

**CITY OF ROCKWALL, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Prepared by:

CITY OF ROCKWALL, TEXAS

FINANCE DEPARTMENT

Mary P. Smith, CPA  
Assistant City Manager/  
Director of Finance

**CITY OF ROCKWALL, TEXAS**  
**Comprehensive Annual Financial Report**  
**For the Year Ended September 30, 2018**

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***INTRODUCTORY SECTION***

July 8, 2019

To the Honorable Mayor,  
Members of the City Council,  
And the Citizens of the City of Rockwall, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Rockwall for the fiscal year ended September 30, 2018, is hereby submitted in accordance with Section 7.18 of the City Charter. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

Management assumes full responsibility for both the completeness and reliability of all of the information presented in this report. Fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds in the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

To provide a reasonable basis for making these representations, management of the City of Rockwall has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Rockwall's financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. 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 valuation of costs and benefits requires estimates and judgments by management.

Because the cost of internal controls should not outweigh their benefits, the City of Rockwall's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. The internal control structure is subject to periodic evaluation by City management.

The City of Rockwall's financial statements have been audited by Fox, Byrd & Company P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rockwall for the fiscal year ended September 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial

statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rockwall's financial statements for the fiscal year ended September 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the financial statements as required by GAAP. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE GOVERNMENT**

The City of Rockwall, Texas, county seat of Rockwall County, Texas was incorporated in 1874. Its name is derived from an underground rock wall discovered in 1854. The unusual rock formations are found throughout the county. The City is located on the eastern shore of Lake Ray Hubbard, 22 miles east of downtown Dallas on Interstate Highway 30. The Dallas/Fort Worth area is recognized as one of the top growth areas in the country. The Dallas/Fort Worth International Airport and Love Field in Dallas meet the air transportation needs of the region.

The City currently has a land area of approximately 29.824 square miles and an estimated population of 43,750.

The City of Rockwall adopted a home rule charter in 1985 which established a council-manager form of government. Charter amendments were adopted in 2005 and again in 2015. Policy making and legislative authority is vested in the City Council, which consists of a Mayor and six Council Members, all elected at large. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City and for appointing the heads of the various departments. The mayor and six council members are elected to two year staggered terms. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City of Rockwall provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; planning and zoning, parks and recreational activities and general administrative services. Additionally, the City provides water and sewer services as an enterprise function.

Discretely presented component units are legally separate entities and are not part of the primary government's operations. The City of Rockwall is financially accountable for its component units. Accordingly, the Rockwall Economic Development Corporation (REDC) and Rockwall Technology Park Association are included in these financial statements and are explained in more detail in Note 1 of the Notes to the Financial Statements.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when considered from the broader perspective of the specific environment within which the City of Rockwall operates.

### **Local Economy**

The City of Rockwall is situated in the Dallas/Fort Worth Consolidated Metropolitan Statistical Area. With its concentration of commercial and retail development, the City of Rockwall has long drawn shoppers from surrounding areas. As the national economy began to improve over the last year, Rockwall's local economy benefitted from a mix of new businesses and the renewed success of others. Rockwall saw an increase of 4.91% in our local sales tax revenues. The City has a varied tax base including a mix of residential, commercial and light industrial properties. Total property values rose by 9.35%. The most recent five-year average is 6.85% per annum. During the downturn in the economy, 2008 – 2012, growth in the tax base slowed but remained positive each year. The City's largest taxpayers are varied and include industry, retail developments, multi-family properties, and medical facilities. Table D-12 in the Statistical Section provides further information on the principal taxpayers. The Rockwall Economic Development Corporation continues to successfully market Rockwall and assist companies looking to locate their business in the City. The year's highlights included:

- Pratt Industries completed construction on their 391,600 square foot facility which serves the recycled paper goods industry providing shipping ready boxes to customers including Amazon.
- Lollicup USA commenced construction on their project mid-2018. The building will be in excess of 600,000 square feet and the taxable value is projected to be approximately \$30,000,000 in the first full year of operation.
- The Harbor retail development, under new ownership and significant investment has welcomed several new restaurant tenants and seen the expansion and modernization of the Cinemark Theatre.
- Downtown Rockwall has become the destination that the downtown renovation project was undertaken to create. The area includes a mix of professional, retail, restaurant, and service locations. City staff work closely with the merchants association to sponsor multiple shopping – entertainment events and more than 75 free live concerts per year. The City has seen a 23.71% increase in sales taxes in the downtown area in the last five years.

### **Long-term Planning**

The City Council and staff recognize the need for long-range planning. It is the goal of the City government to provide responsible leadership, services, and infrastructure to achieve a safe environment and provide for a high quality of life.

### **Financial Policies**

The City Council adopted financial policies in 2001 which have guided the City, allowing us to build a strong fund balance, and reinforcing the City's philosophy to budget conservatively for

both revenues and expenditures. The general fund reserve policy is reviewed annually and updated most recently in 2009. The policy states the City should maintain no less than 3 months of reserves and will allow reserves in excess of 3.5 months of recurring operating expenditures to be transferred to a capital projects fund to be used to fund future projects. The City has maintained reserves at or above this level for many years. This allows the City to respond to emergencies or downturns while not overburdening the taxpayers. Reserves over the 3.5 month level were available to fund capital purchases in 2018.

### Budget Overview

The City Manager proposes a balanced budget to the City Council each year by August 1. Public hearings are conducted to receive comments and priorities of the community at large. The City Council must adopt the operating budget and set the City's tax rate for the next year by October 1<sup>st</sup> of each year.

### Capital Improvement Planning

In May 2018, voters approved a proposition to begin the rehabilitation and reconstruction of \$85,000,000 of aging residential streets and to include utility relocations and drainage system improvement. A pavement assessment was conducted on all city streets and alleys which gave an index score to each one. This coupled with traffic load data and the condition of the drainage system will be factors in the streets chosen for the program. Design work will begin immediately on several of the projects and construction work will be phased over several years to minimize the impact of the debt issuance. The remaining street rehabilitation projects which were approved in the 2012 bond election have been engineered and construction will commence in early 2019 and take approximately 24 months for each to be completed.

### Strategic Planning

The City Council and staff worked on an updated strategic planning document with the goal of a simplified, easy to understand final product. The initial stage of the plan included looking at the current breakdown between the residential and commercial tax base and whether or not the current land use plan will allow that mix to be maintained or improved in order to decrease the tax burden on residential properties. It was determined that sufficient non-residential land uses are planned but that any change from non-residential to residential zoning needs to be evaluated in light of the City's strategic goals. The City receives higher sales taxes per capita than other area cities, pointing to the City's long standing status as a regional shopping destination. As cities to the east grow and add retailers, the City will strive to add specialty retailers to continue the regional draw. A citizen committee was formed to work with the City Planning Department staff to make amendments to the Comprehensive Plan and develop an I-30 Corridor plan. This work has resulted in a guide for future developers and has the City broken down into sub-districts with design principles and density guidelines for each area. The I-30 Corridor plan is being finalized and will be considered by Council in early 2019. The impending reconstruction project for I-30 (details below) will result in the largest public works investment in Rockwall County's history. The project's impact to area businesses will be extensive. Recognizing this, the City of Rockwall will be working with area retailers, shopping center owners, the Chamber of Commerce and the other cities along the route to develop a coordinated marketing approach to ensure shoppers know the area is still open for business during the several years of construction activities.

## Future Development

### Transportation

The majority of the City's main thoroughfares are state facilities. TxDOT has been planning for the widening of SH205 in the 3 counties it serves. The City Council and staff worked closely with TxDOT to come to agreement to move the current SH205 to existing John King Boulevard to the East. This had long been the City's desire but previous attempts had not come to fruition. This change will allow the present course of SH205 to become a city street with the ability for traffic flow and speed limits to be managed by the City.

TxDOT has been working on the widening of I-30 which runs through Rockwall County and is the link between the eastern counties and downtown Dallas. The project will add main travel lanes in both directions as well as three-lane service roads extending across Lake Ray Hubbard. This is expected to ease traffic issues when accidents occur on the main lanes. The project is expected to be ready to let in 2022.

The City is a member of a County-wide Consortium which allows County government officials to work with officials of each of the seven cities in the county to further transportation planning efforts. The Consortium meets monthly to discuss funding alternatives for the County's transportation needs, which also involve planning and state participation. The County's bond initiatives allow funding for the advance planning and design of several major roadway projects. This allows the projects to be ready to commence as soon as state funding is allocated for construction. The Consortium was successful in securing new state funding for both SH276 and FM 3549 widening projects after the state-wide referendums provided new dollars for the state's highway system. The fact that the projects were in design and would be ready to bid when dollars were made available was crucial in getting these new funds.

### Retail / Entertainment

"The Harbor" development is situated on the shores of Lake Ray Hubbard at I-30. The retail center came under new ownership in 2017 with many positive changes being pursued. Several new restaurant openings were celebrated in 2018. The addition of a Marriott Springhill Suites with 105 suites and conference space to the area's existing full service Hilton Hotel and Conference Center has fostered synergies in their efforts to attract conferences which benefit the development and the City.

In conjunction with private development, the City established a tax increment financing (TIF) zone on an approximately 103 acre tract which allowed the financing and development of public open space to complement the development and allow citizens access to the Lake Ray Hubbard shore line.

The City's extremely successful 12-week Concert on the Lake Series managed by the City's Recreation Department draws more than 5,000 attendees each Thursday evening for a free concert. The term "Free Live Music Capital of North Texas" has been coined and officially designated by the Texas Legislature to describe the many opportunities available year round in public venues.

The annual Founder's Day activities and headliner concert draws thousands to enjoy a day of free activities each May. A Farmer's Market brings visitors downtown Saturdays from May to October. The annual "Rib Rub and Run" BBQ contest draws more than 50 teams to the

downtown square. The Main Street Advisory Board and “Friends of Downtown Rockwall”, citizen volunteer group, worked to plan more special events to bring shoppers downtown. Live musical entertainment each Thursday, Friday and Saturday evening on the newly opened San Jacinto Plaza brings people out to enjoy a relaxing evening downtown. The many shops in the Downtown area provide a wide variety of shopping opportunities and vacancies are rare and filled quickly.

Utilities

The water and wastewater rates were last increased in 2017. The City purchases treated water as a founding member city of the North Texas Municipal Water District. Recovery from years of drought and conservation restrictions has taken several years to occur. Water consumption in fiscal year 2018 consumption increased by 15.2% over its previous high year in 2012 while sales increased 11.5% over the prior fiscal year. The City’s water system is recognized with the Texas Commission on Environmental Quality’s “Superior” rating.

The City actively works to acquire the right to serve recently annexed areas which are currently served by wholesale water supply corporations. It remains the City’s desire to be the provider for all residents in our city limits.

Debt Administration: Two ratios traditionally used to analyze the debt structure of municipalities are presented below.

Outstanding General Obligation Debt at 9-30-18 (net of Debt Service)	\$111,377,610
Estimated Population	42,120
G.O. Debt Per Capita	\$2,546
Net G.O. Debt per Assessed Value	2.12%

The City seeks a bond rating update as new debt is issued. The current ratings are shown below:

	<u>General Obligation</u>	<u>Sales Tax (REDC)</u>
Standard & Poor’s Rating Group	AA+	A-
Moody’s Investor Service Inc.	Aa2	A1

**ACKNOWLEDGEMENTS**

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,

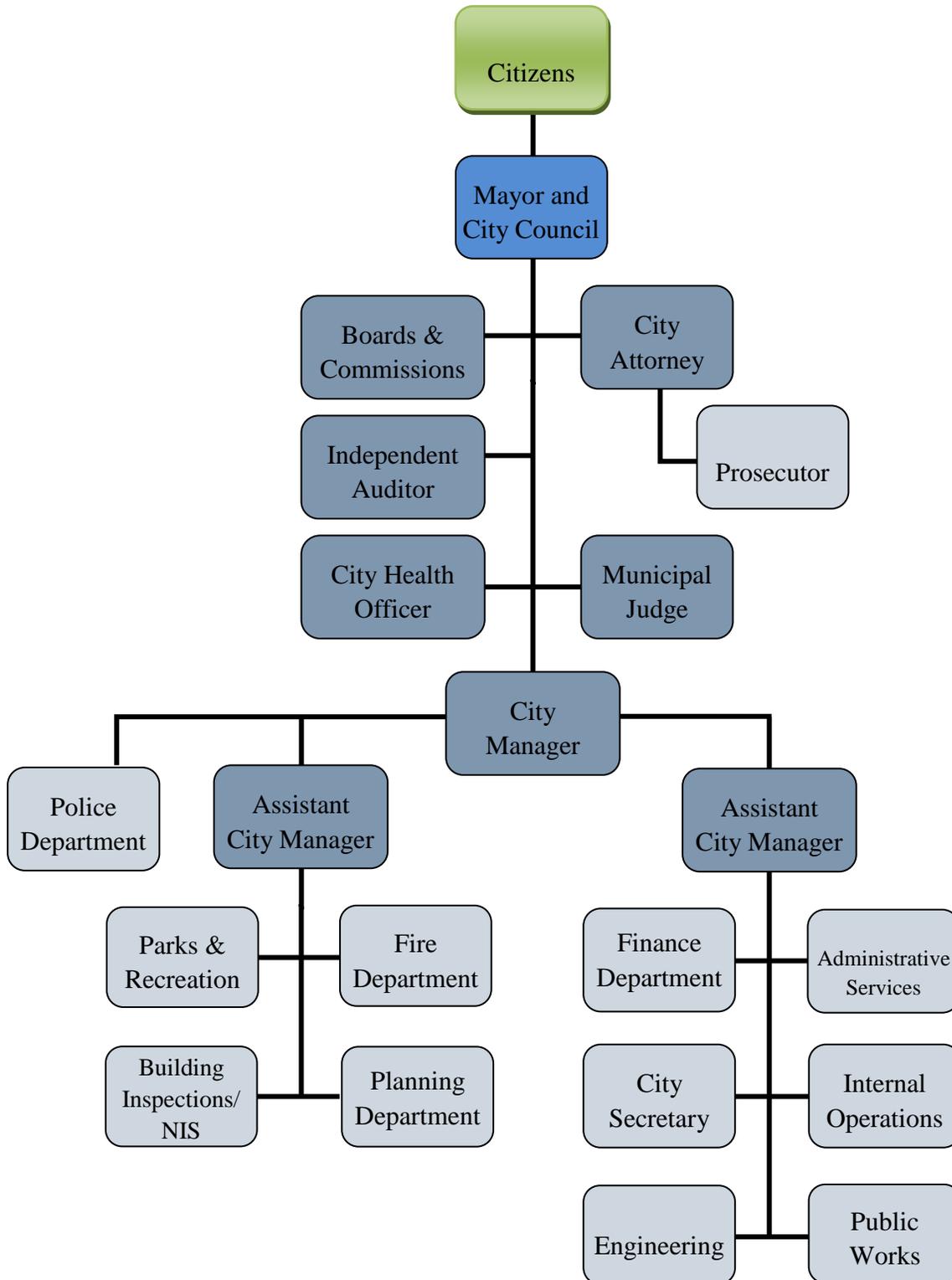


Richard R. Crowley  
City Manager



Mary P. Smith, CPA  
Assistant City Manager/  
Director of Finance

# City of Rockwall Organization Chart



CITY OF ROCKWALL, TEXAS

PRINCIPAL OFFICIALS

September 30, 2018

**City Council**

Jim Pruitt, Mayor  
Bennie Daniels, Councilmember Place 1  
Kevin Fowler, Mayor Pro-Tempore  
John Hohenshelt, Councilmember Place 2  
Dennis Lewis, Councilmember Place 4  
Dana Macalik, Councilmember Place 5  
Mike Townsend, Councilmember Place 6

**City Staff**

Rick Crowley, City Manager  
Mary Smith, Assistant City Manager  
Brad Griggs, Assistant City Manager  
Cheryl Dunlop, Director of Administrative Services  
Kirk Riggs, Chief of Police  
Kenneth Cullins, Fire Chief  
Ryan Miller, Director of Planning and Zoning  
Amy Williams, Director of Public Works/City Engineer  
Joey Boyd, Director of Internal Operations

***FINANCIAL SECTION***

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Rockwall, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas, as of and for the year ended September 30, 2018, 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. 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 auditors' 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.

## 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rockwall, Texas, as of September 30, 2018, and the respective changes in financial position 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 the management's discussion and analysis, the budgetary comparison information and the Texas Municipal Retirement System Schedule of changes in Net Pension Liability (Asset) and Related Ratios on pages 12-22 and 69-72 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 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 of Rockwall, Texas' basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statement and schedules 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, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical section 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.

*Tox, Byrd + Company, P.C.*

Dallas, Texas  
July 8, 2019

## MANAGEMENT’S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Rockwall’s financial performance provides an overview and analysis of the City’s financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The City’s total net position was \$227,339,096 at September 30, 2018.
- During the year, the City’s governmental activities expenses were \$7,383,474 less than the \$50,922,265 generated in program revenues, taxes, other revenues and transfers.
- The assets of the City of Rockwall attributable to governmental activities exceeded its liabilities, net of deferred inflows and deferred outflows of resources at the close of the fiscal year ending September 30, 2018 by \$129,548,822 (net position).
- At the end of this fiscal year, the unassigned fund balance for the general fund was \$12,825,308 or approximately 36.7 percent of the total general fund operating expenditures and transfers out.
- The City’s total outstanding general obligation bonds and certificates of obligation (excluding enterprise and component unit debt) decreased by \$6,040,000 during fiscal year 2018. More detailed information is given in the notes section.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements presenting different views of the City:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City’s overall financial status.

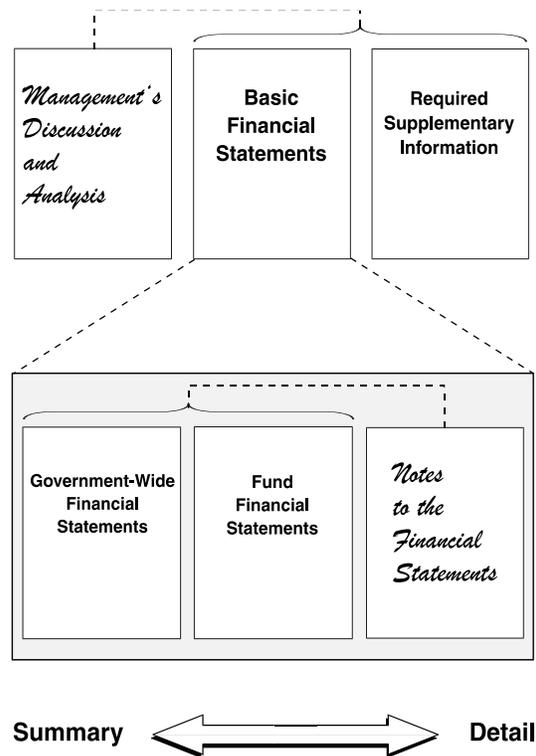
The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City’s operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.

Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements, followed by a section of required supplementary information, further explain and support the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

**Figure A-2. Major Features of the City of Rockwall’s Government-wide and Fund Financial Statements**

<i>Type of Statements</i>	<b>Fund Statements</b>		
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<i>Scope</i>	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private business.
<i>Required financial statements</i>	◆ Statement of net position	◆ Balance Sheet	◆ Statement of net position
	◆ Statement of activities	◆ Statement of revenues, expenditures & changes in fund balances	◆ Statement of revenues, expenses & changes in fund net position ◆ Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

### **Government-wide Financial Statements**

The government-wide statements are designed to provide readers with a broad overview of the City of Rockwall’s finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of the City of Rockwall’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City of Rockwall is improving or deteriorating. The statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City’s property tax base and the condition of the City’s infrastructure, to assess the overall health or financial condition of the City.

The *statement of activities* presents information showing how the City’s net position changed during the most recent fiscal year. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; for example uncollected taxes and earned but unused vacation leave. Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

*Governmental activities* – Most of the City’s basic services are reported here, including administration, police, fire, planning and zoning, finance, parks and recreation, municipal court and engineering. Property taxes, sales taxes, franchise fees and charges for services provide funds for most of the activities.

*Business-type activities* – The City charges fees to customers to help it cover all or most of the cost of certain services it provides. We report the City’s water and sewer system here.

*Component Units* – The City of Rockwall (the primary government) includes two discretely presented component units. The City’s Type A Sales Tax Corporation known as the Rockwall Economic Development Corporation and the Rockwall Technology Park Association. Although legally separate, The City of Rockwall is financially accountable for these component units. The City Council appoints the component unit’s Board of Directors, sets the budget and approves any debt issuance.

The government-wide financial statements are found on pages 23-24 of this report.

## **Reporting the City’s Most Significant Funds**

### Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant funds—not the City as a whole. *Funds* are accounting devices the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. However, the City establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following types of funds:

*Governmental funds*—Most of the City’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps users of the financial statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government’s near-term financing decisions. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

The City of Rockwall maintains 21 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, and G.O. Bonds Capital Projects fund, which are considered major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City's enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the government-wide statement but provide more detail and additional information such as cash flows, for proprietary funds. The Internal Service funds (the other component of proprietary funds) are utilized to report activities that provide services for the City's self-insurance funds. The Internal Service funds are reported as governmental activities in the government-wide financial statements.

The City of Rockwall maintains an Enterprise Fund to account for water and sewer services provided to the City's retail and wholesale customers. All activities associated with providing such services are accounted for in this fund, including administration, operations, maintenance, debt service, capital improvements, billing and collection. The City's intent is that all costs of providing the services to the public on a continuing basis are financed through user charges in a manner similar to a private business enterprise.

The City maintains two internal service funds to account for funds accumulated to self-insure for health and workers compensation claims. Individual fund data for each of these business-type funds is provided in the form of combining statements elsewhere in this report.

*Fiduciary funds*—The City is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that - because of a trust arrangement - can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of assets and liabilities of the agency fund. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

*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**

In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* concerning the City of Rockwall. This information is required by accounting principles generally accepted in the United States of America.

## CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION

At the end of fiscal year 2018, the City's net position (assets exceeding liabilities) totaled \$227,339,096. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

The largest portion of the City's net position (87.1%) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets, which is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 34,517,014	\$ 33,708,753	\$ 18,033,995	\$ 16,466,005	\$ 52,551,009	\$ 50,174,758
Capital Assets	<u>200,260,690</u>	<u>198,678,101</u>	<u>114,840,989</u>	<u>106,264,480</u>	<u>315,101,679</u>	<u>304,942,581</u>
Total Assets	<u>234,777,704</u>	<u>232,386,854</u>	<u>132,874,984</u>	<u>122,730,485</u>	<u>367,652,688</u>	<u>355,117,339</u>
Deferred Outflows	<u>224,721</u>	<u>4,401,720</u>	<u>1,265,438</u>	<u>1,686,300</u>	<u>1,490,159</u>	<u>6,088,020</u>
Non-current liabilities	99,251,456	109,230,046	33,586,879	35,871,248	132,838,335	145,101,294
Other liabilities	<u>5,100,740</u>	<u>4,107,244</u>	<u>2,683,638</u>	<u>3,229,859</u>	<u>7,784,378</u>	<u>7,337,103</u>
Total Liabilities	<u>104,352,196</u>	<u>113,337,290</u>	<u>36,270,517</u>	<u>39,101,107</u>	<u>140,622,713</u>	<u>152,438,397</u>
Deferred Inflows	<u>1,101,407</u>	<u>882,538</u>	<u>79,631</u>	<u>69,888</u>	<u>1,181,038</u>	<u>952,426</u>
Net Position						
Invested in capital assets,						
net of related debt	113,360,690	105,653,101	84,689,276	73,291,095	198,049,966	178,944,196
Restricted for debt service	4,132,234	4,421,460	1,086,032	1,055,524	5,218,266	5,476,984
Restricted for capital projects	7,681,086	11,207,922	604,550	3,299,871	8,285,636	14,507,793
Unrestricted	<u>4,374,812</u>	<u>1,286,263</u>	<u>11,410,416</u>	<u>7,599,300</u>	<u>15,785,228</u>	<u>8,885,563</u>
Total net position	<u>\$ 129,548,822</u>	<u>\$ 122,568,746</u>	<u>\$ 97,790,274</u>	<u>\$ 85,245,790</u>	<u>\$ 227,339,096</u>	<u>\$ 207,814,536</u>

A portion of the City of Rockwall's governmental and business-type activities net position, \$13,503,902 or 5.9% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position, \$15,785,228, may be used to meet the government's ongoing obligations to citizens and creditors.

The following table will document key elements of the increase in total net position for the year ended September 30, 2018.

