covenants require that the hotel tax revenues be irrevocably pledged by providing quarterly installments, which will accumulate to the semi-annual principal and interest requirements as they become due.

The bond reserve fund for hotel tax revenue bond retirement aggregates \$862,929 at September 30, 2020. This amount is in compliance with the requirements contained in the bond's Indenture Agreement. This agreement requires ½ of the average annual debt service requirements of the bonds in the reserve fund be deposited upon issuance of the bonds, with quarterly installments until the required reserve is attained.

**(3) SALES TAX REVENUE BONDS**

Sales tax revenue bonds have been issued to fund transportation improvements. The Round Rock Transportation and Economic Development Corporation (RRTEDC) issued the sales tax revenue bonds. RRTEDC is a blended component unit of the City of Round Rock, which collects ½ of 1% of the sales tax collected by the State on its behalf. Although RRTEDC is presented as a blended component unit, none of the City's assets are pledged to payment of the bonds. The bonds are secured solely by a pledge of the revenues of the RRTEDC.

The debt service fund for the sales tax revenue bonds, aggregating \$329,794 at September 30, 2020, 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.

**(4) 2020 REFUNDING/ISSUANCE**

In May 2020, the City issued \$30,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2020. Proceeds from the private placement sale of the Certificates will be used for public improvements. The bonds were issued with an interest rate of 1.81% and mature through 2032.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. LONG-TERM DEBT (CONTINUED)**

Additionally, in May 2020, the City issued \$4,500,000 Limited Tax Notes, Series 2020. The proceeds from the private placement sale will be used to purchase vehicles and equipment. The notes were issued with an interest rate of 1.15% and mature through 2025.

The City also issued \$6,980,000 General Obligation Refunding Bonds, Series 2020. This private placement debt was issued to refund \$6,875,000 of Series 2011 General Obligation Refunding Bonds. The bonds were issued with an interest rate of 1.21% and mature through 2027. The refunded bonds are considered defeased, and the debt for these bonds has been removed from the City's financial statements. This is a current refunding and was recorded as an expenditure on the Statement of Revenues, Expenditures, and Change in Fund Balance.

This refunding reduced the total debt service payments over the next eight years by \$463,661 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 \$436,002.

**G. ACCRUED COMPENSATED ABSENCES**

Changes to accrued compensated absences for the year ended September 30, 2020, were as follows:

	Governmental Activities	Business-Type Activities
Balance, October 1, 2019	\$ 7,925,298	\$ 584,738
Additions	6,208,916	585,992
Reductions	(5,309,950)	(461,942)
Balance, September 30, 2020	<u>\$ 8,824,264</u>	<u>\$ 708,788</u>

Accrued compensated absences due within one year were \$5,912,257 for governmental activities and \$559,942 for business-type activities. Liabilities for accrued compensated absences are funded from General Fund and Hotel/Motel Fund revenues for the governmental activities and Water and Sewer Fund program revenues for the business-type activities.

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. RESTRICTED ASSETS**

The following summarizes restricted assets by purpose at September 30, 2020:

	Cash & Cash Equivalents	Investments	Property Taxes Receivable	Sales Tax Receivable	Accrued Interest Receivable
<b>Governmental Activities:</b>					
Debt Service Fund	\$ 5,069,385	\$ -	\$ 233,517	\$ -	\$ -
Restricted by debt covenants - Round Rock Transportation and Economic Development Corporation Fund	2,311,990	11,057,480	-	1,395,689	66,684
Debt-Financed Capital Projects Fund	25,274,797	22,735,072	-	-	13,951
Other Governmental funds	299,319	1,431,539	-	-	602
<b>Total Governmental Activities</b>	<u>\$ 32,955,491</u>	<u>\$ 35,224,091</u>	<u>\$ 233,517</u>	<u>\$ 1,395,689</u>	<u>\$ 81,237</u>
	Cash & Cash Equivalents	Investments	Accrued Interest Receivable		
<b>Business-Type Activities:</b>					
Water and Sewer Fund -					
Impact fees	\$ 1,420,976	\$ 6,796,059	\$ -		
Construction	1,641,770	6,229,310	-		
Customer deposits	1,680,592	-	-		
Revenue bond debt service	208,878	-	-		
Accrued interest receivable	-	-	18,843		
<b>Total Business-Type Activities</b>	<u>\$ 4,952,216</u>	<u>\$ 13,025,369</u>	<u>\$ 18,843</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 \$9,886 and Travis County was paid \$911 for the fiscal year ended September 30, 2020.

**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.

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**V. OTHER INFORMATION (CONTINUED)**

**A. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**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, 2020, the City's cost under this contract was \$530,880.

On September 12, 1991, the City entered into the "Replacement Water Supply Agreement" with the BRA, wherein it received the right to purchase 8,134 acre-feet of water per year from Stillhouse Hollow Lake. Rights for an additional 10,000 acre-feet of water were acquired in the November 13, 1996, "System Water Supply Agreement". These agreements were replaced with the "System Water 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, 2020, the City's cost under this contract was \$1,432,586.

Effective September 1, 2001, the City entered into a "System Water Availability Agreement for Colorado River Basin Water" with the BRA, wherein it received reserved water rights for an additional 6,944 acre-feet of water. Two subsequent agreements granted Round Rock rights to 13,984 additional acre-feet of water per year from the Colorado River Basin. For the fiscal year ended September 30, 2020, the City's cost under these contracts was \$1,656,530.

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

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**V. OTHER INFORMATION (CONTINUED)**

**A. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Round Rock. Construction was underway as of September 30, 2020, and is estimated for completion in July 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. The BCRWWS had operated by the Brazos River Authority since 1997 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, 2020, the City of Round Rock's allocated share of operation and maintenance expenses was 69.82%.

**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, 2020, the potential rebate was calculated at \$0.

**Deferred Compensation Plan**

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

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**V. OTHER INFORMATION (CONTINUED)**

**A. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Tax Abatements**

The City of Round Rock negotiates property tax abatement agreements, property tax rebates, hotel occupancy tax rebates, and sales tax rebates on an individual basis. Each agreement was negotiated under the Texas Property Redevelopment and Tax Abatement Act, Chapter 312, Tax Code, V.A.T.S as amended, allowing localities to abate property taxes for economic development purposes which include business relocation, retention and expansion. Property must be located within a reinvestment zone to be eligible for a tax abatement, and agreements are limited to ten years in length. The abatement value can only be to the extent its value for that year exceeds its value for the year in which the agreement is executed. The City has an Abatement Recapture clause in all Tax Abatement Agreements in the event that the recipient does not fulfill the requirements of the agreement. The tax rebate program is for a period greater than ten years, and taxes paid are reimbursed back to the owner. Amounts paid for the tax abatement and tax rebate programs for the year ended September 30, 2020, are summarized below:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Property Tax	\$ 105,387

<u>Tax Rebate Program</u>	<u>Amount of Taxes Rebated</u>
Hotel Occupancy Tax	\$ 45,640
Property Tax	1,614,116
Sales Tax	9,789,954

In addition to reduced taxes, the City has some agreements that include economic incentive payments. The City is not subject to any tax abatement agreements entered into by other governmental entities.

**B. RISK MANAGEMENT**

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

**CITY OF ROUND ROCK, TEXAS**  
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**V. OTHER INFORMATION (CONTINUED)**

**B. RISK MANAGEMENT (CONTINUED)**

**Self-Funded Health Insurance Fund**

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

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

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Ending Liability</u>
2018	\$ 747,066	\$ 9,755,355	\$ 10,015,639	\$ 486,782
2019	486,782	11,412,211	11,313,542	585,451
2020	585,451	9,899,294	10,296,152	188,593

**C. EMPLOYEE RETIREMENT PLAN**

**Plan Description**

The City participates as one of 888 plans in the non-traditional, joint contributory, hybrid defined benefit plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

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

**Benefits Provided**

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



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**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

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

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

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

**Employees Covered by Benefit Terms**

At the December 31, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	357
Inactive employees entitled to but not yet receiving benefits	427
Active employees	980
Total	<u>1,764</u>

**Contributions**

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

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**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The City elected to contribute for calendar years 2019 and 2020 as follows:

	2019	2020
Total Retirement Rate	15.33%	15.35%
Supplemental Death Benefit	0.14	0.14
Total Combined Contribution	<u>15.47%</u>	<u>15.49%</u>

Accordingly, contributions to TMRS for the year ended September 30, 2020, were \$10,635,298 and were equal to the required contributions.

**Net Pension Liability**

The City's net pension liability (NPL) was measured as of December 31, 2019, 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, 2019, actuarial valuation was determined using the following actuarial assumptions:

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

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the 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

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**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

***Single Discount Rate***

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

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**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

***Changes in the Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2018	\$ 283,486,711	\$ 228,917,389	\$ 54,569,322
Changes for the year:			
Service cost	12,125,301	-	12,125,301
Interest	19,262,844	-	19,262,844
Difference between expected and actual experience	4,071,075	-	4,071,075
Changes of assumptions	608,160	-	608,160
Contributions - employer	-	10,471,204	(10,471,204)
Contributions - employee	-	4,793,245	(4,793,245)
Net investment income	-	35,438,150	(35,438,150)
Benefit payments, including refunds of employee contributions	(8,347,798)	(8,347,798)	-
Administrative expense	-	(199,970)	199,970
Other	-	(6,007)	6,007
Net changes	27,719,582	42,148,824	(14,429,242)
Balance at December 31, 2019	\$ 311,206,293	\$ 271,066,213	\$ 40,140,080

As previously disclosed, the assumed interest rate of return used by GRS is 6.75%. As of December 31, 2019, TMRS recognized an investment return of 14.96%. This, in turn, resulted in a net decrease of \$14,429,242 in the City's NPL. The return on investments is primarily a result of unrealized gains recognized in the global equities asset class in 2019.

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
City's Net Pension Liability	\$ 90,392,058	\$ 40,140,080	\$ (656,789)

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**V. OTHER INFORMATION (CONTINUED)**

**C. EMPLOYEE RETIREMENT PLAN (CONTINUED)**

***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](http://www.tmrs.com).

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

For the year ended September 30, 2020, the City recognized pension expense of \$12,234,199. At September 30, 2020, 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	\$ 4,470,118	\$ 141,652
Difference between projected and actual investment earnings	-	8,189,946
Changes in actuarial assumptions used to determine pension liability	501,652	250,805
Pension contributions after measurement date	8,379,538	-
Total	<u>\$ 13,351,308</u>	<u>\$ 8,582,403</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$8,379,538 will be recognized as a reduction of the NPL for the measurement year ending December 31, 2020 (i.e., recognized in the City's financial statements September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (1,459,484)
2021	(1,246,621)
2022	1,557,973
2023	(3,044,331)
2024	581,830
Thereafter	-
Total	<u>\$ (3,610,633)</u>

**CITY OF ROUND ROCK, TEXAS**  
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**V. OTHER INFORMATION (CONTINUED)**

**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. 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.

**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.

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**V. OTHER INFORMATION (CONTINUED)**

**D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Employees Covered by Benefit Terms**

At the December 31, 2019, valuation and measurement date, the following employees were covered by the benefit terms:

SDBF:

Inactive employees currently receiving benefits	288
Inactive employees entitled to but not yet receiving benefits	135
Active employees	980
Total	<u>1,403</u>

Self-Funded Health Insurance:

Inactive employees (retirees)	36
Active employees	941
Total	<u>977</u>

**Contributions**

SDBF: The City contributes to SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance and represents 0.14% of required contributions. The City's contributions to SDBF for the years ended 2020, 2019, and 2018 were \$14,889, \$14,528, and \$13,337, respectively, which equaled the required contributions each year. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The retiree-only portion of the SDBF rate was 0.02% for the years ended 2020 – 2018.

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.

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, 2020, the City recognized a total OPEB liability of \$18,610,659, \$2,468,900 of which was for the SDBF, and \$16,141,759 for the Self-Funded Health Insurance plan. Both were measured as of December 31, 2019, and were determined by an actuarial valuation as of that date.

