

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

City of Rockwall, Texas

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

Prepared by

Finance Department

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



City of Rockwall, Texas

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INTRODUCTORY SECTION





City of Rockwall
The New Horizon

October 22, 2021

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, 2020, 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 Brooks, Watson & Co., 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, 2020, 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 unmodified opinion that the City of Rockwall's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

The City currently has a land area of approximately 29.97 square miles and an estimated population of 45,010.

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 1.75% in our local sales tax revenues despite the pandemic temporary closings. The city has a varied tax base including a mix of residential, commercial and light industrial properties. Total property values rose by 6.2%. The most recent five-year average is 8.11% per annum. The City's largest taxpayers are varied and include industry, retail developments, multi-family properties, and medical facilities. Tables 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:

- Lime Media, an experiential marketing company commenced construction on their corporate headquarters in the Rockwall Technology Park. The business focuses on visually dynamic and immersive consumer engagement program assets.
- K.E. Andrews, a nationally recognized tax advisory firm broke ground on their 80,000 square foot office headquarters in the City's scenic overlay district and expects to occupy the building by summer 2021.
- The Harbor retail development, saw new investment as it welcomed new restaurant, the Brass Tap. A new Condo project in the immediate vicinity will began leasing in late 2020 and another condo project and more restaurant space are in design with construction expected in 2021.
- Other areas of the City saw several new projects including a new Subaru dealership as well as a new Hyatt Place and Tru Hilton. Hotel occupancy was significantly impacted during the pandemic but was showing signs of recovery in late 2020.

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. The policy states the City should maintain no less than 3 months of reserves and will allow reserves in excess of 3.5 months of recurring operating expenditures to be transferred to a capital projects fund to be used to fund future projects. The City has maintained reserves at or above this level for many years. This allows the City to respond to emergencies or downturns while not overburdening the taxpayers. Reserves over the 3.5 month level were available to fund capital purchases in 2020.

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.

Capital Improvement Planning

In May 2018, voters approved a proposition to begin the rehabilitation and reconstruction of \$85,000,000 of aging residential streets which would include utility relocations and drainage system improvement. A pavement assessment was conducted on all city streets and alleys which gave an index score to each one. This coupled with traffic load data and the condition of the drainage system are factors in the streets chosen for the program. Design work continued in 2020 on several of the projects and construction work will be phased over several years to minimize the impact of the debt issuance.

Strategic Planning

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

coordinated marketing approach to ensure shoppers know the area is still open for business during the several years of construction activities.

Future Development

Transportation

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

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

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 allows funding for the advance planning and design of several major roadway projects. This allows the projects to be ready to commence as soon as state funding is allocated for construction. The Consortium was successful in securing new state funding for both SH276 and FM 3549 widening projects after the state-wide referendums provided new dollars for the state's highway system. The projects are both under construction with expected completion in 2021. The work of the Consortium which allows projects to be designed and ready to bid when dollars are available is crucial in getting these new funds.

Retail / Entertainment

"The Harbor" development is situated on the shores of Lake Ray Hubbard at I-30 and had new restaurant openings in 2020 including Brass Tap. The Tru Hilton added to the area's existing full service Hilton Hotel and Conference Center and Springhill Suites allowing more rooms for conference attendees in close proximity to conference space.

In 2019 construction began on 245 luxury condo units overlooking the Harbor area with residents moving in during early 2020 adding the residential component which has been long anticipated. Two additional condo projects are in design and should break ground in 2021.

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 designation as the “Free Live Music Capital of North Texas” by the Texas Legislature is supported by the more than 100 concerts at the public venues at the Harbor and San Jacinto Plaza in Downtown Rockwall. Due to the pandemic and the necessary reductions in crowd sizes many events were either held later in the summer or were cancelled. The Main Street Advisory Board and “Friends of Downtown Rockwall”, citizen volunteer group, work to plan special events to bring shoppers downtown. The many shops in the Downtown area provide a wide variety of shopping opportunities and vacancies are rare and filled quickly.

Utilities

The water and wastewater rates were increased in 2019. The City purchases treated water as a founding member city of the North Texas Municipal Water District. Water consumption in fiscal year 2020 consumption increased when compared to the prior year, while sales increased by 11% over the prior fiscal year. The City’s water system is recognized with the Texas Commission on Environmental Quality’s “Superior” rating.

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

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

Outstanding General Obligation Debt at 9-30-19 (net of Debt Service)	\$91,750,569
Estimated Population	45,010
G.O. Debt Per Capita	\$2,038
Net G.O. Debt per Assessed Value	1.52%

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

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

ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report 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.

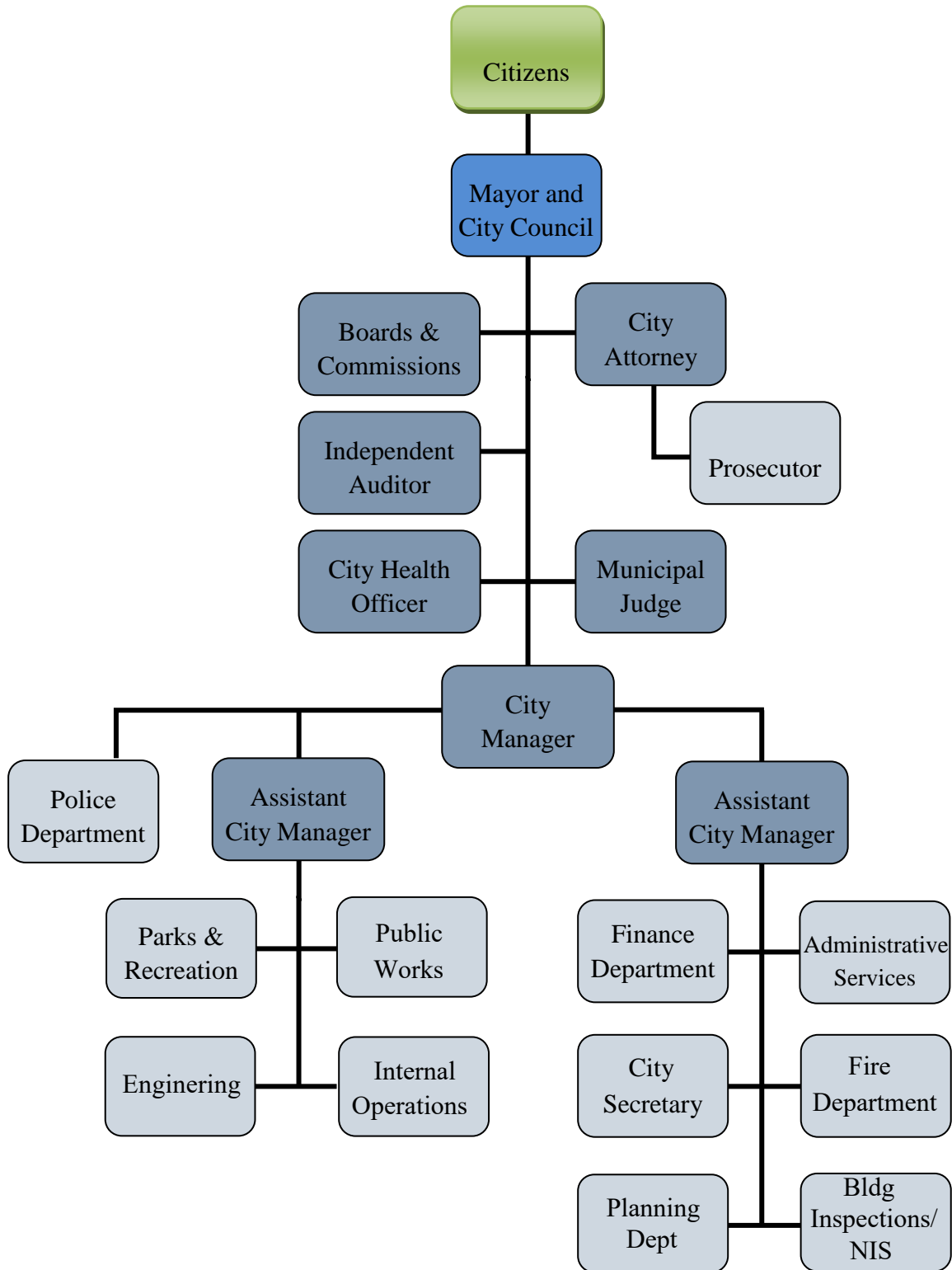
In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in black ink that reads "Mary Smith CPA". The signature is written in a cursive style.

Mary P. Smith, CPA
City Manager

City of Rockwall Organization Chart



City of Rockwall, Texas
ELECTED AND APPOINTED OFFICIALS
September 30, 2020

City Council

Jim Pruitt, Mayor
Kevin Fowler, Mayor Pro-Tempore
Bennie Daniels, Councilmember Place 1
John Hohenshelt, Councilmember Place 2
Trace Johannesen, Councilmember Place 4
Dana Macalik, Councilmember Place 5

City Staff

Rick Crowley, City Manager
Mary Smith, Assistant City Manager/Director of Finance
Joey Boyd, Assistant City Manager/Director of Internal Operations
Shawn Yerks, Director of Administrative Services
Max Geron, Chief of Police
Kenneth Cullins, Fire Chief
Ryan Miller, Director of Planning and Zoning
Amy Williams, Director of Public Works/City Engineer
Travis Sales, Director of Parks and Recreation



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The City's 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 from material misstatement.

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

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

Opinion

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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2020, 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.

Emphasis of Matter

As discussed in Note V.D. to the financial statements, the City has restated beginning net position within business-type activities and the water and sewer fund due to an accounting error relating to capital assets that occurred in the prior year. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and budgetary comparison information 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's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Brooks Watson & Co., PLLC
Certified Public Accountants
Houston, Texas
October 22, 2021



City of Rockwall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

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, 2020. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position was \$248,283,668 as of September 30, 2020. The City had an overall increase in net position of \$15,538,321.
- During the year, the City's governmental activities expenses were \$7,088,418 less than the \$61,001,768 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, 2020 by \$138,952,396 (net position).
- At the end of this fiscal year, the unassigned fund balance for the general fund was \$16,652,449 or approximately 46.1% percent of the total general fund operating expenditures and transfers out.
- The City's total outstanding general obligation bonds and certificates of obligation for governmental activities decreased by \$9,270,000 during fiscal year 2020. More detailed information is given in the notes section.

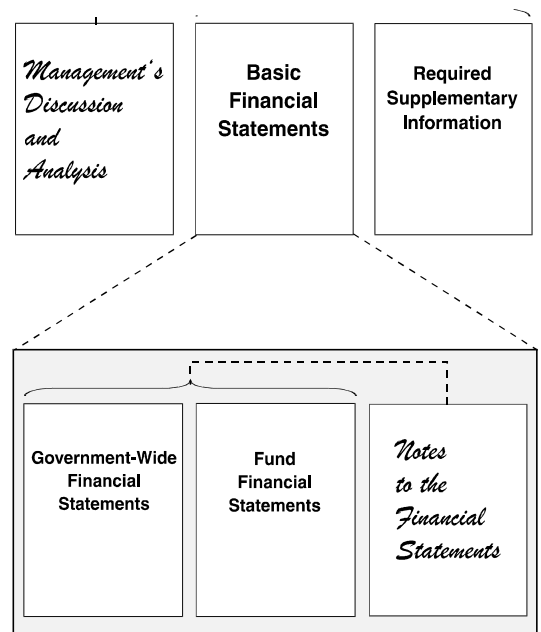
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

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



City of Rockwall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

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.

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.

City of Rockwall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

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

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

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

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

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

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

The government-wide financial statements are found on pages 20-25 of this report.

City of Rockwall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

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 twenty-one 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 eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

City of Rockwall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
September 30, 2020

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, Texas. This information is required by accounting principles generally accepted in the United States of America.

City of Rockwall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION

At the end of fiscal year 2020, the City's net position (assets exceeding liabilities) totaled \$248,283,668. The table below reflects the condensed Statement of Net Position.

The largest portion of the City's net position (91%) 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.

	2020			2019		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 28,558,897	\$ 16,726,679	\$ 45,285,576	\$ 32,832,050	\$ 17,463,963	\$ 50,296,013
Capital assets, net	202,627,886	121,872,975	324,500,861	196,862,175	115,083,987	311,946,162
Total Assets	231,186,783	138,599,654	369,786,437	229,694,225	132,547,950	362,242,175
Deferred Outflows	2,349,468	1,408,753	3,758,221	5,766,756	1,848,873	7,615,629
Current liabilities	13,438,489	5,895,761	19,334,250	12,337,479	5,455,800	17,793,279
Long-term liabilities	77,065,389	24,326,175	101,391,564	89,403,140	27,856,492	117,259,632
Total Liabilities	90,503,878	30,221,936	120,725,814	101,740,619	33,312,292	135,052,911
Deferred Inflows	4,079,977	455,199	4,535,176	1,856,384	203,162	2,059,546
Net Position:						
Net investment in capital assets	128,444,419	98,233,247	226,677,666	116,382,345	86,807,074	203,189,419
Restricted	6,558,003	2,215,307	8,773,310	5,903,520	1,990,887	7,894,407
Unrestricted	3,949,974	8,882,718	12,832,692	9,578,113	12,083,408	21,661,521
Total Net Position	\$ 138,952,396	\$ 109,331,272	\$ 248,283,668	\$ 131,863,978	\$ 100,881,369	\$ 232,745,347

A portion of the City of Rockwall's governmental and business-type activities net position, \$8,773,310 or 4% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position, \$12,832,692, may be used to meet the government's ongoing obligations to citizens and creditors.