**Table 2**  
**Changes in Net Position**

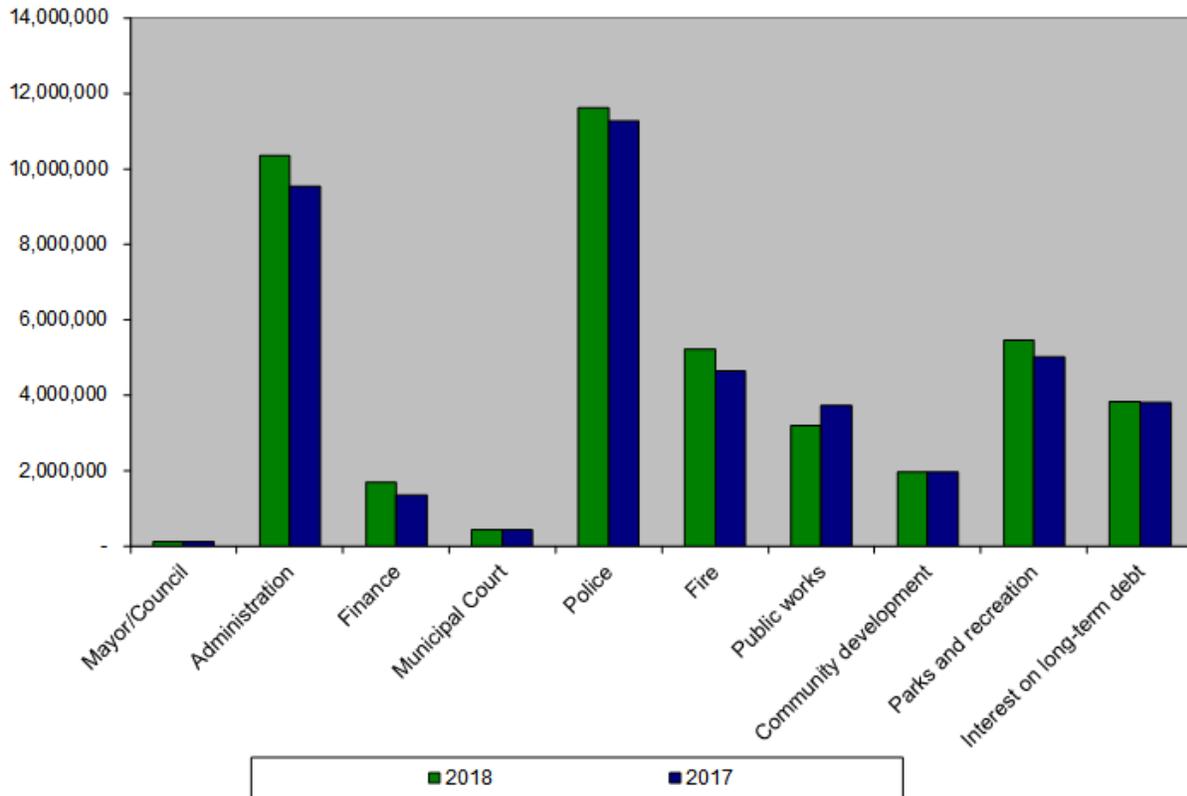
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$7,017,274	\$7,522,068	\$27,103,883	\$24,519,314	\$34,121,157	\$32,041,382
Operating grants & contributions	411,439	1,942,620	-	-	411,439	1,942,620
Capital grants & contributions	44,793	-	7,707,536	6,016,867	7,752,329	6,016,867
General Revenues:						
Property taxes	21,984,955	21,470,363	-	-	21,984,955	21,470,363
Sales taxes	17,949,999	17,132,733	-	-	17,949,999	17,132,733
Other	<u>4,173,705</u>	<u>3,561,607</u>	<u>142,378</u>	<u>151,304</u>	<u>4,316,083</u>	<u>3,712,911</u>
Total revenues	<u>51,582,165</u>	<u>51,629,391</u>	<u>34,953,797</u>	<u>30,687,485</u>	<u>86,535,962</u>	<u>82,316,876</u>
Program expenses:						
Mayor/Council	127,123	130,560	-	-	127,123	130,560
Administration	10,366,228	9,537,562	-	-	10,366,228	9,537,562
Finance	1,686,266	1,350,581	-	-	1,686,266	1,350,581
Municipal Court	429,862	439,986	-	-	429,862	439,986
Police	11,605,343	11,279,010	-	-	11,605,343	11,279,010
Fire	5,214,304	4,652,974	-	-	5,214,304	4,652,974
Public works	3,195,355	3,723,557	-	-	3,195,355	3,723,557
Community development	1,965,366	1,973,607	-	-	1,965,366	1,973,607
Parks and recreation	5,450,380	5,016,834	-	-	5,450,380	5,016,834
Interest on long-term debt	3,828,514	3,796,413	-	-	3,828,514	3,796,413
Water and sewer	-	-	<u>22,698,696</u>	<u>21,541,809</u>	<u>22,698,696</u>	<u>21,541,809</u>
Total expenses	<u>43,868,741</u>	<u>41,901,084</u>	<u>22,698,696</u>	<u>21,541,809</u>	<u>66,567,437</u>	<u>63,442,893</u>
Increase (decrease) in net position						
before transfers	7,713,424	9,728,307	12,255,101	9,145,676	19,968,525	18,873,983
Transfers	<u>(329,950)</u>	<u>986,650</u>	<u>329,950</u>	<u>(986,650)</u>	-	-
Increase (decrease) in net position	7,383,474	10,714,957	12,585,051	8,159,026	19,968,525	18,873,983
Net position, October 1	<u>122,568,746</u>	<u>111,853,789</u>	<u>85,245,790</u>	<u>77,086,764</u>	<u>207,814,536</u>	<u>188,940,553</u>
Prior Period Adjustment	<u>(403,399)</u>	-	<u>(40,567)</u>	-	<u>(443,966)</u>	-
Net position, September 30	<u>\$129,548,821</u>	<u>\$122,568,746</u>	<u>\$ 97,790,274</u>	<u>\$ 85,245,790</u>	<u>\$227,339,095</u>	<u>\$207,814,536</u>

## Governmental Activities

The City's total revenues of governmental activities were \$51,582,165. A significant portion 42.6%, of the City's revenues came from property taxes. Another 34.8% of revenue came from sales taxes. Ad valorem property tax revenues as a percent of revenues continue to increase each year due to the addition of new - properties and increases in assessed valuation throughout the City. The City Council has chosen to lower the tax rate each of the last five years. Total assessed values of the properties in the City increased by 12.2%. The City adopted a property tax rate of 42.36 cents per \$100 of assessed valuation for fiscal year 2018. Growth in the assessed valuation and conservative budgets allowed the City to lower the rate for fiscal year 2018 by 3.07 cents per hundred dollars of assessed valuation. Sales tax revenue increased over the prior year by 4.77% which was most influenced by increases in same stores sales. Housing starts were consistent with recent years and remain predominately the construction of larger homes on larger tracts resulting in significantly higher price points. Developers started infrastructure work on several projects including additional phases of Stone

Creek, Breezy Hill, and the new subdivision, Lakes of Somerset in 2018. The permit revenues increased by 19.1% due in large part to projects in the Technology Park. Over the past several years, Rockwall County, of which the City of Rockwall is the County seat, was one of the fastest growing counties in America, and named the wealthiest county in Texas.

**Comparative Expenses – Governmental Activities**



The total cost of all programs and services were \$43,868,741. Of this total, \$11,605,343 (26.5%) was for the Police Department. The department decreased expenditures for fiscal year 2018 when compared to the prior year due to the addition of several pieces of equipment and vehicles in 2017. Fire Department costs were \$5,214,304 (11.9%) which was an increase of 10.3% over the prior year and was reflective of the City’s efforts to continue to grow and mature our combination paid/volunteer Fire Department. The City’s strategic planning was accepted by Council in 2018 and includes an ongoing focus on the staffing ratios and service needs of the area. The Public Works Department represents 7.28% of the City’s costs due to street construction and rehabilitation projects underway in 2018. A study was previously funded to determine the pavement condition of all streets and alleys in the City limits. The results were evaluated and employed in the budget process for 2018 to determine priorities for maintenance projects which could reasonably be expected to improve the roadway and extend the time before more extensive repairs or replacement would be required in future capital projects.

**Business-Type Activities**

The City’s business-type activities recorded an increase of \$12,585,051 in net position. Retail water sales increased by 11.5% due to increased rates and stronger demand. After years of lower water consumption due to drought restrictions, the City’s water consumption increased beyond previously set maximums by 15.2%. The City’s rates were increased each year from 2013 - 2017. With higher sales, the City did not have to increase rates for 2018. The City implemented a conservation focused water rate structure in 2001 and

increases the rate tiers each time new rates are adopted. The rates for sewer were also increased each of those years and not changed for 2018. Total sewer charges increased by 3.6% for the fiscal year. The City employs winter averaging to calculate sewer billing so revenues were largely not affected by restrictions on irrigating lawns. Water and sewer charges were \$22,341,393, which is an increase of \$1,805,825 over the prior year.

Water and sewer impact fees (Capital recovery fees) totaled \$1,604,521 for the fiscal year. Impact fees, paid by developers, are designed to reduce the system’s initial costs in building assets to serve new growth. Residential development is assessed an impact fee at the building permit stage while commercial projects are assessed at the beginning of site development.

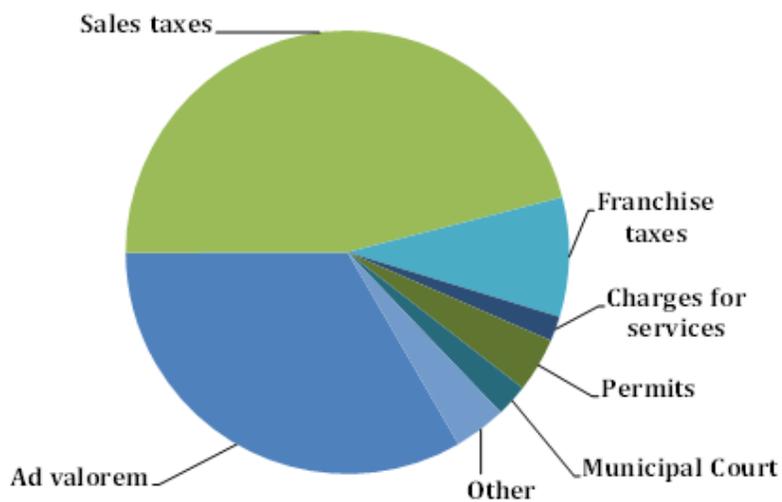
**Component Units**

The Rockwall Economic Development Corporation (REDC) reported revenues including the ½-cent sales tax, authorized under the Type A Corporation statutes, of \$5,756,918. Assets managed by the corporation include an inventory of 218 acres of land, zoned for light industrial uses and available for sale. The REDC continues to attract companies to the City through its marketing efforts and ability to match businesses to available land.

**ANALYSIS OF INDIVIDUAL FUNDS**

The City’s *General Fund* reported an ending unassigned fund balance of \$12,825,308. The largest source of general fund revenue is sales tax, it accounted for \$17,236,307 (46.1%) of total general fund revenue. Ad valorem property taxes account for \$12,454,267 (33.3%) of general fund revenues. The City’s property tax rate is split between maintenance/operations and debt service. The City maintains the unassigned fund balance at or above acceptable levels as defined within the City’s financial policies. This “reserve” balance allows the City Council to elect to fund projects unforeseen during the budgeting process and provides a measure of security against changes in the economy and the timing of cash flows. The unassigned balance increased by \$1,998,257 or 18.5% due to stronger than anticipated sales tax and permit revenue sources as well as less than appropriated expenditures in each department.

**Revenues by Source – General Fund**



The City's *Debt Service Fund* reported an increase in fund balance of \$794,109 before transfers out. Property tax collections for debt service requirements were \$9,075,928. This is required in order to pay debt service payments on bonds issued to construct numerous road and parks projects completed since the City's bond election in 2005 and again in 2012 which authorized more than \$92,831,000 in projects. After extensive study, the City adopted a Roadway Impact Fee which was updated in 2014, will be evaluated again in 2019 and from which generated \$865,874 in new revenue to this fund in fiscal year 2018. The City Council chooses to budget a portion of this fund balance each year toward meeting the City's current debt service obligations. This allows the use of the debt service fund reserves to lessen the effect of new debt issues on the property tax rate each year.

The *Recreation Development Fund* was established to assign funding from certain recreation programs and concessions to the development of new recreation opportunities across the City. The City was successful in leveraging developer provided park land and equipment fees for grant match in order to be awarded two state grants for the development of Stone Creek and Breezy Hill neighborhood parks in 2018.

The *G.O. Bonds Capital Projects Fund* reported an assigned fund balance of \$6,050,883, a decrease of \$3,747,860 from the prior year. For the final two road projects approved in the 2012 election, engineering design is nearing completion and bidding is expected to occur in the Fall 2018 with construction beginning shortly thereafter.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During fiscal year 2018, the City Council of the City of Rockwall amended the budget to provide funding for several unforeseen projects and to recognize salary savings over the year, as well as increases or decreases in revenues when compared to original projections. With the adjustments made to the budget, the original budgeted expenditures of \$32,943,030 increased to \$33,155,000 while revenue estimates increased from \$36,066,050 to \$37,218,050. The City of Rockwall had originally estimated the ending general fund unassigned balance to be \$10,822,071 however due to the budget adjustments mentioned above the fund balance was re-estimated to be \$11,699,601.

General fund revenues ultimately were \$37,419,597, a positive variance of \$201,547 over the amended budget estimate, reflecting a greater than anticipated increase in sales tax collections and construction permits late in the budget year. Actual general fund total expenditures were \$32,230,840 or \$924,160 less than final projections. Final expenditures in each department were generally less than anticipated. The City ended the year with a fund balance of \$12,825,308, or 1,998,257 more than the prior year. The increase is due to sales taxes and permit revenues exceeding early estimates and departments spending less than anticipated.

### Capital Assets

At the end of the fiscal year 2018 the City had \$315,101,679 (Table 3) invested in a broad range of capital assets, including buildings, parks facilities, roads, police and fire equipment and water and sewer lines. The balances shown below are net of accumulated depreciation.

**Table 3**  
**Capital Assets at Year-End**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Land	\$17,756,083	\$17,928,772	\$ 534,078	\$ 534,078	\$ 18,290,161	\$ 18,462,850
Buildings & systems	12,078,706	12,454,192	5,912,047	6,163,291	17,993,149	18,617,483
Improvements other than buildings	16,982,088	17,329,057	100,462,583	95,568,947	117,444,670	112,898,004
Machinery & equipment	5,892,948	6,269,309	2,980,062	2,807,035	8,870,611	9,076,344
Infrastructure	142,080,479	142,161,789	-	-	142,080,479	142,161,789
Construction in progress	5,470,388	2,534,984	4,952,221	1,191,129	10,422,609	3,726,113
	<u>\$ 200,260,692</u>	<u>\$ 198,678,103</u>	<u>\$ 114,840,991</u>	<u>\$ 106,264,482</u>	<u>\$ 315,101,679</u>	<u>\$ 304,942,583</u>

The results of the street and alley condition assessment conducted in 2016 were used to develop a capital improvement program which included \$85 million of street reconstruction projects which was approved by the voters in May 2018. Projects have been prioritized and design will be undertaken on most of the projects in 2019 with construction timing and debt issuance phased over the next 8-10 years.

Additional information regarding the City's capital assets is found in note III-D on pages 46-48.

Debt

At year-end, the City had \$117,051,713 in bonds and capitalized leases shown in Table 4.

**Table 4**  
**City of Rockwall Outstanding Debt**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
General obligation bonds	\$ 79,880,000	\$ 85,235,000	\$ 18,705,000	\$ 19,830,000	\$ 98,585,000	\$ 105,065,000
Certificates of obligation	7,020,000	7,705,000	7,565,000	8,910,000	14,585,000	16,615,000
Capital Lease obligations	-	-	3,881,713	4,233,385	3,881,713	4,233,385
	<u>\$ 86,900,000</u>	<u>\$ 92,940,000</u>	<u>\$ 30,151,713</u>	<u>\$ 32,973,385</u>	<u>\$ 117,051,713</u>	<u>\$ 125,913,385</u>

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net tax-supported bonded debt to assessed value of all taxable property is 2.12% or \$2,546 per capita.

The City's bond ratings at September 30, 2018 were as follows:

	<u>General Obligation</u>	<u>Sales Tax(REDC)</u>
Standard & Poor's Rating Group	AA+	A-
Moody's Investor Service Inc.	Aa2	A1

Additional information on long-term debt may be found in note III-F, on pages 50-56 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget, tax rate, and fees that will be charged for the business-type activities. The City conservatively budgeted a 3% increase in sales tax revenue and modest increases in other revenues.

The City of Rockwall's citizens enjoy above-average income levels per household. This combined with the City's proximity to major highways, and the Dallas-Fort Worth SMSA make Rockwall an attractive city in which to locate. The City prides itself on a quality school district and "hometown" atmosphere. The Rockwall Economic Development Corporation works to attract businesses with relocation incentives as well as business retention incentives such as workforce training opportunities. The City's unemployment rate was 3.3%, below national levels.

The City of Rockwall considered these factors when adopting the General Fund budget for fiscal year 2019. The budgeted revenues for fiscal year 2019 total \$37,902,500 for the general fund. Ad valorem tax revenue is determined by two factors, the total assessed value established by the Rockwall Central Appraisal District and the tax rate established by the Rockwall City Council. The property tax rate was reduced to 40.21 cents per hundred dollars of assessed value due to growth in assessed values.

The City's financial policies require that revenues and expenditures be projected conservatively. The fund balance policy provides that the General Fund reserves should be no less than 3 months of recurring operating appropriations. In addition, the policies provide that should an audited fund balance at the end of the fiscal year exceed 3.5 months, the City Council may elect to transfer a portion to a Capital Projects Fund. The projected ending general fund balance for 2019 provides approximately 3.7 months of reserves for the City. The 2019 budget reflects planned expenditures from reserves including multiple vehicle replacements, parking lot repairs, and new permit and inspections software. Street and alley maintenance funding was increased by \$1.1million dollars as well.

The 2019 budget expenditures include the addition of three school resource officers (SRO) and a sergeant for that unit. The SRO expenses are shared with Rockwall ISD which reimburses the City for 75% of those expenses. The fire department continues to grow its paid staff with the addition of 6 full-time firefighters along with three Lieutenant positions and a Training Officer. These changes were made in the Fire department as a result of strategic planning work finalized during the year.

A comprehensive water and sewer rate study was developed during 2018 with rate recommendations over the next several years. This included looking at the North Texas Municipal Water District projected rates for treated water over the next five years as well as budget planning and capital planning for the City's own operations and projects. Infrastructure asset management software was implemented in 2018 as well. A phased program to add generators to each wastewater lift station will continue in 2019.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances. For more information, contact the City's Assistant City Manager/Director of Finance, Mary Smith at (972) 771-7701; City of Rockwall; 385 South Goliad Street, Rockwall TX 75087. Email: msmith@rockwall.com.

***BASIC FINANCIAL STATEMENTS***

CITY OF ROCKWALL, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,101,639	\$ 4,906,394	\$ 7,008,033	\$ 1,275,272
Investments	25,902,384	6,290,655	32,193,039	5,709,348
Receivables (net of allowance for uncollectibles)	3,828,133	4,618,832	8,446,965	33,006
Due from other governments	2,682,624	-	2,682,624	894,208
Inventories	2,234	354,127	356,361	12,401,235
Restricted assets:				
Cash and cash equivalents	-	783,226	783,226	-
Investments	-	1,076,750	1,076,750	-
Accrued interest	-	4,011	4,011	-
Capital assets (net of accumulated depreciation)				
Land	17,756,083	534,078	18,290,161	-
Building and system	12,078,705	5,914,444	17,993,149	-
Improvements other than buildings	16,982,087	100,462,583	117,444,670	-
Machinery and equipment	5,892,948	2,977,663	8,870,611	18,159
Infrastructure	142,080,479	-	142,080,479	-
Construction in progress	5,470,388	4,952,221	10,422,609	-
Total assets	<u>234,777,704</u>	<u>132,874,984</u>	<u>367,652,688</u>	<u>20,331,228</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred bond issue cost - insurance	-	-	-	-
Deferred charge on refunding	72,043	1,236,453	1,308,496	16,293
Pension contributions after 12/31/17	1,979,802	209,937	2,189,739	(51,646)
Pension investment experience	(1,867,074)	(184,970)	(2,052,044)	55,076
OPEB contributions after 12/31/17	2,433	245	2,678	56
Change in Assumptions - OPEB	37,517	3,773	41,290	864
Total deferred outflows of resources	<u>224,721</u>	<u>1,265,438</u>	<u>1,490,159</u>	<u>20,643</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	4,887,461	2,093,040	6,980,501	224,587
Due to other governments	213,279	-	213,279	-
Customer deposits	-	590,598	590,598	-
Pension liability	8,667,741	928,475	9,596,216	203,121
Liabilities payable from restricted assets:				
Noncurrent liabilities:				
Due within one year	7,651,887	3,274,148	10,926,035	1,748,810
Due in more than one year	82,931,828	29,384,256	112,316,084	18,098,157
Total liabilities	<u>104,352,196</u>	<u>36,270,517</u>	<u>140,622,713</u>	<u>20,274,675</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - other	544,804	-	544,804	-
Pension actual experience vs assumptions	556,603	79,631	636,234	18,156
Total deferred inflows of resources	<u>1,101,407</u>	<u>79,631</u>	<u>1,181,038</u>	<u>18,156</u>
<b>NET POSITION</b>				
Net investment in capital assets	113,360,690	84,689,276	198,049,966	18,159
Restricted for:				
Debt service	4,132,234	1,086,032	5,218,266	-
Capital projects	7,681,086	604,550	8,285,636	-
Unrestricted	4,374,812	11,410,416	15,785,228	40,881
Total net position	<u>\$ 129,548,822</u>	<u>\$ 97,790,274</u>	<u>\$ 227,339,096</u>	<u>\$ 59,040</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
Mayor/council	\$ 127,123	\$ -	\$ -	\$ -	\$ (127,123)		\$ (127,123)	
Administration	10,366,228	1,091,863	24,670	-	(9,249,695)		(9,249,695)	
Finance	1,686,266	11,850	-	-	(1,674,416)		(1,674,416)	
Municipal court	429,862	922,810	-	-	492,948		492,948	
Police	11,605,343	999,896	7,182	-	(10,598,265)		(10,598,265)	
Fire	5,214,304	62,375	17,434	-	(5,134,495)		(5,134,495)	
Public works	3,195,355	1,483,197	21,217	-	(1,690,941)		(1,690,941)	
Community development	1,965,366	1,588,987	-	-	(376,379)		(376,379)	
Parks and recreation	5,450,380	856,296	340,936	44,793	(4,208,355)		(4,208,355)	
Interest on long-term debt	3,828,514	-	-	-	(3,828,514)		(3,828,514)	
Total governmental activities	<u>43,868,741</u>	<u>7,017,274</u>	<u>411,439</u>	<u>44,793</u>	<u>(36,395,235)</u>		<u>(36,395,235)</u>	
Business-type activities:								
Water and sewer	22,698,696	27,103,883	-	7,707,536		\$ 12,112,723	12,112,723	
Total business-type activities	<u>22,698,696</u>	<u>27,103,883</u>	<u>-</u>	<u>7,707,536</u>		<u>12,112,723</u>	<u>12,112,723</u>	
Total primary government	<u>\$ 66,567,437</u>	<u>\$ 34,121,157</u>	<u>\$ 411,439</u>	<u>\$ 7,752,329</u>	<u>(36,395,235)</u>	<u>12,112,723</u>	<u>(24,282,512)</u>	
<b>COMPONENT UNITS:</b>								
Economic Development Corporation	\$ 2,939,026	\$ -	\$ -	\$ -				\$ (2,939,026)
Rockwall Technology Park Association	194,093	193,444	-	-				(649)
Total component units	<u>\$ 3,133,119</u>	<u>\$ 193,444</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(2,939,675)</u>
General revenues:								
Ad valorem taxes, penalty and interest					21,984,955	-	21,984,955	-
Sales taxes					17,949,999	-	17,949,999	5,756,918
Franchise taxes					3,348,981	-	3,348,981	-
Miscellaneous					374,176	19,579	393,755	8,506
Unrestricted investment earnings					450,548	122,799	573,347	71,961
Transfers					(329,950)	329,950	-	-
Total general revenues and transfers					<u>43,778,709</u>	<u>472,328</u>	<u>44,251,037</u>	<u>5,837,385</u>
Change in net position					7,383,474	12,585,051	19,968,525	2,897,710
Net position at beginning of year					122,568,746	85,245,790	207,814,536	(2,829,378)
Prior period adjustment - OPEB Contributions					(403,399)	(40,567)	(443,966)	(9,292)
Net position at end of year					<u>\$ 129,548,821</u>	<u>\$ 97,790,274</u>	<u>\$ 227,339,095</u>	<u>\$ 59,040</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	General	Debt Service	G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 119,047	\$ 34,180	\$ 5,497	\$ 1,639,868	\$ 1,798,592
Investments	10,981,995	3,231,724	6,862,266	3,207,694	24,283,679
Receivables (net of allowances for uncollectibles):					
Taxes - delinquent	321,221	283,625	-	241	605,087
Franchise taxes	1,209,998	-	-	-	1,209,998
Fines	207,174	-	-	-	207,174
Accrued interest	11,606	-	7,555	2,705	21,866
Accounts	324,316	-	-	676,993	1,001,309
Assessments	-	-	-	107,432	107,432
Other receivables	91,938	-	-	-	91,938
Due from other funds	532,889	-	-	-	532,889
Due from other governments	2,645,366	-	-	37,258	2,682,624
Inventory	2,234	-	-	-	2,234
	<u>16,447,784</u>	<u>3,549,529</u>	<u>6,875,318</u>	<u>5,672,191</u>	<u>32,544,822</u>
Total assets	<u>\$ 16,447,784</u>	<u>\$ 3,549,529</u>	<u>\$ 6,875,318</u>	<u>\$ 5,672,191</u>	<u>\$ 32,544,822</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 2,436,389	\$ -	\$ 824,435	\$ 81,195	\$ 3,342,019
Due to other governments	213,279	-	-	-	213,279
Due to other funds	-	-	-	401,622	401,622
Total liabilities	<u>2,649,668</u>	<u>-</u>	<u>824,435</u>	<u>482,817</u>	<u>3,956,920</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	359,369	271,571	-	-	630,940
Unavailable revenue - developer contribution	-	-	-	128,153	128,153
Unavailable revenue - fines	96,681	-	-	-	96,681
Unavailable revenue - other	516,758	-	-	544,804	1,061,562
Total deferred inflows of resources	<u>972,808</u>	<u>271,571</u>	<u>-</u>	<u>672,957</u>	<u>1,917,336</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	854,276	854,276
Committed	-	3,277,958	-	-	3,277,958
Assigned	-	-	6,050,883	3,662,141	9,713,024
Unassigned	12,825,308	-	-	-	12,825,308
Total fund balances	<u>12,825,308</u>	<u>3,277,958</u>	<u>6,050,883</u>	<u>4,516,417</u>	<u>26,670,566</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,447,784</u>	<u>\$ 3,549,529</u>	<u>\$ 6,875,318</u>	<u>\$ 5,672,191</u>	<u>\$ 32,544,822</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

Total fund balances - governmental funds balance sheet	\$ 26,670,566
Amounts reported for governmental activities in the statement of net assets are different because:	
The assets and liabilities of internal service funds are included in governmental activities in the statement of net position	
	1,387,676
The following assets are not available to pay for current period expenditures and are deferred in the funds:	
Property taxes receivable	630,940
Franchise taxes receivable	482,775
Intergovernmental receivable	33,982
Contributions receivable	128,153
The following assets are not available to pay for current period expenditures and are not accrued in the funds:	
Court fines receivable	96,681
The following assets are not current financial resources and are not reported in the funds:	
Capital assets used in governmental activities (net of accumulated depreciation of \$132,749,149)	200,260,690
Deferred outflows and inflows of resources are not reported in the governmental funds:	
Deferred charges on refunding	72,043
Pension contributions after measurement date	1,979,802
OPEB contributions after 12/31/17	2,433
Change in Assumptions - OPEB	37,517
Difference in projected and actual earnings on pension assets	(1,867,074)
Changes in actuarial assumptions used to determine pension liability	(556,603)
The following liabilities are not due in the current period and are not reported in the funds:	
Compensated absences	(1,781,767)
Bonds payable	(88,313,525)
Pension liability	(8,667,741)
OPEB Liability	(488,423)
Accrued interest payable	(559,304)
	\$ 129,548,821