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**V. OTHER INFORMATION (CONTINUED)**

**D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

***Actuarial Assumptions***

The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

	SDBF	Self-Funded Health Insurance
Inflation	2.5%	2.5%
Salary increases	3.5% to 11.5% including inflation	3.0%
Discount rate**	2.75%	2.75%
Healthcare cost trend rate	None	Getzen model (6.86% to 4.29%)
Retirees' share of benefit-related costs	\$ 0	Varies based on plan elected and years of service
Actuarial cost method***	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Mortality	<p>For service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.</p> <p>For disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.</p>	Mortality rates were based on the RP-2014 Dynamic Table projected using MP-2017
Development of claims	None	Retiree medical and pharmacy claims were projected to the following fiscal year and age-adjusted to age 65. A composite retiree contribution was netted out. That net age-65 cost was then average with the trended, age-65 cost from the prior valuation to smooth out any fluctuations. That average then was allocated to all pre-65 ages using the same age factors.

\*\* Because this plan is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the total OPEB liability is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

\*\*\* 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



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**V. OTHER INFORMATION (CONTINUED)**

**D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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, 2018	\$ 1,906,330	\$ 14,602,156	\$ 16,508,486
Changes for the year:			
Service cost	102,294	919,177	1,021,471
Interest	72,369	532,239	604,608
Differences between expected and actual experience	(36,755)	(196,828)	(233,583)
Changes in assumptions or other inputs	438,301	882,735	1,321,036
Benefit payments	(13,639)	(597,720)	(611,359)
Net changes	562,570	1,539,603	2,102,173
Balance at December 31, 2019	<u>\$ 2,468,900</u>	<u>\$ 16,141,759</u>	<u>\$ 18,610,659</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**V. OTHER INFORMATION (CONTINUED)**

**D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

The following table presents the total OPEB liability of the City, calculated using the discount rate of 2.75% for each plan, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	1% Decrease 1.75%	Current Discount Rate 2.75%	1% Increase 3.75%
SDBF	\$ 3,066,600	\$ 2,468,900	\$ 2,015,599
Self-Funded Health Insurance	17,082,023	16,141,759	15,222,712

The following table presents the total OPEB liability of the City, calculated using the healthcare trend rate of 6.86% to 4.29%, as well as what the City's total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (5.86% to 3.29%) or 1-percentage-point higher (7.86% to 5.29%) than the current healthcare trend rate:

	1% Decrease	Healthcare Trend Rate	1% Increase
Self-Funded Health Insurance	\$ 14,540,463	\$ 16,141,759	\$ 17,987,404

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

For the fiscal year ended September 30, 2020, the City recognized total OPEB expense of \$1,009,637, \$212,928 of which was for the SDBF, and \$796,709 for the Self-Funded Health Insurance plan. At September 30, 2020, 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	Insurance	Total	SDBF	Insurance	Total
Difference between expected and actual economic experience	\$ -	\$ -	\$ -	\$ 61,977	\$ 226,052	\$ 288,029
Changes in assumptions and other inputs	481,425	1,167,618	1,649,043	116,415	446,760	563,175
OPEB contributions after measurement date	10,725	470,664	481,389	-	-	-
Total	<u>\$ 492,150</u>	<u>\$ 1,638,282</u>	<u>\$ 2,130,432</u>	<u>\$ 178,392</u>	<u>\$ 672,812</u>	<u>\$ 851,204</u>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**V. OTHER INFORMATION (CONTINUED)**

**D. OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$481,389 will be recognized as a reduction of the total OPEB for the measurement year ending December 31, 2020 (i.e., recognized in the City's financial statements September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ended	Net Deferred Outflows (Inflows) of Resources	
	SDBF	Self-Funded Health Insurance
December 31,		
2020	\$ 52,350	\$ 120,425
2021	52,350	120,425
2022	52,350	120,425
2023	52,350	72,350
2024	36,519	61,181
Thereafter	57,114	-
Total	<u>\$ 303,033</u>	<u>\$ 494,806</u>

**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 first 1-year renewal period beginning on January 1, 2020. 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**

**COVID-19**

On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. On March 13, 2020, the Governor of Texas declared a state of disaster for all counties in Texas in response to the COVID-19 pandemic, a disaster declaration he has subsequently extended. In addition, certain local officials, including the County Judge of Travis and Williamson County, also declared a local state of disaster.

**CITY OF ROUND ROCK, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**V. OTHER INFORMATION (CONTINUED)**

**F. SUBSEQUENT EVENTS (CONTINUED)**

The full extent of the ongoing impact of COVID-19 on the City's fiscal year 2021 and longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

**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 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, 2020**  
**(UNAUDITED)**

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

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

Notes to Schedule:

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

See Independent Auditors' Report.

<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 10,430,650	\$ 11,165,127	\$ 12,125,301
16,360,878	17,747,611	19,262,844
671,908	773,706	4,071,075
-	-	608,160
<u>(7,483,495)</u>	<u>(7,089,473)</u>	<u>(8,347,798)</u>
19,979,941	22,596,971	27,719,582
240,909,799	260,889,740	283,486,711
<u>\$ 260,889,740</u>	<u>\$ 283,486,711</u>	<u>\$ 311,206,293</u>
\$ 9,138,705	\$ 9,753,253	\$ 10,471,204
4,113,985	4,406,956	4,793,245
27,187,574	(6,861,490)	35,438,150
(7,483,495)	(7,089,473)	(8,347,798)
(140,808)	(132,486)	(199,970)
<u>(7,136)</u>	<u>(6,921)</u>	<u>(6,007)</u>
32,808,825	69,839	42,148,824
196,038,725	228,847,550	228,917,389
<u>228,847,550</u>	<u>228,917,389</u>	<u>271,066,213</u>
<u>\$ 32,042,190</u>	<u>\$ 54,569,322</u>	<u>\$ 40,140,080</u>
87.72%	80.75%	87.10%
\$ 58,533,388	\$ 62,831,331	\$ 68,196,291
54.74%	86.85%	58.86%

**CITY OF ROUND ROCK, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2020  
(UNAUDITED)**

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

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

**Notes to Schedule of Contributions**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

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

See Independent Auditors' Report.



<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 9,582,199	\$ 10,313,421	\$ 10,806,103
9,618,245	10,377,168	10,635,298
<u>\$ (36,046)</u>	<u>\$ (63,747)</u>	<u>170,805</u>
\$ 61,743,107	\$ 67,091,746	\$ 68,196,291
15.57%	15.46%	15.60%

**CITY OF ROUND ROCK, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2020  
(UNAUDITED)**

**Supplemental Death Benefit Fund**

**Schedule of Changes in the Total OPEB Liability and Related Ratios**

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

**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.

**CITY OF ROUND ROCK, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2020  
(UNAUDITED)**

**Self-Funded Health Insurance**

**Schedule of Changes in the Total OPEB Liability and Related Ratios**

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

**Notes to Schedule:**

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

See Independent Auditors' Report.



## 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.

**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.

**CITY OF ROUND ROCK, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2020**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Library and Recreational
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 311,492	\$ 949,615	\$ 1,222,513
Investments	-	1,489,763	4,526,621	5,839,692
Receivables -				
Accounts and other	-	231,791	62,865	-
Accrued interest	-	4,076	7,435	9,611
Grants	264,659	-	-	-
Restricted cash	-	299,319	-	-
Restricted investments	-	1,431,539	-	-
Restricted accrued interest	-	602	-	-
Total assets	<u>\$ 264,659</u>	<u>\$ 3,768,582</u>	<u>\$ 5,546,536</u>	<u>\$ 7,071,816</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities -				
Accounts payable	\$ 264,659	\$ 91,447	\$ 39,994	\$ 58,120
Accrued payroll	-	13,539	30,031	14,784
Unearned revenue	-	-	-	1,075,640
Total liabilities	<u>264,659</u>	<u>104,986</u>	<u>70,025</u>	<u>1,148,544</u>
Fund balances -				
Restricted – authorized construction	-	1,699,549	-	-
Restricted – hotel-motel tax	-	1,964,047	5,476,511	-
Restricted – public safety	-	-	-	-
Restricted – general government	-	-	-	-
Committed – general government	-	-	-	1,030,812
Committed – capital projects funds	-	-	-	3,058,387
Assigned – culture and recreation	-	-	-	1,834,073
Total fund balances	<u>-</u>	<u>3,663,596</u>	<u>5,476,511</u>	<u>5,923,272</u>
Total liabilities and fund balances	<u>\$ 264,659</u>	<u>\$ 3,768,582</u>	<u>\$ 5,546,536</u>	<u>\$ 7,071,816</u>

<u>Public Safety</u>	<u>Public Education &amp; Government</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 130,809	\$ 246,823	\$ 2,861,252
625,621	1,180,471	13,662,168
-	1,423	296,079
857	1,951	23,930
-	-	264,659
-	-	299,319
-	-	1,431,539
-	-	602
<u>\$ 757,287</u>	<u>\$ 1,430,668</u>	<u>\$ 18,839,548</u>

\$ 3	\$ 28,737	\$ 482,960
-	-	58,354
-	-	1,075,640
<u>3</u>	<u>28,737</u>	<u>1,616,954</u>

-	-	1,699,549
-	-	7,440,558
757,284	-	757,284
-	1,401,931	1,401,931
-	-	1,030,812
-	-	3,058,387
-	-	1,834,073
<u>757,284</u>	<u>1,401,931</u>	<u>17,222,594</u>
<u>\$ 757,287</u>	<u>\$ 1,430,668</u>	<u>\$ 18,839,548</u>

**CITY OF ROUND ROCK, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED SEPTEMBER 30, 2020**

	Community Development Block Grant	Hotel-Motel Occupancy Tax	Hotel-Motel Occupancy Venue Tax	Library and Recreational
<b>Revenues -</b>				
Taxes and franchise	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	193,619
Charges for services	-	-	1,144,135	607,722
Fines and forfeitures	-	-	-	-
Grants	1,052,973	361	5,373	-
Hotel occupancy tax	-	3,198,127	913,731	-
Contributions	-	-	-	366,199
Investment and other	-	109,760	108,324	127,830
Total revenues	<u>1,052,973</u>	<u>3,308,248</u>	<u>2,171,563</u>	<u>1,295,370</u>
<b>Expenditures -</b>				
Current -				
General government	762,575	-	-	63,449
Public safety	-	-	-	-
Culture and recreation	-	1,285,131	1,617,182	1,105,948
Capital projects	<u>290,398</u>	<u>787,089</u>	<u>-</u>	<u>385,411</u>
Total expenditures	<u>1,052,973</u>	<u>2,072,220</u>	<u>1,617,182</u>	<u>1,554,808</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,236,028</u>	<u>554,381</u>	<u>(259,438)</u>
<b>Other financing sources (uses) -</b>				
Transfers in	-	-	-	675,000
Transfers out	<u>-</u>	<u>(1,576,425)</u>	<u>(371,030)</u>	<u>(1,029)</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,576,425)</u>	<u>(371,030)</u>	<u>673,971</u>
Net change in fund balances	-	(340,397)	183,351	414,533
<b>Fund balances, October 1, 2019</b>	<u>-</u>	<u>4,003,993</u>	<u>5,293,160</u>	<u>5,508,739</u>
<b>Fund balances, September 30, 2020</b>	<u><u>\$ -</u></u>	<u><u>\$ 3,663,596</u></u>	<u><u>\$ 5,476,511</u></u>	<u><u>\$ 5,923,272</u></u>



