

CITY OF ROCKWALL, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2016

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, 2016

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INTRODUCTORY SECTION

January 12, 2018

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, 2016, 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, 2016 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, 2016 are fairly presented in conformity with GAAP. The independent auditor's 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 29.79 square miles and an estimated population of 41,519.

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 7.65% 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 4.8%. The most recent five-year average is 9.50% per annum. During the downturn in the economy 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:

- Channell Commercial Corporation completed construction on their new corporate headquarters and manufacturing facility, relocating their nearly 100-year old business to Rockwall from their location in southern California. The rail-served facility is 175,000 square feet and includes the largest structural foam machine in Texas. They are an industry leader in thermoplastic enclosures for the telecommunications and broadband industries.
- Col-Met Paint Booths moved their state of the art operations from a leased facility to their new 150,000 square foot building in phase II of the Rockwall Technology Park. This move allows the company to expand current operations and provides room to expand the building further in the future.
- Pratt Industries began construction on their 389,000 square foot facility which will serve the recycled paper goods industry providing shipping ready boxes to customers including Amazon.
- Downtown Rockwall underwent extensive reconstruction with completion occurring in 2016 and marked by a full-day celebration of the end of construction. Several new stores have moved into the downtown square following the completion adding to the mix of retail, restaurant and service locations. The City benefits from the attention garnered from Rockwall's being a Texas Main Street City. The City has seen a 5.4% increase in sales taxes in the downtown area in the last fiscal year and 70.4% 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 projects in 2016 including an erosion repair project. The City had, for many years, financed vehicle additions and replacements with short-term debt. A healthy reserve allowed the City to purchase all vehicles on a pay-as-you-go basis.

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 1st of each year.

Planning Projects

The City Council values long-range planning and have supported a number of efforts outlined below.

Capital Improvement Planning

In May 2012, voters approved propositions to provide downtown accessibility projects, roadway rehabilitation and Interstate 30 ramp adjustments. The City hired design and construction management professionals to work with staff and City Council to develop the vision for the projects and cost estimates to ensure the projects as approved can move forward expeditiously and be completed within budget. Improvements have been completed on the Downtown Square to increase walkability and accessibility. Engineering firms were selected for each of the street rehabilitation projects in 2015 and the planning and design work is being completed. This work will continue through 2017 with construction starting shortly after.

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. The remaining I-30 corridor development will need to be well-planned and executed. 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. The long-term infrastructure needs of

the City including streets, water and sewer will need to be planned and funded. A study was conducted in late 2016 to assess the condition of each street and alley in the City to determine the remaining useful life of each one. The findings will then be evaluated to determine the level at which preventive maintenance will forestall more extensive repairs or replacement. The next stages of the strategic planning focused on the individual departments of the City and how they address both the goals of the larger plan and strategic needs within the department. The final plan was used as a resource during the budget planning process in 2106. In 2017, the departments will work on projects outlined in the plan and begin making quarterly reports to Council on their progress.

Future Development

Transportation

The majority of the City's main thoroughfares are state facilities. TxDOT has completed design work on the FM3549 overpass project which had unexpected delays due to problems with the construction contract but after rebidding should get underway in early 2017. FM 3097 – Horizon Road – a heavily traveled roadway in the retail and medical corridor has been under construction in 2016 and is a 24-month improvement and widening project. The City and TxDOT have jointly funded the project. The City funded and TxDOT managed the construction of a project to reverse two ramps on I-30 improving access to John King Boulevard and alleviating pressure on other intersections during the FM 3549 overpass project. TxDOT has begun planning for the widening of SH205 in the 3 counties it serves. The City Council and staff have worked closely with TxDOT as planning progresses.

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 SH 276 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. The Consortium is continuing to look at other roadways in the County to get the next list of projects vetted and serves as a positive model for neighboring areas to see the successes that this collaboration has achieved.

Medical Services

The presence of acute care at Presbyterian Hospital of Rockwall kicked off growth in the medical corridor. Several new medical buildings with doctors' suites and state of the art out-patient diagnostic imaging facilities have allowed Rockwall to become a regional medical services destination with new offices continuing to open each year. The medical destination drives other growth in the area and is an important boost to the City as visitors spend time dining and shopping while in the area.

Retail / Entertainment

“The Harbor” development is situated on the shores of Lake Ray Hubbard at I-30. A public/private partnership provided opportunities for new retailers in the Bella Harbor development as well as public open space and a full-service Hilton Hotel and Conference Center. The Conference Center continues to attract events including numerous corporate training and retreat sessions and expects many which are scheduled for 2017. The retail center will be under new ownership in 2017 with many positive changes expected. A new Marriott Springhill Suites with 105 suites and conference space broke ground with completion slated for summer 2017. The hotel will be locally owned and operated and will employ a sales director to market the property to mid-size regional conferences and meetings.

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 partnered with Rockwall County, and the Rockwall Economic Development Corporation to establish the TIF to finance the public projects. In a second project, the City collaborated with the Trend Tower developer on construction of the seven-story, 85,000 square foot office tower overlooking the lake. Trend Tower offered Class-A office space to its corporate tenants as it opened in 2014. The City has signed a lease agreement with Trend on use of the parking garage offering much needed public parking for the Harbor events.

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. Surveys conducted during the events gather data regarding the distance from which visitors traveled and approximate retail and restaurant dollars expended while here. The term “Live Music Capital of North Texas” has been coined to describe the many opportunities available year round in both public and restaurant venues.

Founder’s Day held annually in Myers Park allows residents and visitors to shop merchants’ wares, enjoy free concerts and children’s activities all day. The event culminates with a concert by a nationally recognized artist, also free to all who attend. This year the downtown merchants sponsored an art exhibit and sale during the day and shuttle service was provided between the two event locations.

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. A late evening shopping event called “Night Owls” added late evening hours and live musical entertainment each Thursday, Friday and Saturday evening on the newly opened San Jacinto Plaza bringing people out to enjoy a relaxing evening downtown. In April 2016, the Downtown merchants partnered with the City to sponsor a day-long grand re-opening celebration as construction was completed on the \$8.6 million walkability and parking improvements to the Downtown square.

Utilities

The water and wastewater rates were increased in 2016 and the City intends to raise rates in 2017. The City purchases treated water as a founding member city of the North Texas Municipal Water District. With extremely heavy 2015 rains the drought which had extended over several years and seemed to be worsening was broken and the area lakes filled completely. As the drought had

worsened the NTMWD asked its member and customer cities to reduce consumption by a minimum of 10%. Rockwall residents were so receptive to the call for conservation that actual consumption was reduced by more than 37%. While consumption has increased as time passes since the drought broke, it remains more than 25% below our peak year in 2012. Sales for the City’s water system increased by 19.32%. 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. Revenue debt has been excluded since system charges are used to retire the debt.

Outstanding General Obligation Debt at 9-30-16 (net of Debt Service)	\$129,718,446
Estimated Population	41,519
G.O. Debt Per Capita	\$3,124
Net G.O. Debt per Assessed Value	3.02%

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

	<u>General Obligation</u>	<u>Revenue</u>	<u>Sales Tax(REDC)</u>
Standard & Poor’s Rating Group	AA+	A-	A-
Moody’s Investor Service Inc.	Aa2	Aa3	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.

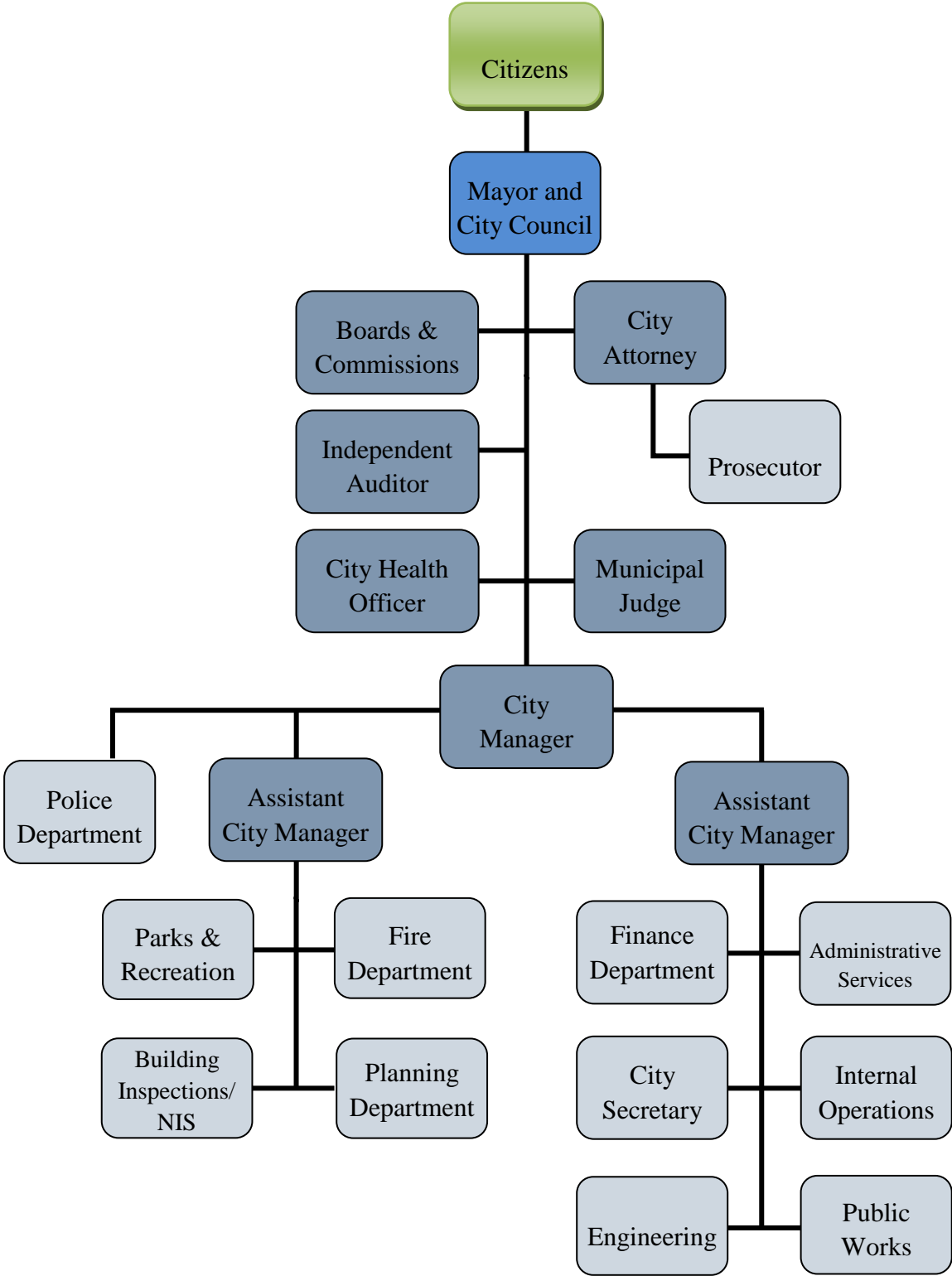
In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

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, 2016

City Council

Jim Pruitt, Mayor
Mike Townsend, Mayor Pro-Tempore
Kevin Fowler, Councilmember
John Hohenshelt, Councilmember
Dennis Lewis, Councilmember
Scott Milder, Councilmember
David White, Councilmember

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
Mark Poindexter, Fire Chief
Ryan Miller, Director of Planning and Zoning
Tim Tumulty, 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, 2016, 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 assessment, 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, 2016, 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 and budgetary comparison information on pages 19-30 and 74 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
January 12, 2018

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, 2016. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City’s total net position was \$188,940,553 at September 30, 2016.
- During the year, the City’s governmental activities expenses were \$4,236,060 less than the \$41,701,496 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, 2016, by \$111,853,789 (net position).
- At the end of this fiscal year, the unassigned fund balance for the general fund was \$11,165,872 or approximately 35.2 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 \$1,527,938 during fiscal year 2016. 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.

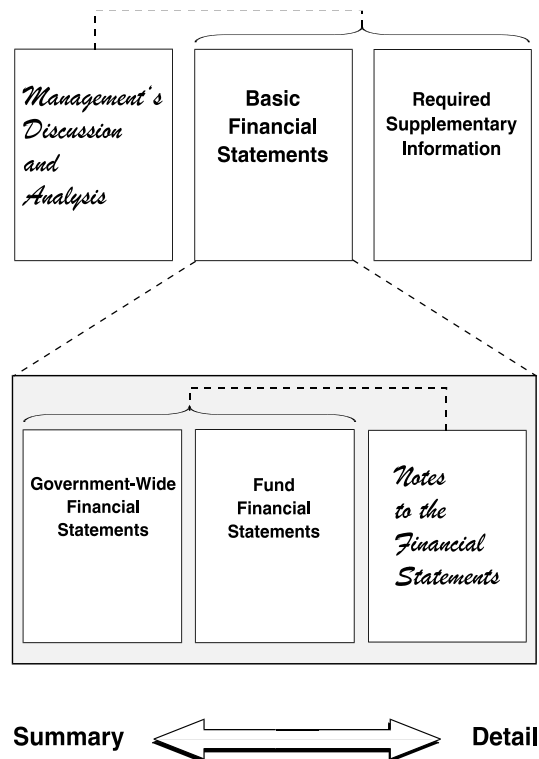
The remaining statements are fund financial statements that focus on individual parts of the government, reporting the City’s operations in more detail than the government-wide statements.

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>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<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 positions* 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 24-25 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 22 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 19 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 governmental-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 2016, the City's net position (assets exceeding liabilities) totaled \$188,940,533. 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 (85.7 percent) 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.

Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 34,528,305	\$ 27,450,014	\$ 15,160,447	\$ 8,486,760	\$ 49,688,752	\$ 35,936,774
Capital Assets	<u>194,092,167</u>	<u>196,053,217</u>	<u>102,274,731</u>	<u>100,319,376</u>	<u>296,366,898</u>	<u>296,372,593</u>
Total Assets	<u>228,620,472</u>	<u>223,503,231</u>	<u>117,435,178</u>	<u>108,806,136</u>	<u>346,055,650</u>	<u>332,309,367</u>
Deferred Outflows	<u>5,125,888</u>	<u>2,489,735</u>	<u>1,915,443</u>	<u>284,212</u>	<u>7,041,331</u>	<u>2,773,947</u>
Non-current liabilities	115,380,980	113,424,286	40,199,855	35,871,767	155,580,835	149,296,053
Other liabilities	<u>5,649,822</u>	<u>4,498,178</u>	<u>2,012,723</u>	<u>866,809</u>	<u>7,662,545</u>	<u>5,364,987</u>
Total Liabilities	<u>121,030,802</u>	<u>117,922,464</u>	<u>42,212,578</u>	<u>36,738,576</u>	<u>163,243,380</u>	<u>154,661,040</u>
Deferred Inflows	<u>861,769</u>	<u>206,295</u>	<u>51,279</u>	<u>9,278</u>	<u>913,048</u>	<u>215,573</u>
Net Position						
Invested in capital assets, net of related debt	95,507,167	95,193,217	66,473,007	65,822,647	161,980,174	161,015,864
Restricted for debt service	2,114,663	1,064,429	1,042,083	1,295,481	3,156,746	2,359,910
Restricted for capital projects	12,156,095	6,865,578	5,685,025	1,392,537	17,841,120	8,258,115
Unrestricted	<u>2,075,864</u>	<u>4,740,983</u>	<u>3,886,649</u>	<u>3,831,828</u>	<u>5,962,513</u>	<u>8,572,811</u>
Total net position	<u>\$ 111,853,789</u>	<u>\$ 107,864,207</u>	<u>\$ 77,086,764</u>	<u>\$ 72,342,494</u>	<u>\$ 188,940,553</u>	<u>\$ 180,206,700</u>

A portion of the City of Rockwall's governmental activities net position, \$20,997,866 or 11.11% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position, \$5,962,513, 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, 2016.

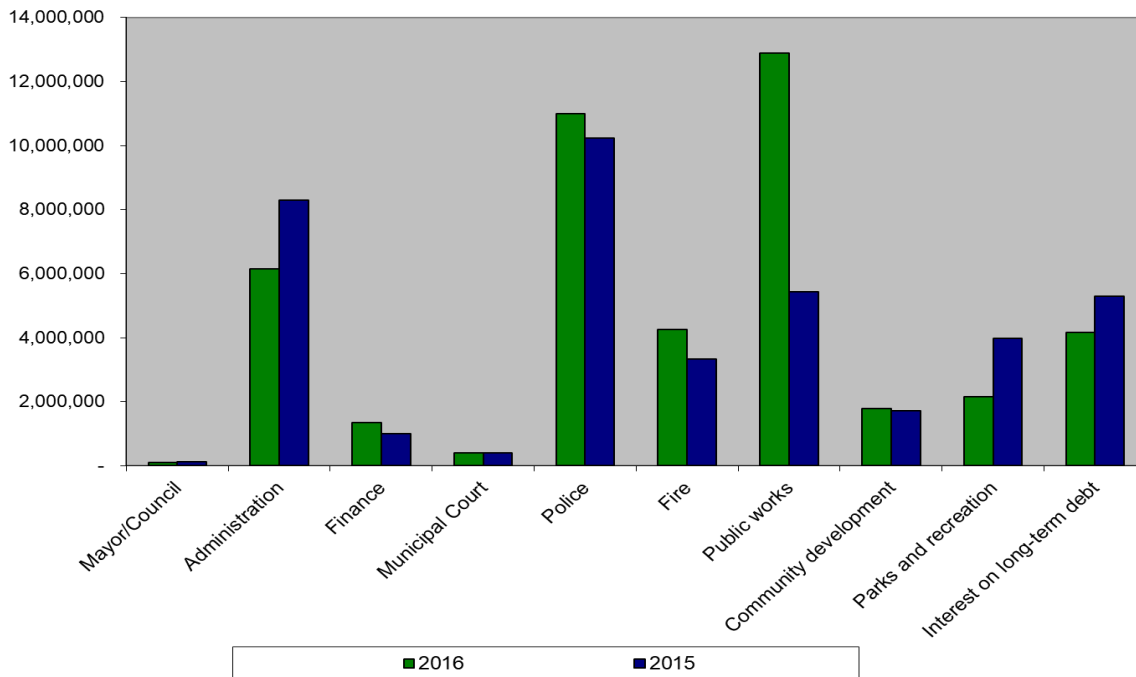
Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 6,591,258	\$ 5,937,329	\$ 22,163,656	\$ 19,736,676	\$ 28,754,914	\$ 25,674,005
Operating grants & contributions	196,662	418,309	-	-	196,662	418,309
Capital grants & contributions	-	57,286	3,049,464	3,550,024	3,049,464	3,607,310
General Revenues:						
Property taxes	20,966,521	20,432,488	-	-	20,966,521	20,432,488
Sales taxes	16,331,411	15,171,326	-	-	16,331,411	15,171,326
Other	3,454,314	4,312,446	88,673	11,798	3,542,987	4,324,244
Total revenues	<u>47,540,166</u>	<u>46,329,184</u>	<u>25,301,793</u>	<u>23,298,498</u>	<u>72,841,959</u>	<u>69,627,682</u>
Program expenses:						
Mayor/Council	107,998	116,572	-	-	107,998	116,572
Administration	6,145,346	8,298,012	-	-	6,145,346	8,298,012
Finance	1,345,039	1,003,849	-	-	1,345,039	1,003,849
Municipal Court	395,127	396,256	-	-	395,127	396,256
Police	11,001,835	10,222,333	-	-	11,001,835	10,222,333
Fire	4,266,758	3,334,030	-	-	4,266,758	3,334,030
Public works	12,889,840	5,438,890	-	-	12,889,840	5,438,890
Community development	1,778,965	1,724,660	-	-	1,778,965	1,724,660
Parks and recreation	2,157,430	3,981,748	-	-	2,157,430	3,981,748
Interest on long-term debt	4,165,018	5,302,942	-	-	4,165,018	5,302,942
Water and sewer	-	-	19,608,273	17,278,731	19,608,273	17,278,731
Total expenses	<u>44,253,356</u>	<u>39,819,292</u>	<u>19,608,273</u>	<u>17,278,731</u>	<u>63,861,629</u>	<u>57,098,023</u>
Increase (decrease) in net position before transfers	3,286,810	6,509,892	5,693,520	6,019,767	8,980,330	12,529,659
Transfers	<u>949,250</u>	<u>936,500</u>	<u>(949,250)</u>	<u>(936,500)</u>	-	-
Increase (decrease) in net position	4,236,060	7,446,392	4,744,270	5,083,267	8,980,330	12,529,659
Net position, October 1	<u>107,864,207</u>	<u>108,210,703</u>	<u>72,342,494</u>	<u>68,087,640</u>	<u>180,206,701</u>	<u>176,298,343</u>
Prior Period Adjustment	<u>(246,478)</u>	<u>(7,792,888)</u>	-	<u>(828,413)</u>	<u>(246,478)</u>	<u>(8,621,301)</u>
Net position, September 30	<u>\$ 111,853,789</u>	<u>\$ 107,864,207</u>	<u>\$ 77,086,764</u>	<u>\$ 72,342,494</u>	<u>\$ 188,940,553</u>	<u>\$ 180,206,701</u>