City of Rockwall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2020			For the Year Ended September 30, 2019		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 4,219,361	\$ 35,598,369	\$ 39,817,730	\$ 4,785,850	\$ 31,769,332	\$ 36,555,182
Operating grants	1,707,561	-	1,707,561	1,272,678	-	1,272,678
Capital contributions	6,206,496	5,431,979	11,638,475	792,240	354,542	1,146,782
General revenues:						
Property tax	23,183,884	-	23,183,884	22,916,157	-	22,916,157
Sales tax	19,838,209	-	19,838,209	19,497,488	-	19,497,488
Franchise and local taxes	3,198,399	-	3,198,399	3,514,855	-	3,514,855
Hotel occupancy taxes	778,818	-	778,818	860,995	-	860,995
Investment income	377,092	103,324	480,416	703,092	269,238	972,330
Other revenues	407,798	88,287	496,085	909,850	44,117	953,967
Total Revenues	59,917,618	41,221,959	101,139,577	55,253,205	32,437,229	87,690,434
Expenses						
General government	10,607,747	-	10,607,747	10,623,023	-	10,623,023
Public safety	18,733,504	-	18,733,504	18,040,820	-	18,040,820
Public works	13,259,032	-	13,259,032	12,631,449	-	12,631,449
Parks and recreation	6,215,212	-	6,215,212	6,750,655	-	6,750,655
Community development	2,107,804	-	2,107,804	2,060,063	-	2,060,063
Interest and fiscal charges	2,990,051	881,358	3,871,409	3,286,942	1,065,118	4,352,060
Water and sewer	-	30,806,548	30,806,548	-	27,341,857	27,341,857
Total Expenses	53,913,350	31,687,906	85,601,256	53,392,952	28,406,975	81,799,927
Change in Net Position						
Before Transfers	6,004,268	9,534,053	15,538,321	1,860,253	4,030,254	5,890,507
Transfers	1,084,150	(1,084,150)	-	1,023,100	(1,023,100)	-
Total	1,084,150	(1,084,150)	-	1,023,100	(1,023,100)	-
Change in Net Position	7,088,418	8,449,903	15,538,321	2,883,353	3,007,154	5,890,507
Beginning Net Position	131,863,978	100,881,369	232,745,347	128,980,625	97,874,215	226,854,840
Ending Net Position	\$ 138,952,396	\$ 109,331,272	\$ 248,283,668	\$ 131,863,978	\$ 100,881,369	\$ 232,745,347

City of Rockwall, Texas

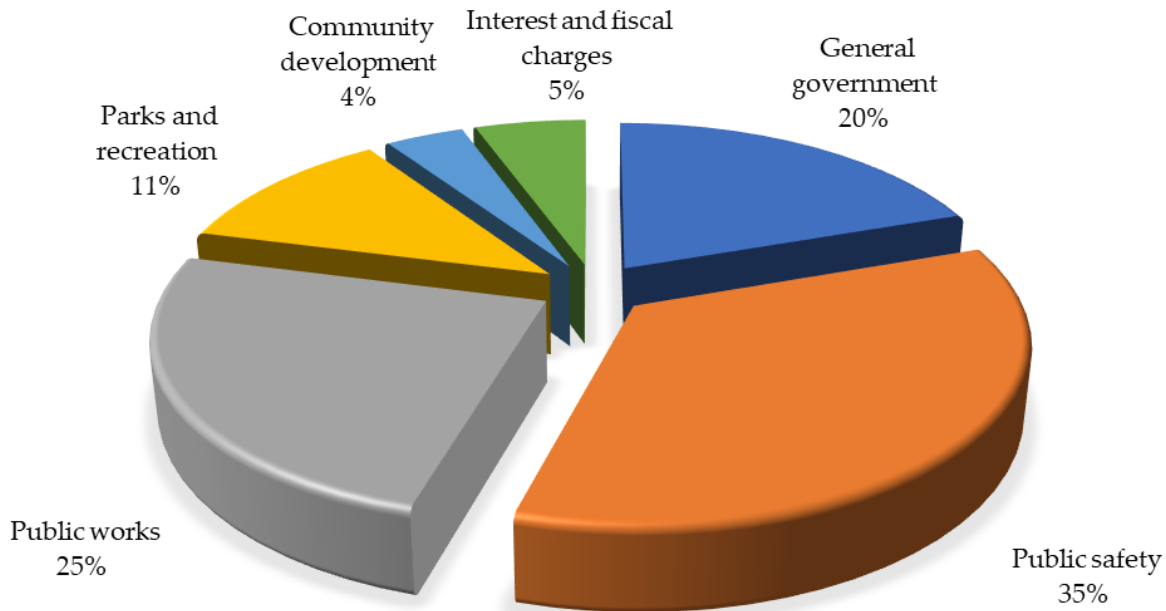
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

Governmental Activities

The City's total revenues of governmental activities including transfers in were \$61,001,735. A significant portion 38%, of the City's revenues came from property taxes. Another 32.5% of revenue came from sales taxes. Ad valorem property tax revenues as a percent of revenues remains stable as the City responds to the increases in assessed value of existing properties by reducing the ad valorem tax rate to a rate sufficient to generate the same revenues in the new year as were generated in the prior year. The City Council has chosen to lower the tax rate each of the last six years. Total assessed values of the properties in the City increased by 6.20%. The City adopted a property tax rate of 38.7990 cents per \$100 of assessed valuation for fiscal year 2020. Growth in the assessed valuation and conservative budgets allowed the City to lower the rate for fiscal year 2020 by 1.411 cents per hundred dollars of assessed valuation. Sales tax revenue increased over the prior year by 1.75%, which was encouraging in light of the mandated business closures in place for periods of time during the pandemic. Internet sales were strong and the population continued to increase. Housing starts increased from the prior year by 12% and remain predominately the construction of larger homes on larger tracts resulting in significantly higher price points. Developers started infrastructure work on several projects including additional phases of Breezy Hill, Ladera Rockwall, Gideon Grove, and Saddle Star in 2020. The permit revenues increased by 9% due to the increased housing starts. 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.

Governmental Activities - Expenses



City of Rockwall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

The total cost of all programs and services were \$53,913,350. Of this total, \$18,733,504 (35%) were for the public safety functions in the Police and Fire Departments. The Fire department continues to increase staffing adding 3 firefighter positions and 3 captain promotions as the city grows and matures the combined paid/volunteer department. The city's strategic planning was accepted by Council in 2018 and includes an ongoing focus on the staffing ratios and service needs of the area. The Public Works Department represents 25% of the City's costs due to street construction and rehabilitation projects underway. A study was previously funded to determine the pavement condition of all streets and alleys in the City limits. The results were evaluated and employed in the budget process for 2020 to determine priorities for maintenance projects which could reasonably be expected to improve the roadway and extend the time before more extensive repairs or replacement would be required in future capital projects.

Business-Type Activities

The City's business-type activities recorded an increase of \$8,449,903 in net position. Retail water sales increased by 11% due to a dry summer resulting in increased consumption for irrigation purposes. The City's rates were last increased in January 2019. 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 also increased in January 2019. Total sewer charges increased by 7% for the fiscal year. The city employs winter averaging to calculate sewer billing, as such revenues are largely unaffected by weather conditions. Water and sewer charges were \$31,678,906 which is an increase of \$3,198,276 over the prior year.

Water and sewer impact fees (Capital recovery fees) totaled \$2,240,143 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 \$6,522,878. Assets managed by the corporation include an inventory of 218 acres of land, zoned for light industrial uses and available for sale. The REDC continues to attract companies to the City through its marketing efforts and ability to match businesses to available land.

ANALYSIS OF INDIVIDUAL FUNDS

The City's *General Fund* reported an ending unassigned fund balance of \$16,652,449. The largest source of general fund revenue is sales tax, it accounted for \$19,580,875 (48.0%) of total general fund revenue. Ad valorem property taxes account for \$12,903,578 (32%) of general fund revenues. The City's property tax rate is split between maintenance/operations and debt service.

City of Rockwall, Texas

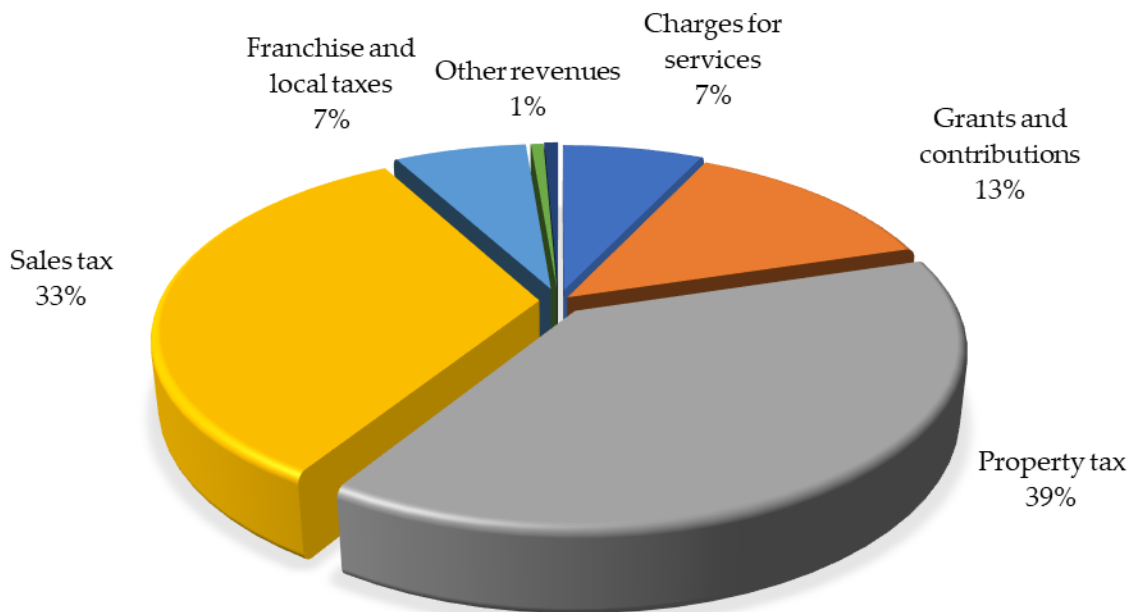
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2020

The City maintains the unassigned fund balance at or above acceptable levels as defined within the City's financial policies. This "reserve" balance allows the City Council to elect to fund projects unforeseen during the budgeting process and provides a measure of security against changes in the economy and the timing of cash flows. The unassigned balance increased by \$1,960,017 or 12% due to stronger than anticipated sales tax and permit revenue sources as well as less than appropriated expenditures in each department.

Revenues by Source – General Fund

Governmental Activities - Revenues



The City's *Debt Service Fund* reported an increase in fund balance of \$632,781. Property tax collections for debt service requirements were \$9,916,817. This is required in order to pay debt service payments on bonds issued to construct numerous road and parks projects completed since the City's bond election in 2005 and again in 2012 which authorized more than \$92,831,000 in projects. After extensive study, the City adopted a Roadway Impact Fee, which was updated in 2014, and again in 2019, and generated \$656,728 in new revenue to this fund in fiscal year 2020. The City Council chooses to budget a portion of this fund balance each year toward meeting the City's current debt service obligations. This allows the use of the debt service fund reserves to lessen the effect of new debt issues on the property tax rate each year.

City of Rockwall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

The *G.O. Bonds Capital Projects Fund* reported a deficit fund balance balance of \$8,253,123, a decrease of \$8,747,225 from the prior year. Capital outlay expenditures totaling \$8,762,901 exceeded current year revenues of \$15,676.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2020, 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 \$37,796,050 decreased to \$37,765,850 while revenue estimates increased from \$39,048,300 to \$39,070,800.

General fund revenues ultimately were \$40,735,316 a positive variance of \$1,664,516 over the amended budget estimate, reflecting a greater than anticipated increase in sales tax collections and construction permits late in the budget year. Actual general fund total expenditures were \$36,105,434 or \$1,660,416 less than final projections. Final expenditures in each department were generally less than anticipated. The City ended the year with a fund balance of \$16,655,537, or 1,960,382 more than the prior year. The increase is due to sales taxes and permit revenues exceeding early estimates and departments spending less than originally anticipated due to the unknown effects of the pandemic and overall reduced spending.