<u>Public Safety</u>	<u>Public Education &amp; Government</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 211,144	\$ 211,144
-	-	193,619
-	-	1,751,857
169,182	-	169,182
-	-	1,058,707
-	-	4,111,858
-	-	366,199
40,960	25,768	412,642
<u>210,142</u>	<u>236,912</u>	<u>8,275,208</u>
53,052	274,358	1,153,434
176,380	-	176,380
-	-	4,008,261
-	-	1,462,898
<u>229,432</u>	<u>274,358</u>	<u>6,800,973</u>
<u>(19,290)</u>	<u>(37,446)</u>	<u>1,474,235</u>
-	-	675,000
<u>(248,927)</u>	<u>-</u>	<u>(2,197,411)</u>
<u>(248,927)</u>	<u>-</u>	<u>(1,522,411)</u>
(268,217)	(37,446)	(48,176)
1,025,501	1,439,377	17,270,770
<u>\$ 757,284</u>	<u>\$ 1,401,931</u>	<u>\$ 17,222,594</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, 2020**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts			Variance –	
	Original	Final	Actual	Positive (Negative)	2019 Actual
<b>Revenues -</b>					
Taxes and franchise -					
Property tax	\$ 42,066,250	\$ 42,066,250	\$ 41,849,470	\$ (216,780)	\$ 37,631,725
Penalty and interest	70,000	70,000	114,297	44,297	92,609
Sales tax	52,600,000	47,280,000	54,209,511	6,929,511	52,802,373
Franchise	6,610,000	6,610,000	6,848,882	238,882	7,188,438
Bingo tax	30,000	25,000	49,074	24,074	37,287
Mixed drink tax	600,000	340,000	571,922	231,922	660,548
Total taxes and franchise	101,976,250	96,391,250	103,643,156	7,251,906	98,412,980
Licenses, permits and fees -					
Building permits	720,000	550,000	651,520	101,520	819,618
Other permits	50,900	45,900	46,008	108	55,273
Fees	931,500	806,500	943,164	136,664	1,152,852
Total licenses, permits, and fees	1,702,400	1,402,400	1,640,692	238,292	2,027,743
Charges for services -					
Trash collection fees	1,260,000	1,215,000	1,262,420	47,420	1,257,873
Swimming pool fees	1,265,000	160,000	768,091	608,091	1,143,192
Recreation program fees	2,247,400	1,356,400	1,451,340	94,940	2,274,643
Filing and reproduction fees	25,000	10,000	16,524	6,524	26,540
Other	40,500	31,500	24,743	(6,757)	134,858
Total charges for services	4,837,900	2,772,900	3,523,118	750,218	4,837,106
Fines and forfeitures	1,395,000	950,000	1,454,794	504,794	1,763,981
Grants	1,083,538	1,640,538	2,317,254	676,716	2,171,405
Investment and other -					
Investment income	900,000	725,000	1,220,377	495,377	1,433,232
Other	4,804,300	4,429,300	5,027,273	597,973	4,963,960
Total investment and other	5,704,300	5,154,300	6,247,650	1,093,350	6,397,192
Total revenues	116,699,388	108,311,388	118,826,664	10,515,276	115,610,407

**CITY OF ROUND ROCK, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2020**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts			Variance –	2019
	Original	Final	Actual	Positive (Negative)	Actual
<b>Expenditures -</b>					
Current -					
General government					
Executive -					
Personnel services	\$ 16,595,964	\$ 14,032,917	\$ 13,902,636	\$ 130,281	\$ 13,161,816
Contractual services	5,790,738	5,497,976	5,033,985	463,991	4,813,044
Supplies and materials	792,768	1,133,580	1,064,534	69,046	763,828
Other services and charges	2,797,715	2,590,008	2,518,887	71,121	2,127,194
Capital outlay	75,000	75,000	75,000	-	75,720
Total executive	26,052,185	23,329,481	22,595,042	734,439	20,941,602
Judicial -					
Personnel services	986,908	1,006,338	1,006,336	2	860,827
Contractual services	55,023	71,953	71,950	3	86,053
Supplies and materials	15,465	8,742	8,742	-	10,507
Other services and charges	12,425	6,158	6,158	-	8,284
Total judicial	1,069,821	1,093,191	1,093,186	5	965,671
Total general government	27,122,006	24,422,672	23,688,228	734,444	21,907,273
Public safety					
Police -					
Personnel services	29,552,600	29,441,975	29,336,746	105,229	28,572,067
Contractual services	982,367	943,415	912,212	31,203	869,521
Supplies and materials	1,523,800	1,490,192	1,453,891	36,301	1,466,238
Other services and charges	1,312,796	1,135,427	1,135,392	35	1,326,150
Capital outlay	50,432	36,304	1,431	34,873	46,209
Total police	33,421,995	33,047,313	32,839,672	207,641	32,280,185
Fire -					
Personnel services	21,831,551	21,640,596	21,640,594	2	20,945,352
Contractual services	580,875	467,875	467,871	4	545,887
Supplies and materials	1,220,268	1,210,438	1,210,436	2	1,453,568
Other services and charges	239,200	162,730	159,649	3,081	739,990
Capital outlay	-	-	-	-	16,896
Total fire	23,871,894	23,481,639	23,478,550	3,089	23,701,693
Total public safety	57,293,889	56,528,952	56,318,222	210,730	55,981,878

(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, 2020**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>			<u>Variance -</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive</u>	<u>2019</u>
				<u>(Negative)</u>	<u>Actual</u>
<b>Expenditures - (cont'd)</b>					
Current - (cont'd)					
Public works					
Administration -					
Personnel services	\$ 4,609,182	\$ 4,813,353	\$ 4,813,350	\$ 3	\$ 3,974,951
Contractual services	330,155	261,155	215,562	45,593	159,259
Supplies and materials	961,746	920,646	760,574	160,072	937,392
Other services and charges	2,173,264	2,080,954	1,892,350	188,604	1,989,006
Capital outlay	-	44,700	28,152	16,548	-
Total administration	<u>8,074,347</u>	<u>8,120,808</u>	<u>7,709,988</u>	<u>410,820</u>	<u>7,060,608</u>
Streets -					
Personnel services	2,806,651	2,791,618	2,602,792	188,826	2,426,689
Contractual services	6,752,047	2,396,147	2,154,570	241,577	1,997,296
Supplies and materials	832,303	651,773	596,687	55,086	627,321
Other services and charges	46,672	25,042	9,102	15,940	7,919
Capital outlay	186,000	65,530	65,522	8	143,194
Total streets	<u>10,623,673</u>	<u>5,930,110</u>	<u>5,428,673</u>	<u>501,437</u>	<u>5,202,419</u>
Maintenance shop -					
Personnel services	1,453,284	1,493,073	1,473,580	19,493	1,410,180
Contractual services	56,196	56,196	46,747	9,449	37,044
Supplies and materials	218,534	128,064	128,059	5	118,791
Other services and charges	20,735	24,325	24,318	7	28,562
Capital outlay	20,000	20,000	19,290	710	18,828
Total maintenance shop	<u>1,768,749</u>	<u>1,721,658</u>	<u>1,691,994</u>	<u>29,664</u>	<u>1,613,405</u>
Total public works	<u>20,466,769</u>	<u>15,772,576</u>	<u>14,830,655</u>	<u>941,921</u>	<u>13,876,432</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, 2020**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts			Variance -	
	Original	Final	Actual	Positive (Negative)	2019 Actual
<b>Expenditures - (cont'd)</b>					
Current - (cont'd)					
Culture and recreation					
Library -					
Personnel services	\$ 2,421,122	\$ 2,432,940	\$ 2,396,599	\$ 36,341	\$ 2,261,141
Contractual services	150,522	137,966	135,768	2,198	125,377
Supplies and materials	367,016	325,866	301,873	23,993	331,743
Other services and charges	210,714	230,120	223,702	6,418	207,318
Total library	<u>3,149,374</u>	<u>3,126,892</u>	<u>3,057,942</u>	<u>68,950</u>	<u>2,925,579</u>
Parks and recreation -					
Personnel services	8,846,252	8,892,971	8,892,957	14	8,812,967
Contractual services	1,815,049	1,764,689	1,348,341	416,348	1,690,709
Supplies and materials	1,641,833	1,558,333	1,362,493	195,840	1,646,811
Other services and charges	325,465	303,465	254,187	49,278	392,289
Capital outlay	97,000	98,710	98,666	44	80,379
Total parks and recreation	<u>12,725,599</u>	<u>12,618,168</u>	<u>11,956,644</u>	<u>661,524</u>	<u>12,623,155</u>
Total culture and recreation	<u>15,874,973</u>	<u>15,745,060</u>	<u>15,014,586</u>	<u>730,474</u>	<u>15,548,734</u>
Total expenditures	<u>120,757,637</u>	<u>112,469,260</u>	<u>109,851,691</u>	<u>2,617,569</u>	<u>107,314,317</u>
Excess (deficiency) of revenues over expenditures	<u>(4,058,249)</u>	<u>(4,157,872)</u>	<u>8,974,973</u>	<u>13,132,845</u>	<u>8,296,090</u>
<b>Other financing sources (uses) -</b>					
Transfers in	5,061,250	5,061,250	5,061,250	-	4,555,000
Transfers out	<u>(200,000)</u>	<u>(3,947,201)</u>	<u>(3,947,201)</u>	<u>-</u>	<u>(16,938,728)</u>
Total other financing sources (uses)	<u>4,861,250</u>	<u>1,114,049</u>	<u>1,114,049</u>	<u>-</u>	<u>(12,383,728)</u>
Net change in fund balances	<u>\$ 803,001</u>	<u>\$ (3,043,823)</u>	<u>10,089,022</u>	<u>\$ 13,132,845</u>	<u>(4,087,638)</u>
<b>Fund balance, October 1, 2019</b>			<u>49,724,874</u>		<u>53,812,512</u>
<b>Fund balance, September 30, 2020</b>			<u>\$ 59,813,896</u>		<u>\$ 49,724,874</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, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
<b>Revenues -</b>				
Taxes and franchise	\$ 19,267,893	\$ 19,267,893	\$ 22,710,737	\$ 3,442,844
Investment and other	50,000	50,000	159,587	109,587
Total revenues	19,317,893	19,317,893	22,870,324	3,552,431
<b>Expenditures -</b>				
Debt service -				
Principal retirement	20,043,305	20,043,305	18,296,526	1,746,779
Interest and fiscal charges	8,970,041	10,243,591	10,243,591	-
Payment to refunding agent	-	7,010,563	7,010,563	-
Issuance costs	350,000	350,000	80,383	269,617
Total expenditures	29,363,346	37,647,459	35,631,063	2,016,396
Excess (deficiency) of revenues over expenditures	(10,045,453)	(18,329,566)	(12,760,739)	5,568,827
<b>Other financing sources (uses) -</b>				
Issuance of refunding bonds	-	6,980,000	6,980,000	-
Transfers in	-	5,841,455	5,841,455	-
Total other financing sources (uses)	-	12,821,455	12,821,455	-
Net change in fund balances	\$ (10,045,453)	\$ (5,508,111)	60,716	\$ 5,568,827
<b>Fund balance, October 1, 2019</b>			5,019,375	
<b>Fund balance, September 30, 2020</b>			\$ 5,080,091	



**CITY OF ROUND ROCK, TEXAS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
<b>Revenues -</b>				
Grants	\$ 1,052,973	\$ 1,052,973	\$ 1,052,973	\$ -
Total revenues	1,052,973	1,052,973	1,052,973	-
<b>Expenditures -</b>				
Current -				
General government-				
Supplies and materials	58,254	58,254	58,254	-
Other services and charges	704,321	704,321	704,321	-
Capital outlay	290,398	290,398	290,398	-
Total expenditures	1,052,973	1,052,973	1,052,973	-
Net change in fund balances	\$ -	\$ -	-	\$ -
<b>Fund balance, October 1, 2019</b>			-	
<b>Fund balance, September 30, 2020</b>			\$ -	