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General	Debt Service	G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes, penalty and interest	\$ 12,454,267	\$ 9,075,928	\$ -	\$ 359,554	\$ 21,889,749
Sales taxes	17,236,307	-	-	713,691	17,949,998
Franchise taxes	3,255,645	-	-	-	3,255,645
Charges for services	677,888	865,874	-	820,372	2,364,134
Permits	1,486,911	-	-	1,050	1,487,961
Municipal court	884,192	-	-	53,851	938,043
Intergovernmental	898,842	-	-	45,006	943,848
Investment earnings net of change in fair value of investments	134,818	148,489	108,690	9,170	401,167
Miscellaneous	345,934	-	-	265,471	611,405
Contributions and donations	44,793	-	-	379,335	424,128
Total revenues	<u>37,419,597</u>	<u>10,090,291</u>	<u>108,690</u>	<u>2,647,500</u>	<u>50,266,078</u>
Expenditures:					
Current:					
Mayor/council	127,123	-	-	-	127,123
Administration	4,573,412	-	-	199,010	4,772,422
Finance	690,277	-	-	488,514	1,178,791
Municipal court	429,862	-	-	-	429,862
Police	10,790,877	-	-	141,061	10,931,938
Fire	4,262,926	-	-	9,420	4,272,346
Public works	4,574,434	-	-	404,040	4,978,474
Community development	1,965,366	-	-	-	1,965,366
Parks and recreation	3,899,966	-	-	-	3,899,966
Total current	<u>31,314,243</u>	<u>-</u>	<u>-</u>	<u>1,242,045</u>	<u>32,556,288</u>
Capital outlay:					
Administration	60,520	-	3,201,634	76,927	3,339,081
Finance	-	-	-	507,475	507,475
Police	442,291	-	-	55,253	497,544
Fire	-	-	-	71,021	71,021
Public works	208,900	-	-	-	208,900
Parks and recreation	204,886	-	-	568,677	773,563
Total capital outlay	<u>916,597</u>	<u>-</u>	<u>3,201,634</u>	<u>1,279,353</u>	<u>5,397,584</u>
Debt service:					
Principal	-	5,980,000	-	60,000	6,040,000
Interest and fiscal charges	-	3,303,682	-	361,822	3,665,504
Fiscal charges	-	12,500	-	-	12,500
Total debt service	<u>-</u>	<u>9,296,182</u>	<u>-</u>	<u>421,822</u>	<u>9,718,004</u>
Total expenditures	<u>32,230,840</u>	<u>9,296,182</u>	<u>3,201,634</u>	<u>2,943,220</u>	<u>47,671,876</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,188,757</u>	<u>794,109</u>	<u>(3,092,944)</u>	<u>(295,720)</u>	<u>2,594,202</u>
Other financing sources (uses):					
Transfers in	25,000	-	-	1,255,466	1,280,466
Transfers out	(3,215,500)	(1,345,000)	(654,916)	(25,000)	(5,240,416)
Total other financing sources (uses)	<u>(3,190,500)</u>	<u>(1,345,000)</u>	<u>(654,916)</u>	<u>1,230,466</u>	<u>(3,959,950)</u>
Net change in fund balances	1,998,257	(550,891)	(3,747,860)	934,746	(1,365,748)
Fund balances, October 1	<u>10,827,051</u>	<u>3,828,849</u>	<u>9,798,743</u>	<u>3,581,671</u>	<u>28,036,314</u>
Fund balances, September 30	<u>\$ 12,825,308</u>	<u>\$ 3,277,958</u>	<u>\$ 6,050,883</u>	<u>\$ 4,516,417</u>	<u>\$ 26,670,566</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - governmental funds	\$ (1,365,748)
Amounts reported for governmental activities in the statement of activities are different because:	
The net revenue (expense) of internal service funds is reported with governmental activities in the statement of net assets.	623,043
Certain assets are not available to pay for current period expenditures and are not reported as revenues in the funds. The following amounts represent the changes in these assets during the year:	
Property taxes receivable	95,205
Assessments receivable	6,689
Franchise taxes receivable	93,336
Court fines receivable	(10,836)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays, net of donated capital assets and retirements in the current period.	2,164,107
Governmental funds report debt issuance costs as expenditures. However, in the statement of activities these costs are allocated over the term of the underlying debt and reported as amortization expense. This is the amount of amortization in the current period, net of additions for debt issue cost incurred.	(126,100)
Expenditures are recognized in the governmental fund when paid. However, the Statement of Activities is presented on an accrual basis and expenses are reported when incurred. The following is the net difference in pension & OPEB costs	(28,342)
Accrued interest payable on long-term debt does not require the use of current financial resources and is not reported in the funds. This is the amount of the change in accrued interest payable during the year.	(38,351)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments (\$6,040,000) and bond premium amortization (\$13,941) in the current period.	6,053,941
Compensated absences payable do not require the use of current financial resources and are not reported as expenditures in governmental funds. This is the amount of the change in accrued compensated absences during the year.	<u>(83,470)</u>
	<u>\$ 7,383,474</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018

	Business-type Activities <u>Enterprise Fund</u> <u>Water and Sewer</u>	Governmental Activities <u>Internal</u> <u>Service Funds</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,906,394	\$ 303,047
Investments	6,290,655	1,618,705
Receivables (net of allowances for uncollectibles):		
Interest		
Accounts	3,840,850	-
Due from other entities	777,982	-
Inventory	354,127	-
Restricted assets:		
Cash and cash equivalents	783,226	-
Investments	1,076,750	-
Accrued interest	4,011	-
Total current assets	<u>18,033,995</u>	<u>1,972,192</u>
Noncurrent assets:		
Capital assets not being depreciated	5,486,299	-
Capital assets being depreciated, net	<u>109,354,690</u>	-
Total noncurrent assets	<u>114,840,989</u>	<u>-</u>
Total Assets	<u>132,874,984</u>	<u>1,972,192</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred charge on refunding	1,236,453	-
Pension contributions after 12/31/17	209,937	-
Pension investment experience	(184,970)	-
OPEB contributions after 12/31/17	245	-
Change in Assumptions - OPEB	3,773	-
Total Deferred Outflow of Resources	<u>1,265,438</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	2,029,074	453,490
Customer deposits	590,598	-
Due to other funds	-	131,026
General obligation bonds payable - current	2,575,000	-
Liabilities payable from restricted assets:		
Obligations under capital leases - current	373,339	-
Accrued interest payable	63,966	-
Total current liabilities	<u>5,631,977</u>	<u>584,516</u>
Noncurrent liabilities:		
General obligation bonds payable	26,007,754	-
Obligations under capital leases	3,508,374	-
Pension liability	928,475	-
OPEB Liability	49,117	-
Liability for compensated absences	144,820	-
Total noncurrent liabilities	<u>30,638,540</u>	<u>-</u>
Total Liabilities	<u>36,270,517</u>	<u>584,516</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Pension actual experience vs assumptions	79,631	-
Total Deferred Inflow of Resources	<u>79,631</u>	<u>-</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	84,689,276	-
Restricted for debt service	1,086,032	-
Restricted for construction	604,550	-
Unrestricted	<u>11,410,416</u>	<u>1,387,676</u>
Total Net Assets	<u>\$ 97,790,274</u>	<u>\$ 1,387,676</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Business-type Activities Enterprise Fund Water and Sewer</u>	<u>Governmental Activities Internal Service Funds</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 27,103,883	\$ 1,053,812
Total operating revenues	<u>27,103,883</u>	<u>1,053,812</u>
<b>OPERATING EXPENSES:</b>		
Personnel services	2,213,840	-
Contractual services	15,096,514	4,138,649
Materials and supplies	620,575	-
Operations	362,139	-
Utilities	387,306	-
Depreciation and amortization	3,129,097	-
Total operating expenses	<u>21,809,471</u>	<u>4,138,649</u>
Operating Income (Loss)	<u>5,294,412</u>	<u>(3,084,837)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest income	122,799	49,380
Miscellaneous income	19,579	28,500
Capital recovery fees	1,604,521	-
Paying agent fees	(1,431)	-
Interest and fiscal charges	(887,794)	-
Total non-operating revenues (expenses)	<u>857,674</u>	<u>77,880</u>
Gain (loss) before transfers and capital contributions	<u>6,152,086</u>	<u>(3,006,957)</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS:</b>		
Capital contributions	6,103,015	-
Transfers in	1,345,000	3,880,000
Transfers out	(1,015,050)	(250,000)
Total transfers and capital contributions	<u>6,432,965</u>	<u>3,630,000</u>
Increase (decrease) in net assets	12,585,051	623,043
Net position, October 1	85,245,790	764,633
Prior period adjustment - OPEB Contributions	<u>(40,567)</u>	<u></u>
Net position, September 30	<u>\$ 97,790,274</u>	<u>\$ 1,387,676</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal</u>
	<u>Water and Sewer</u>	<u>Service Funds</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 27,468,635	\$ 1,033,266
Cash paid to employees for services	(2,214,226)	-
Cash paid to suppliers for goods and services	(15,667,592)	(4,131,416)
Net cash provided (used) by operating activities	<u>9,586,817</u>	<u>(3,098,150)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash paid to other funds	(1,015,050)	-
Cash received from other funds	928,060	3,756,630
Net cash provided (used) by non-capital financing activities	<u>(86,990)</u>	<u>3,756,630</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition or construction of capital assets	(5,602,592)	-
Capital recovery fees received	1,604,521	-
Principal paid on capital debt	(3,259,372)	-
Interest and fees paid on capital debt	(894,635)	-
Net cash used in capital and related financing activities	<u>(8,152,078)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(564,011)	(580,648)
Proceeds from sales and maturities of investments	2,707,178	-
Interest and dividends received	122,799	49,380
Net cash used in (provided by) investing activities	<u>2,265,966</u>	<u>(531,268)</u>
Net increase (decrease) in cash and cash equivalents	3,613,715	127,212
Cash and cash equivalents at beginning of year	2,075,905	226,522
Cash and cash equivalents at end of year	<u>\$ 5,689,620</u>	<u>\$ 353,734</u>
<b>Reported on Statement of Net Position</b>		
Unrestricted cash	\$ 4,906,394	\$ 303,047
Restricted cash	783,226	-
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating Income (loss)	\$ 5,294,412	\$ (3,084,837)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation and amortization	3,129,097	-
Miscellaneous income	-	28,500
Change in Assets and Liabilities:		
Decrease (increase) in assets:		
Receivables	316,322	(49,046)
Inventories	(56,016)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	850,947	7,233
Customer deposits	48,430	-
Pension liability	1,682	-
OPEB liability	4,532	-
Compensated absences	(2,589)	-
Net cash provided (used) by operating activities	<u>\$ 9,586,817</u>	<u>\$ (3,098,150)</u>
<b>Non-cash investing and financing activities:</b>		
Capital contributions	<u>\$ 1,604,521</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
SEPTEMBER 30, 2018

	Agency Fund
	Special Escrow
	Agency
<b>ASSETS</b>	
Cash and cash equivalents	\$ 243,944
Investments	2,112,716
Total assets	\$ 2,356,660
<b>LIABILITIES</b>	
Due to developers	\$ 2,356,660
Total liabilities	\$ 2,356,660

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Reporting Entity*

The City of Rockwall, Texas (the "City") was founded in 1854 and incorporated in 1874. The City operates under the Council-Manager form of government as adopted by a home rule charter approved January 21, 1985. The City provides a full range of municipal services including public safety (police and fire), highway and streets, parks and recreation, health and social services, planning and zoning, and general administrative services. In addition, the City provides water and sewer services as a proprietary function of the City.

The accounting policies of the City conform to generally accepted accounting principles issued by the Governmental Accounting Standards Board (GASB) which is the recognized financial accounting standard setting body for governmental entities. The notes to the financial statements are an integral part of the City's basic financial statements.

The City is a home rule municipality governed by an elected Mayor and six-member City Council who appoint a City Manager. The City's (primary government) financial statements include its component units. The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, functions and component units for which the City (the "primary government") is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either: (1) the City's ability to impose its will on the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

*Discretely Presented Component Units*

The Rockwall Economic Development Corporation (REDC) is governed by a seven member Board of Directors appointed, at will, by the City Council. REDC represents the City by promoting it as a location for new business; it also acquires and develops land for that purpose. REDC collects a half-cent sales tax to support its activities.

The Rockwall Technology Park Association (RTPA) provides repair and maintenance of the common area within the park being developed by REDC. RTPA's Board of Directors is composed of representatives of the landowners. At September 30, 2018, REDC owned the majority of the land and the Board was therefore composed of REDC board members. When the park becomes 75% or more owned by private landowners, it will become an entity independent of the City. Until then, it is controlled by REDC, a discrete component unit of the City. RTPA, is effectively controlled by the City through REDC and thus provides a potential financial benefit or burden to the City.

The funds of both REDC and RTPA are composed of governmental fund types. Stand-alone financial statements for REDC and RTPA as of and for the fiscal year ended September 30, 2018 are not prepared.

## NOTES TO THE FINANCIAL STATEMENTS

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter 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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued*

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The *G.O. Bonds Capital Projects Fund* accounts for the acquisition or construction of capital assets used in the operation of governmental funds.

The City reports the following major proprietary fund:

The *Water and Sewer Fund* operates the water distribution system and the wastewater treatment plants, wastewater pumping stations, and collection systems.

Additionally, the City reports the following fund types:

Internal Service Funds account for employees' health insurance and workers' compensation coverage services provided to other departments or agencies of the government on a cost-reimbursement basis.

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes (not including expendable trusts or major capital projects).

Capital Projects Funds account for the acquisition of capital assets or the construction of major capital projects (such as streets and sidewalks) not being financed by proprietary funds.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for developer contributions for infrastructure projects related to various developments to be constructed at a later date.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Measurement Focus, Basis of Accounting, and Financial Statement Presentation – continued*

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes, miscellaneous revenue, and interest income.

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 enterprise fund are charges to customers for sales and services. The enterprise utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Assets, liabilities, and net position or equity*

Deposits and investments

The City maintains various accounts for each fund at its depository. The City also has cash maintained by agents for debt payments and reserves, construction reserves and workers' compensation claims. For purposes of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The City's investment policy authorizes the Director of Finance to invest in the following types of investments:

- a. Obligations of the United States or its agencies and instrumentalities with finite maturity dates, with a maximum maturity of not greater than five (5) years. Laddering of investments should be considered.
- b. Direct obligations of the State of Texas or its agencies and instrumentalities, with stated finite maturity dates.
- c. Other obligations, with finite maturity dates, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies or instrumentalities.
- d. Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Assets, liabilities, and net assets or equity – continued*

Deposits and investments - continued

- e. Certificates of deposit issued by a state or national bank domiciled in the State of Texas or a savings bank domiciled in the State of Texas provided that they are:
  - (1) Guaranteed or insured by the Federal Deposit Insurance Corporation or its successor,
  - (2) Secured by obligations outlined in items "a" through "d" above. The market value of all collateral must be marked to market on a daily basis and shall not be less than 102% of the principal amount of the certificate plus accrued interest, or
  - (3) Secured in any other manner in an amount provided by law for deposits of the City.
- f. Repurchase agreements which are fully collateralized by obligations of the United States or its agencies and instrumentalities, marked to market on a daily basis with a market value of at least 102% of the principal invested, including accrued interest. The securities being purchased must be pledged to the City and held in the City's name by a third party selected and approved by the City. The repurchase agreement must have a defined termination date and be placed through a primary government securities dealer or a financial institution doing business in the State of Texas. The repurchase agreements should be secured by obligations approved in this policy.
- g. Banker's acceptances having a stated maturity of 270 days or less, to be liquidated in full at maturity, which are rated not less than "A-1" or "P-1" (or an equivalent rating) by at least one nationally recognized credit rating agency provided that it is eligible for borrowing from a Federal Reserve Bank.
- h. Commercial paper having a stated maturity of 270 days or less and rated not less than "A-1" or "P-1" (or an equivalent rating) by at least two nationally recognized rating agencies or one nationally recognized rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States.
- i. No-load money market mutual fund registered with and regulated by the SEC, which has a dollar-weighted average stated maturity of 90 days or less. It must have included in its investment objectives its intent to maintain a stable net asset value of \$1 for each share. The fund must provide the City with a prospectus and other information required by the SEC.
- j. No-load mutual funds, registered with and regulated by the SEC, having weighted maturity of less than two years, and which invests exclusively in investments approved by this policy.
- k. Investment pools which are approved by the City Council, provided they meet all the criteria for investment pools outlined in Chapter 2256, Texas Local Government Code, and maintain a continuous rating not lower than AAA or AAA-m (or an equivalent rating) from at least one nationally recognized rating service.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Assets, liabilities, and net assets or equity – continued*

Deposits and investments - continued

The City holds various mortgage-backed securities that offer higher yields but are sensitive to changes in interest rates and other market conditions. Timely payment of interest and principal are guaranteed by federal agencies. The City will not be required to sell these securities prior to maturity barring an event that would be isolated, nonrecurring, unusual, and could not reasonably be anticipated by the City. The City has no borrowed funds used for investing or reverse repurchase agreements.

Investments having a maturity of one year or more, when purchased, are stated at fair value. Short-term investments are stated at cost or amortized cost.

The City categorizes its fair value measurements within the fair value 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; Level 3 inputs are significant unobservable inputs.

As of September 30, 2018, the City has the recurring fair value measurements for coupon and discount agencies and treasury notes of \$6,971,170 valued using quoted prices for similar assets in active markets. (Level 2 inputs).

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for un-collectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for un-collectibles.

Property taxes are levied on October 1st by the City based on the January 1st property values as assessed by the Rockwall Central Appraisal District. Taxes are due without penalty until January 31st of the next calendar year. After January 31st the City has an enforceable lien with respect to both real and personal property. Under state law, property taxes levied on real property constitute a perpetual lien on the real property which cannot be forgiven without specific approval of the State Legislature. Taxes applicable to personal property can be deemed uncollectible by the City.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Assets, liabilities, and net assets or equity – continued*

Inventories and prepaid items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Restricted assets

Certain proceeds of enterprise fund revenue bonds are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 - 30 years
Building improvements	20 - 50 years
Public domain infrastructure	20 years
System infrastructure	50 years
Equipment	3 - 10 years

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Assets, liabilities, and net assets or equity – continued*

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits up to specified limits. Sick leave is accrued at 6.67 hours per month. However, once an employee has accrued 120 days of sick leave, earned sick leave in excess of 120 days may be converted to vacation leave at a ratio of three days of sick leave to one day of vacation leave up to a maximum of 15 sick leave days per year. Upon termination, any accumulated sick leave over 120 days shall be converted to vacation leave at a ratio of three days of sick leave to one day of vacation leave to be paid to the employee in accordance with the vacation leave policy. Upon retirement from the City, all accrued sick leave shall be converted to vacation pay at a ratio of three days of sick leave to one day of vacation leave and shall be paid to the employee if he/she has 10 or more years of service to the City. Unused compensatory time for nonexempt employees is paid on termination. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Compensated absences are reported in governmental funds only if they have matured for example, as a result of employee's resignation and retirement.

Long-term obligations

In the government-wide financial statements, and proprietary fund type 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related 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.

Fund equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

*Assets, liabilities, and net assets or equity – continued*

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact are classified as non-spendable fund balance.

Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation are classified as restricted fund balance.

Amounts that are available for any purpose are classified as unassigned fund balance; these amounts can be reported only in the City's General Fund.

Fund balance amount represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent first. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used. The City has not established a formal policy to set forth a minimum level for fund balances.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1st, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Therefore the fund level is the legal level of control.
4. Formal budgetary integration is employed as a management control device during the year. The legally adopted budgets for the General Fund, certain special revenue funds and the Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – continued

5. Budgeted amounts are as originally adopted or as amended by the City Council. During 2018, individual amendments were not material in relation to the original appropriations. Any budgeted amounts appropriated at fiscal year-end and not spent automatically lapse.
6. The City did not adopt budgets for certain Special Revenue Funds. These unbudgeted Special Revenue Funds were as follows:

Emergency Siren Fund  
Art in Public Places Fund  
Vehicle Acquisition

7. Capital project funds were not budgeted. Since project-length financial plans usually extend into two or more fiscal years, annual comparisons would be confusing and misleading.

B. Excess of expenditures over appropriations

Expenditures exceeded appropriations by \$20,852 in the Public Safety fund due to an unforeseen computer equipment failure which necessitated the purchase of new hardware for the Municipal Court from court technology fees accounted for in this fund.

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. At September 30, 2018, the City's deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the City's deposits were not exposed to custodial credit risk.

Under a contractual agreement with North Texas Municipal Water District (NTMWD), depository accounts are maintained by NTMWD for interest and sinking, debt, and construction reserves totaling \$783,226, which are separately insured or secured by collateral pledged by NTMWD's depository. This amount is included in restricted cash on the statement of net assets.

The deposits of REDC and RTPA are covered by the City's depository contract and, therefore, at September 30, 2018, these deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the deposits of REDC and RTPA were not exposed to custodial credit risk.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and investments – continued

Investments

At September 30, 2018, the City's investments were as follows:

	Carrying Value	Maturity (months)			
		Less than 1	2 - 6	7 - 12	13 - 24+
<b>Primary Government</b>					
U.S. Government Agencies					
Federal Home Loan Mortgage Corp.	\$ 437,759	\$ -	\$ -	\$ -	\$ 437,759
Federal National Mortgage Assoc.	2,473,134	-	-	1,131,149	1,341,985
Federal Farm Credit Bank	2,103,420	-	-	-	2,103,420
Federal Home Loan Bank	461,528	-	-	-	461,528
Treasury bills and notes	1,495,328	-	-	-	1,495,328
	6,971,169	-	-	1,131,149	5,840,020
Money Market Funds	28,411,336	28,341,334	-	-	-
Total Primary Government	35,382,505	28,341,334	-	1,131,149	5,840,020
<b>Discretely Presented Component Units</b>					
Rockwall Economic Development					
Money Market Funds	5,709,348	5,709,348	-	-	-
Total Discretely Presented Component Units	5,709,348	5,709,348	-	-	-
<b>Total Reporting Entity</b>	<b>\$ 41,091,853</b>	<b>\$ 34,050,682</b>	<b>\$ -</b>	<b>\$ 1,131,149</b>	<b>\$ 5,840,020</b>

Investments are reported in the Statement of net position as follows:

Governmental activities	\$ 25,902,384
Business-type activities	7,367,405
Fiduciary Fund	2,112,716
Discretely presented component units:	
Rockwall Economic Development Corporation	5,709,348
	<u>\$ 41,091,853</u>

The City has invested with money market funds with ratings from Aaa to AAA.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

B. Receivables

Receivable as of year-end for the government’s individual major funds and non-major, and proprietary funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>GO Bonds Capital</u>	<u>Nonmajor and Other</u>	<u>Water and Sewer</u>
Taxes receivable - delinquent	\$ 321,221	\$ 283,625	\$ -	\$ 241	\$ -
Fines receivable	345,290				
Allowance for uncollectibles	\$ (138,116)	\$ -	\$ -	\$ -	\$ -
	<u>\$ 207,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accrued Interest	<u>\$ 11,606</u>	<u>\$ -</u>	<u>\$ 7,555</u>	<u>\$ 2,705</u>	<u>\$ -</u>
Accounts receivable	\$ 324,316	\$ -	\$ -	\$ 676,993	\$ 5,253,122
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,412,272)</u>
Net other receivables	<u>\$ 324,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,993</u>	<u>\$ 3,840,850</u>
Assessments receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,432</u>	<u>\$ -</u>
Other receivables	<u>\$ 91,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

C. Deferred/Unearned Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 359,369	\$ -
Contract receivable not yet due (General Fund)	516,758	-
Fines receivable (General Fund)	96,681	-
Delinquent property taxes receivable (Debt Service Fund)	271,571	-
Developer contribution receivable (Harbor Debt Service)	128,153	-
Grants receivable (Recreational Development)	393,244	-
Assessments receivable not yet due (Street Improvements)	107,433	-
Seizures not awarded (Narcotics Unit)	<u>44,127</u>	<u>44,127</u>
	<u>\$ 1,917,336</u>	<u>\$ 44,127</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets

Capital asset activity of the primary government for the year ended September 30, 2018 was as follows:

	Balance 9/30/2017	Additions	Retirements	Completed Construction	Balance 9/30/2018
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 17,928,772	\$ -	\$ (172,689)	\$ -	\$ 17,756,083
Construction in progress	2,534,984	4,165,334	-	(1,229,930)	5,470,388
Total capital assets not being depreciated	<u>20,463,756</u>	<u>4,165,334</u>	<u>(172,689)</u>	<u>(1,229,930)</u>	<u>23,226,471</u>
Capital assets being depreciated:					
Buildings	20,107,049	271,644	-	-	20,378,693
Improvements other than buildings	33,954,989	1,349,604	(1,891,195)	-	33,413,398
Machinery and equipment	20,858,202	1,324,497	(4,207,333)	-	17,975,366
Infrastructure	236,043,256	6,696,598	-	1,229,930	243,969,784
Total capital assets being depreciated	<u>310,963,496</u>	<u>9,642,343</u>	<u>(6,098,528)</u>	<u>1,229,930</u>	<u>315,737,241</u>
Less accumulated depreciation for:					
Buildings	(7,652,857)	(647,130)	-	-	(8,299,987)
Improvements other than buildings	(16,625,932)	(1,696,573)	1,891,195	-	(16,431,310)
Machinery and equipment	(14,588,893)	(1,711,873)	4,218,348	-	(12,082,418)
Infrastructure	(93,881,467)	(8,007,838)	-	-	(101,889,305)
Total accumulated depreciation	<u>(132,749,149)</u>	<u>(12,063,414)</u>	<u>6,109,543</u>	<u>-</u>	<u>(138,703,020)</u>
Total capital assets being depreciated, net	<u>178,214,347</u>	<u>(2,421,071)</u>	<u>11,015</u>	<u>1,229,930</u>	<u>177,034,221</u>
Governmental activities capital assets, net	<u>\$ 198,678,103</u>	<u>\$ 1,744,263</u>	<u>\$ (161,674)</u>	<u>\$ -</u>	<u>\$ 200,260,692</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