Governmental Activities

The City's total revenues of governmental activities were \$47,540,166. A significant portion 44.10%, of the City's revenues came from property taxes. Another 34.35% 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 either maintain the current rate or lower the tax rate each of the last five years. Total assessed values of the properties in the City increased by 6.9%. The City adopted a property tax rate of 48.53 cents per \$100 of assessed valuation for fiscal year 2016. Growth in the assessed valuation and conservative budgets allowed the City to lower the rate for fiscal year 2016 by 1.02 cents per hundred dollars of assessed valuation. Sales tax revenue increased over the prior year by 7.64% which was most influenced by increases in same stores sales. While housing starts are not expected to return to pre-downturn levels, they are trending upward and are reflective of larger homes on larger tracts resulting in significantly higher price points. Developers started infrastructure work on several new subdivisions including phases of Stone Creek, Breezy Hill, and Lakes of Somerset in 2016. The permit revenues decreased by 2.7% after increasing more than 25% in the previous fiscal year. Housing starts were strong in fiscal year 2016 but commercial permits did not increase as significantly as the year past. 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 \$44,253,356. Of this total, \$11,001,835 (24.9%) was for the Police Department. The department increased expenditures for fiscal year 2016 when compared to the prior year. Staffing was realigned in the Police Department and an officer was promoted to a Sergeant position without filling the vacancy he created. In addition, officer salaries were increased to stay competitive in our area job market. Public Works costs were \$12,889,840 (29.1%) and reflected ongoing road reconstruction

projects, the final expenses associated with the downtown improvements and an increase in the ongoing street maintenance focused projects. A study was funded to evaluate the pavement condition of all streets, alleys and sidewalks in the City limits. The results will be evaluated in the coming year and used to determine priorities for future capital projects. Administrative departments including Administration, Human Resources, and Internal Operations which is responsible for building maintenance, the public safety radio system and IT had combined costs of \$6,145,346 (13.9%).

Business-Type Activities

The City's business-type activities recorded an increase of \$4,744,270 in net position. Retail water sales increased by 24.64% in part due to raising rates by 10% in January. Despite the lack of mandatory conservation measures, the City's water consumption has not returned to pre-drought levels and remains a source of concern. Consumption levels remain more than 30% below the last non-drought year which was 2012. The City's rates were increased in 2013, 2014, 2015 and 2016 with another increase expected for 2017. 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 and total sewer charges increased by 15.4% for the fiscal year. The City employs winter averaging to calculate sewer billing, so revenues are largely not affected by restrictions on irrigating lawns. Water and sewer charges were \$19,099,038.

Water and wastewater impact fees (Capital recovery fees) revenue totaled \$1,154,040 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.

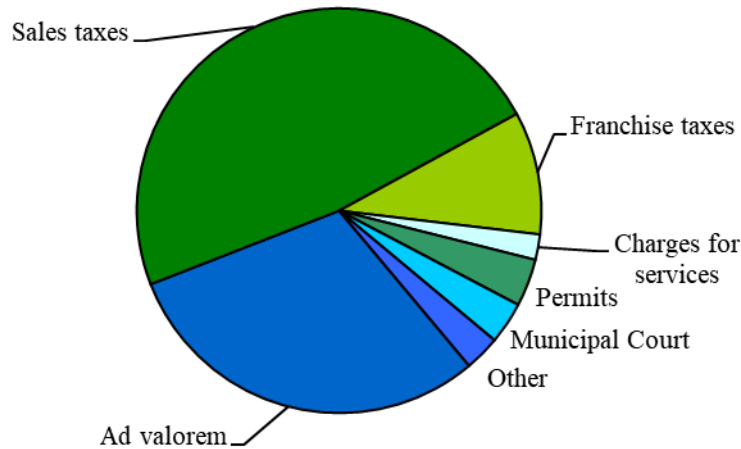
Component Units

The Rockwall Economic Development Corporation (REDC) reported revenues including the ½-cent sales tax, authorized under the Type A Corporation statutes, of \$5,212,617. Assets managed by the corporation include an inventory of over 263 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 \$11,165,872. The largest source of general fund revenue is sales tax, it accounted for \$15,574,733 (47.98%) of total general fund revenue. Ad valorem property taxes account for \$9,801,470 (30.2%) 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 City Council elected to use reserves to purchase equipment for the Police and Fire departments as well as additional funding for street maintenance. This planned use of reserves totaled \$2,029,731. The City's planned expenditures during fiscal year 2016 included capital equipment and maintenance projects in order to reduce the general fund unassigned balance. The unassigned balance decreased by \$311,057 or 2.8%.

Revenues by Source – General Fund



The City's *Debt Service Fund* reported an increase in fund balance of 1,264,688. Property tax collections for debt service requirements were \$10,513,294. 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 authorized more than \$65,031,000 in projects. After extensive study, the City adopted a Roadway Impact Fee which was updated in 2014 and which provided \$421,113 in new revenue to this fund in fiscal year 2016. The City Council chooses to budget a portion of this fund balance each year toward meeting the 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 *G.O. Bonds Capital Projects Fund* reported an assigned fund balance of \$9,919,654, an increase of \$5,330,817 from the prior year. Downtown improvements were completed in fiscal year 2016. Funding for the access ramp improvements on Interstate 30 at John King were incurred in 2016 as well. Work should be completed on the ramps in 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2016, 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 \$29,315,300 increased to \$30,446,270 while revenue estimates increased from \$31,512,800 to \$32,571,200. The City of Rockwall had originally estimated the ending general fund unassigned balance to be \$10,857,929 however due to the budget adjustments mentioned above the fund balance was re-estimated to be \$10,591,759.

General fund revenues ultimately were \$32,462,481, a negative variance of \$108,719 over the amended budget estimate, reflecting a smaller than anticipated increase in sales tax collections late in the budget year. Actual general fund total expenditures were \$29,703,438 or \$742,832 less than final projections. Final expenditures in each department were generally less than anticipated. The City ended the year with a fund balance of \$11,165,872, or \$311,057 less than the prior year. The lower fund balance is due to planned expenditures of capital items to reduce a fund balance which remains in excess of stated financial policies. City Council intended to reduce the fund balance by more than \$600,000 but the conservative projections of both revenues and expenditures resulted in a lesser change in fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2016 the City had \$296,366,903 (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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 17,238,772	\$ 17,238,772	\$ 799,533	\$ 799,533	\$ 18,038,305	\$ 18,038,305
Buildings & systems	13,100,043	13,743,910	97,625,107	98,344,141	110,725,150	112,088,051
Improvements other than buildings	17,550,029	18,801,718	-	-	17,550,029	18,801,718
Machinery & equipment	5,199,022	4,732,316	1,968,754	1,036,338	7,167,776	5,768,654
Infrastructure	127,649,975	132,229,621	-	-	127,649,975	132,229,621
Construction in progress	13,354,326	9,306,880	1,881,337	139,364	15,235,663	9,446,244
	<u>\$ 194,092,167</u>	<u>\$ 196,053,217</u>	<u>\$ 102,274,731</u>	<u>\$ 100,319,376</u>	<u>\$ 296,366,898</u>	<u>\$ 296,372,593</u>

The City held a bond election in May 2012 during which voters approved propositions to fund several street reconstruction projects as well as infrastructure and accessibility projects in the downtown area in excess of \$27,800,000. Construction was completed in 2016 and the renewed area was celebrated in a grand opening event on April 16th. The interstate ramp reversal project approved by voters was under construction in 2016 with opening slated for early 2017. The remaining roadway rehabilitation projects are under design and will be ready for bidding in 2017.

Additional information regarding the City's capital assets is found in note III-D on pages 47-50.

Debt

At year-end, the City had \$134,781,724 in bonds and capitalized leases shown in Table 4.

Table 4						
City of Rockwall Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 90,005,000	\$ 85,790,000	\$ 20,540,000	\$ -	\$ 110,545,000	\$ 85,790,000
Certificates of obligation	8,580,000	14,610,000	10,690,000	26,220,000	19,270,000	40,830,000
Revenue bonds	-	-	-	3,235,000	-	3,235,000
Capital Lease obligations	-	51,525	4,571,724	5,041,729	4,571,724	5,093,254
	<u>\$ 98,585,000</u>	<u>\$ 100,451,525</u>	<u>\$ 35,801,724</u>	<u>\$ 34,496,729</u>	<u>\$ 134,386,724</u>	<u>\$ 134,948,254</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 3.02% or \$3,124 per capita.

The City’s bond ratings at September 30, 2016 were as follows:

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

Additional information on the City of Rockwall’s long-term debt may be found in note III-F, on pages 52-58 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 2017 budget, tax rate, and fees that will be charged for the business-type activities. The major factor affecting all decisions in 2015 was the impact that mandatory water conservation has caused to revenues. With consumption increasing again, after drought restrictions were lifted, the City Council was able to budget for previously delayed equipment replacement and design of several needed water and sewer line projects. Having chosen to discontinue the management transfer from the enterprise fund to the general fund in 2015, this has not been reinstated yet in order to help restore the reserve levels, which were severely depleted. The City conservatively budgeted a 2% increase in sales tax revenue and modest increases in franchise fees. Increases are expected in construction related activity as new subdivision phases are beginning and housing sales are improving. Local builders continue to encourage the City to project continued improvement in home starts for the coming year.

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-Ft.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 3.1%, well below the national levels.

The City of Rockwall considered these factors when adopting the General Fund budget for fiscal year 2017. The budgeted revenues for fiscal year 2017 total \$34,019,150 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 45.43 cents per hundred dollars of assessed value.

The City adopted written financial policies in 2001, which require that revenues and expenditures be projected conservatively. The policies include debt level guidelines. These policies were reviewed by the City Council in 2009 and certain provisions related to the City’s fund balance were changed. The amended 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 2017 provides approximately 4.25 months of

reserves for the City. The City Council elected to purchase capital equipment including city specific components of a new county-wide radio system, upgrades to building security at the Police Station, police vehicles, fire safety equipment and street patching equipment, normally financed with short-term debt obligations, due in large part to the healthy fund balance. The 2017 budget reflects continued funding for street maintenance projects and begins the process to fund future vehicle purchases through transfers to a Vehicle Acquisition fund.

The 2017 budget expenditures include the addition of three Fire Drivers, a Police Captain and Field Supervisor in the Street department. An additional \$400,000 was included in the Street department budget for maintenance projects.

The water and sewer rate study has been updated to reflect increased charges from the North Texas Municipal Water District for treated water and the budget anticipates a significant increase in those rates. A number of capital projects to design replacement systems for older lines were undertaken in 2016 with projects slated to begin in 2017. A staged program to add generators to each wastewater lift station will continue in 2017 and infrastructure asset management software will be purchased. Operational costs were increased in order to complete deferred maintenance and the purchases discussed above.

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, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,012,973	\$ 275,458	\$ 2,288,431	\$ 202,884
Investments	24,520,786	4,229,641	28,750,427	4,471,269
Receivables (net of allowance for uncollectibles)	5,320,137	3,433,974	8,754,111	5,658
Due from other governments	2,670,505	-	2,670,505	1,380,356
Inventories	3,904	282,841	286,745	13,917,420
Restricted assets:				
Cash and cash equivalents	-	777,500	777,500	-
Investments	-	6,146,133	6,146,133	-
Accrued interest	-	14,900	14,900	-
Capital assets (net of accumulated depreciation)				
Land	17,238,772	799,533	18,038,305	-
Building and system	13,100,043	97,625,107	110,725,150	-
Improvements other than buildings	17,550,029	-	17,550,029	-
Machinery and equipment	5,199,022	1,968,754	7,167,776	28,888
Infrastructure	127,649,975	-	127,649,975	-
Construction in progress	13,354,326	1,881,337	15,235,663	-
Total assets	<u>228,620,472</u>	<u>117,435,178</u>	<u>346,055,650</u>	<u>20,006,475</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	72,043	1,393,589	1,465,632	29,327
Pension contributions after 12/31/15	1,827,068	194,577	2,021,645	42,747
Pension investment experience	3,226,777	327,277	3,554,054	74,495
Total deferred outflows of resources	<u>5,125,888</u>	<u>1,915,443</u>	<u>7,041,331</u>	<u>146,569</u>
LIABILITIES				
Accounts payable and accrued liabilities	4,862,874	841,009	5,703,883	1,143,623
Due to other governments	786,948	674,600	1,461,548	-
Customer deposits	-	487,528	487,528	-
Pension liability	13,007,660	1,364,904	14,372,564	303,087
Liabilities payable from restricted assets:				
Noncurrent liabilities:				
Due within one year	6,521,884	3,125,957	9,647,841	1,641,993
Due in more than one year	95,851,436	35,718,580	131,570,016	21,410,357
Total liabilities	<u>121,030,802</u>	<u>42,212,578</u>	<u>163,243,380</u>	<u>24,499,060</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - other	356,827	-	356,827	-
Pension actual experience vs assumptions	504,942	51,279	556,221	11,661
Total deferred inflows of resources	<u>861,769</u>	<u>51,279</u>	<u>913,048</u>	<u>11,661</u>
NET POSITION				
Net investment in capital assets	95,507,167	66,473,007	161,980,174	28,888
Restricted for:				
Debt service	2,114,663	1,042,083	3,156,746	-
Capital projects	12,156,095	5,685,025	17,841,120	-
Unrestricted	2,075,864	3,886,649	5,962,513	(4,386,565)
Total net position	<u>\$ 111,853,789</u>	<u>\$ 77,086,764</u>	<u>\$ 188,940,553</u>	<u>\$ (4,357,677)</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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	
PRIMARY GOVERNMENT:								
Governmental activities:								
Mayor/council	\$ 107,998	\$ -	\$ -	\$ -	\$ (107,998)		\$ (107,998)	
Administration	6,145,346	1,574,276	31,400	-	(4,539,670)		(4,539,670)	
Finance	1,345,039	6,650	-	-	(1,338,389)		(1,338,389)	
Municipal court	395,127	1,120,665	-	-	725,538		725,538	
Police	11,001,835	845,646	16,344	-	(10,139,845)		(10,139,845)	
Fire	4,266,758	70,573	84,450	-	(4,111,735)		(4,111,735)	
Public works	12,889,840	945,930	21,449	-	(11,922,461)		(11,922,461)	
Community development	1,778,965	1,334,327	-	-	(444,638)		(444,638)	
Parks and recreation	2,157,430	693,191	43,019	-	(1,421,220)		(1,421,220)	
Interest on long-term debt	4,165,018	-	-	-	(4,165,018)		(4,165,018)	
Total governmental activities	<u>44,253,356</u>	<u>6,591,258</u>	<u>196,662</u>	<u>-</u>	<u>(37,465,436)</u>		<u>(37,465,436)</u>	
Business-type activities:								
Water and sewer	<u>19,608,273</u>	<u>22,163,656</u>	<u>-</u>	<u>3,049,464</u>		<u>\$ 5,604,847</u>	<u>5,604,847</u>	
Total business-type activities	<u>19,608,273</u>	<u>22,163,656</u>	<u>-</u>	<u>3,049,464</u>		<u>5,604,847</u>	<u>5,604,847</u>	
Total primary government	<u>\$ 63,861,629</u>	<u>\$ 28,754,914</u>	<u>\$ 196,662</u>	<u>\$ 3,049,464</u>	<u>(37,465,436)</u>	<u>5,604,847</u>	<u>(31,860,589)</u>	
COMPONENT UNITS:								
Economic Development Corporation	\$ 7,965,585	\$ -	\$ -	\$ -				\$ (7,965,585)
Rockwall Technology Park Association	<u>182,486</u>	<u>170,919</u>	<u>-</u>	<u>-</u>				<u>(11,567)</u>
Total component units	<u>\$ 8,148,071</u>	<u>\$ 170,919</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(7,977,152)</u>
General revenues:								
Ad valorem taxes, penalty and interest					20,966,521	-	20,966,521	-
Sales taxes					16,331,411	-	16,331,411	5,212,617
Franchise taxes					3,201,488	-	3,201,488	-
Miscellaneous					139,490	37,362	176,852	185,490
Unrestricted investment earnings					113,336	51,311	164,647	17,173
Transfers					<u>949,250</u>	<u>(949,250)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>41,701,496</u>	<u>(860,577)</u>	<u>40,840,919</u>	<u>5,415,280</u>
Change in net position					4,236,060	4,744,270	8,980,330	(2,561,872)
Net position at beginning of year					107,864,207	72,342,494	180,206,701	(1,795,805)
Prior period adjustment					<u>(246,478)</u>		<u>(246,478)</u>	
Net position at end of year					<u>\$ 111,853,789</u>	<u>\$ 77,086,764</u>	<u>\$ 188,940,553</u>	<u>\$ (4,357,677)</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	General	Debt Service	G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 122,847	\$ 195,302	\$ 504,696	\$ 963,606	\$ 1,786,451
Investments	8,422,683	1,857,677	9,300,832	3,524,732	23,105,924
Receivables (net of allowances for uncollectibles):					
Taxes - delinquent	194,679	206,890	-	241	401,810
Franchise taxes	1,113,616	-	-	-	1,113,616
Fines	215,056	-	-	-	215,056
Accrued interest	17,918	-	40,049	2,381	60,348
Accounts	157,489	-	-	795,820	953,309
Assessments	-	-	-	94,711	94,711
Other receivables	89,553	-	-	-	89,553
Due from other funds	1,624,487	140,383	600,000	7,688	2,372,558
Due from other governments	2,624,166	-	-	46,339	2,670,505
Inventory	3,904	-	-	-	3,904
	<u>3,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,904</u>
 Total assets	 <u>\$ 14,586,398</u>	 <u>\$ 2,400,252</u>	 <u>\$ 10,445,577</u>	 <u>\$ 5,435,518</u>	 <u>\$ 32,867,745</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,828,446	\$ -	\$ 525,923	\$ 533,357	\$ 2,887,726
Due to other governments	786,948	-	-	-	786,948
Due to other funds	-	3,978	-	499,132	503,110
Total liabilities	<u>2,615,394</u>	<u>3,978</u>	<u>525,923</u>	<u>1,032,489</u>	<u>4,177,784</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	232,828	194,836	-	-	427,664
Unavailable revenue - developer contribution	-	-	-	424,086	424,086
Unavailable revenue - fines	100,360	-	-	-	100,360
Unavailable revenue - other	471,944	-	-	356,827	828,771
Total deferred inflows of resources	<u>805,132</u>	<u>194,836</u>	<u>-</u>	<u>780,913</u>	<u>1,780,881</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	(86,775)	(86,775)
Committed	-	2,201,438	-	-	2,201,438
Assigned	-	-	9,919,654	3,708,891	13,628,545
Unassigned	11,165,872	-	-	-	11,165,872
Total fund balances	<u>11,165,872</u>	<u>2,201,438</u>	<u>9,919,654</u>	<u>3,622,116</u>	<u>26,909,080</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 14,586,398</u>	 <u>\$ 2,400,252</u>	 <u>\$ 10,445,577</u>	 <u>\$ 5,435,518</u>	 <u>\$ 32,867,745</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, 2016