**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, 2020**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
<b>Revenues -</b>				
Grants	\$ -	\$ -	\$ 361	\$ 361
Hotel occupancy tax	4,300,000	2,340,000	3,198,127	858,127
Investment and other	125,000	94,000	109,760	15,760
Total revenues	4,425,000	2,434,000	3,308,248	874,248
<b>Expenditures -</b>				
Current -				
Culture and recreation-				
Personnel services	480,131	481,131	481,077	54
Contractual services	841,250	527,584	404,343	123,241
Supplies and materials	30,176	136,396	69,815	66,581
Other services and charges	933,026	497,855	378,334	119,521
Capital outlay	-	1,844,513	738,651	1,105,862
Total expenditures	2,284,583	3,487,479	2,072,220	1,415,259
Excess (deficiency) of revenues over expenditures	2,140,417	(1,053,479)	1,236,028	2,289,507
<b>Other financing sources (uses) -</b>				
Transfers out	(937,500)	(1,576,425)	(1,576,425)	-
Total other financing sources (uses)	(937,500)	(1,576,425)	(1,576,425)	-
Net change in fund balances	\$ 1,202,917	\$ (2,629,904)	(340,397)	\$ 2,289,507
<b>Fund balance, October 1, 2019</b>			4,003,993	
<b>Fund balance, September 30, 2020</b>			\$ 3,663,596	

**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, 2020**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
<b>Revenues -</b>				
Charges for services	\$ 1,275,000	\$ 720,000	\$ 1,144,135	\$ 424,135
Grants	-	-	5,373	5,373
Hotel occupancy tax	1,230,000	685,000	913,731	228,731
Investment and other	90,000	75,000	108,324	33,324
Total revenues	2,595,000	1,480,000	2,171,563	691,563
<b>Expenditures -</b>				
Current -				
Culture and recreation-				
Personnel services	1,115,196	1,009,796	1,009,796	-
Contractual services	284,767	227,302	227,301	1
Supplies and materials	296,352	328,632	326,146	2,486
Other services and charges	59,218	50,188	50,185	3
Capital outlay	50,000	9,699	3,754	5,945
Total expenditures	1,805,533	1,625,617	1,617,182	8,435
Excess (deficiency) of revenues over expenditures	789,467	(145,617)	554,381	699,998
<b>Other financing sources (uses) -</b>				
Transfers out	(371,030)	(371,030)	(371,030)	-
Total other financing sources (uses)	(371,030)	(371,030)	(371,030)	-
Net change in fund balances	\$ 418,437	\$ (516,647)	183,351	\$ 699,998
<b>Fund balance, October 1, 2019</b>			5,293,160	
<b>Fund balance, September 30, 2020</b>			\$ 5,476,511	

**CITY OF ROUND ROCK, TEXAS**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**LIBRARY AND RECREATIONAL**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
<b>Revenues -</b>				
Licenses, permits and fees	\$ 35,000	\$ 35,000	\$ 193,619	\$ 158,619
Charges for services	605,000	370,000	607,722	237,722
Contributions	4,000	4,000	366,199	362,199
Investment and other	147,664	142,664	127,830	(14,834)
Total revenues	791,664	551,664	1,295,370	743,706
<b>Expenditures -</b>				
Current-				
General Government-				
Supplies and materials	182,545	182,545	63,449	119,096
Total general government	182,545	182,545	63,449	119,096
Culture and recreation-				
Personnel services	627,871	549,271	520,670	28,601
Contractual services	186,811	170,811	161,199	9,612
Supplies and materials	413,500	388,465	352,081	36,384
Other services and charges	29,348	30,473	30,470	3
Capital outlay	506,588	2,195,130	426,939	1,768,191
Total culture and recreation	1,764,118	3,334,150	1,491,359	1,842,791
Total expenditures	1,946,663	3,516,695	1,554,808	1,961,887
Excess (deficiency) of revenues over expenditures	(1,154,999)	(2,965,031)	(259,438)	2,705,593
<b>Other financing sources (uses) -</b>				
Transfers in	675,000	675,000	675,000	-
Transfers out	-	(1,029)	(1,029)	-
Total other financing sources (uses)	675,000	673,971	673,971	-
Net change in fund balances	\$ (479,999)	\$ (2,291,060)	414,533	\$ 2,705,593
<b>Fund balance, October 1, 2019</b>			5,508,739	
<b>Fund balance, September 30, 2020</b>			\$ 5,923,272	

**CITY OF ROUND ROCK, TEXAS**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**PUBLIC SAFETY**  
**YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
<b>Revenues -</b>				
Fines and forfeitures	\$ 107,000	\$ 107,000	\$ 169,182	\$ 62,182
Investment and other	3,600	3,600	40,960	37,360
Total revenues	110,600	110,600	210,142	99,542
<b>Expenditures -</b>				
Current-				
General government-				
Supplies and materials	24,050	24,050	902	23,148
Other services and charges	89,946	89,946	52,150	37,796
Total general government	113,996	113,996	53,052	60,944
Public safety-				
Other services and charges	454,982	454,982	-	454,982
Capital outlay	198,233	203,683	176,380	27,303
Total public safety	653,215	658,665	176,380	482,285
Total expenditures	767,211	772,661	229,432	543,229
Excess (deficiency) of revenues over expenditures	(656,611)	(662,061)	(19,290)	642,771
<b>Other financing sources (uses) -</b>				
Transfers out	-	(248,927)	(248,927)	-
Total other financing sources (uses)	-	(248,927)	(248,927)	-
Net change in fund balances	<u>\$ (656,611)</u>	<u>\$ (910,988)</u>	(268,217)	<u>\$ 642,771</u>
<b>Fund balance, October 1, 2019</b>			<u>1,025,501</u>	
<b>Fund balance, September 30, 2020</b>			<u>\$ 757,284</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, 2020**

	Budgeted Amounts		Actual	Variance- Positive (Negative)
	Original	Final		
<b>Revenues -</b>				
Taxes and franchise	\$ 220,000	\$ 220,000	\$ 211,144	\$ (8,856)
Investment and other	11,000	11,000	25,768	14,768
Total revenues	231,000	231,000	236,912	5,912
<b>Expenditures -</b>				
Current -				
General Government-				
Contractual services	-	4,394	4,394	-
Capital outlay	334,000	405,018	269,964	135,054
Total expenditures	334,000	409,412	274,358	135,054
Net change in fund balances	<u>\$ (103,000)</u>	<u>\$ (178,412)</u>	(37,446)	<u>\$ 140,966</u>
<b>Fund balance, October 1, 2019</b>			<u>1,439,377</u>	
<b>Fund balance, September 30, 2020</b>			<u><u>\$ 1,401,931</u></u>	

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

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

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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.	150
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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.	161

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities-				
Net investment in capital assets	\$ 245,403,528	\$ 252,984,681	\$ 295,777,997	\$ 303,977,353
Restricted	66,810,986	72,780,050	42,970,091	43,974,370
Unrestricted	<u>77,864,804</u>	<u>76,870,782</u>	<u>74,833,175</u>	<u>44,713,408</u>
Total governmental activities net position	<u>\$ 390,079,318</u>	<u>\$ 402,635,513</u>	<u>\$ 413,581,263</u>	<u>\$ 392,665,131</u>
Business-type activities-				
Net investment in capital assets	\$ 213,536,543	\$ 212,883,311	\$ 214,178,908	\$ 221,062,599
Restricted	11,984,130	13,994,028	6,868,062	7,764,750
Unrestricted	<u>95,693,542</u>	<u>104,985,805</u>	<u>116,650,981</u>	<u>114,901,064</u>
Total business-type activities net position	<u>\$ 321,214,215</u>	<u>\$ 331,863,144</u>	<u>\$ 337,697,951</u>	<u>\$ 343,728,413</u>
Primary government-				
Net investment in capital assets	\$ 458,940,071	\$ 465,867,992	\$ 509,956,905	\$ 525,039,952
Restricted	78,795,116	86,774,078	49,838,153	51,739,120
Unrestricted	<u>173,558,346</u>	<u>181,856,587</u>	<u>191,484,156</u>	<u>159,614,472</u>
Total primary government net position	<u>\$ 711,293,533</u>	<u>\$ 734,498,657</u>	<u>\$ 751,279,214</u>	<u>\$ 736,393,544</u>

Source: Comprehensive Annual Financial Reports

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



<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 299,730,557	\$ 310,185,706	\$ 356,586,425	\$ 373,007,353	\$ 400,490,136	\$ 442,969,195
48,019,726	51,813,118	48,954,352	48,357,161	44,334,128	23,471,549
53,355,360	52,451,939	29,054,168	28,585,838	28,918,565	33,581,912
<u>\$ 401,105,643</u>	<u>\$ 414,450,763</u>	<u>\$ 434,594,945</u>	<u>\$ 449,950,352</u>	<u>\$ 473,742,829</u>	<u>\$ 500,022,656</u>
\$ 228,866,895	\$ 234,981,264	\$ 245,005,044	\$ 268,467,171	\$ 283,846,141	\$ 294,760,377
19,215,972	15,275,659	19,800,722	22,628,600	24,343,881	16,315,836
110,519,279	126,490,054	126,634,362	138,980,320	146,681,470	168,868,607
<u>\$ 358,602,146</u>	<u>\$ 376,746,977</u>	<u>\$ 391,440,128</u>	<u>\$ 430,076,091</u>	<u>\$ 454,871,492</u>	<u>\$ 479,944,820</u>
\$ 528,597,452	\$ 545,166,970	\$ 601,591,469	\$ 641,474,524	\$ 684,336,277	\$ 737,729,572
67,235,698	67,088,777	68,755,074	70,985,761	68,678,009	39,787,385
163,874,639	178,941,993	155,688,530	167,566,158	175,600,035	202,450,519
<u>\$ 759,707,789</u>	<u>\$ 791,197,740</u>	<u>\$ 826,035,073</u>	<u>\$ 880,026,443</u>	<u>\$ 928,614,321</u>	<u>\$ 979,967,476</u>

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

	2011	2012	2013	2014
<b>Expenses:</b>				
Governmental activities-				
General government	\$ 28,487,648	\$ 30,406,768	\$ 27,923,780	\$ 28,050,936
Public safety	39,140,352	40,944,978	41,842,363	45,283,826
Public works	36,442,333	29,295,041	31,215,489	33,537,533
Culture and recreation	14,514,561	15,069,456	15,702,435	18,024,001
Interest on long-term debt	8,608,399	7,144,755	6,915,772	8,478,700
Total governmental activities expenses	127,193,293	122,860,998	123,599,839	133,374,996
Business-type activities-				
Water and sewer utility	38,602,875	38,842,107	42,657,792	44,605,155
Golf course	174,149	157,135	141,153	71,090
Total business-type activities expenses	38,777,024	38,999,242	42,798,945	44,676,245
Total primary government expenses	165,970,317	161,860,240	166,398,784	178,051,241
<b>Program revenues:</b>				
Governmental activities-				
Charges for services-				
General government	3,519,857	3,104,355	2,822,715	2,559,380
Public safety	4,295,283	4,215,243	3,248,867	2,652,480
Public works	2,032,530	2,760,386	2,942,382	726,785
Culture and recreation	3,136,422	2,737,969	2,844,842	3,032,109
Operating grants and contributions	1,130,628	1,135,386	829,367	1,042,301
Capital grants and contributions	9,257,876	9,782,214	5,310,541	5,901,038
Total governmental activities program revenues	23,372,596	23,735,553	17,998,714	15,914,093
Business-type activities-				
Charges for services-				
Water and sewer utility	44,922,715	43,327,656	43,094,185	43,705,878
Golf course	431,413	480,116	522,169	382,081
Capital grants and contributions	9,518,890	7,533,264	6,514,369	10,226,302
Total business-type activities program revenues	54,873,018	51,341,036	50,130,723	54,314,261
Total primary government program revenues	78,245,614	75,076,589	68,129,437	70,228,354
Net (expense) revenue-				
Governmental activities	(103,820,697)	(99,125,445)	(105,601,125)	(117,460,903)
Business-type activities	16,095,994	12,341,794	7,331,778	9,638,016
Total primary government net expense	(87,724,703)	(86,783,651)	(98,269,347)	(107,822,887)