	Balance 9/30/2017	Additions	Retirements	Completed Construction	Balance 9/30/2018
<b>Business-Type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 534,078	\$ -	\$ -	\$ -	\$ 534,078
Construction in progress	1,191,129	5,097,380	-	(1,336,288)	4,952,221
Total capital assets not being depreciated	<u>1,725,207</u>	<u>5,097,380</u>	<u>-</u>	<u>(1,336,288)</u>	<u>5,486,299</u>
Capital assets being depreciated:					
Buildings	198,109	-	-	-	198,109
Improvements other than buildings	125,791,068	6,103,016	-	1,336,288	133,230,372
Sewage treatment plants and pump station	12,516,072	-	-	-	12,516,072
Machinery and equipment	7,469,185	505,211	(40,894)	-	7,933,502
Total capital assets being depreciated	<u>145,974,434</u>	<u>6,608,227</u>	<u>(40,894)</u>	<u>1,336,288</u>	<u>153,878,055</u>
Less accumulated depreciation for:					
Buildings	(146,479)	-	-	-	(146,479)
Improvements other than buildings	(30,222,121)	(2,545,668)	-	-	(32,767,789)
Sewage treatment plants and pump station	(6,406,808)	(248,847)	-	-	(6,655,655)
Machinery and equipment	(4,659,751)	(334,583)	40,894	-	(4,953,440)
Total accumulated depreciation	<u>(41,435,159)</u>	<u>(3,129,098)</u>	<u>40,894</u>	<u>-</u>	<u>(44,523,363)</u>
Total capital assets being depreciated, net	<u>104,539,275</u>	<u>3,479,129</u>	<u>-</u>	<u>1,336,288</u>	<u>109,354,692</u>
Business type activities capital assets, net	<u>\$ 106,264,482</u>	<u>\$ 8,576,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,840,991</u>

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

Governmental activities:

Administration	\$ 753,699
Police	880,418
Fire	697,034
Public Works	8,297,748
Parks & Recreation	<u>1,434,515</u>

Total depreciation expense - governmental activities \$ 12,063,414

Business-type activities

Water and Sewer	<u>\$ 3,129,098</u>
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CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

Construction commitments

The City has active construction projects as of September 30, 2018. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Facilities Project	\$ <u>58,200</u>	\$ <u>71,528</u>
Street Reconstruction	\$ <u>2,248,788</u>	\$ <u>434,366</u>
 Water/Wastewater Project	 \$ <u>4,599,451</u>	 \$ <u>1,041,937</u>

Capital asset activity of the Rockwall Economic Development Corporation (a discretely presented component unit) for the year ended September 30, 2018 was as follows:

	<u>Balance 9/30/2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed Construction</u>	<u>Balance 9/30/2018</u>
Capital assets being depreciated:					
Furniture and fixtures	\$ <u>54,767</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>54,767</u>
Total capital assets being depreciated	<u>54,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,767</u>
Less accumulated depreciation for:					
Furniture and fixtures	<u>(31,952)</u>	<u>(4,656)</u>	<u>-</u>	<u>-</u>	<u>(36,608)</u>
Total accumulated depreciation	<u>(31,952)</u>	<u>(4,656)</u>	<u>-</u>	<u>-</u>	<u>(36,608)</u>
Total capital assets being depreciated, net	<u>\$ 22,815</u>	<u>\$ (4,656)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,159</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Inter-fund receivables, payables, and transfers

The composition of inter-fund balances as of September 30, 2018 is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 532,890	\$ -
Non-major Governmental Funds	-	401,622
Internal Service Funds	-	131,026
Discretely Presented Component Unit	<u>-</u>	<u>242</u>
Totals	<u>\$ 532,890</u>	<u>\$ 532,890</u>

The outstanding balances between funds result primarily from the time delay between the dates that inter-fund goods and services are provided and payments between funds are made. Also, working capital loans are made to capital projects funds in advance of debt issuances. These are expected to be collected within one year.

The composition of inter-fund transfers for the year ended September 30, 2018 is as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds		
General Fund	\$ 25,000	\$ 3,215,500
Non-major Governmental Funds	1,255,466	2,024,916
Water and Sewer Enterprise Fund	1,345,000	1,015,050
Internal Service Funds	<u>3,880,000</u>	<u>250,000</u>
Total	<u>\$ 6,505,466</u>	<u>\$ 6,505,466</u>

Transfers are used to move unrestricted revenues to finance various programs or capital projects that the City must account for in other funds in accordance with budgetary authorizations.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt

General obligation debt

The City issues general obligation debt (in the form of general obligation bonds, certificates of obligation, contractual obligations, and notes payable) to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both governmental and business-type activities. These issues are direct obligations and pledge the full faith and credit of the City. General obligation debt outstanding as of September 30, 2018 is as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2018
<b>Governmental Activities</b>					
General Obligation Bonds:					
Improvements	9,065,000	2009	2029	2.0% - 4.6%	3,510,000
Improvements and refunding	8,535,000	2011	2031	2.0% - 5.0%	6,700,000
Improvements	7,905,000	2013	2033	2.0% - 5.0%	6,430,000
Refunding	9,820,000	2014	2025	2.15% - 3.65%	9,325,000
Refunding	2,340,000	2015	2026	1.790%	1,855,000
Refunding	59,220,000	2015	2037	2.0% - 5.0%	52,060,000
Total General Obligation Bonds					<u>79,880,000</u>
Certificates of Obligation Bonds:					
Improvements	5,125,000	2009	2029	2.00% - 4.60%	1,445,000
Improvements	4,675,000	2011	2031	2.00% - 4.25%	3,500,000
Improvements	1,330,000	2011	2031	2.00% - 5.30%	1,110,000
Improvements	2,625,000	2013	2033	2.00% - 4.38%	965,000
Total Certificates of Obligation					<u>7,020,000</u>
Total Governmental Activities General Obligation Debt					<u>86,900,000</u>
<b>Business-type Activities</b>					
General Obligation Bonds:					
Improvements	5,740,000	2011	2031	2.00% - 5.00%	1,730,000
Improvements	2,800,000	2015	2025	1.79%	1,920,000
Improvements	15,550,000	2016	2028	2.00% - 5.00%	15,055,000
Total General Obligation Bonds					<u>18,705,000</u>
Certificates of Obligation:					
Improvements	3,480,000	2013	2031	2.00% - 4.375%	2,820,000
Improvements	5,570,000	2016	2035	3.00%	4,745,000
Total Certificates of Obligation					<u>7,565,000</u>
Total Business Type Activities General Obligation Debt					<u>26,270,000</u>
Total General Debt					<u>\$ 113,170,000</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Annual debt service requirements to maturity for general obligation debt are as follows:

Year	Governmental Activities		Business Type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 7,095,000	\$ 3,430,397	\$ 2,575,000	\$ 1,038,949	\$ 14,139,346
2020	6,690,000	3,125,841	2,580,000	933,495	13,329,336
2021	6,205,000	2,854,504	2,465,000	828,952	12,353,456
2022	6,460,000	2,603,418	2,585,000	724,808	12,373,226
2023	6,720,000	2,337,659	2,250,000	615,486	11,923,145
2024 - 2028	31,415,000	7,463,606	10,830,000	1,619,615	51,328,221
2029 - 2033	16,020,000	2,708,820	2,415,000	355,150	21,498,970
2034 - 2037	6,295,000	460,350	570,000	25,800	7,351,150
	<u>\$ 86,900,000</u>	<u>\$ 24,984,595</u>	<u>\$ 26,270,000</u>	<u>\$ 6,142,255</u>	<u>\$ 144,296,850</u>

Capitalized lease obligations

The City has entered into contracts with North Texas Municipal Water District (NTMWD), a conservation and reclamation district and political subdivision of the State of Texas, for the construction and operation of certain water and plants and to provide treated water to the City. The contractual obligations have been treated as capitalized lease obligations.

Capitalized lease obligations outstanding as of September 30, 2018 are as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2018
Capital Leases					
Business-type activities					
Ground storage facility	\$ 2,013,434	2005	2025	various	\$ 916,713
Pump station	2,145,000	2006	2026	various	1,115,000
Buffalo Creek plant	2,960,000	2008	2028	various	<u>1,850,000</u>
					<u>3,881,713</u>
Total Capitalized Lease Obligations					<u>\$ 3,881,713</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Future minimum lease payments under capitalized lease obligations as of September 30, 2018 are as follows:

<u>Year</u>	<u>Business-type Activities</u>	<u>Total</u>
2019	\$ 566,822	\$ 566,822
2020	570,987	570,987
2021	570,645	570,645
2022	567,605	567,605
2023	568,379	568,379
2024 - 2028	<u>2,069,286</u>	<u>2,069,286</u>
Total payments	4,913,724	4,913,724
Less imputed interest	<u>(1,032,011)</u>	<u>(1,032,011)</u>
Total Capital Lease Obligations	<u>\$ 3,881,713</u>	<u>\$ 3,881,713</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Changes in long-term liabilities

Long-term liability activity of the primary government for the year ended September 30, 2018 was as follows:

	Balance 9/30/2017	Additions	Retirements	Balance 9/30/2018	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 85,235,000	\$ -	\$ (5,355,000)	\$ 79,880,000	\$ 6,380,000
Certificates of obligation	7,705,000	-	(685,000)	7,020,000	715,000
Unamortized premium (discount)	<u>1,597,726</u>	<u>-</u>	<u>(112,158)</u>	<u>1,485,568</u>	<u>112,158</u>
Total bonds payable	94,537,726	-	(6,152,158)	88,385,568	7,207,158
OPEB Liability	-	488,423	-	488,423	-
Compensated absences	<u>1,698,298</u>	<u>83,470</u>	<u>-</u>	<u>1,781,768</u>	<u>444,729</u>
Governmental activity long-term liabilities	<u>\$ 96,236,024</u>	<u>\$ 571,893</u>	<u>\$ (6,152,158)</u>	<u>\$ 90,655,759</u>	<u>\$ 7,651,887</u>
<b>Business-type activities:</b>					
General obligation bonds and certificates	\$ 28,740,000	-	(2,470,000)	\$ 26,270,000	\$ 2,575,000
Unamortized premium (discount)	<u>2,609,080</u>	<u>-</u>	<u>(296,326)</u>	<u>2,312,754</u>	<u>298,323</u>
Total bonds payable	31,349,080	-	(2,766,326)	28,582,754	2,873,323
Capital lease obligations	4,233,385	-	(351,672)	3,881,713	373,339
OPEB Liability	-	49,117	-	49,117	-
Compensated absences	<u>147,409</u>	<u>-</u>	<u>(2,589)</u>	<u>144,820</u>	<u>27,486</u>
Business-type activities	<u>\$ 35,729,874</u>	<u>\$ 49,117</u>	<u>\$ (3,120,587)</u>	<u>\$ 32,658,404</u>	<u>\$ 3,274,148</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Authorized and unissued debt

The following table details the status of all authorized and unissued debt as of September 30, 2018:

<u>Year Authorized</u>	<u>General Obligation Bonds</u>		<u>Balance Unissued 9/30/2018</u>
	<u>Amount Authorized</u>	<u>Amount Issued</u>	
1985	\$ 1,500,000	\$ (600,000)	\$ 900,000
1994	4,100,000	(3,600,000)	500,000
2012	27,800,000	(7,905,000)	19,895,000
2018	<u>85,000,000</u>	<u>-</u>	<u>85,000,000</u>
Totals	<u>\$ 118,400,000</u>	<u>\$ (12,105,000)</u>	<u>\$ 106,295,000</u>

<u>Year Authorized</u>	<u>Revenue Bonds</u>		<u>Balance Unissued 9/30/2018</u>
	<u>Amount Authorized</u>	<u>Amount Issued</u>	
1980	\$ 2,000,000	\$ (1,060,000)	\$ 940,000
1985	<u>1,540,000</u>	<u>-</u>	<u>1,540,000</u>
Totals	<u>\$ 3,540,000</u>	<u>\$ (1,060,000)</u>	<u>\$ 2,480,000</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Discretely presented component units

REDC, a discretely presented component unit, has the following debt outstanding as of September 30, 2018:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/2018</u>
Sales Tax Revenue Bonds:					
Improvements	4,595,000	2013	2033	2% - 4.00%	\$ 3,760,000
Improvements	2,405,000	2012	2019	2.00%	365,000
Refunding	3,165,000	2017	2028	3.00%	<u>3,025,000</u>
Total Sales Tax Revenue Bonds					<u>7,150,000</u>
Certificates of Obligation					
Infrastructure improvements	7,610,000	2013	2033	1.65% - 5.82%	6,170,000
Refunding	3,565,000	2015	2025	1.79%	2,825,000
Refunding	3,585,000	2016	2028	2.00% - 5.00%	<u>3,560,000</u>
Total Certificates of Obligation					<u>12,555,000</u>
Total					<u>\$ 19,705,000</u>

Annual debt service requirements to maturity for REDC debt are as follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 1,730,000	\$ 753,730	\$ 2,483,730
2020	1,410,000	699,887	2,109,887
2021	1,460,000	654,083	2,114,083
2022	1,510,000	602,597	2,112,597
2023	1,570,000	548,702	2,118,702
2024 - 2028	7,960,000	1,848,735	9,808,735
2029 - 2033	<u>4,065,000</u>	<u>620,192</u>	<u>4,685,192</u>
Total	<u>\$ 19,705,000</u>	<u>\$ 5,727,926</u>	<u>\$ 25,432,926</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Long-term liability activity of the REDC for the year ended September 30, 2018 was as follows:

	Balance 9/30/2017	Additions	Retirements	Balance 9/30/2018	Due Within One Year
Sales tax revenue bonds	\$ 14,540,000	\$ 3,165,000	\$ (4,170,000)	\$ 13,535,000	\$ 1,420,000
Certificates of obligation	6,755,000	-	(585,000)	6,170,000	310,000
Unamortized premium (discount)	<u>132,273</u>	<u>-</u>	<u>(16,264)</u>	<u>116,009</u>	<u>16,264</u>
Total bonds payable	21,427,273	3,165,000	(4,771,264)	19,821,009	1,746,264
Compensated absences	<u>20,465</u>	<u>-</u>	<u>(7,043)</u>	<u>13,422</u>	<u>2,546</u>
Total	<u>\$ 21,447,738</u>	<u>\$ 3,165,000</u>	<u>\$ (4,778,307)</u>	<u>\$ 19,834,431</u>	<u>\$ 1,748,810</u>

4. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures.

The City uses a medical self-insurance fund to pay medical and dental claims of City employees and their covered dependents and minimize the total cost of annual medical insurance to the City. Medical claims in any one year exceeding \$100,000 per covered individual, or approximately \$2,698,472 in the aggregate for the group, are covered through a private insurance carrier. Additionally, life insurance policy premiums for each employee are paid through the fund. The self-insurance fund is funded by operating transfers from other funds and charges to employees for extended benefits at their option. The City does not believe there are material claims incurred but not reported as of September 30, 2018.

The City uses a Self-Insurance and Risk Management Program (as permitted by law and its home rule charter) to insure itself against the various risks of liability or loss to which it is exposed, either through an insurance provider or through a defined self-insurance program. The City issued certificates of obligation, based on an actuarial analysis, to fund a self-insured workers' compensation plan. Under this plan, workers' compensation insurance is provided in accordance with state statutes to all City employees. To protect the assets of the plan from a catastrophic claim, the City has purchased stop loss coverage in the amount of \$200,000 per occurrence with a maximum City liability of \$600,000 per year.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

A. Risk management – continued

The Workers' Compensation Fund (an internal service fund) accounts for the activity of this plan. The City establishes claim liabilities based on estimates of the ultimate cost of claims reported but unsettled and of claims incurred but not reported. Any claims incurred and not reported are not believed to be significant to the City's financial statements.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Employee Benefits</u>		<u>Worker's Compensation</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Claims payable beginning of the year	\$ 395,627	\$ 179,290	\$ 76,389	\$ 152,373
Claims incurred	2,863,449	4,161,875	137,856	177,722
Payment on claims	<u>(2,901,294)</u>	<u>(3,945,538)</u>	<u>(120,297)</u>	<u>(253,706)</u>
	<u>\$ 357,782</u>	<u>\$ 395,627</u>	<u>\$ 93,948</u>	<u>\$ 76,389</u>

Commercial insurance is purchased for the other risks of loss to which the City is exposed. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

B. North Texas Municipal Water District

The District is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Chapter 62, Acts of 1951, 52nd Legislature, Regular Session, as amended, originally compiled as Vernon's Article 8270-141 (the "Act"), pursuant to Article 16, Section 59 of the Texas Constitution. The District comprises all of the territory of its member cities, viz., Allen, Garland, Princeton, Plano, Mesquite, Wylie, Rockwall, Farmersville, McKinney, Richardson, Forney, Royse City, and Frisco (the "Member Cities"). The District was created for the purpose of providing a source of water supply for municipal, domestic and industrial use and for the treatment, processing, and transportation of such water to its Member Cities and to its other customers located in North Central Texas, all within the Dallas Standard Metropolitan Statistical Area.

Under the Act, including specifically Section 27 thereof, and under the Constitution and Statutes of the State of Texas, the District has broad powers to: (1) impound, control, store, preserve, treat, transmit and use storm and flood water, the water of rivers and streams, and underground water for irrigation, power and all other useful purposes and to supply water for municipal, domestic, power, industrial and commercial uses and purposes and all other beneficial uses and purposes; and (2) collect, transport, process, treat, dispose of, and control all municipal, domestic, industrial or commercial waste whether in fluid, solid or composite state, including specifically the control, abatement or reduction of all types of pollution. The City retains no ongoing financial interest, equity investments, and/or responsibilities for the District other than the contractual arrangements discussed more fully herein.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

B. North Texas Municipal Water District – continued

The District has long-term contracts with the City to supply treated water and sewer treatment. The City's water contract with the District provides that the City pay a predetermined annual amount for treated water in twelve monthly installments. The amount of this annual payment is based upon an annually established rate per thousand gallons and the largest annual amount of water consumption of past years. The City owns one sewage treatment facility, Squabble Creek, and in 1978 entered into an agreement with the District for the construction of a second facility, Buffalo Creek. Under the terms of this agreement, the District issued contractually secured bonds in its name to construct and operate this sewage disposal plant for the City. In subsequent years, similar contractual agreements have been made to enable the District to expand the sewage treatment facilities and continue to provide sewage treatment services to the City. Under the terms of these contracts, the City's payments, which began when the facilities were first utilized, are equal to the operating and maintenance expenses for the next ensuing calendar year, as shown in the annual budget. The contracts further provide that the debt service payments will be equal to the principal and/or interest coming due on the bonds on the next succeeding interest payment date, plus the fees and charges of the paying agent and the registrar.

These contractual obligations have been included as capital lease obligations in amounts equal to the bonds outstanding under these agreements. Accordingly, the related assets have been capitalized and are being depreciated over the estimated life of the facilities.

The outstanding principal balance on the bond issues as of September 30, 2018, is \$3,881,713 See Note 3F for the annual requirements to amortize the bonds as of September 30, 2018.

With respect to the ground storage reservoir discussed above, the Cities of Rockwall and Heath are contractually obligated to make timely payments to the District representing 66.67% and 33.33%, respectively, of the related operating expenses and debt service payments. While the City anticipates its share of these payments to be 66.67%, the Cities of Rockwall and Heath are each contractually obligated to make any payments which the other party is required, but is unable, to make to the District.

C. Contingent liabilities and commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

As described in Note 3F above, the general revenues of the City are contingently liable in the amount of \$26,270,000 for general obligation bonds and certificates of obligation which are currently outstanding and recorded as obligations of the Enterprise Fund.

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

C. Contingent liabilities and commitments – continued

The City contracts for solid waste disposal with a third party. Under the terms of the agreement, the City bills and collects the residential billing and remits that amount to the contracting party. The contractor bills the commercial customers and remits a franchise fee to the City based on total revenues received from the contract.

The Rockwall Economic Development Corporation provides monetary incentives to companies to relocate within the City of Rockwall. At September 30, 2018, these commitments totaled \$5,604,454.

D. Defined Benefit Pension Plans

Plan Description:

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

Benefits Provided:

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments 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.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

Benefits Provided - continued:

Beginning in 1993, the City granted an annually repeating (automatic) basis for a monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 1993, the City provided an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index. (CPI).

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

Employee Deposit Rate	7%
Matching Ratio (City to Employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated Service Cost	100% Repeating
Annuity Increase to retirees	70% of CPI Repeating

The City does not participate in Social Security.

Employees covered by benefit terms –

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	92
Inactive employees entitled to but not yet receiving benefits	90
Active employees	271
	<u>453</u>

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

Contributions:

Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Rockwall were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2018, the City made contributions of 16.58%, for calendar year 2017 and 16.36% in 2018 which exceeded the actuarially determined city contribution by .05%.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

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

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

Actuarial assumptions used in the December 31, 2017 valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2017 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75% effective January 1, 2018. 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 needs of TMRS.

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	<u>100.00%</u>	

Discount Rate –

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of each cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - 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 12/31/2016	\$ 81,976,155	\$ 67,339,495	\$ 14,636,660
Changes for the year:			
Service cost	3,622,782	-	3,622,782
Interest	5,577,249	-	5,577,249
Change in benefit terms	-	-	-
Difference between expected and actual experience	(306,042)	-	(306,042)
Changes in assumptions	-	-	-
Contribution - employer	-	3,102,508	(3,102,508)
Contribution - employee	-	1,338,937	(1,338,937)
Net investment income	-	9,340,684	(9,340,684)
Benefit payments, including refunds of employee contributions	(2,323,270)	(2,323,270)	-
Administrative expense	-	(48,368)	48,368
Other changes	-	(2,451)	2,451
Net changes	<u>6,570,719</u>	<u>11,408,040</u>	<u>(4,837,321)</u>
Balance at 12/31/2017	<u>\$ 88,546,874</u>	<u>\$ 78,747,535</u>	<u>\$ 9,799,339</u>

Sensitivity of the net pension liability to changes in the discount rate –

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

	1% Decrease in Discount Rate 5.75%	Current Single Rate Assumption 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	\$ 23,453,046	\$ 9,799,339	\$ (1,330,293)

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - 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.tmr.com](http://www.tmr.com). Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2018, the City recognized pension expense of \$3,158,177. This amount is included as part of Personnel Services expenses within the functional program activities.

At September 30, 2018, the City reported deferred outflow and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Contributions subsequent to the measurement date	\$ 2,236,003	\$ -
Difference between projected and actual investment earnings	-	2,094,880
Differences between actuarial assumptions and actual experience	-	823,147
Changes in actuarial assumptions used	-	61,521
Total	<u>\$ 2,236,003</u>	<u>\$ 2,979,548</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,236,003 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2018 (i.e. recognized in the City’s financial statements September 30, 2018). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended <u>December 31,</u>	<u>Amount</u>
2018	\$ (216,299)
2019	(353,360)
2020	(1,157,700)
2021	(1,141,493)
2022	(88,466)
Thereafter	<u>(22,230)</u>
Total	<u>\$ (2,979,548)</u>

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

Texas Statewide Emergency Services Personnel Retirement Fund

The City acts as agent for the Texas Statewide Emergency Services Personnel Retirement Fund (the "Fund") which is a component unit of the State of Texas. The City reimbursed the Fund \$15,775 for benefits paid on a pay-as-you-go basis during the year in recognition of services provided to the City by volunteer emergency services personnel. The Fund has a Board of Directors not designated by City officials and is administered by the State Fire Fighters' Pension Commissioner. There are 2 active participants currently covered by the Fund and payments are being made to 36 retirees or their survivors. The Fund does not prepare separate financial statements for participating departments; however, financial statements for the Fund as a whole may be obtained from the administrator at Fire Fighters' Pension Commissioner, P.O. Box 12577, Austin, Texas 78711.

E. Post-Employment Benefits Other Than Pensions

Benefit Plan Description

Texas Municipal Retirement System (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 participating cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including retirees. 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 SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single-employer, defined benefit OPEB plan with benefit payments treated as being equal to the employer's yearly contribution for retirees.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's actual 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 postemployment benefit" or OPEB.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

E. Post-Employment Benefits Other Than Pensions – continued

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Membership \*

Number of

- Inactive employees or beneficiaries currently receiving benefits	64
- Inactive employees entitled to but not yet receiving benefits	27
- Active employees	<u>271</u>
- Total	<u><u>362</u></u>

\* Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.)

Total OPEB Liability

The City’s total OPEB liability of \$548,790 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.50% to 10.5% including inflation
Discount rate	3.31%
Retirees' share of benefit related costs	\$ 0

The discount rate was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31, 2017.

Mortality rates – service retirees

RP 2000 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.

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

E. Post-Employment Benefits Other Than Pensions – continued

Mortality rates – disabled retirees

RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

Total OPEB Liability - beginning of year	\$ 455,919
Changes for the year	
Service Cost	30,604
Interest on Total OPEB Liability	17,740
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	48,353
Benefit payments **	<u>(3,826)</u>
Net Changes	<u>92,871</u>
Total OPEB Liability - end of year	<u>\$ 548,790</u>

\*\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer’s yearly contributions for retirees.

Sensitivity of the total OPEB liability to changes in the discount rate –

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.31%, 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 (2.31%) or 1 percentage point higher (4.31%) than the current rate:

	1 % Decrease (2.31%)	Current Discount Rate (3.31%)	1% Increase (4.31%)
Total OPEB Liability	\$ 674,586	\$ 548,790	\$ 452,486

CITY OF ROCKWALL, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

E. Post-Employment Benefits Other Than Pensions – continued

Deferred Outflows of Resources and Deferred Inflows of Resources, by year, to be recognized in Future OPEB Expense (excluding City-provided contributions made subsequent to the measurement date)

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$2,734 will be recognized as a reduction of the net OPEB liability for the measurement year ending December 31, 2018 (i.e. recognized in the City’s financial statements for the year ending September 30, 2019). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net deferred outflows (inflows) of resources
2018	\$ 6,199
2019	6,199
2020	6,199
2021	6,199
2022	6,199
Thereafter	<u>11,159</u>
Total	<u>\$ 42,154</u>

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 8, 2019, which is the date the financial statements were available to be issued.