Total fund balances - governmental funds balance sheet	\$ 26,909,080
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	819,263
The following assets are not available to pay for current period expenditures and are deferred in the funds:	
Property taxes receivable	427,664
Franchise taxes receivable	405,000
Intergovernmental receivable	66,944
Contributions receivable	424,086
The following assets are not available to pay for current period expenditures and are not accrued in the funds:	
Court fines receivable	100,360
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 \$122,629,982)	194,092,167
Deferred outflows of resources are not reported in the governmental funds:	
Deferred charges on refunding	72,043
Pension contributions after measurement date	1,827,068
Difference in projected and actual earnings on pension assets	3,226,777
Changes in actuarial assumptions used to determine pension liability	(504,942)
The following liabilities are not due in the current period and are not reported in the funds:	
Compensated absences	(1,670,479)
Bonds payable	(100,702,841)
Pension liability	(13,007,660)
Accrued interest payable	(630,741)
	\$ 111,853,789

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, 2016

	General	Debt Service	G.O. Bonds Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes, penalty and interest	\$ 9,801,470	\$ 10,513,294	\$ -	\$ 631,318	\$ 20,946,082
Sales taxes	15,574,733	-	-	756,678	16,331,411
Franchise taxes	3,186,160	-	-	-	3,186,160
Charges for services	659,181	421,113	-	685,440	1,765,734
Permits	1,232,751	-	-	1,025	1,233,776
Municipal court	1,088,481	-	-	64,062	1,152,543
Intergovernmental	788,922	-	-	43,036	831,958
Interest income	37,215	12,502	33,830	21,500	105,047
Miscellaneous	93,568	13,905	2,208	206,195	315,876
Contributions and donations	-	-	-	90,812	90,812
Total revenues	<u>32,462,481</u>	<u>10,960,814</u>	<u>36,038</u>	<u>2,500,066</u>	<u>45,959,399</u>
Expenditures:					
Current:					
Mayor/council	107,998	-	-	-	107,998
Administration	4,016,960	-	-	331,357	4,348,317
Finance	619,172	-	-	398,187	1,017,359
Municipal court	389,914	-	-	-	389,914
Police	10,433,772	115,507	-	111,363	10,660,642
Fire	3,416,982	-	-	8,479	3,425,461
Public works	4,664,435	-	-	372,040	5,036,475
Community development	1,778,733	-	-	-	1,778,733
Parks and recreation	3,157,568	-	-	-	3,157,568
Total current	<u>28,585,534</u>	<u>115,507</u>	<u>-</u>	<u>1,221,426</u>	<u>29,922,467</u>
Capital outlay:					
Administration	604	-	3,480,221	-	3,480,825
Finance	-	-	-	173,471	173,471
Police	283,525	-	-	260,903	544,428
Fire	339,893	-	-	70,574	410,467
Public works	378,131	-	-	53,459	431,590
Parks and recreation	115,751	-	-	778,046	893,797
Total capital outlay	<u>1,117,904</u>	<u>-</u>	<u>3,480,221</u>	<u>1,336,453</u>	<u>5,934,578</u>
Debt service:					
Principal	-	5,995,000	-	565,000	6,560,000
Interest and fiscal charges	-	3,559,785	-	385,973	3,945,758
Bond issuance costs	-	200,816	30,560	-	231,376
Fiscal charges	-	25,855	-	-	25,855
Total debt service	<u>-</u>	<u>9,781,456</u>	<u>30,560</u>	<u>950,973</u>	<u>10,762,989</u>
Total expenditures	<u>29,703,438</u>	<u>9,896,963</u>	<u>3,510,781</u>	<u>3,508,852</u>	<u>46,620,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,759,043</u>	<u>1,063,851</u>	<u>(3,474,743)</u>	<u>(1,008,786)</u>	<u>(660,635)</u>
Other financing sources (uses):					
Transfers in	30,500	-	-	509,850	540,350
Transfers out	(3,100,600)	-	-	(30,500)	(3,131,100)
Bonds issued	-	-	8,076,711	-	8,076,711
Refunding bonds issued	-	53,221,012	-	-	53,221,012
Premium on bonds issued	-	6,040,379	728,849	-	6,769,228
Payment to bond refunding escrow agent	-	(59,060,574)	-	-	(59,060,574)
Discount on bonds issued	-	-	-	-	-
Total other financing sources (uses)	<u>(3,070,100)</u>	<u>200,817</u>	<u>8,805,560</u>	<u>479,350</u>	<u>6,415,627</u>
Net change in fund balances	(311,057)	1,264,668	5,330,817	(529,436)	5,754,992
Fund balances, October 1	11,476,929	936,770	4,588,837	4,398,030	21,400,566
Prior period adjustment - deferred revenue	-	-	-	(246,478)	(246,478)
Fund balances, September 30	<u>\$ 11,165,872</u>	<u>\$ 2,201,438</u>	<u>\$ 9,919,654</u>	<u>\$ 3,622,116</u>	<u>\$ 26,909,080</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, 2016

Net change in fund balances - governmental funds	\$ 5,754,992
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.	(70,213)
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	42,602
Assessments receivable	6,033
Franchise taxes receivable	15,328
Court fines receivable	(26,036)
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 (\$10,911,999) exceeded capital outlays (\$8,970,423) and retirements (\$19,472) in the current period.	(1,961,048)
Donations of capital assets increase net assets in the statement of activities, but are not reported in the funds because they do not provide current financial resources.	2,169,720
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.	105,276
Governmental funds report proceeds of debt as other financing sources and payments to the escrow agent for refunding of debt as other financing uses. This is the net of other financing sources (\$68,066,951) less other financing uses (\$59,060,574).	(9,006,377)
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 costs	847,805
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.	81,246
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 (\$6,560,000) and bond premium amortization (\$13,941) in the current period.	6,573,941
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>(297,209)</u>
	<u>\$ 4,236,060</u>

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-type Activities	Governmental Activities
	<u>Enterprise Fund</u>	<u>Internal</u>
	<u>Water and Sewer</u>	<u>Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 275,458	\$ 226,522
Investments	4,229,641	1,414,862
Receivables (net of allowances for uncollectibles):		
Interest		
Accounts	3,433,974	-
Other receivables	-	19,176
Inventory	282,841	-
Restricted assets:		
Cash and cash equivalents	777,500	-
Investments	6,146,133	-
Accrued interest	14,900	-
Total current assets	<u>15,160,447</u>	<u>1,660,560</u>
Noncurrent assets:		
Deferred charges	-	-
Capital assets not being depreciated	2,680,870	-
Capital assets being depreciated, net	99,593,861	-
Total noncurrent assets	<u>102,274,731</u>	<u>-</u>
Total Assets	<u>117,435,178</u>	<u>1,660,560</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred charge on refunding	1,393,589	-
Pension contributions after 12/31/15	194,577	-
Pension investment experience	327,277	-
Total Deferred Outflow of Resources	<u>1,915,443</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	766,499	566,604
Customer deposits	487,528	-
Due to other funds	674,600	274,693
General obligation bonds payable - current	2,647,136	-
Liabilities payable from restricted assets:		
Obligations under capital leases - current	338,339	-
Accrued interest payable	74,510	-
Total current liabilities	<u>4,988,612</u>	<u>841,297</u>
Noncurrent liabilities:		
General obligation bonds payable	31,490,454	-
Obligations under capital leases	4,233,385	-
Pension liability	1,364,904	-
Liability for compensated absences	135,223	-
Total noncurrent liabilities	<u>37,223,966</u>	<u>-</u>
Total Liabilities	<u>42,212,578</u>	<u>841,297</u>
DEFERRED INFLOW OF RESOURCES		
Pension actual experience vs assumptions	51,279	-
Total Deferred Inflow of Resources	<u>51,279</u>	<u>-</u>
NET ASSETS		
Invested in capital assets, net of related debt	66,473,007	-
Restricted for debt service	1,042,083	-
Restricted for construction	5,685,025	-
Unrestricted	3,886,649	819,263
Total Net Assets	<u>\$ 77,086,764</u>	<u>\$ 819,263</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, 2016

	<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>Water and Sewer</u>	<u>Governmental Activities</u> <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES:		
Charges for services	\$ 22,163,656	\$ 1,526,147
Total operating revenues	<u>22,163,656</u>	<u>1,526,147</u>
OPERATING EXPENSES:		
Personnel services	2,070,979	-
Contractual services	11,934,843	5,175,216
Materials and supplies	560,359	-
Operations	238,785	-
Utilities	447,043	-
Depreciation and amortization	2,815,102	-
Total operating expenses	<u>18,067,111</u>	<u>5,175,216</u>
Operating Income (Loss)	<u>4,096,545</u>	<u>(3,649,069)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest income	51,311	8,290
Miscellaneous income	37,362	30,566
Capital recovery fees	1,154,040	-
Paying agent fees	(8,866)	-
Interest and fiscal charges	(1,532,296)	-
Total non-operating revenues (expenses)	<u>(298,449)</u>	<u>38,856</u>
Loss before transfers and capital contributions	<u>3,798,096</u>	<u>(3,610,213)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:		
Capital contributions	1,895,424	-
Transfers in	-	3,540,000
Transfers out	(949,250)	-
Total transfers and capital contributions	<u>946,174</u>	<u>3,540,000</u>
Increase (decrease) in net assets	4,744,270	(70,213)
Net assets, October 1	<u>72,342,494</u>	<u>889,476</u>
Net assets, September 30	<u>\$ 77,086,764</u>	<u>\$ 819,263</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, 2016

	<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>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 21,494,229	\$ 1,537,537
Cash paid to employees for services	(1,977,950)	-
Cash paid to suppliers for goods and services	(12,749,188)	(4,929,748)
Net cash provided (used) by operating activities	<u>6,767,091</u>	<u>(3,392,211)</u>
Cash Flows from Non-Capital Financing Activities:		
Cash paid to other funds	(949,250)	-
Cash received from other funds	674,600	3,540,000
Net cash provided (used) by non-capital financing activities	<u>(274,650)</u>	<u>3,540,000</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition or construction of capital assets	(2,875,033)	-
Capital recovery fees received	1,154,040	-
Proceeds from capital debt	26,761,595	-
Principal paid on capital debt	(22,615,005)	-
Interest and fees paid on capital debt	(3,042,159)	-
Net cash used by capital and related financing activities	<u>(616,562)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Purchase of investments	(9,338,902)	(186,344)
Proceeds from sales and maturities of investments	1,510,726	171,230
Interest and dividends received	51,311	8,290
Net cash used by investing activities	<u>(7,776,865)</u>	<u>(6,824)</u>
Net decrease in cash and cash equivalents	(1,900,986)	140,965
Cash and cash equivalents at beginning of year	2,953,944	85,557
Cash and cash equivalents at end of year	<u>\$ 1,052,958</u>	<u>\$ 226,522</u>
Reported on Statement of Net Position		
Unrestricted cash	275,458	226,522
Restricted cash	777,500	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 4,096,545	\$ (3,649,069)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	2,815,102	-
Miscellaneous income	-	30,066
Change in Assets and Liabilities:		
Decrease (increase) in assets:		
Receivables	(722,790)	(18,676)
Inventories	(8,807)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	425,749	245,468
Customer deposits	53,363	-
Pension liability	85,257	-
Compensated absences	22,672	-
Net cash provided (used) by operating activities	<u>\$ 6,767,091</u>	<u>\$ (3,392,211)</u>
Non-cash investing and financing activities:		
Capital contributions	<u>\$ 1,154,040</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, 2016

	Agency Fund
	Special Escrow
	Agency
ASSETS	
Cash and cash equivalents	\$ 22,304
Investments	1,785,332
Total assets	\$ 1,807,636
LIABILITIES	
Due to developers	\$ 1,807,636
Total liabilities	\$ 1,807,636

The accompanying notes are an integral part of this statement.

CITY OF ROCKWALL, TEXAS

NOTES TO 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, 2016, 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, 2016 are not prepared.

CITY OF ROCKWALL, TEXAS

NOTES TO 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 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.

CITY OF ROCKWALL, TEXAS

NOTES TO 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 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 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.

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.

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.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

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

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.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

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.

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.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Assets, liabilities, and net assets or equity – continued

Fund equity - continued

Fund balance amounts 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 FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – continued

A. Budgetary information – continued

5. Budgeted amounts are as originally adopted or as amended by the City Council. During 2016, 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

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 \$15,100 in the Cemetery Fund due to a tree removal project which was undertaken to clean up storm damage.

Expenditures exceeded appropriations by \$17,163 in the Public Safety Fund as ongoing costs for data connections to the Court building were calculated incorrectly as budgets were amended.

Expenditures exceeded appropriations by \$175,465 in the Narcotics Fund as purchases in this fund are highly discretionary and the budget is fluid.

C. Deficit fund equity

The Harbor Debt Service Fund had a deficit fund balance in the amount of \$86,775 at September 30, 2016, as a result of slower than expected growth in sales tax revenues in the Harbor District. New ownership in 2017 is expected to make upgrades to the property and increase marketing efforts.

The Recreation Development Fund reported a deficit fund balance of \$175,578 due to the timing of grant proceeds which were delayed beyond the measurement period.

The Workers Compensation Fund, an internal service fund for the City's self-funded worker safety programs reported a deficit balance of \$80,747 due to higher than expected injury claims late in the fiscal year.

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, 2016, 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.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and investments – continued

Deposits - continued

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 \$777,500, 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, 2016, 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.

Investments

At September 30, 2016, the City's investments were as follows:

	Carrying Value	Maturity (months)			
		Less than 1	2 - 6	7 - 12	13 - 24+
Primary Government					
U.S. Government Agencies					
Federal Home Loan Mortgage Corp.	\$ 1,842,433	\$ -	\$ -	\$ 852,512	\$ 989,921
Federal National Mortgage Assoc.	2,298,266	-	-	-	2,298,266
Federal Farm Credit Bank	1,796,679	-	-	-	1,796,679
Federal Home Loan Bank	1,100,578	-	-	299,993	800,585
Treasury bills and notes	-	-	-	-	-
	7,037,956	-	-	1,152,505	5,885,451
Money Market Funds	29,643,936	29,643,936	-	-	-
Total Primary Government	36,681,892	29,643,936	-	1,152,505	5,885,451
Discretely Presented Component Units					
Rockwall Economic Development					
Money Market Funds	4,430,736	4,430,736	-	-	-
Rockwall Technology Park					
Money Market Funds	40,533	40,533	-	-	-
Total Discrete Component Units	4,471,269	4,471,269	-	-	-
Total Reporting Entity	\$ 41,153,161	\$ 34,115,205	\$ -	\$ 1,152,505	\$ 5,885,451

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, 2016, all of the City's investments are valued using quoted prices for similar assets in active markets. (Level 2 inputs).

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

A. Deposits and investments – continued

Investments - continued

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

Governmental activities	\$ 24,520,786
Business-type activities	10,375,774
Fiduciary Fund	1,785,332
Discretely presented component units:	
Rockwall Economic Development Corporation	4,430,736
Rockwall Technology Park	<u>40,533</u>
	<u>\$ 41,153,161</u>

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

B. Receivables

Receivable as of year-end for the government’s individual major funds an 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	\$ <u>194,679</u>	\$ <u>206,890</u>	\$ <u>-</u>	\$ <u>241</u>	\$ <u>-</u>
Fines receivable	358,427				
Allowance for uncollectibles	\$ <u>(143,371)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
	\$ <u>215,056</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Accrued Interest	\$ <u>17,918</u>	\$ <u>-</u>	\$ <u>40,049</u>	\$ <u>2,381</u>	\$ <u>-</u>
Accounts receivable	\$ 157,489	\$ -	\$ -	\$ 795,820	\$ 4,529,647
Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,095,673)</u>
Net other receivables	\$ <u>157,489</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>795,820</u>	\$ <u>3,433,974</u>
Assessments receivable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>94,711</u>	\$ <u>-</u>
Other receivables	\$ <u>89,553</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

CITY OF ROCKWALL, TEXAS

NOTES TO 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)	\$ 232,828	\$ -
Contract receivable not yet due (General Fund)	471,944	-
Fines receivable (General Fund)	100,360	-
Delinquent property taxes receivable (Debt Service Fund)	194,836	-
Developer contribution receivable (Harbor Debt Service)	424,086	-
Grants receivable (Recreational Development)	200,000	
Assessments receivable not yet due (Street Improvements)	94,712	-
Seizures not awarded (Narcotics Unit)	<u>62,115</u>	<u>62,115</u>
	<u>\$ 1,780,881</u>	<u>\$ 62,115</u>

CITY OF ROCKWALL, TEXAS

NOTES TO 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, 2016 was as follows:

	Balance 9/30/2015	Additions	Retirements	Completed Construction	Balance 9/30/2016
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 17,238,772	\$ -	\$ -	\$ -	\$ 17,238,772
Construction in progress	9,306,880	4,340,621	-	(293,175)	13,354,326
Total capital assets not being depreciated	<u>26,545,652</u>	<u>4,340,621</u>	<u>-</u>	<u>(293,175)</u>	<u>30,593,098</u>
Capital assets being depreciated:					
Buildings	20,131,411	-	-	-	20,131,411
Improvements other than buildings	31,883,936	333,949	(86,793)	-	32,131,092
Machinery and equipment	17,772,524	1,849,675	-	214,446	19,836,645
Infrastructure	211,505,008	2,446,178	-	78,729	214,029,915
Total capital assets being depreciated	<u>281,292,879</u>	<u>4,629,802</u>	<u>(86,793)</u>	<u>293,175</u>	<u>286,129,063</u>
Less accumulated depreciation for:					
Buildings	(6,387,501)	(643,867)	-	-	(7,031,368)
Improvements other than buildings	(13,082,218)	(1,800,084)	-	-	(14,882,302)
Machinery and equipment	(13,040,208)	(1,363,495)	67,321	-	(14,336,382)
Infrastructure	(79,275,387)	(7,104,553)	-	-	(86,379,940)
Total accumulated depreciation	<u>(111,785,314)</u>	<u>(10,911,999)</u>	<u>67,321</u>	<u>-</u>	<u>(122,629,992)</u>
Total capital assets being depreciated, net	<u>169,507,565</u>	<u>(6,282,197)</u>	<u>(19,472)</u>	<u>293,175</u>	<u>163,499,071</u>
Governmental activities capital assets, net	<u>\$ 196,053,217</u>	<u>\$ (1,941,576)</u>	<u>\$ (19,472)</u>	<u>\$ -</u>	<u>\$ 194,092,169</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

	Balance 9/30/2015	Additions	Retirements	Completed Construction	Balance 9/30/2016
Business-Type Activities					
Capital assets not being depreciated:					
Land	\$ 799,533	\$ -	\$ -	\$ -	\$ 799,533
Construction in progress	<u>139,364</u>	<u>1,741,973</u>	<u>-</u>	<u>-</u>	<u>1,881,337</u>
Total capital assets not being depreciated	<u>938,897</u>	<u>1,741,973</u>	<u>-</u>	<u>-</u>	<u>2,680,870</u>
Capital assets being depreciated:					
Buildings	198,109	-	-	-	198,109
Improvements other than buildings	117,061,163	1,895,424	-	-	118,956,587
Sewage treatment plants and pump station	12,516,072	-	-	-	12,516,072
Machinery and equipment	<u>5,418,674</u>	<u>1,133,060</u>	<u>-</u>	<u>-</u>	<u>6,551,734</u>
Total capital assets being depreciated	<u>135,194,018</u>	<u>3,028,484</u>	<u>-</u>	<u>-</u>	<u>138,222,502</u>
Less accumulated depreciation for:					
Buildings	(135,611)	(5,434)	-	-	(141,045)
Improvements other than buildings	(25,388,875)	(2,360,177)	-	-	(27,749,052)
Sewage treatment plants and pump station	(5,909,114)	(248,847)	-	-	(6,157,961)
Machinery and equipment	<u>(4,379,936)</u>	<u>(200,644)</u>	<u>-</u>	<u>-</u>	<u>(4,580,580)</u>
Total accumulated depreciation	<u>(35,813,536)</u>	<u>(2,815,102)</u>	<u>-</u>	<u>-</u>	<u>(38,628,638)</u>
Total capital assets being depreciated, net	<u>99,380,482</u>	<u>213,382</u>	<u>-</u>	<u>-</u>	<u>99,593,864</u>
Governmental activities capital assets, net	<u>\$ 100,319,379</u>	<u>\$ 1,955,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,274,734</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