2015	2016	2017	2018	2019	2020
\$ 28,860,077	\$ 28,434,006	\$ 24,864,772	\$ 23,408,887	\$ 27,861,595	\$ 27,467,722
45,236,987	49,439,902	52,243,460	57,987,997	64,196,001	64,151,715
33,412,841	33,448,357	34,359,785	47,120,999	36,261,500	38,606,348
19,202,557	20,885,009	24,130,067	25,218,145	27,821,410	26,355,801
8,118,490	8,294,279	8,075,351	8,415,687	8,525,551	9,382,120
134,830,952	140,501,553	143,673,435	162,151,715	164,666,057	165,963,706
46,069,705	47,947,818	49,400,833	51,749,727	54,388,260	53,999,588
144,993	133,270	1,857,334	1,642,036	2,399,582	2,818,489
46,214,698	48,081,088	51,258,167	53,391,763	56,787,842	56,818,077
181,045,650	188,582,641	194,931,602	215,543,478	221,453,899	222,781,783
2,168,842	2,258,333	19,778,439	2,273,091	3,189,150	4,529,682
2,461,782	1,669,550	1,478,161	1,762,172	2,298,635	1,684,921
749,524	742,437	607,398	693,223	1,347,815	700,442
3,288,970	3,919,254	5,133,816	5,489,515	5,649,283	4,082,796
1,199,574	946,604	1,202,810	2,574,008	2,987,128	3,742,160
4,234,018	8,013,039	5,958,205	18,206,390	9,914,802	9,464,089
14,102,710	17,549,217	34,158,829	30,998,399	25,386,813	24,204,090
45,898,090	48,653,788	51,980,615	55,139,117	56,951,931	60,811,441
320,846	360,371	733,883	299,761	1,971,887	2,684,066
17,742,568	19,607,086	15,642,381	30,495,633	21,584,780	18,443,560
63,961,504	68,621,245	68,356,879	85,934,511	80,508,598	81,939,067
78,064,214	86,170,462	102,515,708	116,932,910	105,895,411	106,143,157
(120,728,242)	(122,952,336)	(109,514,606)	(131,153,316)	(139,279,244)	(141,759,616)
17,746,806	20,540,157	17,098,712	32,542,748	23,720,756	25,120,990
(102,981,436)	(102,412,179)	(92,415,894)	(98,610,568)	(115,558,488)	(116,638,626)

(CONTINUED)

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

	2011	2012	2013	2014
<b>General revenues and other changes in net position:</b>				
Governmental activities-				
Taxes-				
Property	\$ 33,578,991	\$ 34,379,529	\$ 34,979,578	\$ 36,502,409
Franchise	6,221,790	6,326,735	5,952,712	6,460,448
Sales	61,734,643	63,305,917	66,216,447	68,462,292
Hotel occupancy	2,684,046	3,252,542	4,140,920	4,646,208
Public service	352,159	316,320	347,846	477,606
Investment earnings and other	988,222	1,635,630	2,026,554	1,882,139
Transfers	2,193,070	2,464,967	2,882,818	1,800,895
Total governmental activities	<u>107,752,921</u>	<u>111,681,640</u>	<u>116,546,875</u>	<u>120,231,997</u>
Business-type activities-				
Investment earnings and other	1,294,555	772,102	1,385,847	1,397,321
Transfers	<u>(2,193,070)</u>	<u>(2,464,967)</u>	<u>(2,882,818)</u>	<u>(1,800,895)</u>
Total business-type activities	<u>(898,515)</u>	<u>(1,692,865)</u>	<u>(1,496,971)</u>	<u>(403,574)</u>
Total primary government	<u>106,854,406</u>	<u>109,988,775</u>	<u>115,049,904</u>	<u>119,828,423</u>
<b>Change in net position:</b>				
Governmental activities	3,932,224	12,556,195	10,945,750	2,771,094
Business-type activities	<u>15,197,479</u>	<u>10,648,929</u>	<u>5,834,807</u>	<u>9,234,442</u>
Total primary government	<u>\$ 19,129,703</u>	<u>\$ 23,205,124</u>	<u>\$ 16,780,557</u>	<u>\$ 12,005,536</u>

2015	2016	2017	2018	2019	2020
\$ 39,932,573	\$ 44,239,067	\$ 49,107,424	\$ 54,082,288	\$ 57,396,623	\$ 64,744,623
7,255,212	7,175,948	7,103,548	7,140,940	7,407,178	7,060,026
67,620,848	67,340,120	64,209,719	72,861,565	75,690,767	78,361,955
5,083,556	5,407,667	5,515,163	5,714,235	6,000,447	4,111,858
515,778	566,712	627,164	647,243	697,835	620,996
5,020,786	7,957,942	8,201,944	9,024,223	12,180,534	9,081,735
3,740,000	3,610,000	3,492,871	(2,961,771)	3,698,337	4,058,250
129,168,753	136,297,456	138,257,833	146,508,723	163,071,721	168,039,443
866,927	1,214,674	2,289,777	3,131,444	4,772,982	4,010,588
(3,740,000)	(3,610,000)	(3,492,871)	2,961,771	(3,698,337)	(4,058,250)
(2,873,073)	(2,395,326)	(1,203,094)	6,093,215	1,074,645	(47,662)
126,295,680	133,902,130	137,054,739	152,601,938	164,146,366	167,991,781
8,440,511	13,345,120	28,743,227	15,355,407	23,792,477	26,279,827
14,873,733	18,144,831	15,895,618	38,635,963	24,795,401	25,073,328
\$ 23,314,244	\$ 31,489,951	\$ 44,638,845	\$ 53,991,370	\$ 48,587,878	\$ 51,353,155

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><i>Nonspendable-</i></b>				
Inventories, prepaids and other	\$ 288,758	\$ 321,044	\$ 375,087	\$ 397,271
<b><i>Restricted for-</i></b>				
Debt service	2,238,270	2,301,340	2,415,427	2,278,062
Authorized construction	88,021,123	81,424,206	43,630,036	106,539,802
Hotel-motel tax	8,114,729	8,927,441	9,549,082	11,173,765
Public safety	1,024,405	937,105	1,249,246	1,050,349
General government	-	-	-	-
<b><i>Committed to-</i></b>				
General government	901,229	911,674	865,493	684,199
Capital projects funds	35,731,396	35,645,374	31,856,334	26,570,024
Streets and drainage	573,809	1,179,777	1,570,994	-
Culture and recreation	11,239	6,625	10,530	12,438
<b><i>Assigned to-</i></b>				
Culture and recreation	542,779	248,771	283,518	264,662
<b><i>Unassigned</i></b>	<u>36,238,854</u>	<u>36,912,381</u>	<u>38,604,781</u>	<u>38,726,365</u>
Total governmental funds	<u>\$ 173,686,591</u>	<u>\$ 168,815,738</u>	<u>\$ 130,410,528</u>	<u>\$ 187,696,937</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 430,821	\$ 372,288	\$ 232,004	\$ 253,592	\$ 226,190	\$ 1,094,653
2,351,780	2,749,645	3,880,982	4,853,517	5,019,375	5,080,091
117,515,606	77,545,478	81,086,426	62,649,029	72,690,649	58,069,777
10,934,476	12,653,710	6,526,672	7,863,705	6,807,382	7,440,558
1,274,293	676,724	585,878	750,657	1,025,501	757,284
-	-	1,269,075	1,268,233	1,439,377	1,401,931
856,977	1,081,159	124,703	232,243	883,883	1,030,812
24,696,122	24,865,777	28,397,665	21,934,876	28,971,259	23,259,722
1,145,826	1,152,195	-	-	-	-
322,576	293,694	-	-	-	-
272,666	212,080	1,004,583	1,274,658	1,638,534	1,834,073
<u>50,277,389</u>	<u>52,427,796</u>	<u>50,090,080</u>	<u>53,558,920</u>	<u>49,498,684</u>	<u>59,547,303</u>
<u>\$ 210,078,532</u>	<u>\$ 174,030,546</u>	<u>\$ 173,198,068</u>	<u>\$ 154,639,430</u>	<u>\$ 168,200,834</u>	<u>\$ 159,516,204</u>

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

	2011	2012	2013	2014
Revenues-				
Taxes and franchise	\$ 101,914,916	\$ 104,318,270	\$ 107,417,612	\$ 111,592,909
Licenses, permits and fees	2,155,358	3,094,983	3,567,437	1,243,857
Charges for services	3,985,634	4,198,815	4,436,779	4,645,527
Fines and forfeitures	2,492,261	2,814,987	3,208,637	2,673,670
Intergovernmental	3,302,276	2,158,621	1,225,195	3,044,095
Hotel occupancy tax	2,684,046	3,252,543	4,140,920	4,646,208
Investment and other	3,282,812	5,858,346	2,567,327	3,152,100
Contributions	3,786,134	2,635,613	3,565,842	4,783,567
Total revenues	<u>123,603,437</u>	<u>128,332,178</u>	<u>130,129,749</u>	<u>135,781,933</u>
Expenditures-				
General government	24,346,515	25,332,577	23,783,735	24,375,794
Public safety	36,556,318	37,646,821	39,475,791	42,306,841
Public works	8,797,799	9,791,618	11,852,443	11,291,499
Culture and recreation	11,336,602	11,958,179	12,440,948	13,775,702
Capital projects	22,981,288	39,916,082	65,523,775	38,694,239
Debt service-				
Principal retirement	11,815,968	13,040,604	12,852,059	14,395,697
Interest and fiscal charges	8,072,821	6,825,065	6,797,281	7,372,652
Payment to refunding agent	-	-	-	-
Other charges	247,433	256,373	98,630	862,888
Total expenditures	<u>124,154,744</u>	<u>144,767,319</u>	<u>172,824,662</u>	<u>153,075,312</u>
Excess of revenues over (under) expenditures	<u>(551,307)</u>	<u>(16,435,141)</u>	<u>(42,694,913)</u>	<u>(17,293,379)</u>
Other financing sources (uses)-				
Issuance of lease	1,372,023	500,000	1,000,000	1,450,000
Payment to borrower	-	-	-	-
Issuance of debt	16,145,000	27,295,000	8,615,000	77,350,000
Premium on bonds issued	223,248	1,317,881	-	6,161,887
Payment to refunded bond escrow agent	(16,083,357)	(20,616,784)	(8,509,756)	(11,682,994)
Transfers in	27,752,457	34,447,300	49,547,722	32,984,237
Transfers out	(24,696,147)	(31,379,109)	(46,363,263)	(31,683,342)
Total other financing sources (uses)	<u>4,713,224</u>	<u>11,564,288</u>	<u>4,289,703</u>	<u>74,579,788</u>
Net change in fund balances	<u>\$ 4,161,917</u>	<u>\$ (4,870,853)</u>	<u>\$ (38,405,210)</u>	<u>\$ 57,286,409</u>
Capital outlay including amounts reported under departmental current expenditures	\$ 23,932,697	\$ 41,282,292	\$ 67,059,266	\$ 38,644,877
Debt service as a percentage of noncapital expenditures	19.8%	19.2%	18.6%	19.0%