***REQUIRED SUPPLEMENTARY INFORMATION***

CITY OF ROCKWALL, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes, penalty and interest	\$ 12,334,700	\$ 12,354,700	\$ 12,454,267	\$ 99,567
Sales taxes	16,435,000	17,534,000	17,236,307	(297,693)
Franchise taxes	3,205,000	3,237,500	3,255,645	18,145
Charges for services	576,250	626,250	677,888	51,638
Permits	1,314,000	1,416,500	1,486,911	70,411
Municipal court	1,117,000	905,000	884,192	(20,808)
Intergovernmental	897,600	897,600	898,842	1,242
Interest income	75,000	85,000	134,818	49,818
Miscellaneous	111,500	116,500	345,934	229,434
Contributions and donations	-	45,000	44,793	(207)
Total revenues	<u>36,066,050</u>	<u>37,218,050</u>	<u>37,419,597</u>	<u>201,547</u>
Expenditures:				
Current:				
Mayor/council	125,950	125,400	127,123	(1,723)
Administration	4,655,050	4,663,700	4,573,412	90,288
Finance	788,050	781,050	690,277	90,773
Municipal court	463,200	444,000	429,862	14,138
Police	11,093,500	11,025,000	10,790,877	234,123
Fire	4,083,750	4,328,150	4,262,926	65,224
Public works	4,249,850	4,222,700	4,574,434	(351,734)
Community development	2,051,750	2,030,750	1,965,366	65,384
Parks and recreation	4,450,750	4,553,750	3,899,966	653,784
Total current	<u>31,961,850</u>	<u>32,174,500</u>	<u>31,314,243</u>	<u>860,257</u>
Capital outlay:				
Administration	69,400	69,400	60,520	8,880
Police	447,530	455,950	442,291	13,659
Fire	20,100	-	-	-
Public works	226,150	226,150	208,900	17,250
Parks and recreation	218,000	229,000	204,886	24,114
Total capital outlay	<u>981,180</u>	<u>980,500</u>	<u>916,597</u>	<u>63,903</u>
Total expenditures	<u>32,943,030</u>	<u>33,155,000</u>	<u>32,230,840</u>	<u>924,160</u>
Excess of revenues over expenditures	<u>3,123,020</u>	<u>4,063,050</u>	<u>5,188,757</u>	<u>1,125,707</u>
Other financing sources (uses):				
Transfers in	25,000	25,000	25,000	-
Transfers out	(3,153,000)	(3,215,500)	(3,215,500)	-
Total other financing sources (uses)	<u>(3,128,000)</u>	<u>(3,190,500)</u>	<u>(3,190,500)</u>	<u>-</u>
Net change in fund balances	(4,980)	872,550	1,998,257	1,125,707
Fund balances, October 1	<u>10,827,051</u>	<u>10,827,051</u>	<u>10,827,051</u>	<u>-</u>
Fund balances, September 30	<u>\$ 10,822,071</u>	<u>\$ 11,699,601</u>	<u>\$ 12,825,308</u>	<u>\$ 1,125,707</u>

CITY OF ROCKWALL, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
LAST FOUR FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

Plan Year	2014	2015	2016	2017
<b>A. Total Pension Liability</b>				
Service cost	\$ 2,947,094	\$ 3,357,626	\$ 3,383,642	\$ 3,622,782
Interest (on the Total Pension Liability)	4,544,927	4,940,548	5,158,244	5,577,249
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(114,323)	(458,262)	(357,796)	(306,042)
Change of assumptions	-	(108,126)	-	-
Benefits payments, including refunds of employee contributions	<u>(1,920,326)</u>	<u>(1,942,137)</u>	<u>(1,869,095)</u>	<u>(2,323,270)</u>
<b>Net Change in Total Pension Liability</b>	5,457,372	5,789,649	6,314,995	6,570,719
<b>Total Pension Liability - Beginning</b>	<u>64,414,139</u>	<u>69,871,511</u>	<u>75,661,160</u>	<u>81,976,155</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 69,871,511</u>	<u>\$ 75,661,160</u>	<u>\$ 81,976,155</u>	<u>\$ 88,546,874</u>
<b>B. Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 2,761,413	\$ 2,950,480	\$ 2,897,712	\$ 3,102,508
Contributions - employee	1,202,324	1,255,523	1,250,554	1,338,937
Net investment income	3,067,672	86,617	4,123,871	9,340,684
Benefit payments, including refunds of employee contributions	(1,920,326)	(1,942,137)	(1,869,095)	(2,323,270)
Administrative expense	(32,021)	(52,749)	(46,547)	(48,368)
Other	<u>(2,633)</u>	<u>(2,605)</u>	<u>(2,508)</u>	<u>(2,451)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	5,076,429	2,295,129	6,353,987	11,408,040
<b>Plan Fiduciary Net Position - Beginning</b>	<u>53,613,949</u>	<u>58,690,378</u>	<u>60,985,507</u>	<u>67,339,494</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 58,690,378</u>	<u>\$ 60,985,507</u>	<u>\$ 67,339,494</u>	<u>\$ 78,747,534</u>
<b>C. Net Pension Liability - Ending (a) - (b)</b>	\$ 11,181,133	\$ 14,675,652	\$ 14,636,660	\$ 9,799,340
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	84.00%	80.60%	82.15%	88.93%
<b>E. Covered Employee Payroll</b>	16,626,112	17,936,037	17,865,058	19,127,677
<b>F. Net Pension Liability as a Percentage of Total Pension Liability</b>	67.25%	81.82%	81.93%	51.23%

Data presented is based on December 31, 2017

CITY OF ROCKWALL, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
LAST FOUR FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

Plan Year	2014	2015	2016	2017
Actuarially Determined Contribution	\$ 2,761,413	\$ 2,950,480	\$ 2,897,712	\$ 3,102,508
Contributions in relation to the actuarially determined contribution	\$ 2,761,413	\$ 2,950,480	\$ 2,897,712	\$ 3,102,508
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 16,626,112	\$ 17,936,037	\$ 17,865,058	\$ 19,127,677
Contributions as a percentage of covered employee payroll	16.61%	16.45%	16.22%	16.22%

**Notes to Schedule of Contributions**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months 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	28 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experienced-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 males rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information**

Notes There were no benefit changes during the year.

CITY OF ROCKWALL, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION OPEB  
 TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)  
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS  
 LAST FISCAL YEAR (PREVIOUS YEARS ARE NOT AVAILABLE)

Measurement Year	2017
Changes in the Total OPEB Liability	
Total OPEB Liability - beginning of year	\$ 455,919
Changes for the year	
Service Cost	30,604
Interest on Total OPEB Liability	17,740
Changes in assumptions or other inputs	48,353
Benefit payments **	<u>(3,826)</u>
Net Changes	<u>92,871</u>
Total OPEB Liability - end of year	<u>\$ 548,790</u>

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan.

Changes in assumptions reflect a change in the discount rate from 3.78% as of December 31, 2016 to 3.31% as of December 31, 2017.

\*\* Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

***COMBINING STATEMENTS AND BUDGETARY COMPARISON SCHEDULES  
AS SUPPLEMENTARY INFORMATION***

CITY OF ROCKWALL, TEXAS  
 COMBINING BALANCE SHEET  
 ALL NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

	<u>Special Revenue Funds</u>	<u>Harbor Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds (See Exhibit A-3)</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 933,047	\$ 501,446	\$ 205,375	\$ 1,639,868
Investments	1,427,490	315,331	1,464,873	3,207,694
Receivables (net of allowances for uncollectibles):				
Taxes - delinquent	-	241	-	241
Interest	-	-	2,705	2,705
Accounts	548,840	128,153	-	676,993
Assessments	107,432	-	-	107,432
Due from other funds	-	-	-	-
Due from other governments	-	37,258	-	37,258
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>3,016,809</u>	\$ <u>982,429</u>	\$ <u>1,672,953</u>	\$ <u>5,672,191</u>
 <b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 38,445	\$ -	\$ 42,750	\$ 81,195
Due to other funds	401,622	-	-	401,622
Total liabilities	<u>440,067</u>	<u>-</u>	<u>42,750</u>	<u>482,817</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - developer contribution	-	128,153	-	128,153
Unavailable revenue - other	544,804	-	-	544,804
Total Deferred Inflows of Resources	<u>544,804</u>	<u>128,153</u>	<u>-</u>	<u>672,957</u>
 <b>FUND BALANCES:</b>				
Restricted	-	854,276	-	854,276
Assigned	2,031,938	-	1,630,203	3,662,141
Total fund balances	<u>2,031,938</u>	<u>854,276</u>	<u>1,630,203</u>	<u>4,516,417</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>3,016,809</u>	\$ <u>982,429</u>	\$ <u>1,672,953</u>	\$ <u>5,672,191</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ALL NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds	Harbor Debt Service	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
<b>Revenues:</b>				
Ad valorem taxes, penalty and interest	\$ -	\$ 359,554	\$ -	\$ 359,554
Sales taxes	413,112	300,579	-	713,691
Charges for services	820,372	-	-	820,372
Permits	1,050	-	-	1,050
Municipal court	53,851	-	-	53,851
Intergovernmental	45,006	-	-	45,006
Investment earnings net of change in fair value of investments	18,247	2,137	(11,214)	9,170
Miscellaneous	265,471	-	-	265,471
Contributions and donations	358,118	21,217	-	379,335
Total revenues	<u>1,975,227</u>	<u>683,487</u>	<u>(11,214)</u>	<u>2,647,500</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Administration	199,010	-	-	199,010
Finance	488,514	-	-	488,514
Police	141,061	-	-	141,061
Fire	9,420	-	-	9,420
Parks and recreation	404,040	-	-	404,040
Total current	<u>1,242,045</u>	<u>-</u>	<u>-</u>	<u>1,242,045</u>
<b>Capital outlay:</b>				
Administration	76,927	-	-	76,927
Finance	-	-	507,475	507,475
Police	55,253	-	-	55,253
Fire	32,867	-	38,154	71,021
Parks and recreation	568,677	-	-	568,677
Public works	-	-	-	-
Total capital outlay	<u>733,724</u>	<u>-</u>	<u>545,629</u>	<u>1,279,353</u>
<b>Debt service:</b>				
Principal	-	60,000	-	60,000
Interest	-	361,822	-	361,822
Total debt service	<u>-</u>	<u>421,822</u>	<u>-</u>	<u>421,822</u>
Total expenditures	<u>1,975,769</u>	<u>421,822</u>	<u>545,629</u>	<u>2,943,220</u>
Excess of revenues over (under) expenditures	<u>(542)</u>	<u>261,665</u>	<u>(556,843)</u>	<u>(295,720)</u>
<b>Other financing sources (uses):</b>				
Transfers in	477,599	-	777,867	1,255,466
Transfers out	(25,000)	-	-	(25,000)
Total other financing sources (uses)	<u>452,599</u>	<u>-</u>	<u>777,867</u>	<u>1,230,466</u>
Net change in fund balances	452,057	261,665	221,024	934,746
Fund balances, October 1	<u>1,579,881</u>	<u>592,611</u>	<u>1,409,179</u>	<u>3,581,671</u>
Fund balances, September 30	<u>\$ 2,031,938</u>	<u>\$ 854,276</u>	<u>\$ 1,630,203</u>	<u>\$ 4,516,417</u>

## NONMAJOR GOVERNMENTAL FUNDS

### *SPECIAL REVENUE FUNDS*

**Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.**

Cemetery – established to account for the annual income from the sale of plots and cemetery maintenance costs.

Public Safety – established to account for donations, court fees, and other public safety committed revenues.

Recreational Development – established to account for the annual lease income from marinas and golf course.

Radio System – established to account for revenues and expenditures for the support of the City's radio system.

Street Improvements – established to account for the proceeds of street improvement assessments.

Hotel Occupancy Tax – established to account for the annual income from hotel occupancy taxes.

Fire Equipment – established to account for funds to be used for the purchase of fire equipment for the volunteer fire department.

Aviation – established to account for funds received from airport operations and related expenses.

Recycling – established to account for funds to be used for the City's recycling program.

Emergency Siren – established to account for revenues accumulated and expenditures to add emergency sirens within the City.

Downtown Improvement – established to account for revenues and expenditures related to the City's efforts to revitalize the downtown square.

Art in Public Places – established to account for donations received for developing art displays in public areas such as parks.

Narcotics Unit – established to account for revenues and expenditures related to a seized funds and forfeitures.

CITY OF ROCKWALL, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 SEPTEMBER 30, 2018

	Cemetery	Public Safety	Recreational Development	Radio System	Street Improvements	Hotel Occupancy Tax	Fire Equipment	Aviation	Recycling	Emergency Siren	Downtown Improvement	Art in Public Places	Narcotics Unit	Vehicle Acquisition	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
<b>ASSETS</b>															
Cash and cash equivalents	\$ 8,352	\$ 9,526	\$ 3,464	\$ 40,511	\$ 64,446	\$ -	\$ 17,696	\$ 24,627	\$ -	\$ 5,037	\$ 4,996	\$ 7,112	\$ 322,280	\$ 425,000	\$ 933,047
Investments	69,108	101,204	504,298	-	346,589	-	204,224	8,410	108,657	15,000	-	70,000	-	-	1,427,490
Receivables (net of allowances for uncollectibles):															
Accounts	-	-	418,002	15,469	-	96,984	-	8,385	-	-	10,000	-	-	-	548,840
Assessments	-	-	-	-	107,432	-	-	-	-	-	-	-	-	-	107,432
Total assets	<u>\$ 77,460</u>	<u>\$ 110,730</u>	<u>\$ 925,764</u>	<u>\$ 55,980</u>	<u>\$ 518,467</u>	<u>\$ 96,984</u>	<u>\$ 221,920</u>	<u>\$ 41,422</u>	<u>\$ 108,657</u>	<u>\$ 20,037</u>	<u>\$ 14,996</u>	<u>\$ 77,112</u>	<u>\$ 322,280</u>	<u>\$ 425,000</u>	<u>\$ 3,016,809</u>
<b>LIABILITIES</b>															
Liabilities:															
Accounts payable and accrued liabilities	\$ -	\$ 2,446	\$ 12,817	\$ 15,825	\$ -	\$ 300	\$ -	\$ 957	\$ -	\$ -	\$ -	\$ -	\$ 6,100	\$ -	\$ 38,445
Due to other funds	-	-	314,685	-	-	86,937	-	-	-	-	-	-	-	-	401,622
Total liabilities	<u>-</u>	<u>2,446</u>	<u>327,502</u>	<u>15,825</u>	<u>-</u>	<u>87,237</u>	<u>-</u>	<u>957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,100</u>	<u>-</u>	<u>440,067</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>															
Unavailable revenue - other	-	-	393,244	-	107,433	-	-	-	-	-	-	-	44,127	-	544,804
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>393,244</u>	<u>-</u>	<u>107,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,127</u>	<u>-</u>	<u>544,804</u>
<b>FUND BALANCES</b>															
Committed	77,460	108,284	205,018	40,155	411,034	9,747	221,920	40,465	108,657	20,037	14,996	77,112	272,053	425,000	2,031,938
Total fund balances	<u>77,460</u>	<u>108,284</u>	<u>205,018</u>	<u>40,155</u>	<u>411,034</u>	<u>9,747</u>	<u>221,920</u>	<u>40,465</u>	<u>108,657</u>	<u>20,037</u>	<u>14,996</u>	<u>77,112</u>	<u>272,053</u>	<u>425,000</u>	<u>2,031,938</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances															
	<u>\$ 77,460</u>	<u>\$ 110,730</u>	<u>\$ 925,764</u>	<u>\$ 55,980</u>	<u>\$ 518,467</u>	<u>\$ 96,984</u>	<u>\$ 221,920</u>	<u>\$ 41,422</u>	<u>\$ 108,657</u>	<u>\$ 20,037</u>	<u>\$ 14,996</u>	<u>\$ 77,112</u>	<u>\$ 322,280</u>	<u>\$ 425,000</u>	<u>\$ 3,016,809</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Cemetery	Public Safety	Recreational Development	Radio System	Street Improvements	Hotel Occupancy Tax	Fire Equipment	Aviation	Recycling	Emergency Siren	Downtown Improvement	Art in Public Places	Narcotics Unit	Vehicle Acquisition	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
<b>Revenues:</b>															
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,112
Charges for services	-	-	744,017	15,469	-	-	58,250	-	-	2,636	-	-	-	-	820,372
Permits	1,050	-	-	-	-	-	-	-	-	-	-	-	-	-	1,050
Municipal court	-	53,851	-	-	-	-	-	-	-	-	-	-	-	-	53,851
Intergovernmental	-	30,336	-	-	-	-	-	14,670	-	-	-	-	-	-	45,006
Investment earnings net of change in fair value of investments	1,159	1,859	4,982	-	4,781	-	3,675	-	1,791	-	-	-	-	-	18,247
Miscellaneous	10,800	-	-	-	131,103	-	-	35,415	-	-	-	-	88,153	-	265,471
Contributions and donations	-	7,182	340,581	-	-	-	-	-	-	-	10,000	355	-	-	358,118
<b>Total revenues</b>	<b>13,009</b>	<b>93,228</b>	<b>1,089,580</b>	<b>15,469</b>	<b>135,884</b>	<b>413,112</b>	<b>61,925</b>	<b>50,085</b>	<b>1,791</b>	<b>2,636</b>	<b>10,000</b>	<b>355</b>	<b>88,153</b>	<b>-</b>	<b>1,975,227</b>
<b>Expenditures:</b>															
<b>Current:</b>															
Administration	-	-	-	155,841	-	-	-	36,829	3,840	-	2,500	-	-	-	199,010
Finance	-	-	-	-	-	488,514	-	-	-	-	-	-	-	-	488,514
Police	-	115,202	-	-	-	-	-	-	-	-	-	-	25,859	-	141,061
Fire	-	-	-	-	-	-	9,420	-	-	-	-	-	-	-	9,420
Parks and recreation	4,400	-	396,640	-	-	-	-	-	-	-	3,000	-	-	-	404,040
<b>Total current</b>	<b>4,400</b>	<b>115,202</b>	<b>396,640</b>	<b>155,841</b>	<b>-</b>	<b>488,514</b>	<b>9,420</b>	<b>36,829</b>	<b>3,840</b>	<b>-</b>	<b>5,500</b>	<b>-</b>	<b>25,859</b>	<b>-</b>	<b>1,242,045</b>
<b>Capital outlay:</b>															
Police	-	-	-	-	-	-	-	-	-	-	-	-	55,253	-	55,253
Administration	-	-	-	53,042	23,885	-	-	-	-	-	-	-	-	-	76,927
Fire	-	-	-	-	-	-	32,867	-	-	-	-	-	-	-	32,867
Parks and recreation	-	-	568,157	-	-	-	-	-	-	-	-	520	-	-	568,677
<b>Total capital outlay</b>	<b>-</b>	<b>-</b>	<b>568,157</b>	<b>53,042</b>	<b>23,885</b>	<b>-</b>	<b>32,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>520</b>	<b>55,253</b>	<b>-</b>	<b>733,724</b>
<b>Debt Service:</b>															
<b>Total expenditures</b>	<b>4,400</b>	<b>115,202</b>	<b>964,797</b>	<b>208,883</b>	<b>23,885</b>	<b>488,514</b>	<b>42,287</b>	<b>36,829</b>	<b>3,840</b>	<b>-</b>	<b>5,500</b>	<b>520</b>	<b>81,112</b>	<b>-</b>	<b>1,975,769</b>
<b>Excess of revenues over (under) expenditures</b>	<b>8,609</b>	<b>(21,974)</b>	<b>124,783</b>	<b>(193,414)</b>	<b>111,999</b>	<b>(75,402)</b>	<b>19,638</b>	<b>13,256</b>	<b>(2,049)</b>	<b>2,636</b>	<b>4,500</b>	<b>(165)</b>	<b>7,041</b>	<b>-</b>	<b>(542)</b>
<b>Other financing sources (uses):</b>															
Transfers in	-	-	-	95,500	-	-	-	10,000	-	-	-	72,099	-	300,000	477,599
Transfers out	-	(25,000)	-	-	-	-	-	-	-	-	-	-	-	-	(25,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(25,000)</b>	<b>-</b>	<b>95,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,099</b>	<b>-</b>	<b>300,000</b>	<b>452,599</b>
<b>Net change in fund balances</b>	<b>8,609</b>	<b>(46,974)</b>	<b>124,783</b>	<b>(97,914)</b>	<b>111,999</b>	<b>(75,402)</b>	<b>19,638</b>	<b>23,256</b>	<b>(2,049)</b>	<b>2,636</b>	<b>4,500</b>	<b>71,934</b>	<b>7,041</b>	<b>300,000</b>	<b>452,057</b>
<b>Fund balances, October 1</b>	<b>68,851</b>	<b>155,258</b>	<b>80,235</b>	<b>138,069</b>	<b>299,035</b>	<b>85,149</b>	<b>202,282</b>	<b>17,209</b>	<b>110,706</b>	<b>17,401</b>	<b>10,496</b>	<b>5,178</b>	<b>265,012</b>	<b>125,000</b>	<b>1,579,881</b>
<b>Fund balances, September 30</b>	<b>\$ 77,460</b>	<b>\$ 108,284</b>	<b>\$ 205,018</b>	<b>\$ 40,155</b>	<b>\$ 411,034</b>	<b>\$ 9,747</b>	<b>\$ 221,920</b>	<b>\$ 40,465</b>	<b>\$ 108,657</b>	<b>\$ 20,037</b>	<b>\$ 14,996</b>	<b>\$ 77,112</b>	<b>\$ 272,053</b>	<b>\$ 425,000</b>	<b>\$ 2,031,938</b>

CITY OF ROCKWALL, TEXAS  
CEMETERY FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits	\$ 1,000	\$ 1,500	\$ 1,050	\$ (450)
Investment earnings net of change in fair value of investments	-	-	1,159	1,159
Miscellaneous	2,000	7,000	10,800	3,800
Total revenues	<u>3,000</u>	<u>8,500</u>	<u>13,009</u>	<u>4,509</u>
Expenditures:				
Current:				
Parks and recreation	10,000	10,000	4,400	5,600
Total current	<u>10,000</u>	<u>10,000</u>	<u>4,400</u>	<u>5,600</u>
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>4,400</u>	<u>5,600</u>
Net change in fund balances	(7,000)	(1,500)	8,609	10,109
Fund balances, October 1	<u>68,851</u>	<u>68,851</u>	<u>68,851</u>	-
Fund balances, September 30	<u>\$ 61,851</u>	<u>\$ 67,351</u>	<u>\$ 77,460</u>	<u>\$ 10,109</u>

CITY OF ROCKWALL, TEXAS  
PUBLIC SAFETY FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 66,000	\$ 57,000	\$ 53,851	\$ (3,149)
Intergovernmental	30,350	30,350	30,336	(14)
Investment earnings net of change in fair value of investments	50	50	1,859	1,809
Contributions and donations	2,000	5,500	7,182	1,682
Total revenues	<u>98,400</u>	<u>92,900</u>	<u>93,228</u>	<u>328</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Police	83,600	94,350	115,202	(20,852)
Total current	<u>83,600</u>	<u>94,350</u>	<u>115,202</u>	<u>(20,852)</u>
Total expenditures	<u>83,600</u>	<u>94,350</u>	<u>115,202</u>	<u>(20,852)</u>
Excess of revenues over (under) expenditures	<u>14,800</u>	<u>(1,450)</u>	<u>(21,974)</u>	<u>(20,524)</u>
<b>Other financing sources (uses):</b>				
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	(10,200)	(26,450)	(46,974)	(20,524)
Fund balances, October 1	<u>155,258</u>	<u>155,258</u>	<u>155,258</u>	<u>-</u>
Fund balances, September 30	<u>\$ 145,058</u>	<u>\$ 128,808</u>	<u>\$ 108,284</u>	<u>\$ (20,524)</u>

CITY OF ROCKWALL, TEXAS  
RECREATIONAL DEVELOPMENT FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 541,500	\$ 704,500	\$ 744,017	\$ 39,517
Investment earnings net of change in fair value of investments	-	-	4,982	4,982
Contributions and donations	443,250	738,250	340,581	(397,669)
Total revenues	<u>984,750</u>	<u>1,442,750</u>	<u>1,089,580</u>	<u>(353,170)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Parks and recreation	414,100	420,100	396,640	23,460
Total current	<u>414,100</u>	<u>420,100</u>	<u>396,640</u>	<u>23,460</u>
<b>Capital outlay:</b>				
Parks and recreation	599,350	599,350	568,157	31,193
Total capital outlay	<u>599,350</u>	<u>599,350</u>	<u>568,157</u>	<u>31,193</u>
Total expenditures	<u>1,013,450</u>	<u>1,019,450</u>	<u>964,797</u>	<u>54,653</u>
Excess of revenues over (under) expenditures	<u>(28,700)</u>	<u>423,300</u>	<u>124,783</u>	<u>(298,517)</u>
Net change in fund balances	(28,700)	423,300	124,783	(298,517)
Fund balances, October 1	<u>80,235</u>	<u>80,235</u>	<u>80,235</u>	<u>-</u>
Fund balances, September 30	<u>\$ 51,535</u>	<u>\$ 503,535</u>	<u>\$ 205,018</u>	<u>\$ (298,517)</u>

CITY OF ROCKWALL, TEXAS  
RADIO SYSTEM FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 19,200	\$ 33,050	\$ 15,469	\$ (17,581)
Total revenues	<u>19,200</u>	<u>33,050</u>	<u>15,469</u>	<u>(17,581)</u>
Expenditures:				
Current:				
Administration	99,150	166,450	155,841	10,609
Total current	<u>99,150</u>	<u>166,450</u>	<u>155,841</u>	<u>10,609</u>
Capital outlay:				
Administration	100,000	100,000	53,042	46,958
Total capital outlay	<u>100,000</u>	<u>100,000</u>	<u>53,042</u>	<u>46,958</u>
Total expenditures	<u>199,150</u>	<u>266,450</u>	<u>208,883</u>	<u>57,567</u>
Excess of revenues over (under) expenditures	<u>(179,950)</u>	<u>(233,400)</u>	<u>(193,414)</u>	<u>(39,986)</u>
Other financing sources:				
Transfers in	43,000	95,500	95,500	-
Total other financing sources	<u>43,000</u>	<u>95,500</u>	<u>95,500</u>	<u>-</u>
Net change in fund balances	(136,950)	(137,900)	(97,914)	39,986
Fund balances, October 1	<u>138,069</u>	<u>138,069</u>	<u>138,069</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,119</u>	<u>\$ 169</u>	<u>\$ 40,155</u>	<u>\$ 39,986</u>