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

Governmental activities:

Administration	\$ 724,616
Finance	154,209
Municipal Court	5,213
Police	619,997
Fire	787,223
Public Works	7,265,111
Community Development	232
Parks & Recreation	<u>1,355,398</u>
Total depreciation expense - governmental activities	<u>\$ 10,911,999</u>

Business-type activities

Water and Sewer	<u>\$ 2,815,102</u>
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Construction commitments

The City has active construction projects as of September 30, 2016. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Parks Project	\$ 571,292	\$ 217,229
Downtown Bond Project	<u>8,463,750</u>	<u>161,250</u>
	<u>\$ 9,035,042</u>	<u>\$ 378,479</u>
Utility Project	<u>\$ 1,881,336</u>	<u>\$ 760,979</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

D. Capital assets – continued

Capital asset activity of the Rockwall Economic Development Corporation (a discretely presented component unit) for the year ended September 30, 2016 was as follows:

	<u>Balance</u> <u>9/30/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>9/30/2016</u>
Capital assets being depreciated:					
Furniture and fixtures	\$ 54,767	\$ -	\$ -	\$ -	\$ 54,767
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	(19,306)	(6,574)	-	-	(25,880)
Total accumulated depreciation	<u>(19,306)</u>	<u>(6,574)</u>	<u>-</u>	<u>-</u>	<u>(25,880)</u>
Total capital assets being depreciated, net	<u>\$ 35,461</u>	<u>\$ (6,574)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,887</u>

E. Inter-fund receivables, payables, and transfers

The composition of inter-fund balances as of September 30, 2016 is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,624,487	\$ 542,952
Debt Service	140,383	-
G.O. Bonds Capital Projects	600,000	-
Non-major Governmental Funds	420	173,081
Water and Sewer Enterprise Fund	-	674,600
Internal Service Funds	-	274,693
Discretely Presented Component Unit	<u>490,918</u>	<u>1,190,882</u>
Totals	<u>\$ 2,856,208</u>	<u>\$ 2,856,208</u>

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

E. Inter-fund receivables, payables, and transfers – continued

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, 2016 is as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds		
General Fund	\$ 30,500	\$ 3,100,600
Non-major Governmental Funds	509,850	30,500
Water and Sewer Enterprise Fund	-	949,250
Internal Service Funds	<u>3,540,000</u>	<u>-</u>
Total	<u>\$ 4,080,350</u>	<u>\$ 4,080,350</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 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, 2016 is as follows:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2016
Governmental Activities					
General Obligation Bonds:					
Improvements	\$ 21,765,000	2007	2027	4.125% - 5.125%	\$ 665,000
Improvements	9,515,000	2008	2028	2.05% - 5.0%	865,000
Improvements	9,065,000	2009	2029	2.0% - 4.6%	4,900,000
Improvements and refunding	8,535,000	2011	2031	2.0% - 5.0%	7,275,000
Improvements	7,905,000	2013	2033	2.0% - 5.0%	7,040,000
Refunding	9,820,000	2014	2025	2.15% - 3.65%	9,495,000
Refunding	2,340,000	2015	2026	1.790%	2,270,000
Refunding	59,220,000	2015	2037	2.0% - 5.0%	<u>57,890,000</u>
Total General Obligation Bonds					<u>90,400,000</u>
Certificates of Obligation Bonds:					
Improvements	5,125,000	2009	2029	2.00% - 4.60%	1,925,000
Improvements	4,675,000	2011	2031	2.00% - 4.25%	3,905,000
Improvements	1,330,000	2011	2031	2.00% - 5.30%	1,225,000
Improvements	2,625,000	2013	2033	2.00% - 4.38%	<u>1,525,000</u>
Total Certificates of Obligation					<u>8,580,000</u>
Total Governmental Activities General Obligation Debt					<u>98,980,000</u>
Business-type Activities					
General Obligation Bonds:					
Improvements	5,740,000	2011	2031	2.00% - 5.00%	2,660,000
Improvements	2,800,000	2015	2025	1.79%	2,425,000
Improvements	15,550,000	2016	2028	2.00% - 5.00%	<u>15,455,000</u>
Total General Obligation Bonds					<u>20,540,000</u>
Certificates of Obligation:					
Improvements	10,310,000	2007	2027	4.25% - 4.50%	485,000
Improvements	16,895,000	2008	2028	3.00% - 5.00%	1,540,000
Improvements	3,480,000	2013	2031	2.00% - 4.375%	3,095,000
Improvements	5,570,000	2016	2035	3.00%	<u>5,570,000</u>
Total Certificates of Obligation					<u>10,690,000</u>
Total Business Type Activities General Obligation Debt					<u>31,230,000</u>
Total General Debt					<u>\$ 130,210,000</u>

CITY OF ROCKWALL, TEXAS

NOTES TO 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	
2017	\$ 6,040,000	\$ 3,868,544	\$ 2,490,000	\$ 1,205,352	\$ 13,603,896
2018	6,040,000	3,665,619	2,470,000	1,124,214	13,299,833
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 - 2026	34,040,000	10,256,788	11,815,000	2,809,503	58,921,291
2027 - 2031	21,570,000	4,149,052	5,245,000	469,488	31,433,540
2032 - 2036	10,820,000	1,148,713	1,590,000	61,869	13,620,582
2037 - 2041	480,000	19,200	-	-	499,200
	<u>\$ 98,980,000</u>	<u>\$ 32,518,658</u>	<u>\$ 31,230,000</u>	<u>\$ 8,471,822</u>	<u>\$ 171,200,480</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.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

3. DETAILED NOTES ON ALL FUNDS – continued

F. Long-term debt – continued

Capitalized lease obligations outstanding as of September 30, 2016 are as follows:

<u>Purpose</u>	<u>Original Amount</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance 9/30/2016</u>
Capital Leases					
Business-type activities					
Ground storage facility	\$ 2,013,434	2005	2025	various	\$ 1,126,724
Pump station	2,145,000	2006	2026	various	1,330,000
Buffalo Creek plant	2,960,000	2008	2028	various	<u>2,115,000</u>
					<u>4,571,724</u>
Total Capitalized Lease Obligations					<u>\$ 4,571,724</u>

Future minimum lease payments under capitalized lease obligations as of September 30, 2016 are as follows:

<u>Year</u>	<u>Business-type Activities</u>	<u>Total</u>
2017	\$ 563,717	\$ 563,717
2018	561,522	561,522
2019	566,822	566,822
2020	570,987	570,987
2021	570,645	570,645
2022 - 2026	2,710,594	2,710,594
2027 - 2031	<u>494,676</u>	<u>494,676</u>
Total payments	6,038,963	6,038,963
Less imputed interest	<u>(1,467,239)</u>	<u>(1,467,239)</u>
Total Capital Lease Obligations	<u>\$ 4,571,724</u>	<u>\$ 4,571,724</u>

CITY OF ROCKWALL, TEXAS

NOTES TO 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, 2016 was as follows:

	<u>Balance</u> <u>9/30/2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/2016</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
General obligation bonds	\$ 85,790,000	\$ 61,560,000	\$ (56,950,000)	\$ 90,400,000	\$ 5,165,000
Certificates of obligation	14,610,000	-	(6,030,000)	8,580,000	875,000
Unamortized premium (discount)	<u>1,817,822</u>	<u>1,092,049</u>	<u>(1,199,987)</u>	<u>1,709,884</u>	<u>112,158</u>
Total bonds payable	102,217,822	62,652,049	(64,179,987)	100,689,884	6,152,158
Capital lease obligations	51,525	-	(51,525)	-	-
Compensated absences	<u>1,373,270</u>	<u>297,209</u>	<u>-</u>	<u>1,670,479</u>	<u>369,726</u>
Governmental activity long-term liabilities	<u>\$ 103,642,617</u>	<u>\$ 62,949,258</u>	<u>\$ (64,231,512)</u>	<u>\$ 102,360,363</u>	<u>\$ 6,521,884</u>
Business-type activities:					
General obligation bonds and certificates	\$ 26,220,000	\$ 23,920,000	\$ (18,910,000)	\$ 31,230,000	\$ 2,470,000
Revenue bonds	3,235,000	-	(3,235,000)	-	-
Unamortized premium (discount)	<u>210,342</u>	<u>2,840,053</u>	<u>(142,805)</u>	<u>2,907,590</u>	<u>157,136</u>
Total bonds payable	29,665,342	26,760,053	(22,287,805)	34,137,590	2,627,136
Capital lease obligations	5,041,729	-	(470,005)	4,571,724	470,005
Compensated absences	<u>112,551</u>	<u>22,672</u>	<u>-</u>	<u>135,223</u>	<u>28,816</u>
Business-type activities	<u>\$ 34,819,622</u>	<u>\$ 26,782,725</u>	<u>\$ (22,757,810)</u>	<u>\$ 38,844,537</u>	<u>\$ 3,125,957</u>

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

CITY OF ROCKWALL, TEXAS

NOTES TO 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, 2016:

<u>Year Authorized</u>	<u>General Obligation Bonds</u>		<u>Balance Unissued 9/30/2016</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	<u>27,800,000</u>	<u>(7,905,000)</u>	<u>19,895,000</u>
Totals	\$ <u>33,400,000</u>	\$ <u>(12,105,000)</u>	\$ <u>21,295,000</u>

<u>Year Authorized</u>	<u>Revenue Bonds</u>		<u>Balance Unissued 9/30/2016</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 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, 2016:

Purpose	Original Amount	Year of Issue	Final Maturity	Interest Rate	Balance 9/30/2016
Sales Tax Revenue Bonds:					
Improvements	\$ 4,545,000	2008	2028	7.00%	\$ 3,370,000
Improvements	4,595,000	2013	2033	2% - 4.00%	4,105,000
Improvements	2,405,000	2012	2019	2.00%	<u>1,070,000</u>
Total Sales Tax Revenue Bonds					<u>8,545,000</u>
Certificates of Obligation					
Infrastructure improvements	6,130,000	2008	2028	3.00% - 5.00%	560,000
Infrastructure improvements	7,610,000	2013	2033	1.65% - 5.82%	6,760,000
Refunding	3,565,000	2015	2025	1.79%	3,460,000
Refunding	3,585,000	2016	2028	2.00% - 5.00%	<u>3,560,000</u>
Total Certificates of Obligation					<u>14,340,000</u>
Total					<u>\$ 22,885,000</u>

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

Year	Governmental Activities		Total
	Principal	Interest	
2017	\$ 1,590,000	\$ 974,887	\$ 2,564,887
2018	1,640,000	924,233	2,564,233
2019	1,680,000	871,230	2,551,230
2020	1,370,000	810,287	2,180,287
2021	1,425,000	756,483	2,181,483
2022 - 2026	8,125,000	2,802,689	10,927,689
2027 - 2031	5,310,000	1,096,739	6,406,739
2032 - 2036	<u>1,745,000</u>	<u>130,548</u>	<u>1,875,548</u>
Total	<u>\$ 22,885,000</u>	<u>\$ 8,367,096</u>	<u>\$ 31,252,096</u>

CITY OF ROCKWALL, TEXAS

NOTES TO 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, 2016 was as follows:

	Balance 9/30/2015	Additions	Retirements	Balance 9/30/2016	Due Within One Year
Sales tax revenue bonds	\$ 9,235,000	\$ 7,150,000	\$ (820,000)	\$ 15,565,000	\$ 1,050,000
Certificates of obligation	15,285,000	-	(7,965,000)	7,320,000	565,000
Unamortized premium (discount)	<u>235,411</u>	<u>36,077</u>	<u>(122,951)</u>	<u>148,537</u>	<u>15,621</u>
Total bonds payable	24,755,411	7,186,077	(8,907,951)	23,033,537	1,630,621
Compensated absences	<u>11,895</u>	<u>6,918</u>	<u>-</u>	<u>18,813</u>	<u>5,686</u>
Total	<u>\$ 24,767,306</u>	<u>\$ 7,192,995</u>	<u>\$ (8,907,951)</u>	<u>\$ 23,052,350</u>	<u>\$ 1,636,307</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 \$2,012,561 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, 2016.

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 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:

	Employee Benefits		Worker's Compensation	
	2016	2015	2016	2015
Claims payable beginning of the year	\$ 242,921	\$ 475,175	\$ 82,450	\$ 5,085
Claims incurred	3,927,007	2,973,898	273,662	122,797
Payment on claims	<u>(3,990,638)</u>	<u>(3,206,152)</u>	<u>(203,739)</u>	<u>(45,432)</u>
	<u>\$ 179,290</u>	<u>\$ 242,921</u>	<u>\$ 152,373</u>	<u>\$ 82,450</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 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, 2016 is \$4,571,724. See Note 4F for the annual requirements to amortize the bonds as of September 30, 2016.

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 4F above, the general revenues of the City are contingently liable in the amount of \$31,230,000 for general obligation bonds and certificates of obligation which are currently outstanding and recorded as obligations of the Enterprise Fund.

CITY OF ROCKWALL, TEXAS

NOTES TO 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, 2016, these commitments totaled \$3,099,896.

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.tmr.com.

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

Benefits Provided:

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

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 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, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	80
Active employees	260
	<u>419</u>

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.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

Contributions - continued:

Employees for the City of Rockwall were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2016, the City made contributions of 16.36%, for calendar year 2015 and 16.58% in 2016 which was the actuarially determined city contribution.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.9% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation through December 31, 2015, 6.75% thereafter

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.

Actuarial assumptions used in the December 31, 2015 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 2015 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, 2016. 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.

CITY OF ROCKWALL, TEXAS

NOTES TO FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

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>
Domestic Equity	17.50%
International Equity	17.50%
Core Fixed Income	10.00%
Non-Core Fixed Income	20.00%
Real Return	10.00%
Real Estate	10.00%
Absolute Return	10.00%
Private Equity	<u>5.00%</u>
Total	<u><u>100.00%</u></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 FINANCIAL STATEMENTS

4. OTHER INFORMATION – continued

D. Defined Benefit Pension Plans - continued

Changes in the Net Pension Liability –

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2014	\$ 69,871,511	\$ 58,690,378	\$ 11,181,133
Changes for the year:			
Service cost	3,357,624	-	3,357,624
Interest	4,940,548	-	4,940,548
Change in benefit terms	-	-	-
Difference between expected and actual experience	(458,262)	-	(458,262)
Changes in assumptions	(108,126)	-	(108,126)
Contribution - employer	-	2,950,480	(2,950,480)
Contribution - employee	-	1,255,523	(1,255,523)
Net investment income	-	86,617	(86,617)
Benefit payments, including refunds of employee contributions	(1,942,137)	(1,942,137)	-
Administrative expense	-	(52,749)	52,749
Other changes	-	(2,605)	2,605
Net changes	<u>5,789,647</u>	<u>2,295,129</u>	<u>3,494,518</u>
Balance at 12/31/2015	<u>\$ 75,661,158</u>	<u>\$ 60,985,507</u>	<u>\$ 14,675,651</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	\$ 26,673,156	\$ 14,675,652	\$ 4,924,934

CITY OF ROCKWALL, TEXAS

NOTES TO 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.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -:

For the year ended September 30, 2016, the City recognized pension expense of \$2,904,705. This amount is included as part of Personnel Services expenses within the functional program activities.

At September 30, 2016, the City reported deferred outflow and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 2,064,392	\$ -
Difference between projected and actual investment earnings	3,628,550	-
Differences between actuarial assumptions and actual experience	-	475,291
Changes in actuarial assumptions used	-	92,591
Total	<u>\$ 5,692,942</u>	<u>\$ 567,882</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$2,064,392 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2016 (i.e. recognized in the City’s financial statements September 30, 2017). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Year Ended December 31,</u>	<u>Amount</u>
2016	\$ 844,300
2017	844,300
2018	844,299
2019	707,238
2020	(97,103)
Thereafter	(82,367)
Total	<u>\$ 3,060,667</u>

CITY OF ROCKWALL, TEXAS

NOTES TO 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 \$62,675 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 30 active participants currently covered by the Fund and payments are being made to 25 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.

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 9,708,000	\$ 9,830,000	\$ 9,801,470	\$ (28,530)
Sales taxes	15,151,000	15,735,000	15,574,733	(160,267)
Franchise taxes	3,133,000	3,262,000	3,186,160	(75,840)
Charges for services	440,250	610,750	659,181	48,431
Permits	1,069,000	1,122,000	1,232,751	110,751
Municipal court	1,092,000	1,092,000	1,088,481	(3,519)
Intergovernmental	764,050	764,050	788,922	24,872
Interest income	25,000	35,500	37,215	1,715
Miscellaneous	130,500	119,900	93,568	(26,332)
Total revenues	<u>31,512,800</u>	<u>32,571,200</u>	<u>32,462,481</u>	<u>(108,719)</u>
Expenditures:				
Current:				
Mayor/council	117,450	118,950	107,998	10,952
Administration	4,191,550	4,101,550	4,016,960	84,590
Finance	734,700	665,700	619,172	46,528
Municipal court	437,600	418,600	389,914	28,686
Police	10,315,250	10,477,070	10,433,772	43,298
Fire	3,459,050	3,424,950	3,416,982	7,968
Public works	4,190,750	5,115,400	4,664,435	450,965
Community development	1,852,250	1,837,950	1,778,733	59,217
Parks and recreation	3,102,800	3,182,650	3,157,568	25,082
Total current	<u>28,401,400</u>	<u>29,342,820</u>	<u>28,585,534</u>	<u>757,286</u>
Capital outlay:				
Administration	1,800	1,800	604	1,196
Police	250,800	265,750	283,525	(17,775)
Fire	340,000	340,000	339,893	107
Public works	204,050	378,650	378,131	519
Parks and recreation	117,250	117,250	115,751	1,499
Total capital outlay	<u>913,900</u>	<u>1,103,450</u>	<u>1,117,904</u>	<u>(14,454)</u>
Total expenditures	<u>29,315,300</u>	<u>30,446,270</u>	<u>29,703,438</u>	<u>742,832</u>
Excess of revenues over expenditures	<u>2,197,500</u>	<u>2,124,930</u>	<u>2,759,043</u>	<u>634,113</u>
Other financing sources (uses):				
Transfers in	90,500	90,500	30,500	(60,000)
Transfers out	(2,907,000)	(3,100,600)	(3,100,600)	-
Total other financing sources (uses)	<u>(2,816,500)</u>	<u>(3,010,100)</u>	<u>(3,070,100)</u>	<u>(60,000)</u>
Net change in fund balances	(619,000)	(885,170)	(311,057)	574,113
Fund balances, October 1	<u>11,476,929</u>	<u>11,476,929</u>	<u>11,476,929</u>	<u>-</u>
Fund balances, September 30	<u>\$ 10,857,929</u>	<u>\$ 10,591,759</u>	<u>\$ 11,165,872</u>	<u>\$ 574,113</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 TWO FISCAL YEAR (PREVIOUS YEARS ARE NOT AVAILABLE)

Plan Year	<u>2014</u>	<u>2015</u>
A. Total Pension Liability		
Service cost	\$ 2,947,094	\$ 3,357,626
Interest (on the Total Pension Liability)	4,544,927	4,940,548
Changes of benefit terms	-	-
Difference between expected and actual experience	(114,323)	(458,262)
Change of assumptions	-	(108,126)
Benefits payments, including refunds of employee contributions	<u>(1,920,326)</u>	<u>(1,942,137)</u>
Net Change in Total Pension Liability	5,457,372	5,789,649
Total Pension Liability - Beginning	<u>64,414,139</u>	<u>69,871,511</u>
Total Pension Liability - Ending (a)	<u>\$ 69,871,511</u>	<u>\$ 75,661,160</u>
B. Plan Fiduciary Net Position		
Contributions - employer	\$ 2,761,413	\$ 2,950,480
Contributions - employee	1,202,324	1,255,523
Net investment income	3,067,672	86,617
Benefit payments, including refunds of employee contributions	(1,920,326)	(1,942,137)
Administrative expense	(32,021)	(52,749)
Other	<u>(2,633)</u>	<u>(2,605)</u>
Net Change in Plan Fiduciary Net Position	5,076,429	2,295,129
Plan Fiduciary Net Position - Beginning	<u>53,613,949</u>	<u>58,690,378</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 58,690,378</u>	<u>\$ 60,985,507</u>
C. Net Pension Liability - Ending (a) - (b)	\$ 11,181,133	\$ 14,675,652
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.00%	80.60%
E. Covered Employee Payroll	16,626,112	17,936,037
F. Net Pension Liability as a Percentage of Total Pension Liability	67.25%	81.82%

As of December 31

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

Plan Year	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,761,413	\$ 2,950,480
Contributions in relation to the actuarially determined contribution	<u>2,761,413</u>	<u>2,950,480</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ \$16,626,112	\$ \$17,936,037
Contributions as a percentage of covered employee payroll	16.61%	16.45%

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	30 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 2010 valuation pursuant to an experience study of the period 2005 - 2009.
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.