2015	2016	2017	2018	2019	2020
\$ 115,508,506	\$ 119,211,433	\$ 121,142,245	\$ 134,637,978	\$ 141,150,180	\$ 150,717,481
1,704,374	1,843,633	1,646,077	2,037,211	2,703,240	1,834,311
4,513,428	5,172,465	6,307,377	6,563,868	6,916,463	5,274,975
2,451,316	1,573,476	1,440,795	1,616,922	2,153,309	1,623,976
1,679,993	990,683	2,950,833	9,511,022	3,822,463	5,540,163
5,083,556	5,407,667	5,515,163	5,714,235	6,000,447	4,111,858
600,919	368,748	931,601	2,335,783	4,670,671	9,165,467
7,207,478	7,963,854	8,253,614	9,260,526	12,728,177	3,336,036
138,749,570	142,531,959	148,187,705	171,677,545	180,144,950	181,604,267
23,838,520	24,394,392	21,055,932	23,744,730	22,423,018	24,841,662
43,067,272	44,388,881	47,595,884	52,839,347	56,063,867	56,494,602
12,328,284	12,062,839	12,682,503	14,748,037	15,077,947	17,290,725
14,766,040	15,078,964	17,219,700	18,513,216	20,213,897	19,022,847
33,476,554	65,414,999	63,268,686	59,809,511	90,837,258	82,350,573
13,919,366	13,463,922	13,287,160	14,325,970	17,792,363	18,296,526
8,597,372	9,641,498	8,306,767	9,244,645	8,616,675	10,243,591
-	-	10,050,443	-	13,758,972	7,010,563
942,596	229,245	423,510	-	967,009	276,058
150,936,004	184,674,740	193,890,585	193,225,456	245,751,006	235,827,147
(12,186,434)	(42,142,781)	(45,702,880)	(21,547,911)	(65,606,056)	(54,222,880)
2,000,000	2,250,000	-	5,981,044	2,900,000	-
-	-	-	-	-	-
70,665,000	11,450,000	38,725,000	-	67,685,000	41,480,000
6,369,020	1,094,690	2,652,531	-	4,884,123	-
(48,205,991)	(12,309,895)	-	-	-	-
27,070,865	30,552,126	31,908,470	22,678,818	42,110,430	39,495,337
(23,330,865)	(26,942,126)	(28,415,599)	(25,640,589)	(38,412,093)	(35,437,087)
34,568,029	6,094,795	44,870,402	3,019,273	79,167,460	45,538,250
\$ 22,381,595	\$ (36,047,986)	\$ (832,478)	\$ (18,528,638)	\$ 13,561,404	\$ (8,684,630)
\$ 35,385,140	\$ 65,116,395	\$ 90,020,515	\$ 46,896,225	\$ 87,242,801	\$ 80,820,915
19.5%	19.3%	20.8%	16.1%	16.7%	18.4%

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

Fiscal Year	Actual Assessed Value			Less:	Total	Total Direct Tax Rate
	Real Property	Personal Property	Total	Tax Exempt Property	Taxable Assessed Valuation	
2011	\$ 7,581,182,068	\$ 831,489,169	\$ 8,412,671,237	\$ 395,522,799	\$ 8,017,148,438	\$ 0.4173
2012	7,654,036,144	850,976,608	8,505,012,752	408,354,355	8,096,658,397	0.4232
2013	7,837,387,397	947,316,007	8,784,703,404	493,653,067	8,291,050,337	0.4204
2014	8,195,046,631	1,062,520,327	9,257,566,958	567,914,523	8,689,652,435	0.4195
2015	9,193,035,124	1,030,331,518	10,223,366,642	589,210,216	9,634,156,426	0.4146
2016	10,040,964,402	1,018,628,138	11,059,592,540	567,506,618	10,492,085,922	0.4147
2017	10,935,482,664	1,031,249,775	11,966,732,439	639,556,585	11,327,175,854	0.4250
2018	12,013,959,238	1,124,094,154	13,138,053,392	686,899,632	12,451,153,760	0.4300
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

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	
2011	\$ 0.2665	\$ 0.1508	\$ 0.4173	\$ 1.3800	\$ 0.4900	\$ 0.1151	\$ 2.4024
2012	0.2751	0.1481	0.4232	1.3350	0.4877	0.1148	2.3607
2013	0.2830	0.1373	0.4203	1.3800	0.4890	0.1151	2.4044
2014	0.2800	0.1395	0.4195	1.3674	0.4890	0.1149	2.3908
2015	0.2628	0.1518	0.4146	1.3375	0.4865	0.1142	2.3528
2016	0.2545	0.1602	0.4147	1.3325	0.4815	0.1205	2.3492
2017	0.2719	0.1531	0.4250	1.3325	0.4765	0.1220	2.3560
2018	0.2879	0.1421	0.4300	1.3048	0.4665	0.1208	2.3221
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

Source: Williamson County Tax Office

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

Name of Taxpayer	2020			2011		
	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation	Net Assessed Valuation	Rank	% of Total Net Assessed Valuation
Dell Computer Holdings, LP	\$ 406,352,490	1	2.774 %	\$158,924,429	1	1.982 %
CPG Round Rock, LP/ Round Rock Premium Outlets	150,995,328	2	1.031	129,322,074	2	1.613
Baltgem Development Corp./ La Frontera Village	91,484,076	3	0.625	80,275,572	3	1.001
CMF 15 Portfolio, LLC/ Colonial Grand Apartments	85,887,460	4	0.586	43,050,000	6	0.537
Fisher-Rosemount Systems, Inc.	80,240,231	5	0.548	-	-	-
Dell Computer Corp.	79,790,912	6	0.545	58,199,880	5	0.726
Columbia/ St. David Healthcare	78,753,860	7	0.538	58,545,926	4	0.730
2811 LA Frontera LP/ Griffis Apartments	78,086,046	8	0.533	-	-	-
BT-OH LLC/ UPS	58,887,681	9	0.402	-	-	-
FST La Frontera LLC	55,686,880	10	0.380	-	-	-
Oncor Electric Delivery Co.	-	-	-	38,615,809	7	0.482
Chandler Creek, LP	-	-	-	34,754,569	8	0.434
Inland American Round Rock/ Round Rock Luxury Apartments	-	-	-	34,055,377	9	0.425
Toppan Photomasks, Inc.	-	-	-	31,171,840	10	0.389
	<u>\$ 1,166,164,964</u>		<u>7.962 %</u>	<u>\$ 666,915,476</u>		<u>8.319 %</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
2011	\$ 33,469,184	\$ 33,330,239	99.58 %	\$ 585	\$ 33,330,824	99.59 %
2012	34,255,559	34,161,567	99.73	553	34,162,120	99.73
2013	34,865,783	34,717,536	99.57	579	34,718,115	99.58
2014	36,452,223	36,281,479	99.53	1,316	36,282,795	99.54
2015	39,792,302	39,697,745	99.76	2,578	39,700,323	99.77
2016	44,063,923	43,894,949	99.62	3,728	43,898,677	99.62
2017	49,113,540	48,988,540	99.75	(10,264)	48,978,276	99.72
2018	53,890,399	53,775,618	99.79	(59,025)	53,716,593	99.68
2019	57,296,592	57,106,114	99.67	(34,385)	57,071,729	99.61
2020	64,708,293	64,443,984	99.59	-	64,443,984	99.59

**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>
2011	\$ 31,306,675	\$ 33,469,184	93.54 %	\$ 0.3905	100,659	\$ 311
2012	31,652,958	34,255,559	92.40	0.3909	101,702	311
2013	33,108,223	34,865,783	94.96	0.3993	102,349	323
2014	34,231,146	36,452,223	93.91	0.3939	103,107	332
2015	33,810,424	39,792,302	84.97	0.3509	105,405	321
2016	33,670,060	44,063,923	76.41	0.3209	106,591	316
2017	34,970,879	49,113,540	71.20	0.3087	108,353	323
2018	40,929,405	53,890,399	75.95	0.3287	112,201	365
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

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 affected through the office of the Texas Comptroller of Public Accounts who remits the proceeds of the tax, after deduction of a 2% service fees, to the City monthly.

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



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

<u>Calendar Year</u>	<u>Retail Trade</u>	<u>Manufacturing</u>	<u>Services</u>	<u>Wholesale Trade</u>	<u>Utilities</u>
2010	\$ 1,070,089,059	\$ 1,111,487,638	\$ 331,304,579	\$ 117,424,010	\$ 17,788,882
2011	1,107,689,836	1,095,938,383	346,422,899	85,234,726	22,224,004
2012	1,228,352,605	985,127,289	381,294,220	99,025,592	26,448,906
2013	1,399,874,606	1,103,790,424	402,483,896	131,162,463	29,351,784
2014	1,529,469,558	1,061,444,585	432,758,149	128,755,561	34,412,553
2015	1,556,013,209	951,496,554	476,798,645	123,940,513	41,822,044
2016	1,592,542,371	905,719,610	505,372,604	141,775,154	41,190,339
2017	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	<u>1,806,032,459</u>	<u>953,019,073</u>	<u>570,848,600</u>	<u>197,736,186</u>	<u>42,248,207</u>
	<u>\$14,638,704,566</u>	<u>\$10,116,209,378</u>	<u>\$ 4,513,433,011</u>	<u>\$ 1,301,729,795</u>	<u>\$ 338,260,215</u>

Source: Texas Comptroller of Public Accounts

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



<u>Construction</u>	<u>Finance, Insurance</u>	<u>Total</u>	<u>City Direct Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Over- lapping</u>
\$ 46,023,961	\$ 2,114,837	\$ 2,696,232,966	2.00 %	6.25 %	8.25 %
61,286,941	3,006,901	2,721,803,690	2.00	6.25	8.25
70,736,973	2,846,478	2,793,832,063	2.00	6.25	8.25
90,125,307	2,368,176	3,159,156,656	2.00	6.25	8.25
95,799,482	2,497,918	3,285,137,806	2.00	6.25	8.25
110,293,477	2,600,258	3,262,964,700	2.00	6.25	8.25
135,370,923	2,951,985	3,324,922,986	2.00	6.25	8.25
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
<u>175,871,253</u>	<u>2,898,780</u>	<u>3,748,654,558</u>	2.00	6.25	8.25
<u>\$1,092,598,516</u>	<u>\$ 26,508,152</u>	<u>\$32,027,443,633</u>			

**CITY OF ROUND ROCK, TEXAS  
HOTEL TAXPAYERS  
SEPTEMBER 30, 2020**

Taxpayer	Hotel Motel Occupancy Tax	Hotel Motel Occupancy Venue Tax	Total Collections Year Ended Sept. 30, 2020	Number of Rooms	% of Total Collections
Austin Marriott North	\$ 342,265	\$ 97,790	\$ 440,055	295	10.7 %
Homewood Suites	185,392	52,969	238,361	115	5.8
Hyatt Place	185,254	52,925	238,179	138	5.8
Hilton Garden Inn	146,203	41,772	187,975	122	4.6
Holiday Inn Express N	129,967	37,134	167,101	109	4.1
Residence Inn	122,225	34,921	157,146	96	3.8
Towneplace Suites	121,689	34,768	156,457	102	3.8
Home 2 Suites	120,905	34,544	155,449	91	3.8
Springhill Suites	119,327	34,094	153,421	104	3.7
Courtyard Marriott	116,887	33,396	150,283	113	3.7
Tru by Hilton	114,541	32,726	147,267	98	3.6
Holiday Inn	109,793	31,370	141,163	116	3.4
Element	106,539	30,440	136,979	123	3.3
Wingate Inn	95,610	27,316	122,926	100	3.0
Red Roof Inn	92,600	26,456	119,056	107	2.9
Staybridge Suites	92,417	26,405	118,822	81	2.9
Microtel	87,867	25,096	112,963	82	2.7
La Quinta S	86,193	24,626	110,819	96	2.7
Aloft	85,550	24,443	109,993	120	2.7
La Quinta N	77,314	22,090	99,404	116	2.4
Hampton Inn	75,706	21,630	97,336	93	2.4
Best Western Inn	74,599	21,312	95,911	64	2.3
Sleep Inn	66,603	19,029	85,632	74	2.1
Motel 6	64,080	18,309	82,389	59	2.0
Candlewood Suites	59,555	17,016	76,571	98	1.9
Ruby Hotel	59,063	16,875	75,938	39	1.8
Comfort Suites	55,524	15,864	71,388	63	1.7
Quality Inn	49,313	14,089	63,402	48	1.5
Extended Stay America #6030	49,125	14,036	63,161	138	1.5
Country Inn	39,169	11,191	50,360	63	1.2
Woodspring Suites	38,684	11,053	49,737	121	1.2
Extended Stay America #6197	32,813	9,375	42,188	104	1.0
Provident Crossings Retirement	117	33	150	2	-
Short Term Rentals	(4,762)	(1,362)	(6,124)	4	-
	<u>\$ 3,198,127</u>	<u>\$ 913,731</u>	<u>\$ 4,111,858</u>	<u>3,294</u>	<u>100.0 %</u>

Note: Short term rentals total collections for the year were \$5,709; however, a refund was paid out resulting in negative collections for the year.