CITY OF ROCKWALL, TEXAS  
STREET IMPROVEMENTS FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings net of change in fair value of investments	\$ -	\$ 4,781	\$ 4,781	\$ -
Miscellaneous	-	-	131,103	131,103
Total revenues	-	4,781	135,884	131,103
Expenditures:				
Capital outlay:				
Administration	23,150	23,900	23,885	15
Total capital outlay	23,150	23,900	23,885	15
Total expenditures	23,150	23,900	23,885	15
Excess of revenues over (under) expenditures	(23,150)	(19,119)	111,999	131,118
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	(23,150)	(19,119)	111,999	131,118
Fund balances, October 1	299,035	299,035	299,035	-
Fund balances, September 30	\$ 275,885	\$ 279,916	\$ 411,034	\$ 131,118

CITY OF ROCKWALL, TEXAS  
HOTEL OCCUPANCY TAX  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales taxes	\$ 450,000	\$ 450,000	\$ 413,112	\$ (36,888)
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>413,112</u>	<u>(36,888)</u>
Expenditures:				
Current:				
Finance	505,630	509,130	488,514	20,616
Total expenditures	<u>505,630</u>	<u>509,130</u>	<u>488,514</u>	<u>20,616</u>
Net change in fund balances	(55,630)	(59,130)	(75,402)	(16,272)
Fund balances, October 1	<u>85,149</u>	<u>85,149</u>	<u>85,149</u>	<u>-</u>
Fund balances, September 30	<u>\$ 29,519</u>	<u>\$ 26,019</u>	<u>\$ 9,747</u>	<u>\$ (16,272)</u>

CITY OF ROCKWALL, TEXAS  
 FIRE EQUIPMENT FUND  
 SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 58,250	\$ 58,250	\$ 58,250	\$ -
Investment earnings net of change in fair value of investments	-	-	3,675	3,675
Total revenues	<u>58,250</u>	<u>58,250</u>	<u>61,925</u>	<u>3,675</u>
Expenditures:				
Current:				
Fire	<u>11,000</u>	<u>11,000</u>	<u>9,420</u>	<u>1,580</u>
Total current	<u>11,000</u>	<u>11,000</u>	<u>9,420</u>	<u>1,580</u>
Capital outlay:				
Fire	<u>145,850</u>	<u>95,850</u>	<u>32,867</u>	<u>62,983</u>
Total capital outlay	<u>145,850</u>	<u>95,850</u>	<u>32,867</u>	<u>62,983</u>
Total expenditures	<u>156,850</u>	<u>106,850</u>	<u>42,287</u>	<u>64,563</u>
Net change in fund balances	(98,600)	(48,600)	19,638	68,238
Fund balances, October 1	<u>202,282</u>	<u>202,282</u>	<u>202,282</u>	<u>-</u>
Fund balances, September 30	<u>\$ 103,682</u>	<u>\$ 153,682</u>	<u>\$ 221,920</u>	<u>\$ 68,238</u>

CITY OF ROCKWALL, TEXAS  
 AVIATION FUND  
 SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 17,000	\$ 17,000	\$ 14,670	\$ (2,330)
Miscellaneous	36,000	37,000	35,415	(1,585)
Total revenues	<u>53,000</u>	<u>54,000</u>	<u>50,085</u>	<u>(3,915)</u>
Expenditures:				
Current:				
Administration	49,000	54,150	36,829	17,321
Total expenditures	<u>49,000</u>	<u>54,150</u>	<u>36,829</u>	<u>17,321</u>
Excess of revenues over (under) expenditures	4,000	(150)	13,256	13,406
Other financing sources (uses):				
Transfers in	-	10,000	10,000	-
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	4,000	9,850	23,256	13,406
Fund balances, October 1	<u>17,209</u>	<u>17,209</u>	<u>17,209</u>	<u>-</u>
Fund balances, September 30	<u>\$ 21,209</u>	<u>\$ 27,059</u>	<u>\$ 40,465</u>	<u>\$ 13,406</u>

CITY OF ROCKWALL, TEXAS  
 RECYCLING FUND  
 SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Investment earnings net of change in fair value of investments	-	-	1,791	1,791
Total revenues	<u>-</u>	<u>-</u>	<u>1,791</u>	<u>1,791</u>
Expenditures:				
Current:				
Administration	3,850	3,850	3,840	10
Total expenditures	<u>3,850</u>	<u>3,850</u>	<u>3,840</u>	<u>10</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,850)</u>	<u>(3,850)</u>	<u>(2,049)</u>	<u>1,801</u>
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,850)	(3,850)	(2,049)	1,801
Fund balances, October 1	<u>110,706</u>	<u>110,706</u>	<u>110,706</u>	<u>-</u>
Fund balances, September 30	<u>\$ 106,856</u>	<u>\$ 106,856</u>	<u>\$ 108,657</u>	<u>\$ 1,801</u>

CITY OF ROCKWALL, TEXAS  
NARCOTICS UNIT FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ 10,000	\$ 88,153	\$ 78,153
Total revenues	<u>-</u>	<u>10,000</u>	<u>88,153</u>	<u>78,153</u>
Expenditures:				
Current:				
Police	45,000	48,200	25,859	22,341
Total current	<u>45,000</u>	<u>48,200</u>	<u>25,859</u>	<u>22,341</u>
Capital outlay:				
Police	38,000	44,000	55,253	(11,253)
Total capital outlay	<u>38,000</u>	<u>44,000</u>	<u>55,253</u>	<u>(11,253)</u>
Total expenditures	<u>83,000</u>	<u>92,200</u>	<u>81,112</u>	<u>11,088</u>
Excess of revenues over (under) expenditures	<u>(83,000)</u>	<u>(82,200)</u>	<u>7,041</u>	<u>89,241</u>
Other financing sources:				
Transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(83,000)	(82,200)	7,041	89,241
Fund balances, October 1	<u>265,012</u>	<u>265,012</u>	<u>265,012</u>	<u>-</u>
Fund balances, September 30	<u>\$ 182,012</u>	<u>\$ 182,812</u>	<u>\$ 272,053</u>	<u>\$ 89,241</u>

CITY OF ROCKWALL, TEXAS  
DOWNTOWN IMPROVEMENT FUND  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Contributions and donations	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Expenditures:				
Current:				
Administration	5,000	5,000	3,000	2,000
Parks and recreation	3,500	6,000	2,500	3,500
Total current	<u>8,500</u>	<u>11,000</u>	<u>5,500</u>	<u>5,500</u>
Total expenditures	<u>8,500</u>	<u>11,000</u>	<u>5,500</u>	<u>5,500</u>
Excess of revenues over (under) expenditures	<u>1,500</u>	<u>(1,000)</u>	<u>4,500</u>	<u>5,500</u>
Net change in fund balances	1,500	(1,000)	4,500	5,500
Fund balances, October 1	<u>10,496</u>	<u>10,496</u>	<u>10,496</u>	<u>-</u>
Fund balances, September 30	<u>\$ 11,996</u>	<u>\$ 9,496</u>	<u>\$ 14,996</u>	<u>\$ 5,500</u>

***DEBT SERVICE FUND***

**The debt service fund is used to account for the accumulation of resources and payment of bond principal and interest from governmental resources.**

CITY OF ROCKWALL, TEXAS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes, penalty and interest	\$ 8,854,300	\$ 8,921,300	\$ 9,075,928	\$ 154,628
Charges for services	350,000	815,000	865,874	50,874
Investment earnings net of change in fair value of investments	12,000	33,000	148,489	115,489
Total revenues	<u>9,216,300</u>	<u>9,769,300</u>	<u>10,090,291</u>	<u>320,991</u>
<b>Debt service:</b>				
Principal	7,670,500	7,670,500	5,980,000	1,690,500
Interest	3,533,000	3,533,000	3,303,682	229,318
Fiscal charges	20,000	20,000	12,500	7,500
Total debt service	<u>11,223,500</u>	<u>11,223,500</u>	<u>9,296,182</u>	<u>1,927,318</u>
Total expenditures	<u>11,223,500</u>	<u>11,223,500</u>	<u>9,296,182</u>	<u>1,927,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,007,200)</u>	<u>(1,454,200)</u>	<u>794,109</u>	<u>2,248,309</u>
Net change in fund balances	(2,007,200)	(1,454,200)	794,109	2,248,309
Fund balances, October 1	<u>3,828,849</u>	<u>3,828,849</u>	<u>3,828,849</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,821,649</u>	<u>\$ 2,374,649</u>	<u>\$ 4,622,958</u>	<u>\$ 2,248,309</u>

CITY OF ROCKWALL, TEXAS  
HARBOR DEBT SERVICE  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes, penalty and interest	\$ 365,850	\$ 365,850	\$ 359,554	\$ (6,296)
Sales tax	314,500	326,500	300,579	(25,921)
Investment earnings net of change in fair value of investments			2,137	2,137
Contributions and donations	21,900	21,900	21,217	(683)
Total revenues	<u>702,250</u>	<u>714,250</u>	<u>683,487</u>	<u>(30,763)</u>
<b>Debt service:</b>				
Principal	270,000	270,000	60,000	210,000
Interest	435,100	435,100	361,822	73,278
Total debt service	<u>705,100</u>	<u>705,100</u>	<u>421,822</u>	<u>283,278</u>
Total expenditures	<u>705,100</u>	<u>705,100</u>	<u>421,822</u>	<u>283,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,850)</u>	<u>9,150</u>	<u>261,665</u>	<u>252,515</u>
Net change in fund balances	(2,850)	9,150	261,665	252,515
Fund balances, October 1	<u>592,611</u>	<u>592,611</u>	<u>592,611</u>	<u>-</u>
Fund balances, September 30	<u>\$ 589,761</u>	<u>\$ 601,761</u>	<u>\$ 854,276</u>	<u>\$ 252,515</u>

## *CAPITAL PROJECTS FUNDS*

**Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.**

Capital Projects – established to account for miscellaneous street and drainage projects which are financed with contributions from the General Fund and the Rockwall Economic Development Corporation.

Equipment Acquisition – established to account for capital equipment acquisition using operating transfers from benefiting funds and residual proceeds from miscellaneous debt.

205 Bypass Project – established to account for revenues and expenditures related to the construction of the 205 Bypass roadway project.

The Harbor/TIF Capital Projects Fund – established to account for improvements in the Tax Increment Reinvestment Zone using the proceeds from the issuance of bonds.

CITY OF ROCKWALL, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 SEPTEMBER 30, 2018

	<u>Capital Projects</u>	<u>Equipment Acquisition</u>	<u>Total Nonmajor Capital Projects Funds (See Exhibit C-1)</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 190,592	\$ 14,783	\$ 205,375
Investments	418,865	1,046,008	1,464,873
Receivables (net of allowances for uncollectibles):			
Accrued Interest	<u>1,786</u>	<u>919</u>	<u>2,705</u>
Total assets	<u>\$ 611,243</u>	<u>\$ 1,061,710</u>	<u>\$ 1,672,953</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ -	\$ 42,750	\$ 42,750
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>42,750</u>	<u>42,750</u>
<b>FUND BALANCES:</b>			
Assigned	<u>611,243</u>	<u>1,018,960</u>	<u>1,630,203</u>
Total fund balances	<u>611,243</u>	<u>1,018,960</u>	<u>1,630,203</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 611,243</u>	<u>\$ 1,061,710</u>	<u>\$ 1,672,953</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Capital Projects</u>	<u>Equipment Acquisition</u>	<u>Total Nonmajor Capital Projects Funds (See Exhibit C-2)</u>
Revenues:			
Investment earnings net of change in fair value of investments	\$ (2,769)	\$ (8,445)	\$ (11,214)
Total revenues	<u>(2,769)</u>	<u>(8,445)</u>	<u>(11,214)</u>
Expenditures:			
Capital outlay:			
Finance	-	507,475	507,475
Fire	-	38,154	38,154
Public works	-	-	-
Total capital outlay	<u>-</u>	<u>545,629</u>	<u>545,629</u>
Total expenditures	<u>-</u>	<u>545,629</u>	<u>545,629</u>
Excess of revenues over (under) expenditures	<u>(2,769)</u>	<u>(554,074)</u>	<u>(556,843)</u>
Other financing sources (uses):			
Transfers in	-	777,867	777,867
Total other financing sources (uses)	<u>-</u>	<u>777,867</u>	<u>777,867</u>
Net change in fund balances	(2,769)	223,793	221,024
Fund balances, October 1	<u>614,012</u>	<u>795,167</u>	<u>1,409,179</u>
Fund balances, September 30	<u>\$ 611,243</u>	<u>\$ 1,018,960</u>	<u>\$ 1,630,203</u>

### *INTERNAL SERVICE FUNDS*

**Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.**

Employee Benefits Fund – established to account for the financing of a medical self-insurance fund to pay medical and dental claims of the City's employees and their covered dependents.

Workers' Compensation Fund – established to account for the costs of the workers' compensation self-insurance program for the City.

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2018

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 269,539	\$ 33,508	\$ 303,047
Investments	1,224,246	394,459	1,618,705
Receivables (net of allowances for uncollectibles):			
Other	<u>49,046</u>	<u>1,394</u>	<u>50,440</u>
Total current assets	<u>1,542,831</u>	<u>429,361</u>	<u>1,972,192</u>
 Total Assets	 <u>\$ 1,542,831</u>	 <u>\$ 429,361</u>	 <u>\$ 1,972,192</u>
 <b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 359,352	\$ 94,138	\$ 453,490
Due to other funds	<u>131,026</u>	<u>-</u>	<u>131,026</u>
Total current liabilities	<u>490,378</u>	<u>94,138</u>	<u>584,516</u>
Total Liabilities			
 <b>NET ASSETS</b>			
Unrestricted	<u>1,052,453</u>	<u>335,223</u>	<u>1,387,676</u>
 Total Net Position	 <u>\$ 1,052,453</u>	 <u>\$ 335,223</u>	 <u>\$ 1,387,676</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,053,812	\$ -	\$ 1,053,812
Total operating revenues	<u>1,053,812</u>	<u>-</u>	<u>1,053,812</u>
<b>OPERATING EXPENSES:</b>			
Contractual services	3,846,963	291,686	4,138,649
Total operating expenses	<u>3,846,963</u>	<u>291,686</u>	<u>4,138,649</u>
Operating loss	<u>(2,793,151)</u>	<u>(291,686)</u>	<u>(3,084,837)</u>
<b>NON-OPERATING REVENUES:</b>			
Investment earnings net of change in fair value of investments	45,858	3,522	49,380
Miscellaneous income	28,000	500	28,500
Total non-operating revenues	<u>73,858</u>	<u>4,022</u>	<u>77,880</u>
Loss before transfers and capital contributions	<u>(2,719,293)</u>	<u>(287,664)</u>	<u>(3,006,957)</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS:</b>			
Transfers in	3,400,000	480,000	3,880,000
Transfers out	(250,000)	-	(250,000)
Total transfers and capital contributions	<u>3,150,000</u>	<u>480,000</u>	<u>3,630,000</u>
Increase in net assets	430,707	192,336	623,043
Net position, October 1	<u>621,746</u>	<u>142,887</u>	<u>764,633</u>
Net position, September 30	<u>\$ 1,052,453</u>	<u>\$ 335,223</u>	<u>\$ 1,387,676</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-9)</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 1,032,766	\$ 500	\$ 1,033,266
Cash paid to suppliers for goods and services	<u>(3,855,889)</u>	<u>(275,527)</u>	<u>(4,131,416)</u>
Net cash used by operating activities	<u>(2,823,123)</u>	<u>(275,027)</u>	<u>(3,098,150)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash received from other funds	<u>3,276,776</u>	<u>479,854</u>	<u>3,756,630</u>
Net cash provided by non-capital financing activities	<u>3,276,776</u>	<u>479,854</u>	<u>3,756,630</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of investments	(400,858)	(179,790)	(580,648)
Interest and dividends received	<u>45,858</u>	<u>2,128</u>	<u>47,986</u>
Net cash used by investing activities	<u>(355,000)</u>	<u>(177,662)</u>	<u>(532,662)</u>
Net decrease in cash and cash equivalents	98,653	27,165	125,818
Cash and cash equivalents at beginning of year	<u>170,886</u>	<u>6,343</u>	<u>177,229</u>
Cash and cash equivalents at end of year	<u>\$ 269,539</u>	<u>\$ 33,508</u>	<u>\$ 303,047</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>			
Operating loss	\$ (2,793,151)	\$ (291,686)	\$ (3,084,837)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Miscellaneous income	28,000	500	28,500
Decrease (increase) in assets:			
Receivables	(49,046)	-	(49,046)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	<u>(8,926)</u>	<u>16,159</u>	<u>7,233</u>
Net cash used by operating activities	<u>\$ (2,823,123)</u>	<u>\$ (275,027)</u>	<u>\$ (3,098,150)</u>

### ***AGENCY FUND***

**Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.**

Special Escrow Agency Fund – established to account for developer contributions for infrastructure projects related to various developments to be constructed at a later date.

CITY OF ROCKWALL, TEXAS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
SPECIAL ESCROW AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Balance October 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2018</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,914	\$ 787,033	\$ 551,003	\$ 243,944
Investments	<u>1,628,142</u>	<u>484,574</u>	<u>-</u>	<u>2,112,716</u>
Total assets	<u>\$ 1,636,056</u>	<u>\$ 1,271,607</u>	<u>\$ 551,003</u>	<u>\$ 2,356,660</u>
<b>LIABILITIES</b>				
Due to developers	<u>\$ 1,636,056</u>	<u>\$ 845,187</u>	<u>\$ 124,583</u>	<u>\$ 2,356,660</u>
Total liabilities	<u>\$ 1,636,056</u>	<u>\$ 845,187</u>	<u>\$ 124,583</u>	<u>\$ 2,356,660</u>

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

CITY OF ROCKWALL, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE  
 SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Governmental funds capital assets:		
Land	\$ 17,756,083	\$ 17,928,772
Buildings	20,378,691	20,107,047
Improvements other than buildings	33,413,397	33,954,988
Machinery and equipment	17,964,351	20,858,202
Infrastructure	243,969,785	236,043,257
Construction in progress	<u>5,470,388</u>	<u>2,534,984</u>
Total governmental funds capital assets	<u>\$ 338,952,695</u>	<u>\$ 331,427,250</u>
Investments in governmental funds capital assets by source:		
Bond proceeds	\$ 158,326,675	\$ 158,358,189
General government	51,404,532	52,441,413
Grants and entitlements	3,815,769	3,578,386
Developer contributions	<u>125,405,719</u>	<u>117,049,262</u>
Total investments in governmental funds capital assets	<u>\$ 338,952,695</u>	<u>\$ 331,427,250</u>

CITY OF ROCKWALL, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 SEPTEMBER 30, 2018

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government	\$ 5,852,474	\$ 6,436,762	\$ 4,408,393	\$ 2,641,548	\$ -	\$ 58,200	\$ 19,397,377
Public works	8,499,781	357,984	2,415,525	1,925,045	243,969,785	5,412,188	262,580,308
Public safety	1,020,430	3,691,075	235,991	5,142,048	-	-	10,089,544
Recreation/development	2,383,398	2,472,214	26,344,333	1,588,362	-	-	32,788,307
Fire equipment	<u>-</u>	<u>7,420,656</u>	<u>9,155</u>	<u>6,667,347</u>	<u>-</u>	<u>-</u>	<u>14,097,158</u>
Total governmental capital assets	<u>\$ 17,756,083</u>	<u>\$ 20,378,691</u>	<u>\$ 33,413,397</u>	<u>\$ 17,964,350</u>	<u>\$ 243,969,785</u>	<u>\$ 5,470,388</u>	<u>\$ 338,952,694</u>

CITY OF ROCKWALL, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>Function and Activity</u>	<u>Capital Assets Balance 10/1/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Capital Assets Balance 9/30/18</u>
General government	\$ 25,134,271	\$ 253,557	\$ (3,779,896)	\$ -	\$ 21,607,932
Public works	249,202,341	11,349,727	(224,187)	41,872	260,369,753
Public safety	10,289,903	995,532	(1,112,668)	(83,225)	10,089,542
Recreation/development	31,690,695	2,420,084	(1,363,822)	41,353	32,788,310
Fire equipment	<u>15,110,039</u>	<u>18,708</u>	<u>(1,031,589)</u>	<u>-</u>	<u>14,097,158</u>
Total governmental funds capital assets	<u>\$ 331,427,249</u>	<u>\$ 15,037,608</u>	<u>\$ (7,512,162)</u>	<u>\$ -</u>	<u>\$ 338,952,695</u>

***DISCRETELY PRESENTED COMPONENT UNITS***

**The Rockwall Economic Development Corporation (REDC) represents the City by promoting it as a location for new business. It also acquires and develops land for that purpose. REDC collects a half-cent sales tax to support its activities.**

**The Rockwall Technology Park Association (RTPA) provides repair and maintenance of the common area within the park developed by REDC.**

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF NET POSITION  
 DISCRETE COMPONENT UNITS  
 SEPTEMBER 30, 2018

	Governmental Activities	Business- type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,258,160	\$ 17,112	\$ 1,275,272
Investments	5,709,348	-	5,709,348
Receivables (net of allowances for uncollectibles):			
Interest	272	-	272
Accounts	4,705	28,029	32,734
Due from other governments	894,208	-	894,208
Inventory	12,401,235	-	12,401,235
Restricted assets:			
Capital assets (net of accumulated depreciation)			
Machinery and equipment	18,159	-	18,159
Total assets	20,286,087	45,141	20,331,228
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	16,293	-	16,293
Pension contributions after 12/31/17	(51,646)	-	(51,646)
Pension investment experience	55,076	-	55,076
OPEB contributions after 12/31/17	56	-	56
Change in Assumptions - OPEB	864	-	864
Total Deferred Outflows of Resources	20,643	-	20,643
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	198,417	26,170	224,587
Liabilities payable from restricted assets	-	-	-
Noncurrent liabilities:			
Pension liability	203,121	-	203,121
OPEB liability	11,250	-	11,250
Due within one year	1,748,810	-	1,748,810
Due in more than one year	18,086,907	-	18,086,907
Total liabilities	20,248,505	26,170	20,274,675
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension actual experience vs assumptions	18,156	-	18,156
Total deferred inflows of resources	18,156	-	18,156
<b>NET POSITION</b>			
Net Investment in capital assets	18,159	-	18,159
Unrestricted	21,910	18,971	40,881
Total Net Position	\$ 40,069	\$ 18,971	\$ 59,040

CITY OF ROCKWALL, TEXAS  
 COMBINING STATEMENT OF ACTIVITIES  
 DISCRETELY COMPONENT UNITS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Capital Grants and Contributions	Component Units		
				Rockwall Economic Development Corporation	Rockwall Technology Park	Total
<b>DISCRETE COMPONENT UNITS:</b>						
Rockwall Economic Development Corporation						
Administration	\$ 2,114,510	\$ -	\$ -	\$ (2,114,510)	\$ -	\$ (2,114,510)
Interest on long-term debt	824,516	-	-	(824,516)	-	(824,516)
Total Rockwall Economic Development Corporation	<u>2,939,026</u>	<u>-</u>	<u>-</u>	<u>(2,939,026)</u>	<u>-</u>	<u>(2,939,026)</u>
Rockwall Technology Park Association						
Administration	194,093	193,444	-	-	(649)	(649)
	<u>\$ 3,133,119</u>	<u>\$ 193,444</u>	<u>\$ -</u>	<u>(2,939,026)</u>	<u>(649)</u>	<u>(2,939,675)</u>
General revenues:						
Ad valorem taxes, penalty and interest				-	-	-
Sales taxes				5,756,918	-	5,756,918
Franchise taxes				-	-	-
Miscellaneous				8,506	-	8,506
Unrestricted investment earnings				71,961	-	71,961
Transfers				-	-	-
Total general revenues and transfers				<u>5,837,385</u>	<u>-</u>	<u>5,837,385</u>
Change in net position				2,898,359	(649)	2,897,710
Net position at beginning of year				(2,848,998)	19,620	(2,829,378)
Prior period adjustment - OPEB Contributions				(9,292)	-	(9,292)
Net position at end of year				<u>\$ 40,069</u>	<u>\$ 18,971</u>	<u>\$ 59,040</u>

CITY OF ROCKWALL, TEXAS  
 COMBINING BALANCE SHEET  
 DISCRETELY PRESENTED COMPONENT UNITS  
 SEPTEMBER 30, 2018

	<u>Rockwall Economic Development Corporation</u>	<u>Rockwall Technology Park</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,258,160	\$ 17,112	\$ 1,275,272
Investments	5,709,348	-	5,709,348
Receivables (net of allowances for uncollectibles):			
Interest	272	-	272
Accounts	4,705	28,029	32,734
Due from other funds	-	-	-
Due from other governments	894,208	-	894,208
Inventory	<u>12,401,235</u>	<u>-</u>	<u>12,401,235</u>
 Total assets	 <u>\$ 20,267,928</u>	 <u>\$ 45,141</u>	 <u>\$ 20,313,069</u>
 <b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 90,080	\$ 26,170	\$ 116,250
Due to other funds	<u>242</u>	<u>-</u>	<u>242</u>
Total liabilities	<u>90,322</u>	<u>26,170</u>	<u>116,492</u>
 Fund balances:			
Nonspendable	12,401,235	-	12,401,235
Restricted	<u>7,776,371</u>	<u>18,971</u>	<u>7,795,342</u>
Total fund balances	<u>20,177,606</u>	<u>18,971</u>	<u>20,196,577</u>
 Total liabilities and fund balances	 <u>\$ 20,267,928</u>	 <u>\$ 45,141</u>	 <u>\$ 20,313,069</u>