Capital Assets

At the end of the fiscal year 2020 the City had \$324,500,861 (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	
	2020	2019	2020	2019	2020	2019
Land	\$ 17,756,083	\$ 17,756,083	\$ 534,078	\$ 534,078	\$ 18,290,161	\$ 18,290,161
Buildings & systems	11,210,225	12,078,705	6,554,223	5,914,444	17,764,448	17,993,149
Improvements other than buildings	14,683,041	16,982,085	110,419,787	100,462,583	125,102,828	117,444,668
Machinery & equipment	6,618,479	5,892,948	2,503,024	2,977,663	9,121,503	8,870,611
Infrastructure	143,242,707	142,080,479	-	-	145,104,570	142,080,479
Construction in progress	9,117,351	5,470,388	1,861,863	4,952,221	9,117,351	10,422,609
	<u>\$ 202,627,886</u>	<u>\$ 200,260,690</u>	<u>\$ 121,872,975</u>	<u>\$ 114,840,989</u>	<u>\$ 324,500,861</u>	<u>\$ 315,101,677</u>

The results of the street and alley condition assessment conducted in 2016 were used to develop a capital improvement program which included \$85 million of street reconstruction projects which was approved by the voters in May 2018. Projects have been prioritized and design will

City of Rockwall, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
September 30, 2020

be undertaken on many of the projects in 2020 with construction timing and debt issuance phased over the next 8-10 years.

Additional information regarding the City's capital assets is found in note IV-D on pages 61-63.

Debt

At year-end, the City had \$97,684,998 in bonds and capitalized leases shown in Table 4.

Table 4
City of Rockwall Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 67,380,000	73,500,000	\$ 14,720,000	\$ 16,700,000	\$ 82,100,000	\$ 90,200,000
Certificates of obligation	5,735,000	6,305,000	6,395,000	6,995,000	12,130,000	13,300,000
Capital Lease obligations	-	-	3,454,998	3,508,374	3,454,998	3,508,374
	<u>\$73,115,000</u>	<u>\$ 79,805,000</u>	<u>\$24,569,998</u>	<u>\$ 27,203,374</u>	<u>\$ 97,684,998</u>	<u>\$ 107,008,374</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 1.52% or \$2,038 per capita.

The City's bond ratings at September 30, 2020 were as follows:

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

Additional information on long-term debt may be found in note IV-F, on pages 65-71 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 2020 budget, tax rate, and fees that will be charged for the business-type activities. The City conservatively budgeted a 3% decrease in sales taxes due to the unknowns associated with the pandemic and uncertain economic conditions on a federal level while budgeting other revenues as flat in 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-Fort Worth SMSA make

City of Rockwall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2020

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 5.8%, which was below national levels.

The City of Rockwall considered these factors when adopting the General Fund budget for fiscal year 2020. The budgeted revenues for fiscal year 2021 total \$38,918,600 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 37.00 cents per hundred dollars of assessed value due to growth in assessed values.

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 ending general fund balance for 2020 provided approximately 5.25 months of reserves for the City. The 2021 budget reflects planned expenditures from reserves including multiple vehicle replacements and police digital evidence management software. Street and alley maintenance funding was decreased increased by \$859,900 as well to be prepared to deal with lowered revenues without impacting day to day operations.

The 2021 budget expenditures does not include any new positions but anticipates being able to be fully staffed throughout the fiscal year. The Fire Department applied for a federal staffing grant the outcome of which was unknown at budget adoption.

A comprehensive water and sewer rate study was developed during 2018 with rate recommendations over the next several years. This included looking at the North Texas Municipal Water District projected rates for treated water over the next five years and well as budget planning and capital planning for the City’s own operations and projects. A phased program to add generators to each wastewater lift station is continuing in 2020.

City of Rockwall, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

September 30, 2020

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 (Page 1 of 2)
September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 18,409,991	\$ 8,399,691	\$ 26,809,682
Investments	3,814,302	9,169	3,823,471
Taxes receivable, net	5,428,005	-	5,428,005
Receivables, net	897,016	5,265,220	6,162,236
Due from other governments	-	566,881	566,881
Internal balances	3,678	(3,678)	-
Due from component units	2,817	-	2,817
Due from primary government	-	-	-
Inventories	3,088	268,948	272,036
Restricted assets:			
Cash	-	1,495,307	1,495,307
Investments	-	720,000	720,000
Receivables, net	-	5,141	5,141
Total Current Assets	28,558,897	16,726,679	45,285,576
Noncurrent assets:			
Land held for sale	-	-	-
Capital assets:			
Non-depreciable	26,873,434	2,395,941	29,269,375
Net depreciable capital assets	175,754,452	119,477,034	295,231,486
	<u>202,627,886</u>	<u>121,872,975</u>	<u>324,500,861</u>
Total Assets	231,186,783	138,599,654	369,786,437
Deferred Outflows of Resources			
Pension contributions	2,241,206	250,049	2,491,255
OPEB contributions	2,765	309	3,074
OPEB assumption changes	65,889	7,351	73,240
Deferred charge on refunding	39,608	1,151,044	1,190,652
Total Deferred Outflows of Resources	2,349,468	1,408,753	3,758,221

Component Units	
Rockwall EDC	Technology Park
\$ 9,102,294	\$ 30,546
300,000	-
1,191,581	-
232	15,170
-	-
-	-
-	-
-	2,118
-	-
-	-
-	-
-	-
<u>10,594,107</u>	<u>47,834</u>
19,725,148	-
-	-
26,319	-
<u>19,751,467</u>	<u>-</u>
<u>30,345,574</u>	<u>47,834</u>
34,701	-
43	-
1,020	-
398,737	-
<u>434,501</u>	<u>-</u>

City of Rockwall, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>Liabilities</u>			
Accounts payable	5,064,078	1,985,096	7,049,174
Due to component units	2,118	-	2,118
Due to primary government	-	-	-
Customer deposits	-	645,150	645,150
Compensated absences, current	1,701,885	134,109	1,835,994
Accrued interest payable	465,408	191,406	656,814
Long-term debt - current	6,205,000	2,940,000	9,145,000
Total Current Liabilities	13,438,489	5,895,761	19,334,250
Noncurrent liabilities:			
Net pension liability	7,906,865	882,162	8,789,027
OPEB liability	613,688	68,469	682,157
Compensated absences, noncurrent	373,584	29,438	403,022
Long-term debt - due in more than one year	68,171,252	23,346,106	91,517,358
Total Noncurrent Liabilities	77,065,389	24,326,175	101,391,564
Total Liabilities	90,503,878	30,221,936	120,725,814
<u>Deferred Inflows of Resources</u>			
Pension investment experience	2,424,884	270,542	2,695,426
Pension expected vs. actual experience	1,655,093	184,657	1,839,750
Total Deferred Inflows of Resources	4,079,977	455,199	4,535,176
<u>Net Position</u>			
Net investment in capital assets	128,444,419	98,233,247	226,677,666
Restricted for:			
Public safety	330,165	-	330,165
Capital projects and acquisitions	-	720,000	720,000
Debt service	5,402,484	1,495,307	6,897,791
Economic development	-	-	-
Tourism	825,354	-	825,354
Unrestricted	3,949,974	8,882,718	12,832,692
Total Net Position	\$ 138,952,396	\$ 109,331,272	\$ 248,283,668

See Notes to Financial Statements.

Component Units	
Rockwall EDC	Technology Park
388,089	40,086
-	-
2,817	-
-	-
17,697	-
131,713	-
1,760,000	-
<u>2,300,316</u>	<u>40,086</u>
122,422	-
9,502	-
3,885	-
22,223,045	-
<u>22,358,854</u>	<u>-</u>
<u>24,659,170</u>	<u>40,086</u>
37,544	-
25,626	-
<u>63,170</u>	<u>-</u>
3,760,265	-
-	-
-	-
-	-
2,297,470	-
-	-
-	7,748
<u>\$ 6,057,735</u>	<u>\$ 7,748</u>

City of Rockwall, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 10,607,747	\$ 2,423,633	\$ 1,029,616	\$ -
Public safety	18,733,504	-	-	-
Public works	13,259,032	1,795,728	653,875	6,206,496
Parks and recreation	6,215,212	-	24,070	-
Community development	2,107,804	-	-	-
Interest and fiscal charges	2,990,051	-	-	-
Total Governmental Activities	53,913,350	4,219,361	1,707,561	6,206,496
Business-Type Activities				
Water and sewer	31,687,906	35,598,369	-	5,431,979
Total Business-Type Activities	31,687,906	35,598,369	-	5,431,979
Total Primary Government	\$ 85,601,256	\$ 39,817,730	\$ 1,707,561	11,638,475
Component Units				
Rockwall EDC	4,035,533	-	-	-
Technology Park	206,874	-	-	-
Total Component Units	\$ 4,242,407	\$ -	\$ -	\$ -

General Revenues:

Taxes
 Property taxes
 Sales taxes
 Franchise and local taxes
 Hotel occupancy taxes
 Assessments revenue
 Other revenues
 Investment income

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Rockwall EDC	Technology Park
\$ (7,154,498)	\$ -	\$ (7,154,498)	\$ -	\$ -
(18,733,504)	-	(18,733,504)	-	-
(4,602,933)	-	(4,602,933)	-	-
(6,191,142)	-	(6,191,142)	-	-
(2,107,804)	-	(2,107,804)	-	-
(2,990,051)	-	(2,990,051)	-	-
<u>(41,779,932)</u>	<u>-</u>	<u>(41,779,932)</u>	<u>-</u>	<u>-</u>
-	9,342,442	9,342,442	-	-
-	9,342,442	9,342,442	-	-
<u>(41,779,932)</u>	<u>9,342,442</u>	<u>(32,437,490)</u>	<u>-</u>	<u>-</u>
			(4,035,533)	-
			-	(206,874)
			<u>(4,035,533)</u>	<u>(206,874)</u>
23,183,884	-	23,183,884	-	-
19,838,209	-	19,838,209	6,522,878	-
3,198,399	-	3,198,399	-	-
778,818	-	778,818	-	-
-	-	-	-	222,591
407,798	88,287	496,085	774	3,850
377,092	103,324	480,416	103,241	-
1,084,150	(1,084,150)	-	-	-
<u>48,868,350</u>	<u>(892,539)</u>	<u>47,975,811</u>	<u>6,626,893</u>	<u>226,441</u>
7,088,418	8,449,903	15,538,321	2,591,360	19,567
131,863,978	100,881,369	232,745,347	3,466,375	(11,819)
<u>\$ 138,952,396</u>	<u>\$ 109,331,272</u>	<u>\$ 248,283,668</u>	<u>\$ 6,057,735</u>	<u>\$ 7,748</u>

City of Rockwall, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>G/O Bonds - Capital Projects</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 4,342,892	\$ 5,240,053	\$ 1,370,908
Investments	2,231,313	-	-
Taxes receivable, net	3,859,039	216,738	-
Franchise tax receivables	1,198,906	-	-
Fines receivable	214,058	-	-
Accounts receivable	159,961	-	-
Other receivables	15,457	-	-
Interest receivable	9,648	-	-
Due from other funds	8,455,154	-	-
Due from component units	2,817	-	-
Inventories	3,088	-	-
Total Assets	\$ 20,492,333	\$ 5,456,791	\$ 1,370,908
<u>Liabilities</u>			
Accounts payable	\$ 2,817,874	\$ -	\$ 1,174,031
Seizures payable	-	-	-
Due to other governments	122,250	-	-
Due to other funds	1,461	-	8,450,000
Due to component units	2,118	-	-
Total Liabilities	2,943,703	-	9,624,031
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	205,657	187,347	-
Unavailable revenue - fines and forfeitures	145,561	-	-
Unavailable revenue - franchise taxes	541,875	-	-
Unavailable revenue - assessments	-	-	-
Total Deferred Inflows of Resources	893,093	187,347	-
<u>Fund Balances</u>			
Nonspendable:			
Inventories	3,088	-	-
Committed for:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Capital projects	-	-	-
Capital acquisitions	-	-	-
Restricted for:			
Debt service	-	5,269,444	-
Public safety	-	-	-
Tourism	-	-	-
Unassigned	16,652,449	-	(8,253,123)
Total Fund Balances	16,655,537	5,269,444	(8,253,123)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 20,492,333	\$ 5,456,791	\$ (8,253,123)

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,812,588	\$ 15,766,441
1,582,989	3,814,302
153,322	4,229,099
-	1,198,906
-	214,058
457,736	617,697
-	15,457
-	9,648
1,461	8,456,615
-	2,817
-	3,088
<u>\$ 7,008,096</u>	<u>\$ 34,328,128</u>
\$ 67,874	\$ 4,059,779
50,580	50,580
-	122,250
1,476	8,452,937
-	2,118
<u>119,930</u>	<u>12,687,664</u>
160,079	553,083
-	145,561
-	541,875
122,894	122,894
<u>282,973</u>	<u>1,363,413</u>
-	3,088
54,262	54,262
221,955	221,955
478,180	478,180
1,559,302	1,559,302
630,570	630,570
2,372,365	2,372,365
133,040	5,402,484
330,165	330,165
825,354	825,354
-	8,399,326
<u>6,605,193</u>	<u>20,277,051</u>
<u>\$ 6,725,123</u>	<u>\$ 32,964,715</u>

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City of Rockwall, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2020

Fund Balances - Total Governmental Funds	\$ 20,277,051
 Adjustments for the Statement of Net Position:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	26,873,434
Capital assets - net depreciable	175,754,452
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
	1,363,413
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time	
Pension expected vs. actual experience	(1,655,093)
Pension investment experience	(2,424,884)
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then	
Pension contributions	2,241,206
OPEB contributions	2,765
OPEB assumption changes	65,889
Internal service funds are used by management to charge the cost of employee benefits and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	
Net position - governmental activities	1,852,237
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(465,408)
Deferred charges:	
On refunding	39,608
Bond discount	141,694
Bond premium	(1,402,946)
Net pension liability	(7,906,865)
OPEB liability	(613,688)
Compensated absences	(2,075,469)
Non-current liabilities due in one year	(6,205,000)
Non-current liabilities due in more than one year	(66,910,000)
Net Position of Governmental Activities	\$ 138,952,396

See Notes to Financial Statements.