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

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 ALL NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2016

	Special Revenue Funds	Harbor Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 470,930	\$ -	\$ 492,676	\$ 963,606
Investments	1,402,552	-	2,122,180	3,524,732
Receivables (net of allowances for uncollectibles):				
Taxes - delinquent	-	241	-	241
Interest	-	-	2,381	2,381
Accounts	371,974	423,846	-	795,820
Assessments	94,711	-	-	94,711
Due from other funds	-	7,688	-	7,688
Due from other governments	420	45,919	-	46,339
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 2,340,587	\$ 477,694	\$ 2,617,237	\$ 5,435,518
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 478,611	\$ -	\$ 54,746	\$ 533,357
Due to other funds	32,699	140,383	326,050	499,132
Total liabilities	<u>511,310</u>	<u>140,383</u>	<u>380,796</u>	<u>1,032,489</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - developer contribution	-	424,086	-	424,086
Unavailable revenue - other	356,827	-	-	356,827
Total Deferred Inflows of Resources	<u>356,827</u>	<u>424,086</u>	<u>-</u>	<u>780,913</u>
FUND BALANCES:				
Restricted	-	(86,775)	-	(86,775)
Assigned	1,472,450	-	2,236,441	3,708,891
Total fund balances	<u>1,472,450</u>	<u>(86,775)</u>	<u>2,236,441</u>	<u>3,622,116</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,340,587	\$ 477,694	\$ 2,617,237	\$ 5,435,518
	<u> </u>	<u> </u>	<u> </u>	<u> </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, 2016

	Special Revenue Funds	Harbor Debt Service	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Ad valorem taxes, penalty and interest	\$ -	\$ 631,318	\$ -	\$ 631,318
Sales taxes	426,428	330,250	-	756,678
Charges for services	685,440	-	-	685,440
Permits	1,025	-	-	1,025
Municipal court	64,062	-	-	64,062
Intergovernmental	43,036	-	-	43,036
Interest income	1,120	-	20,380	21,500
Miscellaneous	206,195	-	-	206,195
Contributions and donations	69,363	21,449	-	90,812
Total revenues	<u>1,496,669</u>	<u>983,017</u>	<u>20,380</u>	<u>2,500,066</u>
Expenditures:				
Current:				
Administration	331,357	-	-	331,357
Finance	398,187	-	-	398,187
Police	111,363	-	-	111,363
Fire	8,479	-	-	8,479
Parks and recreation	372,040	-	-	372,040
Total current	<u>1,221,426</u>	<u>-</u>	<u>-</u>	<u>1,221,426</u>
Capital outlay:				
Finance	-	-	173,471	173,471
Police	260,903	-	-	260,903
Fire	70,574	-	-	70,574
Parks and recreation	778,046	-	-	778,046
Public works	-	-	53,459	53,459
Total capital outlay	<u>1,109,523</u>	<u>-</u>	<u>226,930</u>	<u>1,336,453</u>
Debt service:				
Principal	-	565,000	-	565,000
Interest	-	385,973	-	385,973
Total debt service	<u>-</u>	<u>950,973</u>	<u>-</u>	<u>950,973</u>
Total expenditures	<u>2,330,949</u>	<u>950,973</u>	<u>226,930</u>	<u>3,508,852</u>
Excess of revenues over (under) expenditures	<u>(834,280)</u>	<u>32,044</u>	<u>(206,550)</u>	<u>(1,008,786)</u>
Other financing sources (uses):				
Transfers in	343,600	-	166,250	509,850
Transfers out	(30,500)	-	-	(30,500)
Total other financing sources (uses)	<u>313,100</u>	<u>-</u>	<u>166,250</u>	<u>479,350</u>
Net change in fund balances	(521,180)	32,044	(40,300)	(529,436)
Fund balances, October 1	1,993,630	127,659	2,276,741	4,398,030
Prior period adjustment - deferred revenue	-	(246,478)	-	(246,478)
Fund balances, September 30	<u>\$ 1,472,450</u>	<u>\$ (86,775)</u>	<u>2,236,441</u>	<u>\$ 3,622,116</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, 2016

	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	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS														
Cash and cash equivalents	\$ 3,562	\$ 2,584	\$ 120,795	\$ -	\$ 88,636	\$ 50,931	\$ 14,738	\$ 72,514	\$ 51,670	\$ 37,349	\$ 8,132	\$ 4,660	\$ 15,359	\$ 470,930
Investments	67,949	159,755	114,061	-	188,455	41,911	201,858	-	83,308	-	-	-	545,255	1,402,552
Receivables (net of allowances for uncollectibles):														
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	214,148	40,949	-	111,308	-	5,569	-	-	-	-	-	371,974
Assessments	-	-	-	-	94,711	-	-	-	-	-	-	-	-	94,711
Due from other funds	-	420	-	-	-	-	-	-	-	-	-	-	-	420
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 71,511</u>	<u>\$ 162,759</u>	<u>\$ 449,004</u>	<u>\$ 40,949</u>	<u>\$ 371,802</u>	<u>\$ 204,150</u>	<u>\$ 216,596</u>	<u>\$ 78,083</u>	<u>\$ 134,978</u>	<u>\$ 37,349</u>	<u>\$ 8,132</u>	<u>\$ 4,660</u>	<u>\$ 560,614</u>	<u>\$ 2,340,587</u>
LIABILITIES														
Liabilities:														
Accounts payable and accrued liabilities	\$ -	\$ 1,153	\$ 424,582	\$ 46	\$ 890	\$ 4,556	\$ -	\$ 167	\$ -	\$ -	\$ 1,000	\$ -	\$ 46,217	\$ 478,611
Due to other funds	-	-	-	26,084	-	-	-	-	-	-	-	-	6,615	32,699
Total liabilities	<u>-</u>	<u>1,153</u>	<u>424,582</u>	<u>26,130</u>	<u>890</u>	<u>4,556</u>	<u>-</u>	<u>167</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>52,832</u>	<u>511,310</u>
DEFERRED INFLOWS OF RESOURCES														
Unavailable revenue - other	-	-	200,000	-	94,712	-	-	-	-	-	-	-	62,115	356,827
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>94,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,115</u>	<u>356,827</u>
FUND BALANCES														
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	71,511	161,606	(175,578)	14,819	276,200	199,594	216,596	77,916	134,978	37,349	7,132	4,660	445,667	1,472,450
Total fund balances	<u>71,511</u>	<u>161,606</u>	<u>(175,578)</u>	<u>14,819</u>	<u>276,200</u>	<u>199,594</u>	<u>216,596</u>	<u>77,916</u>	<u>134,978</u>	<u>37,349</u>	<u>7,132</u>	<u>4,660</u>	<u>445,667</u>	<u>1,472,450</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 71,511</u>	<u>\$ 162,759</u>	<u>\$ 449,004</u>	<u>\$ 40,949</u>	<u>\$ 371,802</u>	<u>\$ 204,150</u>	<u>\$ 216,596</u>	<u>\$ 78,083</u>	<u>\$ 134,978</u>	<u>\$ 37,349</u>	<u>\$ 8,132</u>	<u>\$ 4,660</u>	<u>\$ 560,614</u>	<u>\$ 2,340,587</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, 2016

	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	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:														
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426,428
Charges for services	-	-	583,091	40,949	-	-	58,250	-	-	3,150	-	-	-	685,440
Permits	1,025	-	-	-	-	-	-	-	-	-	-	-	-	1,025
Municipal court	-	64,062	-	-	-	-	-	-	-	-	-	-	-	64,062
Intergovernmental	-	21,636	-	-	-	-	-	21,400	-	-	-	-	-	43,036
Interest income	-	-	-	-	308	-	812	-	-	-	-	-	-	1,120
Miscellaneous	5,625	-	-	-	36,053	-	-	38,633	6,346	-	-	-	119,538	206,195
Contributions and donations	-	16,344	42,738	-	-	-	-	-	-	-	10,000	281	-	69,363
Total revenues	6,650	102,042	625,829	40,949	36,361	426,428	59,062	60,033	6,346	3,150	10,000	281	119,538	1,496,669
Expenditures:														
Current:														
Administration	-	-	-	199,168	69,490	-	-	48,324	3,840	535	10,000	-	-	331,357
Finance	-	-	-	-	-	398,187	-	-	-	-	-	-	-	398,187
Police	-	75,894	-	-	-	-	-	-	-	-	-	-	35,469	111,363
Fire	-	-	-	-	-	-	8,479	-	-	-	-	-	-	8,479
Parks and recreation	22,000	-	340,601	-	-	-	-	-	-	-	9,439	-	-	372,040
Total current	22,000	75,894	340,601	199,168	69,490	398,187	8,479	48,324	3,840	535	19,439	-	35,469	1,221,426
Capital outlay:														
Police	-	1,369	-	-	-	-	-	-	-	-	-	-	259,534	260,903
Fire	-	-	-	-	-	-	70,574	-	-	-	-	-	-	70,574
Parks and recreation	17,100	-	760,946	-	-	-	-	-	-	-	-	-	-	778,046
Total capital outlay	17,100	1,369	760,946	-	-	-	70,574	-	-	-	-	-	259,534	1,109,523
Total expenditures	39,100	77,263	1,101,547	199,168	69,490	398,187	79,053	48,324	3,840	535	19,439	-	295,003	2,330,949
Excess of revenues over (under) expenditures	(32,450)	24,779	(475,718)	(158,219)	(33,129)	28,241	(19,991)	11,709	2,506	2,615	(9,439)	281	(175,465)	(834,280)
Other financing sources (uses):														
Transfers in	-	-	168,600	160,000	-	-	-	15,000	-	-	-	-	-	343,600
Transfers out	-	(30,500)	-	-	-	-	-	-	-	-	-	-	-	(30,500)
Total other financing sources (uses)	-	(30,500)	168,600	160,000	-	-	-	15,000	-	-	-	-	-	313,100
Net change in fund balances	(32,450)	(5,721)	(307,118)	1,781	(33,129)	28,241	(19,991)	26,709	2,506	2,615	(9,439)	281	(175,465)	(521,180)
Fund balances, October 1	103,961	167,327	131,540	13,038	309,329	171,353	236,587	51,207	132,472	34,734	16,571	4,379	621,132	1,993,630
Fund balances, September 30	\$ 71,511	\$ 161,606	\$ (175,578)	\$ 14,819	\$ 276,200	\$ 199,594	\$ 216,596	\$ 77,916	\$ 134,978	\$ 37,349	\$ 7,132	\$ 4,660	\$ 445,667	\$ 1,472,450

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permits	\$ 1,000	\$ 1,000	\$ 1,025	\$ 25
Miscellaneous	2,000	5,000	5,625	625
Total revenues	<u>3,000</u>	<u>6,000</u>	<u>6,650</u>	<u>650</u>
Expenditures:				
Current:				
Parks and recreation	6,000	6,000	22,000	(16,000)
Total current	<u>6,000</u>	<u>6,000</u>	<u>22,000</u>	<u>(16,000)</u>
Capital outlay:				
Parks and recreation	18,000	18,000	17,100	900
Total capital outlay	<u>18,000</u>	<u>18,000</u>	<u>17,100</u>	<u>900</u>
Total expenditures	<u>24,000</u>	<u>24,000</u>	<u>39,100</u>	<u>(15,100)</u>
Net change in fund balances	(21,000)	(18,000)	(32,450)	(14,450)
Fund balances, October 1	<u>103,961</u>	<u>103,961</u>	<u>103,961</u>	<u>-</u>
Fund balances, September 30	<u>\$ 82,961</u>	<u>\$ 85,961</u>	<u>\$ 71,511</u>	<u>\$ (14,450)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 63,500	\$ 63,500	\$ 64,062	\$ 562
Intergovernmental	21,650	21,650	21,636	(14)
Interest income	50	50	-	(50)
Contributions and donations	1,000	1,000	16,344	15,344
Total revenues	<u>86,200</u>	<u>86,200</u>	<u>102,042</u>	<u>15,842</u>
Expenditures:				
Current:				
Police	60,100	60,100	75,894	(15,794)
Total current	<u>60,100</u>	<u>60,100</u>	<u>75,894</u>	<u>(15,794)</u>
Capital outlay:				
Police	-	-	1,369	(1,369)
Total capital outlay	<u>-</u>	<u>-</u>	<u>1,369</u>	<u>(1,369)</u>
Total expenditures	<u>60,100</u>	<u>60,100</u>	<u>77,263</u>	<u>(17,163)</u>
Excess of revenues over (under) expenditures	<u>26,100</u>	<u>26,100</u>	<u>24,779</u>	<u>(1,321)</u>
Other financing sources (uses):				
Transfers out	(30,500)	(30,500)	(30,500)	-
Total other financing sources (uses)	<u>(30,500)</u>	<u>(30,500)</u>	<u>(30,500)</u>	<u>-</u>
Net change in fund balances	(4,400)	(4,400)	(5,721)	(1,321)
Fund balances, October 1	<u>167,327</u>	<u>167,327</u>	<u>167,327</u>	<u>-</u>
Fund balances, September 30	<u>\$ 162,927</u>	<u>\$ 162,927</u>	<u>\$ 161,606</u>	<u>\$ (1,321)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 459,500	\$ 459,500	\$ 583,091	\$ 123,591
Contributions and donations	1,239,150	1,299,750	42,738	(1,257,012)
Total revenues	<u>1,698,650</u>	<u>1,759,250</u>	<u>625,829</u>	<u>(1,133,421)</u>
Expenditures:				
Current:				
Parks and recreation	369,500	388,200	340,601	47,599
Total current	<u>369,500</u>	<u>388,200</u>	<u>340,601</u>	<u>47,599</u>
Capital outlay:				
Parks and recreation	1,261,100	1,261,100	760,946	500,154
Total capital outlay	<u>1,261,100</u>	<u>1,261,100</u>	<u>760,946</u>	<u>500,154</u>
Total expenditures	<u>1,630,600</u>	<u>1,649,300</u>	<u>1,101,547</u>	<u>547,753</u>
Excess of revenues over (under) expenditures	<u>68,050</u>	<u>109,950</u>	<u>(475,718)</u>	<u>(585,668)</u>
Other financing sources (uses):				
Transfers in	-	168,600	168,600	-
Transfers out	(60,000)	(60,000)	-	60,000
Total other financing sources (uses)	<u>(60,000)</u>	<u>108,600</u>	<u>168,600</u>	<u>60,000</u>
Net change in fund balances	8,050	218,550	(307,118)	(525,668)
Fund balances, October 1	<u>131,540</u>	<u>131,540</u>	<u>131,540</u>	<u>-</u>
Fund balances, September 30	<u>\$ 139,590</u>	<u>\$ 350,090</u>	<u>\$ (175,578)</u>	<u>\$ (525,668)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 40,500	\$ 40,500	\$ 40,949	\$ 449
Total revenues	<u>40,500</u>	<u>40,500</u>	<u>40,949</u>	<u>449</u>
Expenditures:				
Current:				
Administration	206,450	206,450	199,168	7,282
Total expenditures	<u>206,450</u>	<u>206,450</u>	<u>199,168</u>	<u>7,282</u>
Excess of revenues over (under) expenditures	<u>(165,950)</u>	<u>(165,950)</u>	<u>(158,219)</u>	<u>7,731</u>
Other financing sources:				
Transfers in	160,000	160,000	160,000	-
Total other financing sources	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Net change in fund balances	(5,950)	(5,950)	1,781	7,731
Fund balances, October 1	<u>13,038</u>	<u>13,038</u>	<u>13,038</u>	<u>-</u>
Fund balances, September 30	<u>\$ 7,088</u>	<u>\$ 7,088</u>	<u>\$ 14,819</u>	<u>\$ 7,731</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ -	\$ -	\$ 308	\$ 308
Miscellaneous	-	-	36,053	36,053
Total revenues	<u>-</u>	<u>-</u>	<u>36,361</u>	<u>36,361</u>
Expenditures:				
Current:				
Administration	120,000	120,000	69,490	50,510
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>69,490</u>	<u>50,510</u>
Net change in fund balances	(120,000)	(120,000)	(33,129)	86,871
Fund balances, October 1	<u>309,329</u>	<u>309,329</u>	<u>309,329</u>	<u>-</u>
Fund balances, September 30	<u>\$ 189,329</u>	<u>\$ 189,329</u>	<u>\$ 276,200</u>	<u>\$ 86,871</u>