CITY OF ROCKWALL, TEXAS  
RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

Total fund balances - discretely presented component units	\$ 20,196,577
Amounts reported for discretely presented component units in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	18,159
Payables for bond principal which are not due in the current period are not reported in the funds.	(19,822,295)
Payables for bond interest which are not due in the current period are not reported in the funds.	(108,095)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(13,422)
Payables for pension & OPEB liabilities which are not due in the current period are not reported in the funds	(214,371)
Deferred outflows of resources are not considered available funds and are not recorded in governmental funds:	
Pension contributions	(51,646)
Investment experience	55,076
Charges on refunding	16,292
OPEB contributions after 12/31/17	56
Change in Assumptions - OPEB	864
Deferred inflows or resources are not considered available funds and are not recorded in governmental funds	
Pension actual experience vs assumptions	<u>(18,156)</u>
Net assets of discretely presented component units	<u><u>\$ 59,039</u></u>

CITY OF ROCKWALL, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Rockwall Economic Development Corporation	Rockwall Technology Park	Total Governmental Funds
<b>Revenues:</b>			
Sales taxes	\$ 5,756,918	\$ -	\$ 5,756,918
Investment earnings net of change in fair value of investments	71,961	-	71,961
Assessments	-	193,444	193,444
Miscellaneous	8,506	-	8,506
Total revenues	<u>5,837,385</u>	<u>193,444</u>	<u>6,030,829</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Administration	714,936	194,093	909,029
Total current	<u>714,936</u>	<u>194,093</u>	<u>909,029</u>
<b>Capital outlay:</b>			
Administration	1,260,987	-	1,260,987
Total capital outlay	<u>1,260,987</u>	<u>-</u>	<u>1,260,987</u>
<b>Debt service:</b>			
Principal	1,780,000	-	1,780,000
Interest	781,921	-	781,921
Bond issuance costs	46,908	-	46,908
Fiscal charges	3,500	-	3,500
Total debt service	<u>2,612,329</u>	<u>-</u>	<u>2,612,329</u>
Total expenditures	<u>4,588,252</u>	<u>194,093</u>	<u>4,782,345</u>
Excess of revenues over (under) expenditures	1,249,133	(649)	1,248,484
<b>Other financing sources (uses)</b>			
Bonds issued	3,165,000	-	3,165,000
Payment of bond refunding escrow agent	<u>(3,157,792)</u>	<u>-</u>	<u>(3,157,792)</u>
Total other financing sources (uses)	<u>7,208</u>	<u>-</u>	<u>7,208</u>
Net change in fund balances	1,256,341	(649)	1,255,692
Fund balances, October 1	<u>18,921,265</u>	<u>19,620</u>	<u>18,940,885</u>
Fund balances, September 30	<u>\$ 20,177,606</u>	<u>\$ 18,971</u>	<u>\$ 20,196,577</u>

CITY OF ROCKWALL, TEXAS  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF DISCRETELY PRESENTED  
 COMPONENT UNITS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net change in fund balances - discretely presented component units	\$ 1,255,692
Amounts reported for discretely presented component units in the statement of activities ("SOA") are different because:	
Expenditures are recognized in the governmental funds when paid. The Statement of Activities is presented on an accrual basis and expenses are reported when incurred. This is the net difference in pension & OPEB costs.	(653)
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,657)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,697,857
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(14,977)
Increase (decrease) in accrued interest from beginning of period to end of period.	(42,595)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>7,043</u>
Change in net assets of discretely presented component units	<u><u>\$ 2,897,710</u></u>

CITY OF ROCKWALL, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
ROCKWALL ECONOMIC DEVELOPMENT CORPORATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Sales taxes	\$ 5,535,000	\$ 5,794,450	\$ 5,756,918	\$ (37,532)
Investment earnings net of change in fair value of investments	7,500	43,000	71,961	28,961
Miscellaneous	3,070,900	3,075,900	8,506	(3,067,394)
Total revenues	<u>8,613,400</u>	<u>8,913,350</u>	<u>5,837,385</u>	<u>(3,075,965)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Administration	1,208,750	994,900	714,936	279,964
Total current	<u>1,208,750</u>	<u>994,900</u>	<u>714,936</u>	<u>279,964</u>
<b>Capital outlay:</b>				
Administration	9,144,350	1,491,200	1,260,987	230,213
Total capital outlay	<u>9,144,350</u>	<u>1,491,200</u>	<u>1,260,987</u>	<u>230,213</u>
<b>Debt service:</b>				
Principal	1,940,000	1,940,000	1,780,000	160,000
Interest	975,250	975,250	781,921	193,329
Bond issuance costs	-	-	46,908	(46,908)
Fiscal charges	4,500	4,500	3,500	1,000
Total debt service	<u>2,919,750</u>	<u>2,919,750</u>	<u>2,612,329</u>	<u>307,421</u>
Total expenditures	<u>13,272,850</u>	<u>5,405,850</u>	<u>4,588,252</u>	<u>817,598</u>
Excess of revenues over (under) expenditures	<u>(4,659,450)</u>	<u>3,507,500</u>	<u>1,249,133</u>	<u>(2,258,367)</u>
<b>Other financing sources (uses)</b>				
Bonds issued	-	3,165,000	3,165,000	-
Payment of bond refunding escrow agent	-	-	(3,157,792)	(3,157,792)
Total other financing sources (uses)	<u>-</u>	<u>3,165,000</u>	<u>7,208</u>	<u>(3,157,792)</u>
Net change in fund balances	(4,659,450)	6,672,500	1,256,341	(5,416,159)
Fund balances, October 1	<u>18,921,265</u>	<u>18,921,265</u>	<u>18,921,265</u>	<u>-</u>
Fund balances, September 30	<u>\$ 14,261,815</u>	<u>\$ 25,593,765</u>	<u>\$ 20,177,606</u>	<u>\$ (5,416,159)</u>

CITY OF ROCKWALL, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL  
ROCKWALL TECHNOLOGY PARK ASSOCIATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ 215,100	\$ 215,100	\$ 193,444	\$ (21,656)
Total revenues	<u>215,100</u>	<u>215,100</u>	<u>193,444</u>	<u>(21,656)</u>
Expenditures:				
Current:				
Administration	215,100	215,100	194,093	21,007
Total expenditures	<u>215,100</u>	<u>215,100</u>	<u>194,093</u>	<u>21,007</u>
Net change in fund balances	-	-	(649)	(649)
Fund balances, October 1	<u>19,620</u>	<u>19,620</u>	<u>19,620</u>	<u>-</u>
Fund balances, September 30	<u>\$ 19,620</u>	<u>\$ 19,620</u>	<u>\$ 18,971</u>	<u>\$ (649)</u>

***STATISTICAL SECTION***

CITY OF ROCKWALL, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE D-1

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Invested in capital assets, net of related debt	\$ 113,360,690	\$ 105,653,101	\$ 95,507,167	\$ 95,193,217	\$ 86,446,064	\$ 89,523,344	\$ 89,851,392	\$ 91,085,278	\$ 89,101,460	\$ 88,367,580
Restricted	11,813,320	15,629,382	14,270,758	7,930,007	10,584,073	2,353,423	16,124,192	1,774,193	11,788,623	2,306,529
Unrestricted	4,374,812	1,286,263	2,075,864	4,740,983	11,180,566	14,253,372	238,981	13,400,417	4,308,457	12,955,777
Total governmental activities net position	\$ 129,548,822	\$ 122,568,746	\$ 111,853,789	\$ 107,864,207	\$ 108,210,703	\$ 106,130,139	\$ 106,214,565	\$ 106,259,888	\$ 105,198,540	\$ 103,629,886
Business-type activities										
Invested in capital assets, net of related debt	\$ 84,689,276	\$ 73,291,095	\$ 66,473,007	\$ 65,822,647	\$ 61,795,531	\$ 60,558,579	\$ 58,888,435	\$ 58,139,970	\$ 54,288,096	\$ 53,418,392
Restricted	1,690,582	4,355,395	6,727,108	2,688,018	4,555,652	2,125,250	2,306,207	2,992,291	6,221,719	7,568,701
Unrestricted	11,410,416	7,599,300	3,886,649	3,831,828	1,736,457	3,208,557	4,300,793	6,124,975	5,340,103	6,162,163
Total business-type activities net position	\$ 97,790,274	\$ 85,245,790	\$ 77,086,764	\$ 72,342,493	\$ 68,087,640	\$ 65,892,386	\$ 65,495,435	\$ 67,257,236	\$ 65,849,918	\$ 67,149,256
Primary government										
Invested in capital assets, net of related debt	\$ 198,049,966	\$ 178,944,196	\$ 161,980,174	\$ 161,015,864	\$ 148,241,595	\$ 150,081,923	\$ 148,739,827	\$ 149,225,248	\$ 143,389,556	\$ 141,785,972
Restricted	13,503,902	19,984,777	20,997,866	10,618,026	15,139,725	4,478,673	18,430,399	4,766,484	18,010,342	9,875,230
Unrestricted	15,785,228	8,885,563	5,962,513	8,572,811	12,917,023	17,461,929	4,539,774	19,525,392	9,648,560	19,117,940
Total primary government net position	\$ 227,339,096	\$ 207,814,536	\$ 188,940,553	\$ 180,206,701	\$ 176,298,343	\$ 172,022,525	\$ 171,710,000	\$ 173,517,124	\$ 171,048,458	\$ 170,779,142

CITY OF ROCKWALL, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE D-2

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses</b>										
Governmental activities:										
Mayor/Council	\$ 127,123	\$ 130,560	\$ 107,998	\$ 116,572	\$ 94,747	\$ 102,993	\$ 106,959	\$ 111,494	\$ 116,372	\$ 109,844
Administration	10,366,228	9,512,613	6,145,346	8,298,012	8,515,273	7,565,249	7,631,175	7,183,587	6,862,780	6,707,709
Finance	1,686,266	1,350,581	1,345,039	1,003,849	1,089,078	951,808	1,360,201	1,331,943	1,294,888	1,409,054
Municipal Court	429,862	439,986	395,127	396,256	415,220	357,208	358,745	362,149	353,147	334,922
Police	11,605,343	11,279,010	11,001,835	10,222,333	10,251,116	9,441,521	8,836,213	8,423,470	8,609,827	8,384,774
Fire	5,214,304	4,652,974	4,266,758	3,334,030	3,100,647	3,172,688	3,002,941	2,734,296	2,741,288	2,201,236
Public Works	3,195,355	3,517,130	12,889,840	5,438,890	7,653,406	8,651,550	8,398,043	8,008,701	6,669,448	5,482,571
Community Development	1,965,366	1,973,607	1,778,965	1,724,660	1,699,428	2,432,153	1,185,114	1,203,407	1,210,519	1,350,023
Parks and Recreation	5,450,380	5,016,834	2,157,430	3,981,748	3,185,425	4,825,050	6,003,610	5,843,647	5,805,241	5,250,506
Interest on long-term debt	3,828,514	4,027,789	4,165,018	5,302,942	4,853,042	4,714,902	4,666,567	4,554,433	4,717,319	4,669,459
Total governmental activities expenses	43,868,741	41,901,084	44,253,356	39,819,292	40,857,382	42,215,122	41,549,568	39,757,127	38,380,829	35,900,098
Business-type activities:										
Water and Sewer	22,698,696	21,541,809	19,608,273	17,278,731	17,071,406	16,723,552	15,549,248	14,715,610	13,916,192	13,272,884
Total business-type activities expenses	22,698,696	21,541,809	19,608,273	17,278,731	17,071,406	16,723,552	15,549,248	14,715,610	13,916,192	13,272,884
Total primary government expenses	66,567,437	63,442,893	63,861,629	57,098,023	57,928,788	58,938,674	57,098,816	54,472,737	52,297,021	49,172,982
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Community Development	1,588,987	1,878,004	1,334,327	1,351,443	1,113,132	1,163,945	1,125,092	792,029	664,711	1,025,979
Municipal Court	922,810	1,040,903	1,120,665	1,172,154	1,110,268	967,113	1,179,016	1,195,552	1,193,019	1,082,488
Police	999,896	961,712	845,646	860,390	725,857	488,631	463,565	550,947	522,919	516,591
Parks and Recreation	856,296	796,134	693,191	626,694	574,480	421,599	428,461	367,170	376,123	366,360
Public Works	1,483,197	1,645,405	945,930	1,086,223	756,113	162,374	129,562	55,316	62,795	99,753
Other	1,166,088	1,199,910	1,651,499	840,425	881,166	259,196	256,464	242,828	267,362	200,978
Operating grants & contributions	411,439	1,942,620	196,662	418,309	432,146	358,808	660,140	366,656	59,303	81,199
Capital grants & contributions	44,793	-	-	57,286	107,342	3,411,221	2,012,936	4,525,403	4,437,478	8,127,487
Total governmental activities program revenues	7,473,506	9,464,688	6,787,920	6,412,924	5,700,504	7,232,887	6,255,236	8,095,901	7,583,710	11,500,835

CITY OF ROCKWALL, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE D-2

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Business-type activities:</b>										
Charges for services:										
Water Sales	\$ 14,994,386	\$ 13,443,511	\$ 12,738,912	\$ 10,220,088	\$ 8,140,267	\$ 8,285,306	\$ 7,780,095	\$ 8,547,662	\$ 6,917,587	\$ 6,574,110
Sewer Charges	7,347,007	7,092,057	6,360,126	5,511,705	4,901,303	4,255,951	3,720,357	3,406,283	2,864,595	2,748,160
Other	4,762,490	3,983,746	3,064,618	2,841,883	2,465,315	2,577,650	2,564,063	2,752,625	2,150,155	1,951,945
Capital grants & contributions	7,707,536	6,016,867	3,049,464	4,713,024	4,829,708	3,426,328	1,178,672	2,157,402	1,992,680	3,374,321
<b>Total business-type activities program revenues</b>	<b>34,811,419</b>	<b>30,536,181</b>	<b>25,213,120</b>	<b>23,286,700</b>	<b>20,336,593</b>	<b>18,545,235</b>	<b>15,243,186</b>	<b>16,863,972</b>	<b>13,925,017</b>	<b>14,648,536</b>
<b>Total primary government program revenues</b>	<b>42,284,925</b>	<b>40,000,869</b>	<b>32,001,040</b>	<b>29,699,624</b>	<b>26,037,097</b>	<b>25,778,122</b>	<b>21,498,422</b>	<b>24,959,873</b>	<b>21,508,727</b>	<b>26,149,371</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(36,395,235)	(32,436,396)	(37,465,436)	(33,406,368)	(35,156,878)	(34,982,235)	(35,294,332)	(31,661,226)	(30,797,119)	(24,399,263)
Business-type activities	12,112,723	8,994,372	5,604,847	6,007,969	3,265,187	1,821,683	(306,062)	2,148,362	8,825	1,375,652
<b>Total primary government net expense</b>	<b>(24,282,512)</b>	<b>(23,442,024)</b>	<b>(31,860,589)</b>	<b>(27,398,399)</b>	<b>(31,891,691)</b>	<b>(33,160,552)</b>	<b>(35,600,394)</b>	<b>(29,512,864)</b>	<b>(30,788,294)</b>	<b>(23,023,611)</b>
<b>General Revenues and Transfers</b>										
Governmental activities:										
Property taxes	21,984,955	21,470,363	20,966,521	20,432,488	18,438,330	17,870,887	17,321,016	17,204,239	16,735,510	16,422,119
Sales taxes	17,949,999	17,132,733	16,331,411	15,171,326	14,341,277	14,045,093	12,720,023	11,526,555	10,833,397	10,264,401
Other	4,173,705	3,561,607	3,454,314	4,312,446	3,365,885	3,310,417	3,613,020	3,011,917	3,285,081	3,734,068
Transfers	(329,950)	986,650	949,250	936,500	1,091,950	1,217,550	1,594,950	979,863	1,511,785	6,201,291
<b>Total governmental activities</b>	<b>43,778,709</b>	<b>43,151,353</b>	<b>41,701,496</b>	<b>40,852,760</b>	<b>37,237,442</b>	<b>36,443,947</b>	<b>35,249,009</b>	<b>32,722,574</b>	<b>32,365,773</b>	<b>36,621,879</b>
Business-type activities:										
Other	142,378	151,304	88,673	11,798	22,017	180,858	139,212	238,819	203,622	675,348
Transfers	329,950	(986,650)	(949,250)	(936,500)	(1,091,950)	(1,217,550)	(1,594,950)	(979,863)	(1,511,785)	(6,201,291)
<b>Total business-type activities</b>	<b>472,328</b>	<b>(835,346)</b>	<b>(860,577)</b>	<b>(924,702)</b>	<b>(1,069,933)</b>	<b>(1,036,692)</b>	<b>(1,455,738)</b>	<b>(741,044)</b>	<b>(1,308,163)</b>	<b>(5,525,943)</b>
<b>Total primary government</b>	<b>44,251,037</b>	<b>42,316,007</b>	<b>40,840,919</b>	<b>39,928,058</b>	<b>36,167,509</b>	<b>35,407,255</b>	<b>33,793,271</b>	<b>31,981,530</b>	<b>31,057,610</b>	<b>31,095,936</b>
<b>Change in Net Position</b>										
Governmental activities	7,383,474	10,714,957	4,236,060	7,446,392	2,080,564	1,461,712	(45,323)	1,061,348	1,568,654	12,222,616
Business-type activities	12,585,051	8,159,026	4,744,270	5,083,267	2,195,254	784,991	(1,761,800)	1,407,318	(1,299,338)	(4,150,291)
<b>Total primary government</b>	<b>\$ 19,968,525</b>	<b>\$ 18,873,983</b>	<b>\$ 8,980,330</b>	<b>\$ 12,529,659</b>	<b>\$ 4,275,818</b>	<b>\$ 2,246,703</b>	<b>\$ (1,807,123)</b>	<b>\$ 2,468,666</b>	<b>\$ 269,316</b>	<b>\$ 8,072,325</b>

CITY OF ROCKWALL, TEXAS  
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)  
 (unaudited)

TABLE D-3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2009	16,422,119	10,264,401	2,535,846	29,222,366
2010	16,735,510	10,833,397	2,748,483	30,317,390
2011	17,204,239	11,526,555	2,445,762	31,176,556
2012	17,321,016	12,720,023	2,821,451	32,862,490
2013	17,870,887	14,045,093	2,743,839	34,659,819
2014	18,416,548	14,341,277	3,093,257	35,851,082
2015	20,432,488	15,171,325	4,035,823	39,639,636
2016	20,966,521	16,331,411	3,201,488	40,499,420
2017	21,470,363	17,132,733	3,157,478	41,760,574
2018	21,984,955	17,949,999	3,348,981	43,283,935

CITY OF ROCKWALL, TEXAS  
 BUSINESS TYPE ACTIVITIES REVENUES BY SOURCE  
 (accrual basis of accounting)  
 (unaudited)

TABLE D-4

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Sewer Charges</u>	<u>Total</u>
2009	6,574,110	2,748,160	9,322,270
2010	6,917,587	2,864,595	9,782,182
2011	8,547,662	3,406,283	11,953,945
2012	7,780,095	3,720,357	11,500,451
2013	8,285,306	4,255,951	12,541,257
2014	8,140,267	4,901,303	13,041,570
2015	10,220,088	5,511,705	15,731,793
2016	12,738,912	6,360,126	19,099,038
2017	13,443,511	7,092,057	20,535,568
2018	14,994,386	7,347,007	22,341,393

CITY OF ROCKWALL, TEXAS  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-5

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,870
Restricted	-	-	-	-	-	-	23,038	-	-	-
Non-spendable	-	-	-	-	-	2,514	1,120	2,116	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	9,159,333	8,293,107
Unassigned	12,825,308	10,827,051	11,165,872	11,476,929	10,305,640	11,273,469	9,893,803	10,085,001	-	-
Total general fund	<u>\$ 12,825,308</u>	<u>\$ 10,827,051</u>	<u>\$ 11,165,872</u>	<u>\$ 11,476,929</u>	<u>\$ 10,305,640</u>	<u>\$ 11,275,983</u>	<u>\$ 9,917,961</u>	<u>\$ 10,087,117</u>	<u>\$ 9,159,333</u>	<u>\$ 8,295,977</u>
All other governmental funds										
Restricted	\$ 854,276	\$ 592,611	\$ (86,775)	\$ 127,659	\$ (88,096)	328,435	1,511,561	1,641,992	-	-
Committed	-	-	-	-	-	2,973,086	2,722,094	2,608,081	-	-
Committed for Debt Service	3,277,958	3,828,849	2,201,438	936,770	460,648	772,045	-	-	930,290	1,077,236
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	2,320,833	2,399,605
Capital projects funds	-	-	-	-	-	-	-	-	10,319,501	16,906,340
Assigned	9,713,024	12,787,803	13,628,545	8,859,209	12,396,173	15,535,782	14,549,510	16,652,507	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 13,845,258</u>	<u>\$ 17,209,263</u>	<u>\$ 15,743,208</u>	<u>\$ 9,923,638</u>	<u>\$ 12,768,725</u>	<u>\$ 19,609,348</u>	<u>\$ 18,783,165</u>	<u>\$ 20,902,580</u>	<u>\$ 13,570,624</u>	<u>\$ 20,383,181</u>

Note: The City implemented GASB 54 effective for the year ending September 30, 2011.

CITY OF ROCKWALL, TEXAS  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-6

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Ad valorem taxes, penalty and interest	\$ 21,889,749	\$ 21,364,031	\$ 20,946,082	\$ 20,441,533	\$ 18,416,548	\$ 17,890,435	\$ 17,338,798	\$ 17,329,982	\$ 16,560,766	\$ 16,407,575
Sales taxes	17,949,998	17,132,733	16,331,411	15,171,325	14,341,278	14,045,093	12,720,023	11,526,555	10,833,397	10,264,401
Franchise taxes	3,255,645	3,154,432	3,186,160	3,927,501	3,016,446	2,748,707	2,879,585	2,604,569	2,728,251	2,444,296
Charges for services	2,364,134	2,431,114	1,765,734	1,802,529	1,346,695	1,049,134	1,383,158	710,007	713,760	738,146
Permits	1,487,961	1,772,362	1,233,776	1,277,011	1,019,605	1,119,438	1,076,770	765,500	651,108	1,005,541
Municipal court	938,043	1,042,793	1,152,543	1,177,416	1,161,283	1,050,955	1,141,742	1,157,838	1,173,907	1,056,904
Intergovernmental	943,848	1,012,738	831,958	774,205	624,045	440,250	835,948	478,037	506,100	428,747
Interest income	401,167	141,210	105,047	88,724	51,672	(21,660)	114,588	136,878	60,429	611,615
Miscellaneous	611,405	538,312	315,876	440,246	525,865	795,304	795,150	661,379	569,258	872,988
Contributions and donations	424,128	1,780,277	90,812	388,236	527,008	44,929	727,361	364,975	148,512	2,812,457
<b>Total Revenues</b>	<b>50,266,078</b>	<b>50,370,002</b>	<b>45,959,399</b>	<b>45,488,726</b>	<b>41,030,445</b>	<b>39,162,585</b>	<b>39,013,123</b>	<b>35,735,720</b>	<b>33,945,488</b>	<b>36,642,670</b>
<b>Expenditures</b>										
Current:										
Mayor/council	127,123	130,560	107,998	116,572	94,747	102,995	106,958	111,494	116,372	109,845
Administration	4,772,422	4,859,771	4,348,317	4,221,318	3,997,844	3,821,755	3,690,167	3,402,793	3,353,637	3,358,705
Finance	1,178,791	1,183,815	1,017,359	948,974	985,734	924,415	1,245,790	1,211,261	1,189,250	1,266,436
Municipal court	429,862	439,986	389,914	396,256	415,220	349,536	337,537	335,082	333,234	318,467
Police	11,126,009	11,053,569	10,660,642	9,934,841	9,539,572	8,847,655	8,299,514	7,982,280	8,083,075	7,775,622
Fire	4,272,346	3,876,111	3,425,461	3,153,514	2,766,298	2,383,832	2,347,279	2,146,012	2,179,372	1,618,559
Public works	5,102,468	5,796,784	5,036,475	4,559,460	4,174,815	2,153,427	2,285,737	2,122,710	1,577,760	1,528,010
Community development	1,965,366	1,973,607	1,778,733	1,724,660	1,699,428	1,139,859	1,164,786	1,178,982	1,130,169	1,258,030
Parks and recreation	3,990,911	3,974,766	3,157,568	3,227,161	2,907,884	4,892,456	4,689,177	4,590,161	4,529,739	4,493,524
<b>Total current</b>	<b>32,965,298</b>	<b>33,288,969</b>	<b>29,922,467</b>	<b>28,282,756</b>	<b>26,581,542</b>	<b>24,615,930</b>	<b>24,166,945</b>	<b>23,080,775</b>	<b>22,492,608</b>	<b>21,727,198</b>
Capital outlay:										
Administration	3,339,081	655,182	3,480,825	3,220,135	474,857	8,431,896	6,649,805	7,168,226	4,746,948	18,427,890
Finance	507,475	166,766	173,471	54,875	103,344	124,302	224,306	101,525	57,653	78,866
Municipal Court	-	-	-	-	-	205,947	-	-	-	-
Police	303,473	428,155	544,428	287,492	711,544	167,587	465,169	274,821	1,316,626	258,623
Fire	71,021	652,484	410,467	180,516	334,349	2,167,780	368,805	266,400	434,754	6,462,691
Public works	84,906	441,324	431,590	98,112	6,421,609	-	-	-	24,575	90,798
Parks and recreation	682,618	1,073,992	893,797	754,587	277,541	65,534	486,159	-	1,095,622	482,177
<b>Total capital outlay</b>	<b>4,988,574</b>	<b>3,417,903</b>	<b>5,934,578</b>	<b>4,595,717</b>	<b>8,323,244</b>	<b>11,163,046</b>	<b>8,194,244</b>	<b>7,810,972</b>	<b>7,676,178</b>	<b>25,801,045</b>