City of Rockwall, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	<u>General</u>	<u>Debt Service</u>	<u>G/O Bonds - Capital Projects</u>
Revenues			
Property tax	\$ 12,903,578	\$ 9,916,817	\$ -
Sales tax	19,580,875	-	-
Franchise and local taxes	3,245,274	-	-
Hotel occupancy taxes	-	-	-
License and permits	1,695,805	-	-
Intergovernmental	1,578,566	-	-
Charges for services	733,655	656,728	-
Fines and forfeitures	571,028	-	-
Investment income	203,835	70,169	11,971
Other revenue	130,971	-	3,705
Contributions and donations	91,729	-	-
Total Revenues	<u>40,735,316</u>	<u>10,643,714</u>	<u>15,676</u>
Expenditures			
Current:			
Administration	4,611,336	-	-
Finance	737,711	-	-
Mayor/council	88,568	-	-
Police	12,043,759	-	-
Fire	5,243,773	-	-
Municipal court	389,693	-	-
Public works	4,776,601	-	-
Parks and recreation	4,510,663	-	-
Community development	2,107,804	-	-
Debt Service:			
Principal	-	5,810,000	-
Interest and fiscal charges	-	2,937,783	-
Administrative charges	-	12,500	-
Capital outlay	1,595,526	-	8,762,901
Total Expenditures	<u>36,105,434</u>	<u>8,760,283</u>	<u>8,762,901</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,629,882	1,883,431	(8,747,225)
Other Financing Sources (Uses)			
Transfers in	213,200	-	-
Transfers (out)	(2,882,700)	(1,250,650)	-
Total Other Financing Sources (Uses)	<u>(2,669,500)</u>	<u>(1,250,650)</u>	<u>-</u>
Net Change in Fund Balances	1,960,382	632,781	(8,747,225)
Beginning fund balances	14,695,155	4,636,663	494,102
Ending Fund Balances	<u>\$ 16,655,537</u>	<u>\$ 5,269,444</u>	<u>\$ (8,253,123)</u>

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 431,302	\$ 23,251,697
257,334	19,838,209
-	3,245,274
778,818	778,818
99,923	1,795,728
428,912	2,007,478
444,955	1,835,338
-	571,028
91,117	377,092
307,927	442,603
93,327	185,056
<u>2,933,615</u>	<u>54,328,321</u>
421,213	5,032,549
-	737,711
-	88,568
102,122	12,145,881
2,945	5,246,718
-	389,693
-	4,776,601
183,530	4,694,193
-	2,107,804
880,000	6,690,000
188,057	3,125,840
-	12,500
1,818,540	12,176,967
<u>3,596,407</u>	<u>57,225,025</u>
(662,792)	(2,896,704)
1,772,500	1,985,700
(63,200)	(4,196,550)
<u>1,709,300</u>	<u>(2,210,850)</u>
1,046,508	(5,107,554)
5,558,685	25,384,605
<u>\$ 6,605,193</u>	<u>\$ 20,277,051</u>

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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, 2020

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

Net changes in fund balances - total governmental funds	\$	(5,107,554)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		11,991,170
Capital contributions		6,114,767
Depreciation expense		(12,297,544)
Adjustment for capital asset disposals		(42,682)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(482,788)
--	--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(297,139)
Accrued interest		44,240
Pension expense		369,860
OPEB expense		(53,037)

Internal service funds are used by management to charge the cost of employee benefits and workers' compensation to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities		55,076
---	--	--------

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of deferred charges on refunding		(8,109)
Amortization of debt premium/discount		112,158
Principal payments		6,690,000

Change in Net Position of Governmental Activities	\$	7,088,418
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See Notes to Financial Statements.

City of Rockwall, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 1 of 2)
September 30, 2020

	Business-Type		
	Activities	Internal Service Funds	
	Water and Sewer	Employee Benefits	Workers' Compensation
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 8,399,691	\$ 1,855,907	\$ 787,643
Investments	9,169	-	-
Accounts receivable, net	5,265,220	40,156	-
Due from other governments	566,881	-	-
Inventories	268,948	-	-
Restricted assets:			
Restricted cash	1,495,307	-	-
Restricted investments	720,000	-	-
Restricted receivables	5,141	-	-
Total Current Assets	16,730,357	1,896,063	787,643
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	2,395,941	-	-
Net depreciable capital assets	119,477,034	-	-
Total Noncurrent Assets	121,872,975	-	-
Total Assets	138,603,332	1,896,063	787,643
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	1,151,044	-	-
Pension contributions	250,049	-	-
OPEB contributions	309	-	-
OPEB assumption changes	7,351	-	-
Total Deferred Outflows of Resources	1,408,753	-	-

See Notes to Financial Statements.

Internal Service

Funds

Total

\$ 2,643,550
-
40,156
-
-
-
-
-

2,683,706

-
-

-

2,683,706

-
-
-
-

-

City of Rockwall, Texas
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 2 of 2)
September 30, 2020

	Water and Sewer	Internal Service Funds	
		Employee Benefits	Workers' Compensation
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 1,985,096	\$ 752,214	\$ 79,255
Customer deposits	645,150	-	-
Compensated absences, current	134,109	-	-
Capital lease obligations	475,000	-	-
Bonds and certificates of obligation	2,465,000	-	-
Accrued interest	191,406	-	-
Due to other funds	3,678	-	-
Total Current Liabilities	5,899,439	752,214	79,255
<u>Noncurrent Liabilities</u>			
Compensated absences, noncurrent	29,438	-	-
Capital lease obligations	2,979,998	-	-
Bonds and certificates of obligation	20,366,108	-	-
Net pension liability	882,162	-	-
OPEB liability	68,469	-	-
Total Liabilities	30,225,614	752,214	79,255
<u>Deferred Inflows of Resources</u>			
Pension investment experience	270,542	-	-
Pension expected experience vs. actual	184,657	-	-
Total Deferred Inflows of Resources	455,199	-	-
<u>Net Position</u>			
Net investment in capital assets	98,233,247	-	-
Restricted for:			
Debt service	1,495,307	-	-
Capital projects	720,000	-	-
Unrestricted	8,882,718	1,143,849	708,388
Total Net Position	\$ 109,331,272	\$ 1,143,849	\$ 708,388

See Notes to Financial Statements.

City of Rockwall, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2020

	Business-Type		
	Activities	Internal Service Funds	
	Water and Sewer	Employee Benefits	Workers' Compensation
<u>Operating Revenues</u>			
Charges for services	\$ 33,358,226	\$ 1,244,696	\$ -
Impact fees	2,240,143	-	-
Other revenue	88,287	21,000	4,772
Total Operating Revenues	35,686,656	1,265,696	4,772
<u>Operating Expenses</u>			
Personnel expenses	2,697,788	-	-
Supplies	735,867	-	-
Operations	528,587	-	-
Utilities	440,961	-	-
Contractual services	22,688,017	4,322,367	238,937
Depreciation	3,713,897	-	-
Total Operating Expenses	30,805,117	4,322,367	238,937
Operating Income (Loss)	4,881,539	(3,056,671)	(234,165)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	103,324	33,214	17,698
Interest expense	(881,358)	-	-
Fiscal charges	(1,431)	-	-
Total Nonoperating Revenues (Expenses)	(779,465)	33,214	17,698
Income Before Capital Contributions and Transfers	4,102,074	(3,023,457)	(216,467)
<u>Capital Contributions and Transfers</u>			
Capital grants and contributions	5,431,979	-	-
Transfers in	50,000	3,060,000	235,000
Transfers (out)	(1,134,150)	-	-
Total Capital Contributions and Transfers	4,347,829	3,060,000	235,000
Change in Net Position	8,449,903	36,543	18,533
Beginning net position	100,881,369	1,107,306	689,855
Ending Net Position	\$ 109,331,272	\$ 1,143,849	\$ 708,388

See Notes to Financial Statements.

**Internal Service
Funds**

Total	
\$	1,244,696
	-
	25,772
	<u>1,270,468</u>
	-
	-
	-
	-
	4,561,304
	-
	<u>4,561,304</u>
	<u>(3,290,836)</u>
	50,912
	-
	-
	<u>50,912</u>
	<u>(3,239,924)</u>
	-
	3,295,000
	-
	<u>3,295,000</u>
	55,076
	1,797,161
\$	<u><u>1,852,237</u></u>

City of Rockwall, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2020

	Business-Type		
	Activities	Internal Service Funds	
	Water and Sewer	Employee Benefits	Workers' Compensation
<u>Cash Flows from Operating Activities</u>			
Payments to employees	\$ (2,667,345)	\$ -	\$ -
Payments to suppliers	(22,399,026)	(3,795,847)	(205,262)
Receipts from customers	35,278,460	1,225,540	6,456
Net Cash Provided (Used) by Operating Activities	10,212,089	(2,570,307)	(198,806)
<u>Cash Flows from Noncapital Financing Activities</u>			
Payments to internal service fund	-	-	(250,825)
Transfers in	50,000	3,060,000	235,000
Transfers (out)	(1,134,150)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,084,150)	3,060,000	(15,825)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(4,669,282)	-	-
Capital lease issuance	-	-	-
Interest paid on capital debt	(1,128,145)	-	-
Principal paid on capital debt	(3,035,000)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,832,427)	-	-
<u>Cash Flows from Investing Activities</u>			
Acquisition (purchase) of investments	(3,022)	-	-
Interest on investments	103,324	33,214	17,698
Net Cash Provided (Used) by Investing Activities	100,302	33,214	17,698
Net Increase (Decrease) in Cash and Cash	395,814	522,907	(196,933)
Beginning cash and cash equivalents	9,499,184	1,333,000	984,576
Ending Cash and Cash Equivalents	\$ 9,894,998	\$ 1,855,907	\$ 787,643

See Notes to Financial Statements.

**Internal Service
Funds**

Total

\$ -
(4,001,109)
1,231,996
(2,769,113)

(250,825)
3,295,000
-

3,044,175

-
-
-
-

-

-
50,912
50,912

325,974
2,317,576

\$ 2,643,550

City of Rockwall, Texas

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2020

	Business-Type		
	Activities	Internal Service Funds	
	Water and Sewer	Employee Benefits	Workers' Compensation
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 4,881,539	\$ (3,056,671)	\$ (234,165)
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	3,713,897	-	-
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(440,971)	(40,156)	1,684
Inventory	(5,673)	-	-
Restricted accrued interest	(10)	-	-
Due from other funds	-	250,000	-
Grant receivables	1,594,701	-	-
Increase (Decrease) in:			
Accounts payable	417,314	277,704	33,675
Due to other funds	(11,926)	(1,184)	-
Compensated absences	43,202	-	-
Deferred outflows - pension contributions	(20,684)	-	-
Deferred outflows - OPEB contributions	(26)	-	-
Deferred outflows - OPEB assumption changes	(8,442)	-	-
Deferred inflows - pension investment experience	68,471	-	-
Deferred inflows - pension expected experience vs. actual	580,898	-	-
Net pension liability	(648,409)	-	-
OPEB liability	15,433	-	-
Customer deposits	32,775	-	-
Net Cash Provided (Used) by Operating Activities	\$ 10,212,089	\$ (2,570,307)	\$ (198,806)

Schedule of Non-Cash Capital and Related Financing Activities

Capital assets contributed by developer	\$ 5,431,979	\$ -	\$ -
Capital lease	\$ 401,624	\$ -	\$ -

See Notes to Financial Statements.

**Internal Service
Funds**

Total

\$ (3,290,836)

-

(38,472)

-

-

250,000

-

311,379

(1,184)

-

-

-

-

-

-

-

-

-

\$ (2,769,113)

\$ 5,431,979

\$ 401,624

City of Rockwall, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
September 30, 2020

			<u>Agency Fund Special Escrow</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$	1,842,406	
Investments		2,043,941	
Interest receivable		7,296	
Total Assets		<u>3,893,643</u>	
 <u>Liabilities</u>			
Due to developers		3,893,643	
Total Liabilities	\$	<u>3,893,643</u>	

See Notes to Financial Statements.