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales taxes	\$ 350,000	\$ 350,000	\$ 426,428	\$ 76,428
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>426,428</u>	<u>76,428</u>
Expenditures:				
Current:				
Finance	<u>362,770</u>	<u>435,770</u>	<u>398,187</u>	<u>37,583</u>
Total expenditures	<u>362,770</u>	<u>435,770</u>	<u>398,187</u>	<u>37,583</u>
Net change in fund balances	(12,770)	(85,770)	28,241	114,011
Fund balances, October 1	<u>171,353</u>	<u>171,353</u>	<u>171,353</u>	<u>-</u>
Fund balances, September 30	<u>\$ 158,583</u>	<u>\$ 85,583</u>	<u>\$ 199,594</u>	<u>\$ 114,011</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 58,250	\$ 58,250	\$ 58,250	\$ -
Interest income	-	-	812	812
Total revenues	<u>58,250</u>	<u>58,250</u>	<u>59,062</u>	<u>812</u>
Expenditures:				
Current:				
Fire	<u>8,000</u>	<u>8,000</u>	<u>8,479</u>	<u>(479)</u>
Total current	<u>8,000</u>	<u>8,000</u>	<u>8,479</u>	<u>(479)</u>
Capital outlay:				
Fire	<u>137,200</u>	<u>137,200</u>	<u>70,574</u>	<u>66,626</u>
Total capital outlay	<u>137,200</u>	<u>137,200</u>	<u>70,574</u>	<u>66,626</u>
Total expenditures	<u>145,200</u>	<u>145,200</u>	<u>79,053</u>	<u>66,147</u>
Net change in fund balances	(86,950)	(86,950)	(19,991)	66,959
Fund balances, October 1	<u>236,587</u>	<u>236,587</u>	<u>236,587</u>	<u>-</u>
Fund balances, September 30	<u>\$ 149,637</u>	<u>\$ 149,637</u>	<u>\$ 216,596</u>	<u>\$ 66,959</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 49,150	\$ 49,150	\$ 21,400	\$ (27,750)
Miscellaneous	30,000	30,000	38,633	8,633
Total revenues	<u>79,150</u>	<u>79,150</u>	<u>60,033</u>	<u>(19,117)</u>
Expenditures:				
Current:				
Administration	138,000	138,000	48,324	89,676
Total expenditures	<u>138,000</u>	<u>138,000</u>	<u>48,324</u>	<u>89,676</u>
Excess of revenues over (under) expenditures	(58,850)	(58,850)	11,709	70,559
Other financing sources (uses):				
Transfers in	15,000	15,000	15,000	-
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balances	(43,850)	(43,850)	26,709	70,559
Fund balances, October 1	<u>51,207</u>	<u>51,207</u>	<u>51,207</u>	<u>-</u>
Fund balances, September 30	<u>\$ 7,357</u>	<u>\$ 7,357</u>	<u>\$ 77,916</u>	<u>\$ 70,559</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 6,000	\$ 6,000	\$ 6,346	\$ 346
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>6,346</u>	<u>346</u>
Expenditures:				
Current:				
Administration	14,000	14,000	3,840	10,160
Total expenditures	<u>14,000</u>	<u>14,000</u>	<u>3,840</u>	<u>10,160</u>
Net change in fund balances	(8,000)	(8,000)	2,506	10,506
Fund balances, October 1	<u>132,472</u>	<u>132,472</u>	<u>132,472</u>	<u>-</u>
Fund balances, September 30	<u>\$ 124,472</u>	<u>\$ 124,472</u>	<u>\$ 134,978</u>	<u>\$ 10,506</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 119,538	\$ 119,538
Total revenues	<u>-</u>	<u>-</u>	<u>119,538</u>	<u>119,538</u>
Expenditures:				
Current:				
Police	42,400	42,400	35,469	6,931
Total current	<u>42,400</u>	<u>42,400</u>	<u>35,469</u>	<u>6,931</u>
Capital outlay:				
Police	51,900	89,750	259,534	(169,784)
Total capital outlay	<u>51,900</u>	<u>89,750</u>	<u>259,534</u>	<u>(169,784)</u>
Total expenditures	<u>94,300</u>	<u>132,150</u>	<u>295,003</u>	<u>(162,853)</u>
Excess of revenues over (under) expenditures	<u>(94,300)</u>	<u>(132,150)</u>	<u>(175,465)</u>	<u>(43,315)</u>
Net change in fund balances	(94,300)	(132,150)	(175,465)	(43,315)
Fund balances, October 1	<u>621,132</u>	<u>621,132</u>	<u>621,132</u>	<u>-</u>
Fund balances, September 30	<u>\$ 526,832</u>	<u>\$ 488,982</u>	<u>\$ 445,667</u>	<u>\$ (43,315)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 10,403,500	\$ 10,522,000	\$ 10,513,294	\$ (8,706)
Charges for services	325,000	407,000	421,113	14,113
Interest income	250	250	12,502	12,252
Miscellaneous	15,000	15,000	13,905	(1,095)
Total revenues	<u>10,743,750</u>	<u>10,944,250</u>	<u>10,960,814</u>	<u>16,564</u>
Expenditures:				
Current:				
Police	118,050	115,550	115,507	43
Total current	<u>118,050</u>	<u>115,550</u>	<u>115,507</u>	<u>43</u>
Debt service:				
Principal	6,561,800	6,561,800	5,995,000	566,800
Interest	4,394,900	4,394,900	3,559,785	835,115
Bond issuance costs	-	-	200,816	(200,816)
Fiscal charges	12,000	15,000	25,855	(10,855)
Total debt service	<u>10,968,700</u>	<u>10,971,700</u>	<u>9,781,456</u>	<u>1,190,244</u>
Total expenditures	<u>11,086,750</u>	<u>11,087,250</u>	<u>9,896,963</u>	<u>1,190,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(343,000)</u>	<u>(143,000)</u>	<u>1,063,851</u>	<u>1,206,851</u>
Other financing sources (uses):				
Issuance of long-term debt	-	-	53,221,012	53,221,012
Premium on bonds issued	-	-	6,040,379	6,040,379
Payment to bond refunding escrow agent	-	-	(59,060,574)	(59,060,574)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>200,817</u>	<u>200,817</u>
Net change in fund balances	(343,000)	(143,000)	1,264,668	1,407,668
Fund balances, October 1	<u>936,770</u>	<u>936,770</u>	<u>936,770</u>	<u>-</u>
Fund balances, September 30	<u>\$ 593,770</u>	<u>\$ 793,770</u>	<u>\$ 2,201,438</u>	<u>\$ 1,407,668</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes, penalty and interest	\$ 597,950	\$ 597,950	\$ 631,318	\$ 33,368
Sales tax	300,000	300,000	330,250	30,250
Contributions and donations	164,700	164,700	21,449	(143,251)
Total revenues	<u>1,062,650</u>	<u>1,062,650</u>	<u>983,017</u>	<u>(79,633)</u>
Debt service:				
Principal	755,000	755,000	565,000	190,000
Interest	537,450	537,450	385,973	151,477
Total debt service	<u>1,292,450</u>	<u>1,292,450</u>	<u>950,973</u>	<u>341,477</u>
Total expenditures	<u>1,292,450</u>	<u>1,292,450</u>	<u>950,973</u>	<u>341,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(229,800)</u>	<u>(229,800)</u>	<u>32,044</u>	<u>261,844</u>
Other financing sources (uses):				
Transfers in	(244,450)	(244,450)	-	244,450
Total other financing sources (uses)	<u>(244,450)</u>	<u>(244,450)</u>	<u>-</u>	<u>244,450</u>
Net change in fund balances	(474,250)	(474,250)	32,044	506,294
Fund balances, October 1	127,659	127,659	127,659	-
Prior period adjustment - deferred revenue	-	-	(246,478)	(246,478)
Fund balances, September 30	<u>\$ (346,591)</u>	<u>\$ (346,591)</u>	<u>\$ (86,775)</u>	<u>\$ 259,816</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, 2016

	<u>Capital Projects</u>	<u>Equipment Acquisition</u>	<u>205 Bypass Project</u>	<u>Harbor/ TIF Projects</u>	<u>Total Nonmajor Capital Projects Funds (See Exhibit C-1)</u>
ASSETS					
Cash and cash equivalents	\$ 208,289	\$ -	\$ 248,210	\$ 36,177	\$ 492,676
Investments	400,581	1,721,599	-	-	2,122,180
Receivables (net of allowances for uncollectibles):					
Accrued Interest	<u>1,462</u>	<u>919</u>	<u>-</u>	<u>-</u>	<u>2,381</u>
 Total assets	 <u>\$ 610,332</u>	 <u>\$ 1,722,518</u>	 <u>\$ 248,210</u>	 <u>\$ 36,177</u>	 <u>\$ 2,617,237</u>
 LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 39,831	\$ 14,915	\$ -	\$ 54,746
Due to other funds	<u>-</u>	<u>326,050</u>	<u>-</u>	<u>-</u>	<u>326,050</u>
Total liabilities	<u>-</u>	<u>365,881</u>	<u>14,915</u>	<u>-</u>	<u>380,796</u>
 FUND BALANCES:					
Assigned	<u>610,332</u>	<u>1,356,637</u>	<u>233,295</u>	<u>36,177</u>	<u>2,236,441</u>
Total fund balances	<u>610,332</u>	<u>1,356,637</u>	<u>233,295</u>	<u>36,177</u>	<u>2,236,441</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 610,332</u>	 <u>\$ 1,722,518</u>	 <u>\$ 248,210</u>	 <u>\$ 36,177</u>	 <u>\$ 2,617,237</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, 2016

	Capital Projects	Equipment Acquisition	205 Bypass Project	Harbor/ TIF Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:					
Interest income	\$ 3,193	\$ 17,187	\$ -	\$ -	\$ 20,380
Total revenues	<u>3,193</u>	<u>17,187</u>	<u>-</u>	<u>-</u>	<u>20,380</u>
Expenditures:					
Capital outlay:					
Finance	-	173,471	-	-	173,471
Public works	-	-	42,209	11,250	53,459
Total capital outlay	<u>-</u>	<u>173,471</u>	<u>42,209</u>	<u>11,250</u>	<u>226,930</u>
Total expenditures	<u>-</u>	<u>173,471</u>	<u>42,209</u>	<u>11,250</u>	<u>226,930</u>
Excess of revenues over (under) expenditures	<u>3,193</u>	<u>(156,284)</u>	<u>(42,209)</u>	<u>(11,250)</u>	<u>(206,550)</u>
Other financing sources (uses):					
Transfers in	-	166,250	-	-	166,250
Total other financing sources (uses)	<u>-</u>	<u>166,250</u>	<u>-</u>	<u>-</u>	<u>166,250</u>
Net change in fund balances	3,193	9,966	(42,209)	(11,250)	(40,300)
Fund balances, October 1	<u>607,139</u>	<u>1,346,671</u>	<u>275,504</u>	<u>47,427</u>	<u>2,276,741</u>
Fund balances, September 30	<u>\$ 610,332</u>	<u>\$ 1,356,637</u>	<u>\$ 233,295</u>	<u>\$ 36,177</u>	<u>\$ 2,236,441</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, 2016

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-7)</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 218,935	\$ 7,587	\$ 226,522
Investments	1,350,823	64,039	1,414,862
Receivables (net of allowances for uncollectibles):			
Other	<u>18,676</u>	<u>500</u>	<u>19,176</u>
Total current assets	<u>1,588,434</u>	<u>72,126</u>	<u>1,660,560</u>
 Total Assets	 <u>\$ 1,588,434</u>	 <u>\$ 72,126</u>	 <u>\$ 1,660,560</u>
 LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 413,731	\$ 152,873	\$ 566,604
Due to other funds	<u>274,693</u>	<u>-</u>	<u>274,693</u>
Total current liabilities	<u>688,424</u>	<u>152,873</u>	<u>841,297</u>
Total Liabilities			
 NET ASSETS			
Unrestricted	<u>900,010</u>	<u>(80,747)</u>	<u>819,263</u>
 Total Net Position	 <u>\$ 900,010</u>	 <u>\$ (80,747)</u>	 <u>\$ 819,263</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, 2016

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-8)</u>
OPERATING REVENUES:			
Charges for services	\$ 1,526,147	\$ -	\$ 1,526,147
Total operating revenues	<u>1,526,147</u>	<u>-</u>	<u>1,526,147</u>
OPERATING EXPENSES:			
Contractual services	4,800,347	374,869	5,175,216
Total operating expenses	<u>4,800,347</u>	<u>374,869</u>	<u>5,175,216</u>
Operating loss	<u>(3,274,200)</u>	<u>(374,869)</u>	<u>(3,649,069)</u>
NON-OPERATING REVENUES:			
Interest income	7,521	769	8,290
Miscellaneous income	30,066	500	30,566
Total non-operating revenues	<u>37,587</u>	<u>1,269</u>	<u>38,856</u>
Loss before transfers and capital contributions	<u>(3,236,613)</u>	<u>(373,600)</u>	<u>(3,610,213)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS:			
Transfers in	3,400,000	140,000	3,540,000
Total transfers and capital contributions	<u>3,400,000</u>	<u>140,000</u>	<u>3,540,000</u>
Decrease in net assets	163,387	(233,600)	(70,213)
Net position, October 1	<u>736,623</u>	<u>152,853</u>	<u>889,476</u>
Net position, September 30	<u>\$ 900,010</u>	<u>\$ (80,747)</u>	<u>\$ 819,263</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Employee Benefits</u>	<u>Workers' Compensation</u>	<u>Total Internal Service Funds (See Exhibit A-9)</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,537,537	\$ -	\$ 1,537,537
Cash paid to suppliers for goods and services	<u>(4,624,992)</u>	<u>(304,756)</u>	<u>(4,929,748)</u>
Net cash used by operating activities	<u>(3,087,455)</u>	<u>(304,756)</u>	<u>(3,392,211)</u>
Cash Flows from Non-Capital Financing Activities:			
Cash received from other funds	<u>3,400,000</u>	<u>140,000</u>	<u>3,540,000</u>
Net cash provided by non-capital financing activities	<u>3,400,000</u>	<u>140,000</u>	<u>3,540,000</u>
Cash Flows from Investing Activities:			
Purchase of investments	(186,344)	-	(186,344)
Proceeds from sales and maturities of investments	-	171,230	171,230
Interest and dividends received	<u>7,521</u>	<u>769</u>	<u>8,290</u>
Net cash provided by investing activities	<u>(178,823)</u>	<u>171,999</u>	<u>(6,824)</u>
Net decrease in cash and cash equivalents	133,722	7,243	140,965
Cash and cash equivalents at beginning of year	<u>85,213</u>	<u>344</u>	<u>85,557</u>
Cash and cash equivalents at end of year	<u>\$ 218,935</u>	<u>\$ 7,587</u>	<u>\$ 226,522</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (3,274,200)	\$ (374,869)	\$ (3,649,069)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Miscellaneous income	30,066	-	30,066
Decrease (increase) in assets:			
Receivables	(18,676)	-	(18,676)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	<u>175,355</u>	<u>70,113</u>	<u>245,468</u>
Net cash used by operating activities	<u>\$ (3,087,455)</u>	<u>\$ (304,756)</u>	<u>\$ (3,392,211)</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, 2016

	<u>Balance October 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2016</u>
ASSETS				
Cash and cash equivalents	\$ 157,299	\$ 293,335	\$ 428,330	\$ 22,304
Investments	<u>1,430,095</u>	<u>355,237</u>	<u>-</u>	<u>1,785,332</u>
Total assets	<u>\$ 1,587,394</u>	<u>\$ 648,572</u>	<u>\$ 428,330</u>	<u>\$ 1,807,636</u>
LIABILITIES				
Due to developers	<u>\$ 1,587,394</u>	<u>\$ 299,987</u>	<u>\$ 79,745</u>	<u>\$ 1,807,636</u>
Total liabilities	<u>\$ 1,587,394</u>	<u>\$ 299,987</u>	<u>\$ 79,745</u>	<u>\$ 1,807,636</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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Governmental funds capital assets:		
Land	\$ 17,238,772	\$ 17,238,772
Buildings	20,131,409	20,131,411
Improvements other than buildings	32,432,331	31,883,936
Machinery and equipment	19,535,405	17,772,524
Infrastructure	214,029,915	211,505,008
Construction in progress	<u>13,354,326</u>	<u>9,306,880</u>
Total governmental funds capital assets	<u>\$ 316,722,158</u>	<u>\$ 307,838,531</u>
Investments in governmental funds capital assets by source:		
Bond proceeds	\$ 157,126,515	\$ 153,505,844
General government	50,552,882	49,245,542
Grants and entitlements	3,244,106	3,044,106
Developer contributions	<u>105,798,655</u>	<u>102,043,039</u>
Total investments in governmental funds capital assets	<u>\$ 316,722,158</u>	<u>\$ 307,838,531</u>

CITY OF ROCKWALL, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 SEPTEMBER 30, 2016

<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	\$ 6,025,163	\$ 6,436,762	\$ 6,292,616	\$ 3,732,973	\$ -	\$ 12,663,775	\$ 35,151,289
Public works	8,499,781	357,984	1,800,862	1,957,164	214,029,918	-	226,645,709
Public safety	1,020,430	3,476,026	235,991	5,038,276	-	-	9,770,722
Recreation/development	1,693,398	2,415,619	24,102,862	1,479,173	-	690,551	30,381,603
Fire equipment	<u>-</u>	<u>7,445,018</u>	<u>-</u>	<u>7,327,818</u>	<u>-</u>	<u>-</u>	<u>14,772,836</u>
Total governmental capital assets	<u>\$ 17,238,772</u>	<u>\$ 20,131,409</u>	<u>\$ 32,432,331</u>	<u>\$ 19,535,404</u>	<u>\$ 214,029,918</u>	<u>\$ 13,354,326</u>	<u>\$ 316,722,159</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, 2016

<u>Function and Activity</u>	<u>Capital Assets Balance 10/1/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Capital Assets Balance 9/30/16</u>
General government	\$ 31,611,250	\$ 3,556,504	\$ (16,463)	\$ -	\$ 35,151,291
Public works	223,326,060	3,324,688	(5,040)	-	226,645,708
Public safety	8,984,950	834,068	(48,298)	-	9,770,720
Recreation/development	29,499,828	898,770	(16,992)	-	30,381,606
Fire equipment	<u>14,416,441</u>	<u>356,393</u>	<u>-</u>	<u>-</u>	<u>14,772,834</u>
Total governmental funds capital assets	<u>\$ 307,838,529</u>	<u>\$ 8,970,423</u>	<u>\$ (86,793)</u>	<u>\$ -</u>	<u>\$ 316,722,159</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
 DISCRETELY PRESENTED COMPONENT UNITS
 SEPTEMBER 30, 2016

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 200,158	\$ 2,726	\$ 202,884
Investments	4,430,736	40,533	4,471,269
Receivables (net of allowances for uncollectibles):			
Interest	168	-	168
Accounts	-	5,490	5,490
Due from other governments	1,380,356	-	1,380,356
Inventory	13,917,420	-	13,917,420
Restricted assets:			
Capital assets (net of accumulated depreciation)			
Machinery and equipment	28,888	-	28,888
Total assets	<u>19,957,726</u>	<u>48,749</u>	<u>20,006,475</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	29,327	-	29,327
Pension contributions after 12/31/15	42,747	-	42,747
Pension investment experience	74,495	-	74,495
Total Deferred Outflows of Resources	<u>146,569</u>	<u>-</u>	<u>146,569</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,129,172	14,451	1,143,623
Liabilities payable from restricted assets			
Noncurrent liabilities:			
Pension liability	303,087	-	303,087
Due within one year	1,636,307	-	1,636,307
Due in more than one year	21,416,043	-	21,416,043
Total liabilities	<u>24,484,609</u>	<u>14,451</u>	<u>24,499,060</u>
DEFERRED INFLOWS OF RESOURCES			
Pension actual experience vs assumptions	11,661	-	11,661
Total deferred inflows of resources	<u>11,661</u>	<u>-</u>	<u>11,661</u>
NET POSITION			
Net investment in capital assets	28,888	-	28,888
Unrestricted	(4,420,863)	34,298	(4,386,565)
Total Net Position	<u>\$ (4,391,975)</u>	<u>\$ 34,298</u>	<u>\$ (4,357,677)</u>

CITY OF ROCKWALL, TEXAS
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

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
DISCRETE COMPONENT UNITS:						
Rockwall Economic Development Corporation						
Administration	\$ 6,934,621	\$ -	\$ -	\$ (6,934,621)	\$ -	\$ (6,934,621)
Interest on long-term debt	1,030,964	-	-	(1,030,964)	-	(1,030,964)
Total Rockwall Economic Development Corporation	7,965,585	-	-	(7,965,585)	-	(7,965,585)
Rockwall Technology Park Association						
Administration	182,486	170,919	-	-	(11,567)	(11,567)
	\$ 8,148,071	\$ 170,919	\$ -	(7,965,585)	(11,567)	(7,977,152)
General revenues:						
Ad valorem taxes, penalty and interest				-	-	-
Sales taxes				5,212,617	-	5,212,617
Franchise taxes				-	-	-
Miscellaneous				185,490	-	185,490
Unrestricted investment earnings				17,074	99	17,173
Transfers				-	-	-
Total general revenues and transfers				5,415,181	99	5,415,280
Change in net position				(2,550,404)	(11,468)	(2,561,872)
Net position at beginning of year				(1,841,571)	45,766	(1,795,805)
Net position at end of year				\$ (4,391,975)	\$ 34,298	\$ (4,357,677)