CITY OF ROCKWALL, TEXAS  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-6

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt service:										
Principal	\$ 6,040,000	\$ 6,040,000	\$ 6,560,000	\$ 6,809,632	\$ 6,803,038	\$ 5,268,038	\$ 4,933,038	\$ 4,278,038	\$ 4,458,038	\$ 4,670,540
Interest	3,665,504	3,868,544	3,945,758	5,091,670	4,630,739	4,613,787	4,820,183	4,570,301	4,766,488	4,716,545
Bond issuance costs	-	-	231,376	-	74,581	90,615	44,305	150,900	-	242,173
Fiscal charges	12,500	14,000	25,855	39,250	14,800	10,500	8,800	11,200	7,032	15,284
Total debt services	9,718,004	9,922,544	10,762,989	11,940,552	11,523,158	9,982,940	9,806,326	9,010,439	9,231,558	9,644,542
Total expenditures	47,671,876	46,629,416	46,620,034	44,819,025	46,427,944	45,761,916	42,167,515	39,902,186	39,400,344	57,172,785
Excess (deficiency) of revenues over (under) expenditures	2,594,202	3,740,586	(660,635)	669,701	(5,397,499)	(6,599,331)	(3,154,392)	(4,166,466)	(5,454,856)	(20,530,115)
<b>Other financing sources (uses):</b>										
Transfers in	1,280,466	1,316,687	540,350	689,000	2,769,639	2,277,550	2,217,035	3,456,450	1,478,835	8,664,757
Transfers out	(5,240,416)	(3,930,037)	(3,131,100)	(3,032,500)	(5,257,689)	(4,215,000)	(3,502,085)	(2,913,587)	(2,304,050)	(4,488,966)
Bonds issued	-	-	8,076,711	-	9,820,000	10,530,000	2,150,000	13,210,000	-	19,295,000
Capital Leases	-	-	-	-	-	-	-	-	330,870	-
Refunding bonds issued	-	-	53,221,012	-	-	-	-	-	-	4,805,000
Accrued interest on bonds issued	-	-	-	-	-	-	-	-	-	-
Premium (discounts) on bonds issued	-	-	6,769,228	-	-	221,417	-	325,248	-	444,623
Payment to refunded bond escrow agent	-	-	(59,060,574)	-	(9,745,419)	-	-	(1,651,905)	-	(4,853,047)
Prior Period Adjustment	-	-	(246,478)	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,959,950)	(2,613,350)	6,169,149	(2,343,500)	(2,413,469)	8,813,967	864,950	12,426,206	(494,345)	23,867,367
Net change in fund balances	\$ (1,365,748)	\$ 1,127,236	\$ 5,508,514	\$ (1,673,799)	\$ (7,810,968)	\$ 2,214,636	\$ (2,289,442)	\$ 8,259,740	\$ (5,949,201)	\$ 3,337,252
Debt service as a percentage of noncapital expenditures	22.7%	22.9%	25.8%	29.6%	30.0%	28.6%	28.7%	27.6%	29.1%	30.6%

CITY OF ROCKWALL, TEXAS  
 GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-7

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2009	16,407,575	10,264,401	2,444,296	29,116,272
2010	16,560,766	10,833,397	2,728,251	30,122,414
2011	17,329,982	11,526,555	2,604,569	31,461,106
2012	17,338,798	12,720,023	2,879,585	32,938,406
2013	17,890,435	14,045,093	2,748,707	34,684,235
2014	18,438,330	14,341,277	3,093,257	35,872,864
2015	20,441,533	15,171,325	3,927,501	39,540,359
2016	20,946,082	16,331,411	3,186,160	40,463,653
2017	21,364,031	17,132,733	3,154,432	41,651,196
2018	21,889,749	17,949,998	3,255,645	43,095,392

CITY OF ROCKWALL  
 SALES TAX COLLECTIONS AS COMPARED TO TAX LEVY  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-8

<b>Fiscal Year</b>	<b>Total Sales Tax Collections</b>	<b>Percent of Ad Valorem Tax Levy</b>	<b>Equivalent of Ad Valorem Tax Rate</b>
2009	10,264,401	64.30%	0.34
2010	10,833,397	65.80%	0.32
2011	11,526,555	68.74%	0.34
2012	12,720,023	75.10%	0.37
2013	14,045,093	81.16%	0.40
2014	14,341,277	78.98%	0.39
2015	15,171,325	75.62%	0.37
2016	16,331,411	77.45%	0.35
2017	17,132,733	81.25%	0.36
2018	17,949,999	82.74%	0.34

CITY OF ROCKWALL, TEXAS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-9

Fiscal Year	Tax Year	Estimated Market Value			Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
		Real Property Residential	Real Property Non-Residential	Non-Real Property Personal			
2009	2008	2,175,728,205	968,824,057	342,108,871	478,140,905	3,008,520,228	0.5031
2010	2009	2,207,188,025	1,034,428,814	343,770,085	245,497,304	3,339,889,620	0.5031
2011	2010	2,276,011,463	1,042,597,193	337,323,537	249,159,269	3,406,772,924	0.5031
2012	2011	2,316,829,222	1,041,610,117	337,423,698	264,503,280	3,431,359,757	0.5031
2013	2012	2,400,322,618	1,029,298,627	345,365,078	278,144,322	3,496,842,001	0.5025
2014	2013	2,437,302,085	1,126,527,658	385,352,763	280,459,789	3,668,722,717	0.5025
2015	2014	2,645,861,999	1,318,998,496	438,951,140	302,418,574	4,101,393,061	0.4955
2016	2015	2,897,340,628	1,324,784,283	426,923,073	334,889,710	4,314,158,274	0.4853
2017	2016	3,250,135,202	1,410,522,815	457,736,898	400,774,227	4,717,620,688	0.4543
2018	2017	3,693,500,936	1,518,970,591	493,995,150	463,427,475	5,243,039,202	0.4543

Source: Rockwall Central Appraisal District

CITY OF ROCKWALL  
PROPERTY TAX EXEMPTIONS  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE D-10

<u>Fiscal Year</u>	<u>Over 65 and Disabled</u>	<u>Disabled Veterans</u>	<u>Agriculture</u>	<u>Freeport Exemption</u>
2009	111,535,268	1,805,500	79,131,370	24,266,824
2010	117,336,354	6,522,310	101,284,160	25,091,542
2011	123,493,766	8,781,840	99,301,400	20,804,929
2012	130,833,284	10,360,860	105,251,440	20,979,952
2013	133,480,470	10,577,050	106,197,190	23,803,292
2014	139,936,532	12,780,746	102,226,360	25,071,144
2015	148,647,965	14,905,177	109,426,700	22,030,705
2016	162,365,290	20,961,691	107,887,230	28,084,128
2017	162,472,841	23,628,158	109,384,390	25,288,620
2018	169,304,945	28,450,789	120,809,076	27,839,131

CITY OF ROCKWALL, TEXAS  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 (PER \$100 OF ASSESSED VALUE)  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-11

<u>Fiscal Year</u>	<u>City of Rockwall</u>			<u>Overlapping Rates</u>	
	<u>M&amp;O</u>	<u>Debt</u>	<u>Total</u>	<u>School</u>	<u>County</u>
2009	0.2270	0.2761	0.5031	1.4700	0.3750
2010	0.2453	0.2578	0.5031	1.4700	0.3750
2011	0.2562	0.2469	0.5031	1.4700	0.3864
2012	0.2563	0.2468	0.5031	1.4700	0.3864
2013	0.2619	0.2406	0.5025	1.4700	0.3864
2014	0.2363	0.2662	0.5025	1.4600	0.3959
2015	0.2207	0.2748	0.4955	1.4400	0.3959
2016	0.2342	0.2511	0.4853	1.4400	0.3959
2017	0.2386	0.2157	0.4543	1.4650	0.3759
2018	0.2454	0.1782	0.4236	1.4400	0.3498

CITY OF ROCKWALL, TEXAS  
 PRINCIPAL TAXPAYERS  
 CURRENT YEAR AND TEN YEARS AGO  
 (unaudited)

TABLE D-12

Taxpayer	2018			2008		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Allen Foods/Bimbo Bakeries	\$ 59,186,930	1	1.13%	\$ -	-	-
Excel Rockwall, LP	57,756,030.00	2	1.10%	49,246,880	1	1.76%
Star Hubbard LLC	46,410,000	3	0.89%	-	-	-
Whitmore Manufacturing CO	38,370,540	4	0.73%	-	-	-
Rockwall Regional Hospital, LLP	37,844,760	5	0.72%	36,873,290	3	1.32%
Rockwall Crossing LTD	30,851,338	6	0.59%	23,069,615	6	0.82%
Bella Harbor Hotel Venture, LLC	27,881,900	7	0.53%	19,167,110	9	0.68%
Rockwall Dunhill LLC	27,863,400	8	0.53%	20,500,000	8	0.73%
Costco Wholesale	23,976,380	9	0.46%	-	-	-
Oncor Electric Delivery Service	23,622,738	10	0.45%	23,337,850	5	0.83%
Continental Pet Technology	-	-	-	40,604,530	2	1.45%
Mariah Bay Development Inc.	-	-	-	31,915,280	4	1.14%
Wal-mart	-	-	-	22,081,420	7	0.79%
Texas Star Express	-	-	-	18,872,090	10	0.67%
Subtotal	<u>373,764,016</u>		<u>7.13%</u>	<u>285,668,065</u>		<u>10.20%</u>
Total Taxable Value	<u>\$ 5,243,039,202</u>		<u>100.00%</u>	<u>\$ 2,801,901,551</u>		<u>100.00%</u>

Source: Rockwall Central Appraisal District

Note: Includes real property and business personal property for each entity

CITY OF ROCKWALL, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE D-13

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Total Tax Levy</b>	<b>Total Current Year Collections</b>	<b>Percent of Levy Collected During Fiscal Period</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Tax Levy</b>
2009	2008	15,962,353	15,777,483	98.84%	145,366	15,922,849	99.75%
2010	2009	16,465,193	16,182,308	98.28%	233,740	16,416,048	99.70%
2011	2010	16,768,511	16,616,216	99.09%	95,906	16,712,122	99.66%
2012	2011	16,937,674	16,780,370	99.07%	88,353	16,868,723	99.59%
2013	2012	17,306,465	17,205,265	99.42%	-	17,205,265	99.42%
2014	2013	18,157,980	18,055,096	99.43%	-	18,055,096	99.43%
2015	2014	20,063,663	19,951,271	99.44%	-	19,951,271	99.44%
2016	2015	20,561,430	20,538,371	99.89%	139,645	20,678,016	100.57%
2017	2016	21,086,975	21,119,819	100.16%	218,207	21,338,026	101.19%
2018	2017	21,695,004	21,663,720	99.86%	210,894	21,874,614	100.83%

CITY OF ROCKWALL  
TOP TEN WATER CUSTOMERS  
CURRENT YEAR AND TEN YEARS AGO  
(unaudited)

TABLE D-14

Customer	2018			2008		
	Water Usage	Rank	Percentage of Total Water Usage	Water Usage	Rank	Percentage of Total Water Usage
City of Rockwall	66,910,600	1	2.01%	62,060,900	1	2.11%
Rockwall I.S.D.	47,846,000	2	1.44%	41,117,900	2	1.40%
PA Harbor Retail	16,768,100	3	0.50%	-	-	-
Graham Packaging Continental PET	13,657,800	4	0.41%	8,960,400	9	0.30%
Excel Rockwall, L.P.	13,645,800	5	0.41%	11,179,900	8	0.38%
Allen Food Bakeries, Inc	13,262,900	6	0.40%	-	-	-
Walden Residential	12,828,300	7	0.39%	12,910,900	6	0.44%
Redi-Mix LLC	12,192,700	8	0.37%	-	-	0.00%
Star Hubbard LLC	12,057,000	9	0.36%	-	-	-
D.W.C./Highlife Properties	9,042,500	10	0.27%	17,269,800	5	0.59%
IX MC 923 Yellow Jacket Lane LP	-	-	-	-	-	-
Mission Rockwall	-	-	-	15,557,700	3	0.53%
Whittle Development	-	-	-	15,496,000	4	0.53%
Lake Pointe Church	-	-	-	11,208,600	7	0.38%
The Woodmont Company	-	-	-	7,930,000	10	0.27%
Subtotal	<u>218,211,700</u>		<u>6.56%</u>	<u>203,692,100</u>		<u>6.93%</u>
Total Water Usage	<u><u>3,326,648,890</u></u>		<u><u>100.00%</u></u>	<u><u>2,939,263,892</u></u>		<u><u>100.00%</u></u>

CITY OF ROCKWALL, TEXAS  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE D-15

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Capitalized Lease Obligations	General Obligation Bonds	Certificates of Obligation	Water and Sewer Revenue Bonds	Capitalized Lease Obligations			
2009	86,179,822	22,425,000	-	135,178	25,890,000	11,670,000	7,431,754	153,731,754	10.38%	4,789
2010	83,271,784	20,875,000	278,034	113,216	25,005,000	10,775,000	7,080,083	147,398,117	8.74%	4,205
2011	88,473,746	23,050,000	236,589	91,254	28,205,000	5,215,000	6,710,000	151,981,589	8.08%	4,129
2012	84,675,708	24,065,000	193,299	69,292	27,145,000	4,550,000	6,321,743	147,020,042	7.44%	3,810
2013	88,562,670	25,440,000	148,083	47,330	29,510,000	3,865,000	5,910,072	153,483,155	7.51%	3,960
2014	87,404,632	16,935,000	100,855	25,638	27,900,000	3,495,000	5,485,067	141,346,192	6.62%	3,533
2015	85,790,000	14,610,000	51,525	-	26,220,000	3,235,000	5,041,729	134,948,254	5.97%	3,297
2016	90,400,000	8,580,000	-	-	31,230,000	-	4,571,724	134,781,724	5.96%	3,293
2017	85,235,000	7,705,000	-	19,830,000	8,910,000	-	4,233,385	125,913,385	5.19%	2,989
2018	79,880,000	7,020,000	-	18,705,000	7,565,000	-	3,881,713	117,051,713	4.56%	2,675

Note: See Table 20 for personal income and population data  
Debt is shown gross of deferred amounts

CITY OF ROCKWALL, TEXAS  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(unaudited)

TABLE D-16

Fiscal Year	General Obligation Bonds	Governmental and Business Type Activities			Unamortized Premium (Discount)	Less: Debt Service Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value	Per Capita
		Certificates of Obligation	Contractual Obligations	Gross Bonded Debt					
2009	86,179,822	48,315,000	-	134,494,822	1,912,382	1,077,236	135,329,968	4.50%	4,215
2010	83,271,784	45,880,000	-	129,151,784	1,859,751	930,290	130,081,245	3.89%	3,711
2011	88,473,746	51,255,000	-	139,728,746	2,004,225	1,426,272	140,306,699	4.12%	3,812
2012	84,675,708	51,210,000	-	135,885,708	2,046,038	1,221,201	136,710,545	3.98%	3,543
2013	88,562,670	54,950,000	-	143,512,670	2,218,052	772,045	144,958,677	4.15%	3,740
2014	87,404,632	44,835,000	-	132,239,632	2,105,454	460,648	133,884,438	3.65%	3,346
2015	85,790,000	40,830,000	-	126,620,000	1,992,856	936,770	127,676,086	3.11%	3,119
2016	90,400,000	39,810,000	-	130,210,000	1,709,884	2,201,438	129,718,446	3.01%	3,169
2017	105,065,000	16,615,000	-	121,680,000	1,597,726	3,828,849	119,448,877	2.53%	2,836
2018	98,585,000	14,585,000	-	113,170,000	1,485,568	3,277,958	111,377,610	2.12%	2,546

Note: See Table 20 for population data and Table 9 for property value data  
Deferred amounts include unamortized premium (discount) and loss on refunding

CITY OF ROCKWALL, TEXAS  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 SEPTEMBER 30, 2018  
 (unaudited)

TABLE D-17

Jurisdiction	Net General Obligation Bonded Debt Outstanding (1)	Percentage Applicable to the City of Rockwall (2)	Amounts Applicable to the City of Rockwall
Direct:			
City of Rockwall - debt repaid with property taxes	\$ 86,900,000	100.00%	\$ 86,900,000
Indirect:			
Rockwall Independent School District	480,596,636	66.61%	320,125,419
Rockwall County	99,520,000	51.09%	50,844,768
Total Indirect	580,116,636		370,970,187
Total Direct and Overlapping Bonded Debt	\$ 667,016,636		\$ 457,870,187
Average debt per capita			\$ 11,814

Source: Municipal Advisory Council of Texas Annual Report

(1) Includes all Governmental Activities General Obligation Bonds, Contractual Obligations, Certificates of Obligation and Capital Leases

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of each governmental unit's taxable value that is within the city's boundaries and dividing it by each unit's total taxable value.

CITY OF ROCKWALL, TEXAS  
 COMPUTATION OF LEGAL DEBT MARGIN  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-18

The City of Rockwall, Texas does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits ad valorem tax rates to \$2.50 per \$100 assessed valuation for cities operating under a Home Rule Charter. Accordingly, the City's tax margin for the previous ten years was:

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Maximum Rate	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Total Tax Rate	0.4236	0.4543	0.4853	0.4955	0.5025	0.5025	0.5031	0.5031	0.5031	0.5031
Legal Debt Margin	2.0764	2.0457	2.0147	2.0045	1.9975	1.9975	1.9969	1.9969	1.9969	1.9969

CITY OF ROCKWALL, TEXAS  
 SCHEDULE OF REVENUE BOND COVERAGE - WATER AND SEWER BONDS  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-19

Fiscal Year	Total Revenues	Direct Operating Expense	Net Revenue Available for Debt Service	Annual Revenue Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	12,706,804	9,516,940	3,189,864	860,000	542,595	1,402,595	2.27
2010	12,644,083	9,871,989	2,772,094	895,000	507,658	1,402,658	1.98
2011	15,439,747	10,805,039	4,634,708	740,000	360,448	1,100,448	4.21
2012	14,809,266	11,463,657	3,345,609	665,000	219,253	884,253	3.78
2013	16,096,968	11,885,957	4,211,011	685,000	191,306	876,306	4.81
2014	16,378,963	12,610,238	3,768,725	260,000	147,294	407,294	9.25
2015	19,748,474	13,657,885	6,090,589	270,000	136,894	406,894	14.97
2016	23,406,369	15,252,009	8,154,360	-	-	-	-
2017	26,262,806	17,163,431	9,099,375	-	-	-	-
2018	28,850,782	18,680,374	10,170,408	-	-	-	-

Note: Direct operating expenses excludes depreciation

CITY OF ROCKWALL, TEXAS  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN YEARS  
 (unaudited)

TABLE D-20

<b>DEMOGRAPHICS</b>					
<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars) (3)</b>	<b>Per Capita Personal Income (1)</b>	<b>RISD School Enrollment (2)</b>	<b>Unemployment Rate (%) (1)</b>
2009	32,103	1,480,976	46,132	13,372	7.0
2010	35,050	1,687,272	48,139	13,732	6.6
2011	36,810	1,881,580	51,116	13,965	6.7
2012	38,586	1,976,529	51,224	14,213	5.1
2013	38,755	2,044,742	52,761	14,359	5.3
2014	40,008	2,135,587	53,379	14,626	4.2
2015	40,929	2,259,553	55,627	15,468	3.3
2016	41,519	2,309,577	55,627	15,512	3.1
2017	42,120	2,424,806	57,569	15,822	3.7
2018	43,750	2,568,869	58,717	16,536	3.3

Source: (1) Texas Workforce Commission, 2012 and 2013 are estimates  
 (2) Rockwall Independent School District - private schools not included  
 (3) Bureau of Economic Analysis US Dept. of Commerce

CITY OF ROCKWALL, TEXAS  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (unaudited)

TABLE D-21

Employer	2018			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockwall Independent School District	1,885	1	9.18%	1,667	1	9.39%
Texas Health Presbyterian Hospital	600	2	2.92%	419	4	-
Texas Star Express	484	3	2.36%	484	2	2.73%
Wal-Mart Superstore	450	4	2.19%	450	3	2.54%
Rockwall County	315	5	1.53%	253	5	1.43%
City of Rockwall	280	6	1.36%	256	6	1.44%
Special Products	168	7	0.82%	205	7	1.16%
L-3 Communications	150	8	0.73%	-	-	-
Home Depot	140	9	0.68%	-	-	-
Bimbo Bakeries	134	10	0.65%	-	-	-
Target	-	-	-	200	8	1.13%
Rockwall Nursing Home	-	-	-	160	9	0.90%
Kohl's Department Store	-	-	-	140	10	0.79%
Subtotal	<u>4,606</u>		<u>22.42%</u>	<u>4,234</u>		<u>23.86%</u>
Total	<u>20,544</u>		<u>100.00%</u>	<u>17,746</u>		<u>100.00%</u>

Sources: Rockwall Economic Development Corporation  
 North Central Texas Council of Governments  
 Texas Workforce Commission

CITY OF ROCKWALL, TEXAS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-22

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Administration	27	27	27	26	26	25	21	21	22	22
Finance	5.5	5.5	5.5	5	5	5	8	8	8	8
Municipal Court	5	5	5	5	5	4	4	4	4	4
Fire	29	29	26	26	23	19	17	17	17	17
Police	105	103	102	101.5	100.5	97	92.5	91.5	90.5	90.5
Community Development	20	20	19	19	19	24.5	29.5	29.5	29.5	29.5
Parks & Recreation	30	30	30	30	29	25	26	26	26	26
Public Works	21	21	21	21	21	21	21	21	21	21
Water/Sewer	38	36	33	33	34	34	37	37	38	38
<b>Total</b>	<b>280.50</b>	<b>276.50</b>	<b>268.50</b>	<b>266.50</b>	<b>262.50</b>	<b>254.50</b>	<b>256.00</b>	<b>255.00</b>	<b>256.00</b>	<b>256.00</b>

CITY OF ROCKWALL, TEXAS  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-23

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Finance										
Invoices processed	12,613	12,940	12,286	13,782	14,518	15,351	15,772	15,582	16,613	16,933
Payroll checks issued	11,476	12,044	11,213	11,093	10,118	9,650	10,065	10,500	9,356	9,176
Purchase orders issued	2,480	2,389	2,141	2,135	1,939	2,002	2,150	2,269	2,391	2,572
Municipal Court										
Violations Processed	10,570	12,124	11,171	13,135	16,950	15,208	16,859	16,361	17,261	16,526
Fire										
Employees (paid)	30	29	26	26	23	19	17	17	17	17
Volunteers	32	38	48	34	30	29	35	41	38	35
Fire Calls (City and County)	2,496	1,684	1,240	902	723	913	831	1,059	771	771
* FY18 includes initial year of First Responder Program calls										
Police										
Employees (uniformed)	85	79	78	78	78	76	72	71	71	70
Employees (civilian)	24.0	23.0	23.0	22.5	22.5	21	20	20	20	19
Calls for Service*	16,676	18,101	17,553	18,152	17,391	16,317	18,267	21,490	30,569	30,610
* Police Department software was upgraded in Sept. 2010 and utilizes a different criteria to count calls.										
Community Development										
# permits - New commercial construction	16	20	16	19	12	25	14	21	4	17
Value - New commercial construction	80,969,465	107,317,132	34,712,638	44,764,279	13,645,795	55,921,000	36,578,259	15,446,160	10,969,950	71,061,773
# permits - New residential construction	341	370	341	346	257	272	218	185	212	169
Value - New residential construction	79,618,273	84,226,817	80,982,059	79,262,932	59,868,007	56,266,387	39,815,104	36,244,834	40,293,359	30,914,120
Parks & Recreation										
The Center facility usage	48,052	47,759	46,946	62,991	78,350	84,000	81,500	84,001	68,665	61,713
Special event attendance	90,200	89,450	86,150	80,000	81,000	83,000	85,000	80,000	95,000	90,680
# recreation participants (youth & adult)	8,716	5,600	5,433	4,711	4,900	4,700	4,500	3,268	3,428	2,155
Public Works										
Streets - sq yd concrete street repair	2,248	1,263.90	1,262.94	5,407.00	3,872.00	2,333.00	4,316.37	2,276.40	2,851.55	5,507.20
\$ spent on concrete/asphalt street repair	\$ 1,015,920	\$ 834,308	\$ 749,128	\$ 806,081	\$ 909,163	\$ 712,451	\$ 654,243	\$ 602,167	\$ 575,446	\$ 541,430
Miles of public street maintained by City*	225.99	218.45	215.81	211.65	188.18	185.67	184.06	183.05	196.10	192.86
* Beginning in 2011, mileage calculations have changed and software advances have allowed for a more accurate count										

CITY OF ROCKWALL, TEXAS  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-23

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Water/Sewer										
Water customers	16,296	15,902	15,557	15,147	14,874	14,599	13,416	13,044	12,859	12,471
Sewer customers	13,583	13,212	12,944	12,644	13,215	12,968	12,137	11,891	11,651	11,401
Average daily water consumption (gal)	7,746,687	7,826,181	5,595,421	5,813,542	6,210,113	8,158,146	8,322,890	9,943,169	7,434,917	8,228,041
Peak daily water consumption (gal)	20,871,860	16,631,760	16,342,090	17,497,100	12,930,773	15,728,969	20,230,443	21,739,681	16,969,865	16,900,802
Maximum storage capacity (gal)	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

Source: City departments

Note: Operating indicators are not available for Mayor/Council and Administration functions.

n/a - Data not available

Note: Miles of streets FY 2016 of 284 included city, state and private

CITY OF ROCKWALL, TEXAS  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (unaudited)

TABLE D-24

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Fire										
Number of stations	4	4	4	4	4	4	4	4	4	2
Number of fire engines/trucks	12	12	13	13	13	13	15	15	14	12
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	41	41	41	40	42	42	42	42	42	42
Parks & Recreation										
Parks acres (developed)	620	620	598	586	538	538	538	538	538	538
Playgrounds	28	28	26	25	25	25	25	25	25	23
Picnic areas	37	37	35	32	32	32	32	32	32	31
Swimming pools	2	2	2	2	2	2	2	2	2	2
Public Works										
\$ Spent on new construction	\$ 3,848,535	\$ 1,026,792	\$ 3,510,781	\$ 8,751,606	\$ 4,760,116	\$ 3,567,315	\$ 2,164,305	\$ 1,079,938	\$ 2,596,948	\$ 15,444,384
Miles of public streets	225.99	218.45	215.81	211.65	188.18	185.67	184.06	183.05	196.10	192.86
Water/Sewer										
Water mains (miles)	323.61	318.56	300.69	302.77	287.91	287.91	276.94	265.82	269.82	255.88
Sanitary sewers (miles)	255.22	251.66	237.13	241.21	231.91	231.91	218.88	222.62	215.88	212.77

Source: City departments

Notes: Asset indicators are not available for Mayor/Council, Administration, Finance, Municipal Court, and Community Development functions.

n/a - data not available