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (GAAP) applicable to government units. The following is a summary of the more significant accounting policies.

A. Description of Government-Wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Discretely Presented Component Units

Rockwall Economic Development Corporation ("REDC")

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 funds of REDC are composed of governmental fund types. Stand-alone financial statements for REDC as of and for the fiscal year ended September 30, 2020 are not prepared.

Rockwall Technology Park Association ("RTPA")

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, 2019, 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 discretely presented 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 RTPA are composed of governmental fund types. Stand-alone financial statements RTPA as of and for the fiscal year ended September 30, 2020 are not prepared.

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has two discretely presented component units which are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund

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.

Debt Service Fund

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

G.O. Bonds Capital Projects Fund

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:

Water and Sewer 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

The 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

The 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.)

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Fiduciary Funds

The 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.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government

Fully collateralized certificates of deposit and money market accounts

Statewide investment pools

SEC registered, no load money market mutual funds

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (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" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." 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 are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Restricted Assets

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

6. 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 government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Buildings	20 to 30 years
Building Improvements	20 to 50 years
Public domain infrastructure	20 years
System infrastructure	50 years
Equipment	3 to 10 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Net Pension Liability is valued using an actuarial model and represents the difference between the plan fiduciary net position and the net pension liability consistent with GASB statement no. 68. The portion of this liability presented as a current liability is based on actuarially calculations for estimated future payments of benefits and refunds over the twelve months following yearend.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

11. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

12. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Fund Balance Policies

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 governing body (Council) has by resolution authorized the finance director to assign fund balance. 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.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

14. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

3. 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

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, is charges to customers for sales and services. The water and sewer 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 enterprise funds 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 nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

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

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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. The City did not adopt budgets for the following special revenue funds: Emergency Siren, Art in Public Places, and Vehicle Acquisition funds. Budgeted amounts are as originally adopted or as amended by the City Council. 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. Any budgeted amounts appropriated at fiscal year-end and not spent automatically lapse.

A. Restricted Net Position

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted fund balance for governmental funds was \$6,558,003, of which, \$1,155,519 is restricted by enabling legislation. Total restricted fund balance for enterprise funds was \$1,990,887.

B. Deficit Fund Balance

As of the end of the year, the G/O Bonds capital projects fund had a deficit fund balance of \$8,253,123. This will be replenished in the subsequent year with bond issuances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. In addition, irrevocable letters of credit at 100% of the principal amounts of the deposits may be used to collateralize deposits. The City's deposits, as well as those of the City's component units, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2020.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

As of September 30, 2020, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
US Treasury bills	\$ 6,587,412	2.52
External investment pools	17,683,505	0.16
Total value	\$ 24,270,917	
Portfolio weighted average maturity		0.80

As of September 30, 2020, the Rockwall Economic Development Corporation had the following investments:

Investment Type	Carrying Value	Weighted Average Maturity (Years)
Certificates of deposits	\$ 300,000	0.80
External investment pools	9,047,016	0.18
Total value	\$ 9,347,016	
Portfolio weighted average maturity		0.20

Interest rate risk: In compliance with the City’s Investment Policy, as of September 30, 2020, the City minimized the interest rate risk, related to current events market turmoil in the portfolio by: limiting the effective duration of security types not to exceed two years with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in short-term securities, money market mutual funds, or similar government investment pools.

Credit risk: The City’s investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than “A” or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2020, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

TexasTERM

TexasTERM is an external investment pool operated by a private asset management corporation and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Investments Act provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The City participates in both investment options operated by TexasTERM – a daily investment pool (TexasDAILY) and a long-term investment pool (TexasTERM). At September 30, 2020, the fair value of the position in both the TexasTERM and the TexasDAILY approximate fair value of the shares. There were no limitations or restrictions on withdrawals.

B. Receivables

The following comprise receivable balances of the primary government at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Water & Sewer</u>	<u>Employee Benefits</u>	<u>Total</u>
Property taxes	\$ 243,437	\$ 216,738	\$ 241	\$ -	\$ -	\$ 460,416
Sales tax	3,544,556	-	30,187	-	-	3,574,743
Franchise taxes	1,198,906	-	-	-	-	1,198,906
Municipal court	356,766	-	-	-	-	356,766
Assessments	-	-	122,894	-	-	122,894
Utility services	-	-	-	7,126,201	-	7,126,201
Accounts	159,961	-	447,326	-	40,156	647,443
Other	96,151	-	10,410	572,022	-	678,583
Allowance	(142,708)	-	-	(1,860,981)	-	(2,003,689)
Total	<u>\$ 5,457,069</u>	<u>\$ 216,738</u>	<u>\$ 611,058</u>	<u>\$ 5,837,242</u>	<u>\$ 40,156</u>	<u>\$ 12,162,263</u>

The following comprise receivable balances of the component units at year end:

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

	Rockwall EDC	Technology Park	Total
Sales taxes	\$ 1,191,581	\$ -	\$ 1,191,581
Other	232	15,170	15,402
Total	\$ 1,191,813	\$ 15,170	\$ 1,206,983

Governmental funds report unearned revenue and deferred inflows of resources 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 unavailable revenue and unearned revenue reported in the governmental fund were as follows:

	Unavailable	Total
Delinquent property taxes receivable (general fund)	\$ 205,657	\$ 205,657
Delinquent property taxes receivable (debt service fund)	187,347	187,347
Delinquent property taxes receivable (nonmajor fund)	160,079	160,079
Delinquent fines and forfeitures receivable (general fund)	145,561	145,561
Deferred franchise tax receivables (general fund)	541,875	541,875
Deferred assessments receivables (nonmajor fund)	122,894	122,894
Total	\$ 1,363,413	\$ 1,363,413

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2020

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 17,756,083	\$ -	\$ -	\$ 17,756,083
Construction in progress	5,886,408	8,849,533	(5,618,590)	9,117,351
Total capital assets not being depreciated	<u>23,642,491</u>	<u>8,849,533</u>	<u>(5,618,590)</u>	<u>26,873,434</u>
Capital assets, being depreciated:				
Buildings	20,803,606	26,729	-	20,830,335
Improvements other than buildings	34,040,822	554,403	-	34,595,225
Machinery and equipment	18,317,569	2,560,505	(1,150,991)	19,727,083
Infrastructure	249,722,438	6,114,767	5,503,980	261,341,185
Total capital assets being depreciated	<u>322,884,435</u>	<u>9,256,404</u>	<u>4,352,989</u>	<u>336,493,828</u>
Less accumulated depreciation				
Buildings	(8,946,064)	(674,046)	-	(9,620,110)
Improvements other than buildings	(18,155,242)	(1,756,942)	-	(19,912,184)
Machinery and equipment	(12,714,314)	(1,617,209)	1,222,919	(13,108,604)
Infrastructure	(109,849,131)	(8,249,347)	-	(118,098,478)
Total accumulated depreciation	<u>(149,664,751)</u>	<u>(12,297,544)</u>	<u>1,222,919</u>	<u>(160,739,376)</u>
Net capital assets being depreciated	173,219,684	(3,041,140)	5,575,908	175,754,452
Total Capital Assets	<u>\$ 196,862,175</u>	<u>\$ 5,808,393</u>	<u>\$ (42,682)</u>	<u>\$ 202,627,886</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 936,258
Public safety	1,353,385
Public works	8,483,806
Recreation and leisure	1,524,095
Total Governmental Activities Depreciation Expense	<u>\$ 12,297,544</u>

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2020

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 534,078	\$ -	\$ -	\$ 534,078
Construction in progress	5,959,816	2,741,775	(6,839,728)	1,861,863
Total capital assets not being depreciated	<u>6,493,894</u>	<u>2,741,775</u>	<u>(6,839,728)</u>	<u>2,395,941</u>
Capital assets, being depreciated:				
Buildings	198,109	-	-	198,109
Improvements other than buildings	134,934,250	6,498,135	6,839,728	148,272,113
Sewer treatment plants and pump station	12,785,405	1,262,975	(313,661)	13,734,719
Machinery and equipment	8,051,582	-	-	8,051,582
Total capital assets being depreciated	<u>155,969,346</u>	<u>7,761,110</u>	<u>6,526,067</u>	<u>170,256,523</u>
Less accumulated depreciation				
Buildings	(146,479)	(5,434)	-	(151,913)
Improvements other than buildings	(34,970,121)	(2,882,205)	-	(37,852,326)
Sewer treatment plants and pump station	(7,024,942)	(515,411)	313,661	(7,226,692)
Machinery and equipment	(5,237,711)	(310,847)	-	(5,548,558)
Total accumulated depreciation	<u>(47,379,253)</u>	<u>(3,713,897)</u>	<u>313,661</u>	<u>(50,779,489)</u>
Net capital assets being depreciated	108,590,093	4,047,213	6,839,728	119,477,034
Total Capital Assets	<u>\$ 115,083,987</u>	<u>\$ 6,788,988</u>	<u>\$ -</u>	<u>\$ 121,872,975</u>

Depreciation was charged to business-type activities as follows:

Water and sewer	\$ 3,713,897
Total Business-type Activities Depreciation Expense	<u>\$ 3,713,897</u>

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2020

A summary of changes in component unit (Rockwall EDC) capital assets for the year end was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balances</u>
Capital assets, being depreciated:				
Furniture and fixtures	\$ 54,767	\$ 16,703	\$ (13,298)	\$ 58,172
Total capital assets being depreciated	<u>54,767</u>	<u>16,703</u>	<u>(13,298)</u>	<u>58,172</u>
Less accumulated depreciation				
Furniture and fixtures	(40,351)	(4,800)	13,298	(31,853)
Total accumulated depreciation	<u>(40,351)</u>	<u>(4,800)</u>	<u>13,298</u>	<u>(31,853)</u>
Net capital assets being depreciated	<u>14,416</u>	<u>11,903</u>	<u>-</u>	<u>26,319</u>
Total Capital Assets	<u><u>\$ 14,416</u></u>	<u><u>\$ 11,903</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,319</u></u>

Depreciation was charged to the following activities as follows:

Rockwall EDC	<u>\$ 4,800</u>
Total Depreciation Expense	<u><u>\$ 4,800</u></u>

Rockwall EDC maintains land held for sale and utilizes it for various economic development and incentive agreements. The land is classified as land held for sale on the Statement of Net Position. During the year, Rockwall EDC acquired \$7,371,887 worth of land assets. The total cost of land held for sale amounted to \$19,725,148 as of September 30, 2020.

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2020

D. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2020.

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Refunding Bonds	\$ 73,500,000	\$ -	\$ (6,120,000)	\$ 67,380,000	\$ 5,615,000
Certificate of Obligation Bonds	6,305,000	-	(570,000)	5,735,000	590,000
Less deferred amounts:					
For discounts	(155,635)	-	13,941	(141,694)	-
For premiums	1,529,045	-	(126,099)	1,402,946	-
Total Governmental Activities	\$ 81,178,410	\$ -	\$ (6,802,158)	\$ 74,376,252	\$ 6,205,000
			Long-term liabilities due in more than one year	\$ 68,171,252	
Business-Type Activities:					
General Obligation Refunding Bonds	\$ 16,700,000	\$ -	\$ (1,980,000)	\$ 14,720,000	\$ 2,065,000
Certificate of Obligation Bonds	6,995,000	-	(600,000)	6,395,000	400,000
Less deferred amounts:					
For discounts	(19,046)	-	1,332	(17,714)	-
For premiums	2,033,477	-	(299,655)	1,733,822	-
Total Bonds Payable	25,709,431	-	(2,878,323)	22,831,108	2,465,000
Capital leases	3,508,374	401,624	(455,000)	3,454,998	475,000
Total Business-Type Activities	\$ 29,217,805	\$ 401,624	\$ (3,333,323)	\$ 26,286,106	\$ 2,940,000
			Long-term liabilities due in more than one year	\$ 23,346,106	

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Component Unit Activities (Rockwall EDC):	Beginning Balance	Additions	Refunding	Retired	Ending Balance	Amounts Due Within One Year
Tax and revenue CO's	\$ 9,440,000	\$ 9,780,000	\$ (2,345,000)	\$ (820,000)	\$ 16,055,000	\$ 820,000
GO Refunding Bonds	8,535,000	-	-	(905,000)	7,630,000	940,000
Less deferred amounts:						
For discounts	(55,231)	-	15,944	3,666	(35,621)	-
For premiums	161,125	191,923	-	(19,382)	333,666	-
Total Component Unit						
Activities	\$ 18,080,894	\$ 9,971,923	\$ (2,329,056)	\$ (1,740,716)	\$ 23,983,045	\$ 1,760,000
					\$ 22,223,045	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund.