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

Fiscal Year	1st Quarter Oct. – Dec.	2nd Quarter Jan. – Mar.	3rd Quarter Apr. – June	4th Quarter July – Sept.	Total
2011	\$ 684,430	\$ 678,090	\$ 716,629	\$ 604,897	\$ 2,684,046
2012	610,280	835,331	1,004,705	802,227	3,252,543
2013	964,181	1,091,350	1,152,982	932,407	4,140,920
2014	1,071,926	1,217,483	1,271,649	1,085,150	4,646,208
2015	1,114,213	1,274,209	1,437,121	1,258,012	5,083,555
2016	1,214,093	1,354,383	1,570,064	1,269,127	5,407,667
2017	1,249,406	1,411,265	1,509,276	1,345,218	5,515,165
2018	1,365,737	1,429,006	1,637,645	1,281,847	5,714,235
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

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

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

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

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

Fiscal Year	(1) Population	Net Assessed Value (in thousands)	Gross Bonded Debt	Amount Available in Debt Service Fund	Net Bonded Debt	Ratio Of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2011	100,659	\$ 8,017,148	\$118,122,822	\$ 2,238,270	\$ 115,884,552	1.45 %	\$ 1,151
2012	101,702	8,096,658	114,268,570	2,301,340	111,967,230	1.38	1,101
2013	102,349	8,291,050	108,241,436	2,415,427	105,826,009	1.28	1,034
2014	103,107	8,689,652	172,890,871	2,278,062	170,612,809	1.96	1,655
2015	105,405	9,634,156	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

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

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

**CITY OF ROUND ROCK, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**SEPTEMBER 30, 2020**

<u>Name of Governmental Unit</u>	<u>Total General Debt Outstanding</u>	<u>** Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes-			
Williamson County	\$ 1,010,794,956 *	20.08%	\$ 202,967,627
Round Rock Independent School District	936,655,000 *	37.19	348,341,995
Travis County	1,081,470,000 *	0.25	2,703,675
Austin Community College	386,625,000 *	5.86	22,656,225
Georgetown ISD	417,470,000 *	0.19	793,193
Travis County Healthcare District	7,285,000 *	0.25	<u>18,213</u>
Subtotal, overlapping debt			577,480,928
City direct debt			<u>293,595,491</u>
Total direct and overlapping debt			<u><u>\$ 871,076,419</u></u>

\* Gross Debt as of September 30, 2020

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

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

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



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

	2011	2012	2013	2014
Debt limit	\$ 1,437,119,854	\$ 1,451,372,470	\$ 1,486,218,341	\$ 1,557,670,054
Total net debt applicable to limit	<u>112,406,730</u>	<u>107,568,660</u>	<u>101,824,573</u>	<u>161,006,938</u>
Legal debt margin	<u>\$ 1,324,713,124</u>	<u>\$ 1,343,803,810</u>	<u>\$ 1,384,393,768</u>	<u>\$ 1,396,663,116</u>
Total net debt applicable to the limit as a percentage of debt limit	7.82%	7.41%	6.85%	10.34%

**Legal Debt Margin Calculation for Fiscal Year 2020**

Total assessed value	<u>\$ 14,647,779,369</u>
Debt limit - Maximum serviceable at permitted allocation of \$1.50 per \$100 of assessed value	\$ 2,494,413,566
Amount of debt applicable to debt limit:	
Total General Obligation Debt	\$ 229,245,000
Less:	
Amount available in Debt Service Fund	<u>(5,080,091)</u>
Total net debt applicable to debt limit	<u>224,164,909</u>
Legal debt margin	<u>\$ 2,270,248,657</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, 2019, assessed valuation of \$14,647,779,369 at 100% collection, tax revenue of \$219,716,691 would be produced. This revenue could service the debt on \$2,494,413,566 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 2021	\$ 21,394,889
Tax Year 2020 Interest and Sinking Fund Tax Levy @ 99% Collection	\$ 24,294,717
Interest and Sinking Fund Balance as of September 30, 2020	<u>5,080,091</u>
	29,374,808
Estimated Balance, September 30, 2021	<u>\$ 7,979,919</u>



<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,640,628,922	\$ 1,786,728,268	\$ 1,928,938,196	\$ 2,120,343,710	\$ 2,315,885,331	\$ 2,494,413,566
<u>178,893,220</u>	<u>170,530,355</u>	<u>193,049,018</u>	<u>183,486,483</u>	<u>205,255,625</u>	<u>224,164,909</u>
<u>\$ 1,461,735,702</u>	<u>\$ 1,616,197,913</u>	<u>\$ 1,735,889,178</u>	<u>\$ 1,936,857,227</u>	<u>\$ 2,110,629,706</u>	<u>\$ 2,270,248,657</u>
10.90%	9.54%	10.01%	8.65%	8.86%	8.99%

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

	2011	2012	2013	2014
<b>Gross Revenue (1)</b>				
Charges for services	\$ 44,922,715	\$ 43,327,656	\$ 43,094,185	\$ 40,762,523
Licenses, permits and fees	1,114,142	1,921,789	1,941,121	2,943,355
Interest income and other	1,292,672	770,977	1,385,965	1,397,259
Total	47,329,529	46,020,422	46,421,271	45,103,137
<b>Direct Operating Expense (2)</b>				
Personnel services	8,576,547	8,599,771	8,634,094	8,939,263
Contracted services	9,839,091	9,913,713	14,335,824	14,200,624
Materials and supplies	2,055,399	2,106,220	1,890,480	2,163,731
Heat, light and power	2,474,391	1,966,864	1,951,428	1,829,036
Total	22,945,428	22,586,568	26,811,826	27,132,654
<b>Net available for Debt Service</b>	<u>\$ 24,384,101</u>	<u>\$ 23,433,854</u>	<u>\$ 19,609,445</u>	<u>\$ 17,970,483</u>
<b>Debt Service Requirements (P&amp;I)</b>	\$ 5,081,298	\$ 5,893,953	\$ 6,101,113	\$ 6,347,632
<b>Revenue Bond Coverage</b>	4.79	3.98	3.21	2.83
<b>Metered Water Customers</b>	30,676	30,989	31,431	32,012
<b>Metered Sewer Customers</b>	30,061	30,359	30,766	31,133
<b>Average Annual Principal and Interest Requirements, FY 2021-2039</b>			\$ 5,144,678	
<b>Coverage of Average Requirements by FY 2020 Net Revenue</b>			6.87 times	
<b>Estimated Maximum Principal and Interest Requirements, FY 2021</b>			\$ 6,073,581	
<b>Estimated Coverage of Maximum Requirements by FY 2020 Net Revenue</b>			5.82 times	
<b>Parity Debt Outstanding at FY 2020</b>			\$ 70,190,000	

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

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

2015	2016	2017	2018	2019	2020
\$ 41,880,906	\$ 44,406,721	\$ 47,769,478	\$ 50,715,034	\$ 51,973,150	\$ 55,695,939
4,017,184	4,247,067	4,211,137	4,226,721	4,828,792	4,693,720
863,900	1,211,532	2,284,171	3,122,041	4,772,982	4,010,185
46,761,990	49,865,320	54,264,786	58,063,796	61,574,924	64,399,844
9,228,272	9,742,128	11,871,681	10,940,702	12,809,236	12,751,829
14,500,269	15,222,355	14,854,212	16,695,290	14,844,774	13,759,401
1,837,026	2,091,331	2,504,640	2,392,415	3,385,739	2,747,862
1,783,408	1,662,779	1,618,297	1,578,540	2,188,155	2,452,847
27,348,975	28,718,593	30,848,830	31,606,947	33,227,904	31,711,939
<u>\$ 19,413,015</u>	<u>\$ 21,146,727</u>	<u>\$ 23,415,956</u>	<u>\$ 26,456,849</u>	<u>\$ 28,347,020</u>	<u>\$ 32,687,905</u>
\$ 6,894,788	\$ 5,994,842	\$ 6,352,459	\$ 5,444,927	\$ 6,102,631	\$ 6,082,481
2.82	3.53	3.67	4.86	4.65	5.37
32,447	32,930	33,602	34,581	35,397	35,998
31,531	31,984	32,614	33,277	34,085	35,299



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

Fiscal Year	(1) Population	Personal Income	(4) Per Capita Income	(2) Median Age	(3) School Enrollment	(2) Unemployment Rate
2011	100,659	\$ 3,096,874,794	\$ 30,766	31.6	44,331	6.1 %
2012	101,702	3,164,864,538	31,119	32.0	45,000	5.9
2013	102,349	3,221,434,775	31,475	32.0	45,361	5.0
2014	103,107	3,282,514,452	31,836	31.7	45,924	4.2
2015	105,405	4,104,259,890	38,938	33.5	47,093	3.2
2016	106,591	4,636,495,318	43,498	33.9	47,580	3.3
2017	108,353	4,841,103,687	44,679	34.4	48,121	3.0
2018	112,201	5,395,858,291	48,091	34.2	48,888	2.9
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

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

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

Name of Employer	2020			2011		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Dell Technologies	13,000	1	18.88 %	8,500	1	16.55 %
Round Rock Independent School District	6,955	2	10.10	5,400	2	10.52
City of Round Rock, Texas	1,019	3	1.48	820	4	1.60
Round Rock Premium Outlets	800	4	1.16			
Seton Medical Center Williamson	750	5	1.09	450	9	0.88
Baylor Scott & White Healthcare	750	5	1.09	750	5	1.46
St. David's Round Rock Medical Center	689	6	1.00	710	6	1.38
Emerson Automation Solutions	682	7	0.99			
Amazon	600	8	0.87			
United Parcel Services	563	9	0.82			
Shop LC	475	10	0.69			
AirCo Mechanical	475	10	0.69			
Sears TeleServe				1,300	3	2.53
Texas Guaranteed Student Loan				700	7	1.36
Wayne Fueling Systems LLC				600	8	1.17
Michael Angelo's Gourmet Food				350	10	.68
	<u>26,758</u>		<u>38.86 %</u>	<u>19,580</u>		<u>38.13 %</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**

<b>Function:</b>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government	165	147	149	157	159	163	179	194	202	205
Public safety-										
Police-										
Officers	152	152	153	159	167	168	174	176	176	180
Civilians	67	67	68	64	67	72	74	75	78	78
Fire-										
Firefighters & officers	124	124	124	129	129	132	134	149	152	153
Civilians	5	5	6	8	8	8	8	9	10	10
Public works-										
Street & Stormwater	48	64	70	70	69	76	73	77	81	82
Shop	15	15	15	16	18	19	18	18	19	19
Culture & Recreation-										
Library	29	29	30	31	31	31	31	31	32	33
Parks & Recreation	94	94	91	91	91	106	102	105	107	108
Water & Sewer Utility	<u>125</u>	<u>127</u>	<u>126</u>	<u>128</u>	<u>129</u>	<u>128</u>	<u>128</u>	<u>131</u>	<u>151</u>	<u>151</u>
Total	<u>824</u>	<u>824</u>	<u>832</u>	<u>853</u>	<u>868</u>	<u>903</u>	<u>921</u>	<u>965</u>	<u>1,008</u>	<u>1,019</u>