CITY OF ROCKWALL, TEXAS
 COMBINING BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNITS
 SEPTEMBER 30, 2016

	<u>Rockwall Economic Development Corporation</u>	<u>Rockwall Technology Park</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 200,158	\$ 2,726	\$ 202,884
Investments	4,430,736	40,533	4,471,269
Receivables (net of allowances for uncollectibles):			
Interest	168	-	168
Accounts	-	5,490	5,490
Due from other funds	490,918	-	490,918
Due from other governments	889,438	-	889,438
Inventory	13,917,420	-	13,917,420
Deposits	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 19,928,838</u>	<u>\$ 48,749</u>	<u>\$ 19,977,587</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 105,391	\$ 14,451	\$ 119,842
Due to other funds	864,832	-	864,832
Total liabilities	<u>970,223</u>	<u>14,451</u>	<u>984,674</u>
Fund balances:			
Nonspendable	13,917,420	-	13,917,420
Restricted	5,041,195	34,298	5,075,493
Total fund balances	<u>18,958,615</u>	<u>34,298</u>	<u>18,992,913</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 19,928,838</u>	<u>\$ 48,749</u>	<u>\$ 19,977,587</u>

CITY OF ROCKWALL, TEXAS
RECONCILIATION OF THE DISCRETELY PRESENTED COMPONENT UNITS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total fund balances - discretely presented component units	\$ 18,992,913
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.	28,888
Payables for bond principal which are not due in the current period are not reported in the funds.	(23,033,536)
Payables for bond interest which are not due in the current period are not reported in the funds.	(158,949)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(18,813)
Payables for pension liabilities which are not due in the current period are not reported in the funds	(303,087)
Deferred outflows of resources are not considered available funds and are not recorded in governmental funds:	
Pension contributions	42,747
Investment experience	74,495
Charges on refunding	29,326
Bond issue costs	-
Deferred inflows or resources are not considered available funds and are not recorded in governmental funds	
Pension actual experience vs assumptions	<u>(11,661)</u>
Net assets of discretely presented component units	<u><u>\$ (4,357,677)</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, 2016

	Rockwall Economic Development Corporation	Rockwall Technology Park	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Sales taxes	\$ 5,212,617	\$ -	\$ 5,212,617
Interest income	17,074	99	17,173
Assessments	-	170,919	170,919
Miscellaneous	185,490	-	185,490
Total revenues	<u>5,415,181</u>	<u>171,018</u>	<u>5,586,199</u>
Expenditures:			
Current:			
Administration	1,002,704	182,486	1,185,190
Total current	<u>1,002,704</u>	<u>182,486</u>	<u>1,185,190</u>
Capital outlay:			
Administration	6,023,499	-	6,023,499
Total capital outlay	<u>6,023,499</u>	<u>-</u>	<u>6,023,499</u>
Debt service:			
Principal	1,625,000	-	1,625,000
Interest	1,004,267	-	1,004,267
Bond issuance costs	44,007	-	44,007
Fiscal charges	4,500	-	4,500
Total debt service	<u>2,677,774</u>	<u>-</u>	<u>2,677,774</u>
Total expenditures	<u>9,703,977</u>	<u>182,486</u>	<u>9,886,463</u>
Excess of revenues over (under) expenditures	<u>(4,288,796)</u>	<u>(11,468)</u>	<u>(4,300,264)</u>
Other financing sources (uses):			
Refunding bonds issued	7,133,805	-	7,133,805
Premium on bonds issued	588,525	-	588,525
Discount on bonds issued	-	-	-
Payment to bond refunding escrow agent	(7,678,323)	-	(7,678,323)
Total other financing sources (uses)	<u>44,007</u>	<u>-</u>	<u>44,007</u>
Net change in fund balances	(4,244,789)	(11,468)	(4,256,257)
Fund balances, October 1	<u>23,203,404</u>	<u>45,766</u>	<u>23,249,170</u>
Fund balances, September 30	<u>\$ 18,958,615</u>	<u>\$ 34,298</u>	<u>\$ 18,992,913</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, 2016

Net change in fund balances - discretely presented component units	\$ (4,256,257)
<p>Amounts reported for discretely presented component units in the Statement of Activities ("SOA") are different because:</p>	
<p>Expenditures are recognized in the governmental funds when paid. The SOA is presented on an accrual basis and expenses are reported when incurred. This is the net difference in pension costs.</p>	(19,528)
<p>The depreciation of capital assets used in governmental activities is not reported in the funds.</p>	(6,574)
<p>Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.</p>	1,625,000
<p>Bond issuance costs and similar items are amortized in the SOA but not in the funds.</p>	86,875
<p>Increase (decrease) in accrued interest from beginning of period to end of period.</p>	(26,697)
<p>Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.</p>	(6,918)
<p>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.</p>	86,234
<p>Governmental funds report proceeds of debt as other financing sources and payments to the escrow agent for refunding of debt as other financing uses. This is the net of other financing sources (\$7,133,805) less other financing uses (\$7,678,323).</p>	544,518
<p>Bond premiums are reported in the funds but not in the SOA.</p>	<u>(588,525)</u>
Change in net assets of discretely presented component units	<u>\$ (2,561,872)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 4,980,350	\$ 5,174,050	\$ 5,212,617	\$ 38,567
Franchise taxes	167,550	167,550	-	(167,550)
Interest income	3,500	10,500	17,074	6,574
Miscellaneous	-	183,000	185,490	2,490
Total revenues	<u>5,151,400</u>	<u>5,535,100</u>	<u>5,415,181</u>	<u>(119,919)</u>
Expenditures:				
Current:				
Administration	<u>1,148,600</u>	<u>1,130,700</u>	<u>1,002,704</u>	<u>127,996</u>
Total current	<u>1,148,600</u>	<u>1,130,700</u>	<u>1,002,704</u>	<u>127,996</u>
Capital outlay:				
Administration	<u>2,067,400</u>	<u>2,392,850</u>	<u>6,023,499</u>	<u>(3,630,649)</u>
Total capital outlay	<u>2,067,400</u>	<u>2,392,850</u>	<u>6,023,499</u>	<u>(3,630,649)</u>
Debt service:				
Principal	1,685,000	1,625,000	1,625,000	-
Interest	1,297,750	1,004,300	1,004,267	33
Fiscal charges	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Total debt service	<u>2,987,250</u>	<u>2,633,800</u>	<u>2,633,767</u>	<u>33</u>
Total expenditures	<u>6,203,250</u>	<u>6,157,350</u>	<u>9,659,970</u>	<u>(3,502,620)</u>
Excess of revenues over (under) expenditures	<u>(1,051,850)</u>	<u>(622,250)</u>	<u>(4,244,789)</u>	<u>(3,622,539)</u>
Net change in fund balances	(1,051,850)	(622,250)	(4,244,789)	(3,622,539)
Fund balances, October 1	<u>23,203,404</u>	<u>23,203,404</u>	<u>23,203,404</u>	<u>-</u>
Fund balances, September 30	<u>\$ 22,151,554</u>	<u>\$ 22,581,154</u>	<u>\$ 18,958,615</u>	<u>\$ (3,622,539)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Assessments	\$ 185,100	\$ 187,100	\$ 170,919	\$ (16,181)
Interest income	-	-	99	99
Total revenues	<u>185,100</u>	<u>187,100</u>	<u>171,018</u>	<u>(16,082)</u>
Expenditures:				
Current:				
Administration	<u>185,100</u>	<u>187,100</u>	<u>182,486</u>	<u>4,614</u>
Total expenditures	<u>185,100</u>	<u>187,100</u>	<u>182,486</u>	<u>4,614</u>
Net change in fund balances	-	-	(11,468)	(11,468)
Fund balances, October 1	<u>45,766</u>	<u>45,766</u>	<u>45,766</u>	<u>-</u>
Fund balances, September 30	<u>\$ 45,766</u>	<u>\$ 45,766</u>	<u>\$ 34,298</u>	<u>\$ (11,468)</u>

STATISTICAL SECTION

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

TABLE D-1

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Invested in capital assets, net of related debt	\$ 95,507,167	\$ 95,193,217	\$ 86,446,064	\$ 89,523,344	\$ 89,851,392	\$ 91,085,278	\$ 89,101,460	\$ 88,367,580	\$ 63,546,273	\$ 49,487,300
Restricted	14,270,758	7,930,007	10,584,073	2,353,423	16,124,192	1,774,193	11,788,623	2,306,529	14,222,187	23,258,947
Unrestricted	2,075,864	4,740,983	11,180,566	14,253,372	238,981	13,400,417	4,308,457	12,955,777	13,643,810	13,386,297
Total governmental activities net position	\$ 111,853,789	\$ 107,864,207	\$ 108,210,703	\$ 106,130,139	\$ 106,214,565	\$ 106,259,888	\$ 105,198,540	\$ 103,629,886	\$ 91,412,270	\$ 86,132,544
Business-type activities										
Invested in capital assets, net of related debt	\$ 66,473,007	\$ 65,822,647	\$ 61,795,531	\$ 60,558,579	\$ 58,888,435	\$ 58,139,970	\$ 54,288,096	\$ 53,418,392	\$ 48,127,382	\$ 47,893,027
Restricted	6,727,108	2,688,018	4,555,652	2,125,250	2,306,207	2,992,291	6,221,719	7,568,701	17,888,236	14,620,878
Unrestricted	3,886,649	3,831,828	1,736,457	3,208,557	4,300,793	6,124,975	5,340,103	6,162,163	5,283,929	5,463,619
Total business-type activities net position	\$ 77,086,764	\$ 72,342,493	\$ 68,087,640	\$ 65,892,386	\$ 65,495,435	\$ 67,257,236	\$ 65,849,918	\$ 67,149,256	\$ 71,299,547	\$ 67,977,524
Primary government										
Invested in capital assets, net of related debt	\$ 161,980,174	\$ 161,015,864	\$ 148,241,595	\$ 150,081,923	\$ 148,739,827	\$ 149,225,248	\$ 143,389,556	\$ 141,785,972	\$ 111,673,655	\$ 97,380,327
Restricted	20,997,866	10,618,026	15,139,725	4,478,673	18,430,399	4,766,484	18,010,342	9,875,230	32,110,423	37,879,825
Unrestricted	5,962,513	8,572,811	12,917,023	17,461,929	4,539,774	19,525,392	9,648,560	19,117,940	18,927,739	18,849,916
Total primary government net position	\$ 188,940,553	\$ 180,206,701	\$ 176,298,343	\$ 172,022,525	\$ 171,710,000	\$ 173,517,124	\$ 171,048,458	\$ 170,779,142	\$ 162,711,817	\$ 154,110,068

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

TABLE D-2

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
Mayor/Council	\$ 107,998	\$ 116,572	\$ 94,747	\$ 102,993	\$ 106,959	\$ 111,494	\$ 116,372	\$ 109,844	\$ 117,366	\$ 111,555
Administration	6,145,346	8,298,012	8,515,273	7,565,249	7,631,175	7,183,587	6,862,780	6,707,709	7,384,773	5,523,924
Finance	1,345,039	1,003,849	1,089,078	951,808	1,360,201	1,331,943	1,294,888	1,409,054	1,338,894	1,138,210
Municipal Court	395,127	396,256	415,220	357,208	358,745	362,149	353,147	334,922	312,601	298,383
Police	11,001,835	10,222,333	10,251,116	9,441,521	8,836,213	8,423,470	8,609,827	8,384,774	7,130,698	7,001,771
Fire	4,266,758	3,334,030	3,100,647	3,172,688	3,002,941	2,734,296	2,741,288	2,201,236	2,242,829	2,207,468
Public Works	12,889,840	5,438,890	7,653,406	8,651,550	8,398,043	8,008,701	6,669,448	5,482,571	7,094,068	6,928,067
Community Development	1,778,965	1,724,660	1,699,428	2,432,153	1,185,114	1,203,407	1,210,519	1,350,023	2,229,753	2,018,363
Parks and Recreation	2,157,430	3,981,748	3,185,425	4,825,050	6,003,610	5,843,647	5,805,241	5,250,506	4,025,927	3,088,750
Interest on long-term debt	4,165,018	5,302,942	4,853,042	4,714,902	4,666,567	4,554,433	4,717,319	4,669,459	4,418,519	3,612,523
Total governmental activities expenses	44,253,356	39,819,292	40,857,382	42,215,122	41,549,568	39,757,127	38,380,829	35,900,098	36,295,428	31,929,014
Business-type activities:										
Water and Sewer	19,608,273	17,278,731	17,071,406	16,723,552	15,549,248	14,715,610	13,916,192	13,272,884	12,206,742	10,917,707
Total business-type activities expenses	19,608,273	17,278,731	17,071,406	16,723,552	15,549,248	14,715,610	13,916,192	13,272,884	12,206,742	10,917,707
Total primary government expenses	63,861,629	57,098,023	57,928,788	58,938,674	57,098,816	54,472,737	52,297,021	49,172,982	48,502,170	42,846,721
Program Revenues										
Governmental activities:										
Charges for services:										
Community Development	1,334,327	1,351,443	1,113,132	1,163,945	1,125,092	792,029	664,711	1,025,979	1,072,444	1,118,001
Municipal Court	1,120,665	1,172,154	1,110,268	967,113	1,179,016	1,195,552	1,193,019	1,082,488	974,973	989,677
Police	845,646	860,390	725,857	488,631	463,565	550,947	522,919	516,591	658,015	415,637
Parks and Recreation	693,191	626,694	574,480	421,599	428,461	367,170	376,123	366,360	372,555	300,823
Public Works	945,930	1,086,223	756,113	162,374	129,562	55,316	62,795	99,753	307,226	464,587
Other	1,651,499	840,425	881,166	259,196	256,464	242,828	267,362	200,978	573,057	510,081
Operating grants & contributions	196,662	418,309	432,146	358,808	660,140	366,656	59,303	81,199	151,741	1,059,602
Capital grants & contributions	-	57,286	107,342	3,411,221	2,012,936	4,525,403	4,437,478	8,127,487	6,620,540	3,193,554
Total governmental activities program revenues	6,787,920	6,412,924	5,700,504	7,232,887	6,255,236	8,095,901	7,583,710	11,500,835	10,730,551	8,051,962

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

TABLE D-2

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities:										
Charges for services:										
Water Sales	\$ 22,163,656	\$ 10,220,088	\$ 8,140,267	\$ 8,285,306	\$ 7,780,095	\$ 8,547,662	\$ 6,917,587	\$ 6,574,110	\$ 6,060,043	\$ 4,815,631
Sewer Charges	-	5,511,705	4,901,303	4,255,951	3,720,357	3,406,283	2,864,595	2,748,160	2,409,614	2,338,820
Other	-	2,841,883	2,465,315	2,577,650	2,564,063	2,752,625	2,150,155	1,951,945	1,797,390	1,616,873
Operating grants & contributions	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	3,049,464	4,713,024	4,829,708	3,426,328	1,178,672	2,157,402	1,992,680	3,374,321	5,616,869	2,808,528
Total business-type activities program revenues	25,213,120	23,286,700	20,336,593	18,545,235	15,243,186	16,863,972	13,925,017	14,648,536	15,883,916	11,579,852
Total primary government program revenues	32,001,040	29,699,624	26,037,097	25,778,122	21,498,422	24,959,873	21,508,727	26,149,371	26,614,467	19,631,814
Net (Expense)/Revenue										
Governmental activities	(37,465,436)	(33,406,368)	(35,156,878)	(34,982,235)	(35,294,332)	(31,661,226)	(30,797,119)	(24,399,263)	(25,564,877)	(23,877,052)
Business-type activities	5,604,847	6,007,969	3,265,187	1,821,683	(306,062)	2,148,362	8,825	1,375,652	3,677,174	662,145
Total primary government net expense	(31,860,589)	(27,398,399)	(31,891,691)	(33,160,552)	(35,600,394)	(29,512,864)	(30,788,294)	(23,023,611)	(21,887,703)	(23,214,907)
General Revenues and Transfers										
Governmental activities:										
Property taxes	20,966,521	20,432,488	18,438,330	17,870,887	17,321,016	17,204,239	16,735,510	16,422,119	14,780,112	11,827,931
Sales taxes	16,331,411	15,171,326	14,341,277	14,045,093	12,720,023	11,526,555	10,833,397	10,264,401	10,123,636	8,901,929
Other	3,454,314	4,312,446	3,365,885	3,310,417	3,613,020	3,011,917	3,285,081	3,734,068	4,625,450	4,477,541
Transfers	949,250	936,500	1,091,950	1,217,550	1,594,950	979,863	1,511,785	6,201,291	1,315,405	1,350,335
Total governmental activities	41,701,496	40,852,760	37,237,442	36,443,947	35,249,009	32,722,574	32,365,773	36,621,879	30,844,603	26,557,736
Business-type activities:										
Other	88,673	11,798	22,017	180,858	139,212	238,819	203,622	675,348	960,254	1,600,342
Transfers	(949,250)	(936,500)	(1,091,950)	(1,217,550)	(1,594,950)	(979,863)	(1,511,785)	(6,201,291)	(1,315,405)	(1,350,335)
Total business-type activities	(860,577)	(924,702)	(1,069,933)	(1,036,692)	(1,455,738)	(741,044)	(1,308,163)	(5,525,943)	(355,151)	250,007
Total primary government	40,840,919	39,928,058	36,167,509	35,407,255	33,793,271	31,981,530	31,057,610	31,095,936	30,489,452	26,807,743
Change in Net Position										
Governmental activities	4,236,060	7,446,392	2,080,564	1,461,712	(45,323)	1,061,348	1,568,654	12,222,616	5,279,726	2,680,684
Business-type activities	4,744,270	5,083,267	2,195,254	784,991	(1,761,800)	1,407,318	(1,299,338)	(4,150,291)	3,322,023	912,152
Total primary government	\$ 8,980,330	\$ 12,529,659	\$ 4,275,818	\$ 2,246,703	\$ (1,807,123)	\$ 2,468,666	\$ 269,316	\$ 8,072,325	\$ 8,601,749	\$ 3,592,836

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>
2007	\$ 11,827,931	\$ 8,901,929	\$ 2,014,845	\$ 22,744,705
2008	14,780,112	10,123,636	2,421,094	27,324,842
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

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>
2007	\$ 4,815,631	\$ 2,338,820	\$ 7,154,451
2008	6,060,043	2,409,614	8,469,657
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