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2020

Long-term debt at year end was comprised of the following debt issues:

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
General Obligation Bonds:			
\$9,065,000 General Obligation Bond, Series 2009, due in installments through 2029, interest at 2% to 4.6%	\$ 2,535,000	\$ -	\$ 2,535,000
\$8,535,000 General Obligation Refunding & Improv. Bond, Series 2011, due in installments through 2031, interest at 2% to 5%	6,085,000	-	6,085,000
\$5,740,000 General Obligation Refunding & Improv. Bond, Series 2011, due in installments through 2031, interest at 2% to 5%	-	840,000	840,000
\$7,905,000 General Obligation Bond, Series 2013, due in installments through 2033, interest at 2% to 5%	5,780,000	-	5,780,000
\$9,820,000 General Obligation Refunding Bond, Series 2014, due in installments through 2025, interest at 2.16% to 3.65%	7,110,000	-	7,110,000
\$2,340,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2026, interest at 1.79%	1,420,000	-	1,420,000
\$2,800,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2025, interest at 1.79%	-	1,395,000	1,395,000
\$59,220,000 General Obligation Refunding Bonds, Series 2016, due in installments through 2037, interest at 2% to 5%	44,450,000	12,485,000	56,935,000
Total General Obligation Bonds	<u>\$ 67,380,000</u>	<u>\$ 14,720,000</u>	<u>\$ 82,100,000</u>
Certificates of Obligation:			
\$5,125,000 Certificates of Obligation, Series 2009, due in annual installments through 2029, interest at 2% to 4.6%	\$ 1,090,000	\$ -	\$ 1,090,000
\$4,675,000 Certificates of Obligation, Series 2011A, due in annual installments through 2031 interest at 2% to 4.25%	3,065,000	-	3,065,000
\$1,330,000 Certificates of Obligation, Series 2011B, due in annual installments through 2031 interest at 2% to 5.3%	980,000	-	980,000
\$2,625,000 Certificates of Obligation, Series 2013, due in annual installments through 2033 interest at 2% to 4.375%	600,000	-	600,000
\$3,480,000 Certificates of Obligation, Series 2013, due in annual installments through 2031 interest at 2% to 4.375%	-	2,530,000	2,530,000
\$5,570,000 General Obligation Refunding Bonds, Series 2016, due in installments through 2035, interest at 2% to 3%	-	3,865,000	3,865,000
Total Certificates of Obligation	<u>\$ 5,735,000</u>	<u>\$ 6,395,000</u>	<u>\$ 12,130,000</u>

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2020

	Governmental Activities	Business - Type Activities	Total
Less deferred amounts:			
Discounts and premiums	\$ 1,261,252	\$ 1,716,108	\$ 2,977,360
Capital Leases Payable:			
\$2,013,434 Capital lease payable to BNY Mellon, due in annual installments through 2025, interest at 3.75% to 4.625%	-	1,024,998	1,024,998
\$2,145,000 Capital lease payable to BNY Mellon, due in annual installments of through 2026, interest at 4.5% to 4.75%	-	875,000	875,000
\$2,965,000 Capital lease payable to BNY Mellon, due in annual installments of through 2028, interest at 3.5% to 5.75%	-	1,555,000	1,555,000
Total Capital Leases Payable	-	3,454,998	3,454,998
Total Long-term Debt	\$ 74,376,252	\$ 26,286,106	\$ 100,662,358

	Component Unit Activities
Tax and Revenue Certificates of Obligation:	
\$7,610,000 Series 2013 Combination Tax & Rev. Certificates of Obligation due in installments through August 2033 at 2% to 4.375%	\$ 5,540,000
\$3,760,000 Series 2013 Sales Tax & Revenue Bonds due in installments through August 2033, interest at 1.648% to 5.815%	1,050,000
\$9,780,000 Series 2020 Sales Tax Revenue Bonds due in installments through August 2039, interest from 3.00%-3.15%	9,465,000
Total Certificates of Obligation	\$ 16,055,000

General Obligation Refunding Bonds:	
\$3,565,000 Series 2015 General Obligation Refunding Bonds due in installments through August 2026, interest at 1.79%	2,160,000
\$3,585,000 Series 2016 General Obligation Refunding Bonds due in installments through August 2028, interest at 2% to 5%	2,980,000
\$3,165,000 Series 2017 General Obligation Refunding Bonds due in installments through August 2028, interest at 3%	2,490,000
Total General Obligation Refunding Bonds	\$ 7,630,000

Less deferred amounts:	
Discounts and premiums	298,045
Total Long-term Debt	\$ 23,983,045

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2020

The annual requirements to amortize the City's long-term activities debt issues outstanding at year end were as follows:

Governmental Activities

Year ending September 30,	Certificates of Obligation		General Obligation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 590,000	\$ 242,565	\$ 5,615,000	\$ 2,611,939	\$ 6,205,000	\$ 2,854,504
2022	615,000	218,965	5,845,000	2,384,453	6,460,000	2,603,418
2023	640,000	194,365	6,080,000	2,143,294	6,720,000	2,337,659
2024	450,000	168,615	6,365,000	1,891,512	6,815,000	2,060,127
2025	470,000	149,870	6,640,000	1,626,487	7,110,000	1,776,357
2026	495,000	130,285	6,440,000	1,348,943	6,935,000	1,479,228
2027	515,000	109,390	4,945,000	1,051,088	5,460,000	1,160,478
2028	530,000	87,250	4,565,000	900,068	5,095,000	987,318
2029	555,000	64,290	3,965,000	749,205	4,520,000	813,495
2030	430,000	39,445	2,755,000	612,181	3,185,000	651,626
2031	445,000	20,067	2,865,000	516,069	3,310,000	536,136
2032	-	-	2,440,000	413,094	2,440,000	413,094
2033	-	-	2,565,000	294,469	2,565,000	294,469
2034	-	-	2,065,000	209,750	2,065,000	209,750
2035	-	-	2,140,000	147,800	2,140,000	147,800
2036	-	-	1,610,000	83,600	1,610,000	83,600
2037	-	-	480,000	19,200	480,000	19,200
	<u>\$ 5,735,000</u>	<u>\$ 1,425,107</u>	<u>\$ 67,380,000</u>	<u>\$ 17,003,149</u>	<u>\$ 73,115,000</u>	<u>\$ 18,428,256</u>

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2020

Business-type Activities

Year ending September 30,	Certificates of Obligation		General Obligation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 400,000	\$ 218,206	\$ 2,065,000	\$ 610,746	\$ 2,465,000	\$ 828,952
2022	420,000	204,706	2,165,000	520,102	2,585,000	724,808
2023	430,000	190,506	1,820,000	424,980	2,250,000	615,486
2024	440,000	178,606	1,900,000	342,968	2,340,000	521,574
2025	460,000	163,706	1,990,000	257,116	2,450,000	420,822
2026	405,000	148,106	1,785,000	166,925	2,190,000	315,031
2027	420,000	134,106	1,875,000	77,675	2,295,000	211,781
2028	435,000	119,606	1,120,000	30,800	1,555,000	150,406
2029	450,000	104,556	-	-	450,000	104,556
2030	465,000	88,431	-	-	465,000	88,431
2031	480,000	71,794	-	-	480,000	71,794
2032	500,000	54,300	-	-	500,000	54,300
2033	520,000	36,069	-	-	520,000	36,069
2034	280,000	17,100	-	-	280,000	17,100
2035	290,000	8,700	-	-	290,000	8,700
	<u>\$ 6,395,000</u>	<u>\$ 1,738,500</u>	<u>\$ 14,720,000</u>	<u>\$ 2,431,311</u>	<u>\$ 21,115,000</u>	<u>\$ 4,169,811</u>

Year ending September 30,	Capital Leases	
	Principal	Interest
2021	\$ 475,000	\$ 171,565
2022	495,000	149,331
2023	520,000	125,773
2024	555,000	100,801
2025	580,000	74,020
2026	375,000	45,827
2027	220,000	26,163
2028	234,998	13,513
	<u>\$ 3,454,998</u>	<u>\$ 706,993</u>

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
September 30, 2020

The following is an analysis of equipment leased under a capital lease as of September 30, 2020:

	<u>Business-Type Activities</u>
Machinery and equipment	\$ 7,525,058
(Less) accumulated depreciation	<u>(4,869,381)</u>
Total	<u>\$ 2,655,677</u>

The annual requirements to amortize the discretely presented component unit long-term activities debt issues outstanding at year end were as follows:

EDC

<u>Year ending September 30,</u>	<u>Certificates of Obligation</u>		<u>General Obligation Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 820,000	\$ 565,653	\$ 940,000	\$ 242,189	\$ 1,760,000	\$ 807,842
2022	860,000	535,492	965,000	211,864	1,825,000	747,355
2023	890,000	503,362	1,000,000	180,649	1,890,000	684,010
2024	925,000	469,618	1,030,000	148,044	1,955,000	617,662
2025	960,000	433,190	1,065,000	114,200	2,025,000	547,390
2026	995,000	395,338	1,105,000	79,127	2,100,000	474,465
2027	1,030,000	361,438	755,000	42,575	1,785,000	404,013
2028	1,065,000	326,338	770,000	22,025	1,835,000	348,363
2029	1,105,000	290,038	-	-	1,105,000	290,038
2030	1,145,000	251,200	-	-	1,145,000	251,200
2031	1,185,000	210,913	-	-	1,185,000	210,913
2032	1,225,000	168,556	-	-	1,225,000	168,556
2033	1,270,000	124,725	-	-	1,270,000	124,725
2034	400,000	79,200	-	-	400,000	79,200
2035	410,000	67,200	-	-	410,000	67,200
2036	420,000	54,900	-	-	420,000	54,900
2037	435,000	42,090	-	-	435,000	42,090
2038	450,000	28,823	-	-	450,000	28,823
2039	465,000	14,648	-	-	465,000	14,648
	<u>\$ 16,055,000</u>	<u>\$ 4,922,717</u>	<u>\$ 7,630,000</u>	<u>\$ 1,040,672</u>	<u>\$ 23,685,000</u>	<u>\$ 5,963,389</u>

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

E. Other Long-term Liabilities

The following summarizes the changes in other long-term liabilities of the primary government during the year. In general, the City uses the general fund to liquidate governmental other long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 1,778,330	\$ 1,719,226	\$ (1,422,087)	\$ 2,075,469	\$ 1,701,885
Total Governmental Activities	\$ 1,778,330	\$ 1,719,226	\$ (1,422,087)	\$ 2,075,469	\$ 1,701,885
Other Long-term Liabilities Due in More than One Year				\$ 373,584	
Business-Type Activities:					
Compensated Absences	\$ 120,345	\$ 173,812	\$ (130,610)	\$ 163,547	\$ 134,109
Total Business-Type Activities	\$ 120,345	\$ 173,812	\$ (130,610)	\$ 163,547	\$ 134,109
Other Long-term Liabilities Due in More than One Year				\$ 29,438	
Component Unit Activities - Rockwall EDC:					
Compensated Absences	\$ 14,008	\$ 19,732	\$ (12,158)	\$ 21,582	\$ 17,697
Total Component Unit Activities	\$ 14,008	\$ 19,732	\$ (12,158)	\$ 21,582	\$ 17,697
Other Long-term Liabilities Due in More than One Year				\$ 3,885	

F. Deferred Charges on Refunding

Deferred charges resulting from the issuance of series 2008, 2011, 2015, and 2016 revenue refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for governmental activities totaled \$39,608. Current year amortization expense for governmental activities totaled \$8,109. Current year balances for business-type activities totaled \$1,151,044. Current year amortization expense for business-type activities totaled \$71,940.

Deferred charges resulting from the issuance of series 2012 and 2020 revenue refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding certificates of obligation. Current year balances for component unit activities totaled \$398,737. Current year amortization expense for component unit activities totaled \$21,925.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

G. Current Refunding

On January 7, 2021, the REDC issued \$9,780,000 in general obligation refunding bonds with an interest rate of 3% to 3.15%. The proceeds were used to refund \$2,345,000 of outstanding 2013 sales tax revenue bonds which had an interest rate of 2% to 4.375%. The net proceeds applied to the refunded debt of \$2,739,943, after issuance costs, were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the obligations are considered defeased and the liability for those bonds have been removed from the statement of net position.

The net carrying amount of the old debt exceeded the reacquisition price by \$410,886. This amount was amortized over the remaining life of the refunding debt. This current refunding reduced its total debt service payments by \$265,188 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$218,351.