Source: City of Round Rock Finance Department

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

<b>Function:</b>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police-				
Arrests	4,521	6,715	6,182	5,773
Accident reports	2,747	4,485	4,845	6,383
Index crimes reported	3,154	2,777	2,632	2,338
Crimes per thousand residents	31.30	27.10	25.10	21.70
Officers per thousand of population	1.48	1.49	1.46	1.42
Fire-				
Incident volume	8,141	8,350	8,749	9,027
Priority calls answered	5,916	3,475	3,728	3,713
Non-emergency calls answered	2,225	4,875	5,021	5,314
Priority calls-response less than 6 minutes	65%	60%	60%	63%
Public Works-				
Street-				
Street resurfacing (lane miles)	45	60	80	80
Potholes repaired annually	4,000	4,000	4,000	4,000
Signals maintained	68	76	79	83
Shop-				
Work orders	4,609	5,336	4,447	4,178
Number of departments served	12	12	12	12
Culture and Recreation-				
Library-				
Number of items circulated	854,000	903,219	940,135	975,291
Number of card holders	59,000	55,336	81,620	74,192
Number of library visits	292,000	294,768	323,384	309,167
Parks & Recreation-				
Total park acres maintained	1,935	2,035	2,035	2,045
Number of athletic fields maintained	46	49	49	49
Number of trees planted	345	558	163	165
*Number of recreation enrollees	420,000	420,000	487,455	490,704
Number of recreation participants	-	-	-	-
Water-				
New connections	335	313	442	360
Line maintenance work orders	3,185	3,279	5,500	6,734
Average monthly consumption	655,615,475	560,281,041	549,154,150	491,936,100
Sewer-				
Average monthly treatment	475,482,100	457,967,400	409,000,000	394,000,000
Line feet reviewed for infiltration & inflow	317,789	361,784	377,783	459,128

Source: City of Round Rock Finance Department

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



2015	2016	2017	2018	2019	2020
4,600	4,476	4,600	4,152	4,272	3,592
2,249	2,370	2,370	2,762	2,698	2,636
2,329	2,383	2,383	2,870	2,648	2,400
22.00	22.50	22.50	26.50	23.40	21.00
1.53	1.43	1.48	1.56	1.53	1.53
9,928	9,346	10,777	11,328	11,813	12,189
2,780	3,735	2,548	5,083	4,078	3,248
7,148	5,611	8,229	6,245	7,735	6,905
56%	61%	58%	53%	79%	73%
40	60	60	60	121	183
1,500	400	300	300	280	250
84	83	89	90	93	100
4,399	4,761	4,620	4,733	4,936	4,980
12	12	12	12	12	12
972,094	1,080,312	1,188,757	1,229,141	1,315,186	986,686
99,822	77,818	79,415	81,181	83,507	80,656
388,625	391,256	389,930	388,732	416,391	219,736
2,045	2,045	2,270	2,270	2,285	2,285
49	49	49	49	49	51
110	195	408	43	74	98
-	-	-	-	-	-
832,184	988,337	1,080,853	1,140,094	892,870	332,895
402	480	665	911	789	534
3,317	3,512	3,346	3,013	1,778	2,366
505,251,158	536,082,308	571,062,558	612,026,451	543,547,232	620,080,709
385,611,068	416,357,161	425,631,471	426,330,521	410,300,487	440,156,307
187,464	189,418	206,675	169,579	133,098	109,080

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

<b>Function:</b>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police-				
Number of stations	1	1	1	1
Number of units	199	199	201	229
Fire-				
Number of stations	7	7	7	7
Number of fire trucks	16	16	16	14
Public Works-				
Street-				
Lane miles	1,200	1,200	1,250	1,250
Drainage miles	100	100	150	150
Number of street lights	5,119	5,312	6,000	6,800
Number of traffic signals	68	76	79	83
Shop-				
Repair facilities	1	1	1	1
Number of bays	19	19	19	19
Culture and Recreation-				
Library-				
Number of library books	183,000	195,000	150,211	154,278
Number of library facilities	1	1	1	1
Parks & Recreation-				
Total park acres	2,274	2,035	2,035	2,035
Number of athletic fields	47	49	49	49
Number of parks	85	62	62	62
Number of tennis courts	23	23	23	25
Number of pools	4	4	4	4
Water-				
Number of miles of water lines	584	585	587	601
Pumping stations	10	10	10	10
Tanks	20	20	20	19
Treatment capacity (millions of gallons/day)	52	52	52	52
Sewer-				
Number of miles of sewer mains	422	422	424	432
Wastewater lift stations	12	12	12	12

Source: City of Round Rock Finance Department

2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
240	259	256	261	241	252
7	7	9	9	9	9
16	15	16	16	17	17
1,250	1,200	1,200	1,300	1,350	1,450
150	150	151	200	200	333
5,400	5,433	5,604	5,674	5,733	5,771
84	83	89	90	93	100
1	1	1	1	1	2
19	13	18	18	18	21
156,277	257,667	213,381	225,903	230,094	227,880
1	1	1	1	1	1
2,035	2,035	2,270	2,270	2,285	2,285
49	49	59	59	61	61
62	62	61	61	61	61
25	25	22	21	21	21
4	4	4	4	4	4
608	615	614	651	636	667
10	10	10	10	11	11
19	19	19	19	19	19
52	52	52	52	52	61
424	427	428	461	445	467
12	12	12	12	11	11

**CITY OF ROUND ROCK, TEXAS  
TOP TEN WATER CUSTOMERS  
SEPTEMBER 30, 2020**

<u>Name of Customer</u>	<u>Type of Business</u>	<u>Water Consumption in Gallons</u>	<u>% of Total Water Consumption in Gallons</u>
Fern Bluff Municipal Utility District	Municipal Utility District	274,588,000	3.810 %
Paloma Lake Municipal Utility District #1 & #2	Municipal Utility District	260,840,500	3.619
Williamson County Municipal Utility District #11	Municipal Utility District	213,844,200	2.967
City of Georgetown, Texas	Municipality	193,336,000	2.682
Williamson County Municipal Utility District #10	Municipal Utility District	183,513,000	2.546
Chandler Creek Municipal Utility District	Municipal Utility District	166,341,800	2.308
Vista Oaks Municipal Utility District	Municipal Utility District	130,240,400	1.807
Dell, Inc.	Electronic Equipment	76,620,500	1.063
Round Rock Independent School District	Public Schools	75,816,000	1.052
Mid America Apartments, LP	Property Management	<u>74,418,000</u>	<u>1.032</u>
		<u><u>1,649,558,400</u></u>	<u><u>22.886 %</u></u>

Source: City of Round Rock Finance Department

**CITY OF ROUND ROCK, TEXAS  
WATER AND SEWER RETAIL RATES  
SEPTEMBER 30, 2020**

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

Volume Rate	Monthly Service Charge	
<b><i>Non-peak billing periods:</i></b>	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
	3 inch	202.68
	4 inch	335.79
	6 inch	1,046.86
	8 inch	1,829.77
	10 inch	2,873.67
	12 inch	3,526.11
<b><i>Billing periods for commercial:</i></b>		
\$2.80 per 1,000 gallons of water used by all customers		
<b><i>Billing periods for irrigation:</i></b>		
Four block structure for use in excess of predetermined amounts set by meter size -		
Block 1: \$3.20		
Block 2: \$3.85		
Block 3: \$5.77		

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

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

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

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**  
**SEPTEMBER 30, 2020**

Federal Grantor/Pass-Through Entity Program Title	CFDA Number	Grant or Identifying Number	Pass-Through to Non-State Entities	Direct Expenditures	Total Expenditures
<b>Institute of Museum and Library Services</b>					
<i>Pass-Through from Texas State Library and Archives Commission</i>					
Grants to States	45.310	LS-00-19-0044-19	\$ -	\$ 9,917	\$ 9,917
<b>Total Institute of Museum and Library Services</b>			<b>-</b>	<b>9,917</b>	<b>9,917</b>
<b>U.S. Department of Housing &amp; Urban Development</b>					
Community Development Block Grants/Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218	B13MC480514	907	-	907
Community Development Block Grants/Entitlement Grants	14.218	B15MC480514	55,010	-	55,010
Community Development Block Grants/Entitlement Grants	14.218	B16MC480514	56,257	43,069	99,326
Community Development Block Grants/Entitlement Grants	14.218	B17MC480514	-	231,115	231,115
Community Development Block Grants/Entitlement Grants	14.218	B18MC480514	36,213	16,214	52,427
Community Development Block Grants/Entitlement Grants	14.218	B19MC480514	92,500	139,680	232,180
Community Development Block Grants/Entitlement Grants (Covid-19)	14.218	B20MW480514	-	382,008	382,008
<i>Total Community Development Block Grants/Entitlement Grants Cluster</i>			240,887	812,086	1,052,973
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<b>240,887</b>	<b>812,086</b>	<b>1,052,973</b>
<b>U.S. Department of Justice</b>					
Equitable Sharing Program	16.922	TX2460500	-	189,277	189,277
<i>Pass-Through from Texas Office of the Governor, Criminal Justice Division</i>					
Crime Victim Assistance	16.575	2017-VA-GX-0006; 3756801	-	98,326	98,326
<b>Total U.S. Department of Justice</b>			<b>-</b>	<b>287,603</b>	<b>287,603</b>
<b>U.S. Department of The Treasury</b>					
<i>Pass-Through from Williamson County, Texas</i>					
CARES Act Coronavirus Relief Fund (Covid-19)	21.019	Wilco Forward Phase II Covid-19	45,000	512,060	557,060
<b>Total U.S. Department of The Treasury</b>			<b>45,000</b>	<b>512,060</b>	<b>557,060</b>
<b>U.S. Department of Transportation</b>					
Federal Transit Cluster					
Federal Transit Formula Grants	20.507	TX-2018-055-00	-	193,289	193,289
Federal Transit Formula Grants	20.507	TX-2019-053-00	-	189,792	189,792
Federal Transit Formula Grants (Covid-19)	20.507	TX-2020-164-00	-	1,090,787	1,090,787
<i>Total Federal Transit Cluster</i>			<b>-</b>	<b>1,473,868</b>	<b>1,473,868</b>
Highway Planning and Construction Cluster					
<i>Pass-Through from Texas Department of Transportation</i>					
Quiet Zone Project	20.205	CSJ 0914-05-164	-	301,950	301,950
		CSJ 0914-05-165	-	-	-
RM 620 Right of Way Acquisitions Project	20.205	CSJ 0683-01-056	-	798,309	798,309
		RCSJ 0683-01-092	-	-	-
<i>Total Highway Planning and Construction Cluster</i>			<b>-</b>	<b>1,100,259</b>	<b>1,100,259</b>
<b>Total U.S. Department of Transportation</b>			<b>-</b>	<b>2,574,127</b>	<b>2,574,127</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 285,887</b>	<b>\$ 4,195,793</b>	<b>\$ 4,481,680</b>

**CITY OF ROUND ROCK, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2020**

**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.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Round Rock, Texas (the "City"), as of and for the year ended September 30, 2020, 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 8, 2021.

**Internal Control over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Austin, Texas  
February 8, 2021

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

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Round Rock, Texas' (the "City") compliance with the types of requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

### ***Report on Internal Control Over Compliance***

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

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

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

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



Austin, Texas  
February 8, 2021

**CITY OF ROUND ROCK, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended September 30, 2020*

**I. Summary of Auditor's Results**

**Financial Statements**

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

**Federal Awards**

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

Identification of Major Programs:

<b>Name of Federal Program or Cluster</b>	<b>CFDA Number</b>
Highway Planning and Construction Cluster	20.205
Federal Transit Cluster	20.507
CARES Act (Coronavirus Relief Fund) – COVID-19	21.019
Dollar threshold used to distinguish Between Type A and Type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**CITY OF ROUND ROCK, TEXAS**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***  
***For the Year Ended September 30, 2020***

**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, 2020***

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

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

**I. Prior Audit Findings**

**Finding #2019-001 - Federal Transit Formula Grant CFDA 20.507 TX-2017-035-00, TX-2018-055-00, TX-2019-053-00**

The corrective action plan was completed during fiscal year 2020.

**CITY OF ROUND ROCK, TEXAS**  
***CORRECTIVE ACTION PLAN***  
***For the Year Ended September 30, 2020***

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, 2020 has been prepared to address these requirements.

**I. Corrective Action Plan**

Not applicable