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

TABLE D-5

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,870	\$ 2,446	\$ 1,407
Restricted	-	-	-	-	23,038	-	-	-	-	-
Non-spendable	-	-	-	2,514	1,120	2,116	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	9,159,333	8,293,107	8,264,368	8,335,289
Unassigned	11,165,872	11,476,929	10,305,640	11,273,469	9,893,803	10,085,001	-	-	-	-
Total general fund	<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>	<u>\$ 8,266,814</u>	<u>\$ 8,336,696</u>
All other governmental funds										
Restricted	\$ (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	2,201,438	936,770	460,648	772,045	-	-	930,290	1,077,236	835,203	1,083,320
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	2,320,833	2,399,605	3,145,275	2,797,330
Capital projects funds	-	-	-	-	-	-	10,319,501	16,906,340	13,094,614	21,877,706
Assigned	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>\$ 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>	<u>\$ 17,075,092</u>	<u>\$ 25,758,356</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Ad valorem taxes, penalty and interest	\$ 20,946,082	\$ 20,441,533	\$ 18,416,548	\$ 17,890,435	\$ 17,338,798	\$ 17,329,982	\$ 16,560,766	\$ 16,407,575	\$ 14,708,142	\$ 11,820,994
Sales taxes	16,331,411	15,171,325	14,341,278	14,045,093	12,720,023	11,526,555	10,833,397	10,264,401	10,123,637	8,901,929
Franchise taxes	3,186,160	3,927,501	3,016,446	2,748,707	2,879,585	2,604,569	2,728,251	2,444,296	2,179,847	2,046,674
Charges for services	1,765,734	1,802,529	1,346,695	1,049,134	1,383,158	710,007	713,760	738,146	362,107	417,049
Permits	1,233,776	1,277,011	1,019,605	1,119,438	1,076,770	765,500	651,108	1,005,541	1,122,505	1,132,985
Municipal court	1,152,543	1,177,416	1,161,283	1,050,955	1,141,742	1,157,838	1,173,907	1,056,904	1,177,410	1,019,260
Intergovernmental	831,958	774,205	624,045	440,250	835,948	478,037	506,100	428,747	419,700	1,097,790
Interest income	105,047	88,724	51,672	(21,660)	114,588	136,878	60,429	611,615	1,702,870	2,012,244
Miscellaneous	315,876	440,246	525,865	795,304	795,150	661,379	569,258	872,988	837,707	716,896
Contributions and donations	90,812	388,236	527,008	44,929	727,361	364,975	148,512	2,812,457	775,695	2,241,586
Total Revenues	45,959,399	45,488,726	41,030,445	39,162,585	39,013,123	35,735,720	33,945,488	36,642,670	33,409,620	31,407,407
Expenditures										
Current:										
Mayor/council	107,998	116,572	94,747	102,995	106,958	111,494	116,372	109,845	117,366	111,555
Administration	4,348,317	4,221,318	3,997,844	3,821,755	3,690,167	3,402,793	3,353,637	3,358,705	3,056,885	2,750,197
Finance	1,017,359	948,974	985,734	924,415	1,245,790	1,211,261	1,189,250	1,266,436	1,199,417	1,138,238
Municipal court	389,914	396,256	415,220	349,536	337,537	335,082	333,234	318,467	311,706	300,186
Police	10,660,642	9,934,841	9,539,572	8,847,655	8,299,514	7,982,280	8,083,075	7,775,622	6,923,679	6,426,957
Fire	3,425,461	3,153,514	2,766,298	2,383,832	2,347,279	2,146,012	2,179,372	1,618,559	1,451,970	1,340,624
Public works	5,036,475	4,559,460	4,174,815	2,153,427	2,285,737	2,122,710	1,577,760	1,528,010	2,824,267	2,427,535
Community development	1,778,733	1,724,660	1,699,428	1,139,859	1,164,786	1,178,982	1,130,169	1,258,030	2,219,167	2,002,767
Parks and recreation	3,157,568	3,227,161	2,907,884	4,892,456	4,689,177	4,590,161	4,529,739	4,493,524	2,907,229	2,473,238
Total current	29,922,467	28,282,756	26,581,542	24,615,930	24,166,945	23,080,775	22,492,608	21,727,198	21,011,686	18,971,297
Capital outlay:										
Administration	3,480,825	3,220,135	474,857	8,431,896	6,649,805	7,168,226	4,746,948	18,427,890	2,373,369	4,028,933
Finance	173,471	54,875	103,344	124,302	224,306	101,525	57,653	78,866	137,035	-
Municipal Court	-	-	-	205,947	-	-	-	-	-	-
Police	544,428	287,492	711,544	167,587	465,169	274,821	1,316,626	258,623	74,899	225,992
Fire	410,467	180,516	334,349	2,167,780	368,805	266,400	434,754	6,462,691	727,795	1,578,623
Public works	431,590	98,112	6,421,609	-	-	-	24,575	90,798	29,051,639	10,609,516
Community development	-	-	-	-	-	-	-	-	-	2,105
Parks and recreation	893,797	754,587	277,541	65,534	486,159	-	1,095,622	482,177	1,742,004	2,397,348
Total capital outlay	5,934,578	4,595,717	8,323,244	11,163,046	8,194,244	7,810,972	7,676,178	25,801,045	34,106,741	18,842,517

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

TABLE D-6

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt service:										
Principal	\$ 6,560,000	\$ 6,809,632	\$ 6,803,038	\$ 5,268,038	\$ 4,933,038	\$ 4,278,038	\$ 4,458,038	\$ 4,670,540	\$ 4,335,462	\$ 3,726,505
Interest	3,945,758	5,091,670	4,630,739	4,613,787	4,820,183	4,570,301	4,766,488	4,716,545	4,254,162	3,607,455
Bond issuance costs	231,376	-	74,581	90,615	44,305	150,900	-	242,173	468,837	9,500
Fiscal charges	25,855	39,250	14,800	10,500	8,800	11,200	7,032	15,284	6,384	6,484
Total debt services	10,762,989	11,940,552	11,523,158	9,982,940	9,806,326	9,010,439	9,231,558	9,644,542	9,064,845	7,349,944
Total expenditures	46,620,034	44,819,025	46,427,944	45,761,916	42,167,515	39,902,186	39,400,344	57,172,785	64,183,272	45,163,758
Excess (deficiency) of revenues over (under) expenditures	(660,635)	669,701	(5,397,499)	(6,599,331)	(3,154,392)	(4,166,466)	(5,454,856)	(20,530,115)	(30,773,652)	(13,756,351)
Other financing sources (uses):										
Transfers in	540,350	689,000	2,769,639	2,277,550	2,217,035	3,456,450	1,478,835	8,664,757	1,975,436	2,585,804
Transfers out	(3,131,100)	(3,032,500)	(5,257,689)	(4,215,000)	(3,502,085)	(2,913,587)	(2,304,050)	(4,488,966)	(2,715,031)	(2,866,119)
Bonds issued	8,076,711	-	9,820,000	10,530,000	2,150,000	13,210,000	-	19,295,000	22,270,000	-
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	490,101	-
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)	6,169,149	(2,343,500)	(2,413,469)	8,813,967	864,950	12,426,206	(494,345)	23,867,367	22,020,506	(280,315)
Net change in fund balances	\$ 5,508,514	\$ (1,673,799)	\$ (7,810,968)	\$ 2,214,636	\$ (2,289,442)	\$ 8,259,740	\$ (5,949,201)	\$ 3,337,252	\$ (8,753,146)	\$ (14,036,666)
Debt service as a percentage of noncapital expenditures	25.8%	29.6%	30.0%	28.6%	28.7%	27.6%	29.1%	30.6%	24.0%	22.0%

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>
2007	\$ 11,820,994	\$ 8,901,929	\$ 2,046,674	\$ 22,769,597
2008	14,708,142	10,123,637	2,179,847	27,011,626
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

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

TABLE D-8

<u>Fiscal Year</u>	<u>Total Sales Tax Collections</u>	<u>Percent of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>
2007	\$ 8,901,929	76.69%	0.35
2008	10,123,637	70.46%	0.36
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	79.43%	0.38

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			
2007	2006	\$ 1,954,614,420	\$ 713,469,923	\$ 263,400,375	\$ 356,154,448	\$ 2,575,330,270	0.4250
2008	2007	2,105,432,149	809,042,172	291,476,021	404,048,791	2,801,901,551	0.4865
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	2,782,405,140	1,648,095,203	444,125,103	576,179,585	4,298,445,861	0.4853

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>
2007	\$ 96,624,100	\$ 1,537,004	\$ 61,259,470	\$ 16,146,371
2008	104,805,677	1,658,500	66,881,780	13,651,705
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

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&O</u>	<u>Debt</u>	<u>Total</u>	<u>School</u>	<u>County</u>
2007	0.2067	0.2183	0.425	1.7100	0.3507
2008	0.2243	0.2622	0.4865	1.4700	0.3500
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

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

TABLE D-12

Taxpayer	2016			2007		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Allen Foods/Bimbo Bakeries	\$ 73,074,930	1	1.70%	\$ -	-	-
Excel Rockwall, LP	55,675,990	2	1.30%	-	-	-
BRE MF Rockwall, LLC	49,072,130	3	1.14%	-	-	-
Rockwall Regional Hospital, LLP	38,153,080	4	0.89%	-	-	-
Rockwall Crossing LTD	32,206,820	5	0.75%	18,748,420	4	0.73%
Whitmore Manufacturing CO	31,915,670	6	0.74%	-	-	-
Bella Harbor Hotel Venture, LLC	28,994,250	7	0.67%	-	-	-
Rockwall Dunhill LLC	24,831,260	8	0.58%	18,700,000	5	0.73%
Graham Packaging/Continental PET	24,164,040	9	0.56%	30,974,977	1	1.20%
Oncor Electric Delivery Service	24,097,740	10	0.56%	21,792,930	3	0.85%
Wal-mart	-	-	-	22,518,286	2	0.87%
Mariah Bay Development Inc.	-	-	-	17,534,790	6	0.68%
Mission NE Dallas 1 LLC, Etal	-	-	-	15,686,510	7	0.61%
Texas Star Express	-	-	-	13,012,768	8	0.51%
Lowes Home Centers, Inc.	-	-	-	12,940,087	9	0.50%
Steger Towne Crossing, LP	-	-	-	11,717,715	10	0.45%
Subtotal	<u>382,185,910</u>		<u>8.89%</u>	<u>183,626,483</u>		<u>7.13%</u>
Total Taxable Value	<u>\$ 4,298,445,861</u>		<u>100.00%</u>	<u>\$ 2,575,330,270</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

Fiscal Year	Tax Year	Total Tax Levy	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy
2007	2006	\$ 11,607,235	\$ 11,433,286	98.50%	\$ 155,936	\$ 11,589,222	99.84%
2008	2007	14,367,824	14,173,725	98.65%	174,169	14,347,894	99.86%
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%

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

TABLE D-14

Customer	2016			2007		
	Water Usage	Rank	Percentage of Total Water Usage	Water Usage	Rank	Percentage of Total Water Usage
City of Rockwall	\$ 44,226,900	1	1.56%	\$ 33,724,300	1	1.63%
Rockwall I.S.D.	23,678,400	2	0.84%	24,138,500	2	3.85%
Graham Packaging Continental PET	17,925,600	3	0.63%	-	-	-
Orion at Lake Ray Hubbard (Mansions)	16,590,900	4	0.59%	-	-	-
Excel Rockwall, L.P.	13,147,400	5	0.47%	-	-	-
IX MC 923 Yellow Jacket Lane LP	12,670,000	6	0.45%	-	-	-
Walden Residential	12,014,000	7	0.43%	8,162,600	6	0.55%
Allen Food Bakeries, Inc	11,396,700	8	0.40%	-	-	-
TF Harbor LLC	9,141,200	9	0.32%	-	-	-
D.W.C./Highlife Properties	10,229,600	10	0.36%	15,240,900	3	0.83%
Whittle Development	-	-	-	9,459,700	4	0.46%
Bent Creek Condos HOA	-	-	-	8,317,400	5	0.36%
Mission Rockwall	-	-	-	7,796,700	7	0.54%
Lake Pointe Church	-	-	-	6,997,200	8	0.38%
Whitmore Manufacturing	-	-	-	6,774,700	9	0.53%
Sabre Realty Management Company	-	-	-	6,414,400	10	0.51%
Subtotal	\$ <u>171,020,700</u>		<u>6.05%</u>	\$ <u>127,026,400</u>		<u>5.19%</u>
Total Water Usage	<u>2,826,162,420</u>		<u>100.00%</u>	<u>2,446,090,960</u>		<u>100.00%</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	Contractual Obligations	Capitalized Lease Obligations	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Water and Sewer Revenue Bonds	Capitalized Lease Obligations			
2007	\$ 55,720,824	\$ 20,045,000	\$ 280,000	\$ -	\$ 184,176	\$ -	\$ -	\$ 13,360,000	\$ 5,040,094	\$ 94,630,094	7.20%	3,013
2008	74,925,362	18,810,000	245,000	-	154,638	9,935,000	-	12,530,000	4,805,090	121,405,090	8.13%	3,824
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	5.84%	3,246

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	Governmental and Business Type Activities							Percentage of Actual Taxable Value	Per Capita
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Gross Bonded Debt	Unamortized Premium (Discount)	Less: Debt Service Fund Balance	Net Bonded Debt		
2007	\$ 55,720,824	\$ 20,045,000	\$ 280,000	\$ 76,045,824	\$ 1,072,153	\$ 1,083,320	\$ 76,034,657	2.95%	2,421
2008	74,925,362	28,745,000	245,000	103,915,362	1,583,018	835,203	104,663,177	3.74%	3,297
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	3.02%	3,124

Note: See Table 20 for population data and Table 8 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, 2016
 (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	\$ 90,400,000	100.00%	\$ 90,400,000
Indirect:			
Rockwall Independent School District	547,581,172	52.70%	288,575,278
Rockwall County	<u>110,730,160</u>	61.76%	<u>68,386,947</u>
Total Indirect	<u>658,311,332</u>		<u>356,962,224</u>
Total Direct and Overlapping Bonded Debt	<u><u>\$ 748,711,332</u></u>		<u><u>\$ 447,362,224</u></u>
Average debt per capita			<u><u>\$ 11,543</u></u>

Source: Assessed value data used to estimate applicable percentages provided by Rockwall Central Appraisal District. Debt Outstanding data is provided by each governmental unit.

- (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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	0.4853	0.4955	0.5025	0.5025	0.5031	0.5031	0.5031	0.5031	0.4865	0.425
Legal Debt Margin	2.0147	2.0045	1.9975	1.9975	1.9969	1.9969	1.9969	1.9969	2.0135	2.0750

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	<u>Annual Revenue Debt Service Requirements</u>					Coverage
		Direct Operating Expense	Net Revenue Available for Debt Service	Principal	Interest	Total	
2007	10,970,532	8,405,774	2,564,758	785,000	606,179	1,391,179	1.84
2008	11,638,576	9,308,603	2,329,973	830,000	575,410	1,405,410	1.66
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	-	-	-	-

Note: Direct operating expenses excludes depreciation

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

TABLE D-20

DEMOGRAPHICS						
Fiscal Year	Population	Personal Income (thousands of dollars) (3)	Per Capita Personal Income (1)	RISD School Enrollment (2)	Unemployment Rate (%) (1)	
2007	31,407	\$ 1,313,786	\$ 41,831	12,468	3.9	
2008	31,748	1,494,029	47,059	13,027	4.9	
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	16,312	3.1	

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	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Rockwall Independent School District	1,872	1	9.11%	1,601	1	9.97%
Texas Health Presbyterian Hospital	600	2	2.92%	-	-	-
Texas Star Express	484	3	2.36%	484	2	3.01%
Wal-Mart Superstore	450	4	2.19%	450	3	2.80%
Rockwall County	315	5	1.53%	253	4	1.58%
City of Rockwall	277	6	1.35%	238	5	1.48%
Special Products	168	7	0.82%	205	6	1.28%
L-3 Communications	150	8	0.73%	-	-	-
Home Depot	140	9	0.68%	-	-	-
Bimbo Bakeries	134	10	0.65%	-	-	-
Target	-	-	-	200	7	1.25%
Rockwall Nursing Home	-	-	-	160	8	1.00%
Kohl's Department Store	-	-	-	140	9	0.87%
Home Depot	-	-	-	130	10	0.81%
Subtotal	<u>4,590</u>		<u>22.34%</u>	<u>3,861</u>		<u>24.04%</u>
Total	<u>20,544</u>		<u>100.00%</u>	<u>16,058</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Administration	27	26	26	25	21	21	22	22	22	22
Finance	5.5	5	5	5	8	8	8	8	8	8
Municipal Court	5	5	5	4	4	4	4	4	4	4
Fire	26	26	23	19	17	17	17	17	10	10
Police	102	101.5	100.5	97	92.5	91.5	90.5	90.5	88	85
Community Development	19	19	19	24.5	29.5	29.5	29.5	29.5	29.5	29.5
Parks & Recreation	30	30	29	25	26	26	26	26	24.5	24.5
Public Works	21	21	21	21	21	21	21	21	23	23
Water/Sewer	33	33	34	34	37	37	38	38	34	31
Total	268.50	266.50	262.50	254.50	256.00	255.00	256.00	256.00	243.00	237.00

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

TABLE D-23

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Finance										
Invoices processed	12,286	13,782	14,518	15,351	15,772	15,582	16,613	16,933	16,696	16,015
Payroll checks issued	11,213	11,093	10,118	9,650	10,065	10,500	9,356	9,176	8,765	8,840
Purchase orders issued	2,141	2,135	1,939	2,002	2,150	2,269	2,391	2,572	2,363	2,553
Municipal Court										
Violations processed	11,171	13,135	16,950	15,208	16,859	16,361	17,261	16,526	12,984	17,455
Fire										
Employees (paid)	26	26	23	19	17	17	17	17	10	10
Volunteers	48	34	30	29	35	41	38	35	42	37
Fire Calls (City and County)	1,240	902	723	913	831	1,059	771	771	860	777
Police										
Employees (uniformed)	78	78	78	76	72	71	71	70	69	66
Employees (civilian)	25.0	22.5	22.5	21	20	20	20	20	19	18
Calls for Service*	17,553	18,152	17,391	16,317	18,267	21,490	30,569	30,610	29,097	27,158
* Police Department software was upgraded in Sept. 2010 and utilizes a different criteria to count calls.										
Community Development										
# permits - New commercial construction	16	19	12	25	14	21	4	17	26	33
Value - New commercial construction	34,712,638	44,764,279	13,645,795	55,921,000	36,578,259	15,446,160	10,969,950	71,061,773	40,553,363	104,798,013
# permits - New residential construction	341	346	257	272	218	185	212	169	173	192
Value - New residential construction	80,982,059	79,262,932	59,868,007	56,266,387	39,815,104	36,244,834	40,293,359	30,914,120	31,962,169	40,174,623
Parks & Recreation										
The Center facility usage	46,946	62,991	78,350	84,000	81,500	84,001	68,665	61,713	76,530	69,988
Special event attendance	86,150	80,000	81,000	83,000	85,000	80,000	95,000	90,680	75,232	54,156
# recreation participants (youth & adult)	5,433	4,711	4,900	4,700	4,500	3,268	3,428	2,155	2,757	2,727

CONTINUED ON NEXT PAGE

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

TABLE D-23

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Works										
Streets - sq yd concrete street repair	1,262.94	5,407.00	3,872.00	2,333.00	4,316.37	2,276.40	2,851.55	5,507.20	3,415.26	739.69
\$ spent on concrete/asphalt street repair	\$ 749,128	\$ 806,081	\$ 909,163	\$ 712,451	\$ 654,243	\$ 602,167	\$ 575,446	\$ 541,430	\$ 411,814	\$ 341,685
Miles of public street maintained by City*	284.00	211.65	188.18	185.67	184.06	183.05	196.10	192.86	183.86	144.83
* Beginning in 2011, mileage calculations have changed and software advances have allowed for a more accurate count										
Water/Sewer										
Water customers	15,557	15,147	14,874	14,599	13,416	13,044	12,859	12,471	12,285	12,345
Sewer customers	12,944	12,644	13,215	12,968	12,137	11,891	11,651	11,401	11,106	10,987
Average daily water consumption (gal)	5,595,421	5,813,542	6,210,113	8,158,146	8,322,890	9,943,169	7,434,917	8,228,041	8,052,778	6,701,619
Peak daily water consumption (gal)	16,342,090	17,497,100	12,930,773	15,728,969	20,230,443	21,739,681	16,969,865	16,900,802	20,114,986	14,305,422
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	9,500,000	7,500,000

Source: City departments

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

n/a - Data not available

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

TABLE D-24

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Fire										
Number of stations	4	4	4	4	4	4	4	2	2	2
Number of fire engines/trucks	13	13	13	13	15	15	14	12	11	11
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	41	40	42	42	42	42	42	42	42	42
Parks & Recreation										
Parks acres (developed)	598	586	538	538	538	538	538	538	538	342
Playgrounds	26	25	25	25	25	25	25	23	23	23
Picnic areas	35	32	32	32	32	32	32	31	31	29
Swimming pools	2	2	2	2	2	2	2	2	2	2
Public Works										
\$ Spent on new construction	\$ 3,510,781	\$ 8,751,606	\$ 4,760,116	\$ 3,567,315	\$ 2,164,305	\$ 1,079,938	\$ 2,596,948	\$ 15,444,384	\$ 24,508,043	\$ 4,885,417
Miles of public streets	284	211.65	188.18	185.67	184.06	183.05	196.10	192.86	183.86	144.83
Water/Sewer										
Water mains (miles)	300.69	302.77	287.91	287.91	276.94	265.82	269.82	255.88	250.40	160.06
Sanitary sewers (miles)	237.13	241.21	231.91	231.91	218.88	222.62	215.88	212.77	209.95	117.51

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