H. Interfund Transactions

The compositions of interfund due to/from balances as of the year ended September 30, 2020 were as follows:

<u>Receivable fund:</u>	<u>Payable fund:</u>				<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Water and Sewer</u>	
General	\$ -	\$ 8,450,000	\$ 1,476	\$ 3,678	\$ 8,455,154
Nonmajor governmental	1,461	-	-	-	1,461
Total	<u>\$ 1,461</u>	<u>\$ 8,450,000</u>	<u>\$ 1,476</u>	<u>\$ 3,678</u>	<u>\$ 8,456,615</u>

The compositions of primary government and component unit due to/from balances as of the year ended September 30, 2020 were as follows:

<u>Receivable fund:</u>	<u>Payable fund:</u>		
	<u>Rockwall</u>		
	<u>EDC</u>	<u>General</u>	<u>Total</u>
General	\$ 2,817	\$ -	\$ 2,817
Technology Park	-	2,118	2,118
Total	<u>\$ 2,817</u>	<u>\$ 2,118</u>	<u>\$ 4,935</u>

Interfund balances resulted from the timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

accounting system, and (3) payments between funds are made. All balances are expected to be paid in the subsequent year.

Transfers between the primary government during the 2020 year were as follows:

Transfer In:	Transfers Out:				Total
	General	Debt Service	Nonmajor Governmental	Water and Sewer	
General	\$ -	\$ -	\$ 13,200	\$ 200,000	\$ 213,200
Nonmajor governmental	452,700	1,250,650	-	69,150	1,772,500
Water and sewer	-	-	50,000	-	50,000
Internal service funds	2,430,000	-	-	865,000	3,295,000
Total	\$ 2,882,700	\$ 1,250,650	\$ 63,200	\$ 1,134,150	\$ 5,330,700

Transfers between funds were primarily to support debt service requirements and operation of funds.

I. North Texas Municipal Water District

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

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

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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 debt issues as of September 30, 2020, is \$3,454,998. See Note IV.D. for the annual requirements to amortize the bonds as of September 30, 2020.

With respect to the ground storage reservoir discussed above, prior to the current year, the Cities of Rockwall and Heath were 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. During the year, the City purchased the remaining 33.33% ownership from the City of Heath. The fair value of this remaining portion was determined to be \$933,101 by an independent appraisal. The City of Rockwall assumed all remaining principal debt payments owed by Heath which totaled \$401,624. The remaining \$531,477 was paid in cash by the City of Rockwall.

V. 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

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

\$2,922,175 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, 2020.

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 \$100,000 per occurrence with a maximum City liability of \$300,000 per year.

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		Workers' Compensation	
	2020	2019	2020	2019
Claims payable, beg. of the year	\$ 457,754	\$ 357,782	\$ 45,580	\$ 93,948
Claims incurred	3,724,537	3,343,065	138,798	(102)
Payment on claims	(3,447,077)	(3,243,093)	(105,124)	(48,266)
Total	\$ 735,214	\$ 457,754	\$ 79,254	\$ 45,580

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. Contingent Liabilities

The City is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the City does not expect them to have a materially adverse effect on the basic financial statements.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts 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.

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.

C. Pension Plans

Texas Municipal Retirement Systems

Plan Description

The City of Rockwall participates as one of 888 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 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.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2020</u>	<u>Plan Year 2019</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	117
Active employees	289
Total	515

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Rockwall were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Rockwall were 15.61% and 15.45% in calendar years 2019 and 2020, respectively. The City voluntarily elected to contribute 16.21%, which is more than the required rates. The City's contributions to TMRS for the year ended September 30, 2020, totaled \$3,512,213, and were \$122,434 more than the required contributions.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

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

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

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. Of the total pension liability, \$8,789,027 is related to the primary government and \$122,422 is attributable to discretely presented component units.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2018	\$ 93,301,389	\$ 77,596,281	\$ 15,705,108
Changes for the year:			
Service Cost	3,889,490	-	3,889,490
Interest	6,349,914	-	6,349,914
Difference between expected and actual experience	-	-	-
	(397,251)	-	(397,251)
Changes of assumptions	90,632	-	90,632
Contributions – employer	-	3,341,210	(3,341,210)
Contributions – employee	-	1,442,842	(1,442,842)
Net investment income	-	12,012,212	(12,012,212)
Benefit payments, including refunds of emp. contributions	(2,346,674)	(2,346,674)	-
Administrative expense	-	(67,784)	67,784
Other changes	-	(2,036)	2,036
Net changes	7,586,111	14,379,770	(6,793,659)
Balance at 12/31/19	\$ 100,887,500	\$ 91,976,051	\$ 8,911,449

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:

Primary Government:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 23,960,800	\$ 8,789,027	\$ (3,603,955)

Component Units:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 333,749	\$ 122,422	\$ (50,199)

Total:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 24,294,549	\$ 8,911,449	\$ (3,654,154)

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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, 2020, the City recognized pension expense of \$3,138,269. Of this amount, \$3,095,157 is related to the primary government and \$43,112 is attributable to discretely presented component units.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between projected and actual investment earnings	\$ -	\$ (1,839,750)
Pension investment experience	-	(2,695,426)
Contributions subsequent to the measurement date	2,491,255	-
Component Units:		
Difference between projected and actual investment earnings	-	(25,626)
Pension investment experience	-	(37,544)
Contributions subsequent to the measurement date	34,701	-
Total	\$ 2,525,956	\$ (4,598,346)

The primary government and component units reported \$2,491,255 and \$34,701, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2021.

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$ (1,294,704)
2021	(1,278,497)
2022	(225,469)
2023	(1,694,624)
2024	(105,052)
Thereafter	-
	\$ (4,598,346)

Other Postemployment Benefits

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	30
Active employees	289
Total	396

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

The City's contributions to the TMRS SDBF for the years ended 2020 and 2019 were \$4,333 and \$4,024, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(*RETIREE-only portion of the rate*)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2018	0.02%	0.02%	100.0%
2019	0.02%	0.02%	100.0%
2020	0.02%	0.02%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2019, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5%, including inflation per year
Discount rate	2.75%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

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

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.75%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

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

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

1% Decrease (1.75%)	Current Discount Rate Assumption 2.75%	1% Increase (3.75%)
\$ 853,373	\$ 691,659	\$ 567,517

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/18	\$ 544,200
Changes for the year:	
Service Cost	32,979
Interest	20,725
Difference between expected and actual experience	(19,759)
Changes of assumptions	117,635
Benefit payments	(4,121)
Net changes	147,459
Balance at 12/31/19	\$ 691,659

City of Rockwall, Texas

NOTES TO THE FINANCIAL STATEMENTS, *Continued*

September 30, 2020

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$66,124. Of this amount, \$65,216 is related to the primary government and \$908 is attributable to the discretely presented component units.

At September 30, 2020, the City reported deferred outflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	
Primary Government:		
Assumption changes	\$	73,240
Contributions subsequent to the measurement date		3,074
Component Units:		
Assumption changes		1,020
Contributions subsequent to the measurement date		43
Total	\$	77,377

The primary government and component units reported \$3,074 and \$43, respectively, as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2021.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		
2020	\$	12,420
2021		12,420
2022		12,420
2023		12,420
2024		11,181
Thereafter		13,399
	\$	74,260

City of Rockwall, Texas
NOTES TO THE FINANCIAL STATEMENTS, Continued
 September 30, 2020

D. Restatement

The City restated its beginning net position within business-type activities to properly reflect corrections of accounting errors to capital assets.

The restatement of beginning net position/fund balance is as follows:

	<u>Business-Type Activities</u>	<u>Water & Sewer</u>
Prior year ending net position/fund balance, as reported	\$ 100,798,714	\$ 100,798,714
Correction to capital assets	82,655	82,655
Restated beginning net position/fund balance	<u>\$ 100,881,369</u>	<u>\$ 100,881,369</u>

F. Subsequent Events

There were no additional subsequent events through October 22, 2021, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Rockwall, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 12,841,650	\$ 12,868,650	\$ 12,903,578	\$ 34,928
Sales tax	18,706,550	18,606,550	19,580,875	974,325
Franchise and local taxes	3,280,000	3,192,000	3,245,274	53,274
License and permits	1,367,500	1,582,500	1,695,805	113,305
Intergovernmental	1,075,100	1,125,100	1,578,566	453,466
Charges for services	684,000	760,500	733,655	(26,845)
Fines and forfeitures	744,000	609,000	571,028	(37,972)
Investment income	200,000	175,000	203,835	28,835
Contributions and donations	64,000	91,000	91,729	729
Other revenue	85,500	60,500	130,971	70,471
Total Revenues	39,048,300	39,070,800	40,735,316	1,664,516
Expenditures				
Current:				
Administration	4,950,700	4,733,553	4,611,336	122,217
Finance	849,000	865,000	737,711	127,289
Mayor/council	121,800	107,300	88,568	18,732
Police	12,689,900	12,304,489	12,043,759	260,730
Fire	5,642,650	5,391,983	5,243,773	148,210
Municipal court	454,400	439,400	389,693	49,707
Public works	5,359,750	5,206,952	4,776,601	430,351
Parks and recreation	5,518,550	4,981,847	4,510,663	471,184
Community development	2,209,300	2,139,800	2,107,804	31,996
Capital outlay	-	1,595,526	1,595,526	-
Total Expenditures	37,796,050	37,765,850	36,105,434	1,660,416
Revenues Over (Under) Expenditures	1,252,250	1,304,950	4,629,882	3,324,932
Other Financing Sources (Uses)				
Transfers in	213,200	213,200	213,200	-
Transfers (out)	(2,882,700)	(2,882,700)	(2,882,700)	-
Total Other Financing Sources (Uses)	(2,669,500)	(2,669,500)	(2,669,500)	-
Net Change in Fund Balance	\$ (1,417,250)	\$ (1,364,550)	1,960,382	\$ 3,324,932
Beginning fund balance			14,695,155	
Ending Fund Balance			\$ 16,655,537	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS Years Ended December 31,

	12/31/2019	12/31/2018	12/31/2017
Total pension liability			
Service cost	\$ 3,889,490	\$ 3,626,966	\$ 3,622,782
Interest	6,349,914	5,990,905	5,577,249
Differences between expected and actual experience	(397,251)	(1,650,948)	(306,042)
Changes of assumptions	90,632	-	-
Benefit payments, including refunds of participant contributions	(2,346,674)	(3,212,408)	(2,323,270)
Net change in total pension liability	7,586,111	4,754,515	6,570,719
Total pension liability - beginning	93,301,389	88,546,874	81,976,155
Total pension liability - ending (a)	100,887,500	93,301,389	88,546,874
Plan fiduciary net position			
Contributions - employer	\$ 3,341,210	\$ 3,122,311	\$ 3,102,508
Contributions - members	1,442,842	1,348,315	1,338,937
Net investment income	12,012,212	(2,361,502)	9,340,684
Benefit payments, including refunds of participant contributions	(2,346,674)	(3,212,408)	(2,323,270)
Administrative expenses	(67,784)	(45,589)	(48,368)
Other	(2,036)	(2,380)	(2,451)
Net change in plan fiduciary net position	14,379,770	(1,151,253)	11,408,040
Plan fiduciary net position - beginning	77,596,281	78,747,534	67,339,494
Plan fiduciary net position - ending (b)	\$ 91,976,051	\$ 77,596,281	\$ 78,747,534
Fund's net pension liability - ending (a) - (b)	\$ 8,911,449	\$ 15,705,108	\$ 9,799,340
Plan fiduciary net position as a percentage of the total pension liability	91%	83%	89%
Covered payroll	\$ 20,612,029	\$ 19,261,637	\$ 19,127,677
Fund's pension liability as a percentage of covered payroll	43%	82%	51%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$	3,383,642	\$ 3,357,626	\$ 2,947,094
	5,158,244	4,940,548	4,544,927
	(357,796)	(458,262)	(114,323)
	-	(108,126)	-
	(1,869,095)	(1,942,137)	(1,920,326)
	<u>6,314,995</u>	<u>5,789,649</u>	<u>5,457,372</u>
	<u>75,661,160</u>	<u>69,871,511</u>	<u>64,414,139</u>
	<u>81,976,155</u>	<u>75,661,160</u>	<u>69,871,511</u>
\$	2,897,712	\$ 2,950,480	\$ 2,761,413
	1,250,554	1,255,523	1,202,324
	4,123,871	86,617	3,067,672
	(1,869,095)	(1,942,137)	(1,920,326)
	(46,547)	(52,749)	(32,021)
	(2,508)	(2,605)	(2,633)
	<u>6,353,987</u>	<u>2,295,129</u>	<u>5,076,429</u>
	<u>60,985,507</u>	<u>58,690,378</u>	<u>53,613,949</u>
\$	<u>67,339,494</u>	<u>\$ 60,985,507</u>	<u>\$ 58,690,378</u>
\$	<u>14,636,661</u>	<u>\$ 14,675,653</u>	<u>\$ 11,181,133</u>

	82%	81%	84%
\$	17,865,058	\$ 17,936,037	\$ 16,626,112
	82%	82%	67%

City of Rockwall, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2020	9/30/2019	9/30/2018
Actuarially determined employer contributions	\$ 3,389,779	\$ 3,200,864	\$ 3,158,177
Contributions in relation to the actuarially determined contribution	\$ 3,512,213	\$ 3,261,764	\$ 3,158,177
Contribution deficiency (excess)	\$ (122,434)	\$ (60,900)	\$ -
Annual covered payroll	\$ 21,666,950	\$ 20,121,925	\$ 19,304,266
Employer contributions as a percentage of covered payroll	16.21%	16.21%	16.36%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.

Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with
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Other Information:

Notes There were no benefit changes during the year.

<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
\$ 2,897,712	\$ 2,950,480	\$ 2,761,413
<u>\$ 2,897,712</u>	<u>\$ 2,950,480</u>	<u>\$ 2,761,413</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,865,058	\$ 17,936,037	\$ 16,626,112
16.22%	16.45%	16.61%

City of Rockwall, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	12/31/2019	12/31/2018	12/31/2017 ¹
Total OPEB liability			
Service cost	\$ 32,979	\$ 34,671	\$ 30,604
Interest	20,725	18,675	17,740
Differences between expected and actual experience	(19,759)	(9,879)	-
Changes of assumptions	117,635	(44,205)	48,353
Benefit payments	(4,121)	(3,852)	(3,826)
Net changes	147,459	(4,590)	92,871
Total OPEB liability - beginning	\$ 544,200	\$ 548,790	\$ 455,919
Total OPEB liability - ending (a)	\$ 691,659	\$ 544,200	\$ 548,790 ²
Covered payroll	\$ 20,612,029	\$ 19,261,637	\$ 19,127,677
Fund's net position as a percentage of covered payroll	3.36%	2.83%	2.87%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

***COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES***

City of Rockwall, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	<u>Debt Service - Harbor</u>	<u>Capital Projects</u>	<u>Technology Acquisition</u>	<u>Special Revenue Funds Cemetery</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 102,612	\$ 163,052	\$ 259,988	\$ 92,461
Investments	-	466,232	1,116,757	-
Accounts receivable	160,079	1,286	9,112	-
Taxes receivable, net	30,428	-	-	-
Due from other funds	-	-	-	-
Total Assets	\$ 293,119	\$ 630,570	\$ 1,385,857	\$ 92,461
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ 37,094	\$ -
Due to other funds	-	-	1,398	-
Seizures payable	-	-	-	-
Total Liabilities	-	-	38,492	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	160,079	-	-	-
Unavailable revenue - assessments	-	-	-	-
Deferred Inflows of Resources	160,079	-	-	-
<u>Fund Balances</u>				
Committed for:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	92,461
Capital projects	-	630,570	-	-
Capital acquisitions	-	-	1,347,365	-
Restricted for:				
Debt service - Harbor	133,040	-	-	-
Public safety	-	-	-	-
Tourism	-	-	-	-
Total Fund Balances	133,040	630,570	1,347,365	92,461
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 133,040	\$ 630,570	\$ 1,385,857	\$ 92,461

See Notes to Financial Statements.

Special Revenue Funds

<u>Public Safety</u>	<u>Recreational Development</u>	<u>Street Improvements</u>	<u>Hotel Occupancy Tax</u>	<u>Fire Equipment</u>
\$ 67,651	\$ 1,264,551	\$ 478,180	\$ 589,184	\$ 168,988
-	-	-	-	-
-	26,132	-	253,762	-
-	-	122,894	-	-
-	-	-	-	-
<u>\$ 67,651</u>	<u>\$ 1,290,683</u>	<u>\$ 601,074</u>	<u>\$ 842,946</u>	<u>\$ 168,988</u>
\$ 1,176	\$ 9,102	\$ -	\$ 17,592	\$ 157
-	78	-	-	-
-	-	-	-	-
<u>1,176</u>	<u>9,180</u>	<u>-</u>	<u>17,592</u>	<u>157</u>
-	-	-	-	-
-	-	122,894	-	-
-	-	122,894	-	-
-	-	-	-	-
-	-	-	-	168,831
-	-	478,180	-	-
-	1,281,503	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
66,475	-	-	-	-
-	-	-	825,354	-
<u>66,475</u>	<u>1,281,503</u>	<u>478,180</u>	<u>825,354</u>	<u>168,831</u>
<u>\$ 67,651</u>	<u>\$ 1,290,683</u>	<u>\$ 478,180</u>	<u>\$ 842,946</u>	<u>\$ 168,988</u>

City of Rockwall, Texas
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2020

	Special Revenue Funds				
	Aviation	Recycling	Emergency Siren	Downtown Improvement	Art in Public Places
<u>Assets</u>					
Cash and cash equivalents	\$ 48,187	\$ 54,262	\$ 27,323	\$ 26,238	\$ 130,893
Investments	-	-	-	-	-
Accounts receivable	7,352	-	-	-	13
Taxes receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total Assets	\$ 55,539	\$ 54,262	\$ 27,323	\$ 26,238	\$ 130,906
<u>Liabilities</u>					
Accounts payable	\$ 1,107	\$ -	\$ -	\$ 437	\$ -
Due to other funds	-	-	-	-	-
Seizures payable	-	-	-	-	-
Total Liabilities	1,107	-	-	437	-
<u>Deferred Inflows of Resources</u>					
Unavailable revenue - property tax	-	-	-	-	-
Unavailable revenue - assessments	-	-	-	-	-
Deferred Inflows of Resources	-	-	-	-	-
<u>Fund Balances</u>					
Committed for:					
General government	-	54,262	-	-	-
Public safety	-	-	27,323	25,801	-
Public works	-	-	-	-	-
Parks and recreation	54,432	-	-	-	130,906
Capital projects	-	-	-	-	-
Capital acquisitions	-	-	-	-	-
Restricted for:					
Debt service - Harbor	-	-	-	-	-
Public safety	-	-	-	-	-
Tourism	-	-	-	-	-
Total Fund Balances	54,432	54,262	27,323	25,801	130,906
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 55,539	\$ 54,262	\$ 27,323	\$ 26,238	\$ 130,906

See Notes to Financial Statements.

Special Revenue Funds

Narcotics Unit	Vehicle Acquisition	Total
\$ 314,018	\$ 1,025,000	\$ 4,812,588
-	-	1,582,989
-	-	457,736
-	-	153,322
1,461	-	1,461
<u>\$ 315,479</u>	<u>\$ 1,025,000</u>	<u>\$ 7,008,096</u>
\$ 1,209	\$ -	\$ 67,874
-	-	1,476
50,580	-	50,580
<u>51,789</u>	<u>-</u>	<u>119,930</u>
-	-	160,079
-	-	122,894
<u>-</u>	<u>-</u>	<u>282,973</u>
-	-	54,262
-	-	221,955
-	-	478,180
-	-	1,559,302
-	-	630,570
-	1,025,000	2,372,365
-	-	133,040
263,690	-	330,165
-	-	825,354
<u>263,690</u>	<u>1,025,000</u>	<u>6,605,193</u>
<u>\$ 315,479</u>	<u>\$ 1,025,000</u>	<u>\$ 6,725,123</u>

City of Rockwall, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	<u>Debt Service - Harbor</u>	<u>Capital Projects</u>	<u>Technology Acquisition</u>	<u>Special Revenue Funds Cemetery</u>
Revenues				
Property taxes	\$ 431,302	\$ -	\$ -	\$ -
Sales taxes	257,334	-	-	-
Hotel occupancy taxes	-	-	-	-
Fines and fees	-	-	-	-
Other revenue	-	-	-	10,250
Charges for services	-	-	-	-
Intergovernmental revenue	-	-	-	-
Contributions and donations	65,654	-	-	-
Investment income	-	6,584	71,718	627
Total Revenues	<u>754,290</u>	<u>6,584</u>	<u>71,718</u>	<u>10,877</u>
Expenditures				
Administration	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Cultural and recreation	-	-	-	-
Debt service:				
Principal	880,000	-	-	-
Interest	188,057	-	-	-
Capital outlay	-	-	79,463	-
Total Expenditures	<u>1,068,057</u>	<u>-</u>	<u>79,463</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>(313,767)</u>	<u>6,584</u>	<u>(7,745)</u>	<u>10,877</u>
Other Financing Sources (Uses)				
Transfers in	-	-	221,850	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>221,850</u>	<u>-</u>
Net Change in Fund Balances	<u>(313,767)</u>	<u>6,584</u>	<u>214,105</u>	<u>10,877</u>
Beginning fund balances	446,807	623,986	1,133,260	81,584
Ending Fund Balances	<u>\$ 133,040</u>	<u>\$ 630,570</u>	<u>\$ 1,347,365</u>	<u>\$ 92,461</u>

See Notes to Financial Statements.

Special Revenue Funds

<u>Public Safety</u>	<u>Recreational Development</u>	<u>Street Improvements</u>	<u>Hotel Occupancy Tax</u>	<u>Fire Equipment</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	778,818	-
31,673	-	-	-	68,250
-	3,435	420	-	184,724
-	441,974	-	-	-
28,381	393,244	-	-	-
3,603	13,730	-	-	-
563	5,286	3,145	-	1,542
<u>64,220</u>	<u>857,669</u>	<u>3,565</u>	<u>778,818</u>	<u>254,516</u>
-	-	-	395,366	-
42,483	-	-	-	-
-	-	-	-	2,945
-	178,222	-	-	-
-	-	-	-	-
-	-	-	-	-
-	151,566	-	-	1,508,203
<u>42,483</u>	<u>329,788</u>	<u>-</u>	<u>395,366</u>	<u>1,511,148</u>
<u>21,737</u>	<u>527,881</u>	<u>3,565</u>	<u>383,452</u>	<u>(1,256,632)</u>
-	-	-	-	1,250,650
<u>(13,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(13,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,650</u>
8,537	527,881	3,565	383,452	(5,982)
57,938	753,622	474,615	441,902	174,813
<u>\$ 66,475</u>	<u>\$ 1,281,503</u>	<u>\$ 478,180</u>	<u>\$ 825,354</u>	<u>\$ 168,831</u>

City of Rockwall, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	Special Revenue Funds				
	Aviation	Recycling	Emergency Siren	Downtown Improvement	Art in Public Places
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-
Hotel occupancy taxes	-	-	-	-	-
Fines and fees	-	-	-	-	-
Other revenue	26,671	-	-	-	-
Charges for services	-	-	2,981	-	-
Intergovernmental revenue	7,287	-	-	-	-
Contributions and donations	-	-	-	10,000	340
Investment income	76	941	-	-	635
Total Revenues	34,034	941	2,981	10,000	975
Expenditures					
Administration	18,026	3,840	-	3,981	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Cultural and recreation	-	-	-	3,438	1,870
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	18,026	3,840	-	7,419	1,870
Revenues Over (Under) Expenditures	16,008	(2,899)	2,981	2,581	(895)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers (out)	-	(50,000)	-	-	-
Total Other Financing Sources (Uses)	-	(50,000)	-	-	-
Net Change in Fund Balances	16,008	(52,899)	2,981	2,581	(895)
Beginning fund balances	38,424	107,161	24,342	23,220	131,801
Ending Fund Balances	\$ 54,432	\$ 54,262	\$ 27,323	\$ 25,801	\$ 130,906

See Notes to Financial Statements.

Special Revenue Funds		
Narcotics	Vehicle	
Unit	Acquisition	Total
\$ -	\$ -	\$ 431,302
-	-	257,334
-	-	778,818
-	-	99,923
82,427	-	307,927
-	-	444,955
-	-	428,912
-	-	93,327
-	-	91,117
<u>82,427</u>	<u>-</u>	<u>2,933,615</u>
-	-	421,213
59,639	-	102,122
-	-	2,945
-	-	183,530
-	-	880,000
-	-	188,057
79,308	-	1,818,540
<u>138,947</u>	<u>-</u>	<u>3,596,407</u>
<u>(56,520)</u>	<u>-</u>	<u>(662,792)</u>
-	300,000	1,772,500
-	-	(63,200)
-	300,000	1,709,300
(56,520)	300,000	1,046,508
320,210	725,000	5,558,685
<u>\$ 263,690</u>	<u>\$ 1,025,000</u>	<u>\$ 6,605,193</u>

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
G/O BONDS DEBT SERVICE
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property tax	\$ 9,861,150	\$ 9,886,150	\$ 9,916,817	\$ 30,667
Charges for services	350,000	600,000	656,728	56,728
Investment income	100,000	75,000	70,169	(4,831)
Total Revenues	<u>10,311,150</u>	<u>10,561,150</u>	<u>10,643,714</u>	<u>82,564</u>
<u>Expenditures</u>				
Debt Service:				
Principal	6,799,500	6,799,500	5,810,000	989,500
Interest and fiscal charges	3,562,000	3,562,000	2,937,783	624,217
Administrative charges	20,000	12,000	12,500	(500)
Total Expenditures	<u>10,381,500</u>	<u>10,373,500</u>	<u>8,760,283</u>	<u>1,613,217</u>
Revenues Over (Under) Expenditures	<u>(70,350)</u>	<u>187,650</u>	<u>1,883,431</u>	<u>1,695,781</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	(1,250,650)	(1,250,650)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,250,650)</u>	<u>(1,250,650)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (70,350)</u>	<u>\$ (1,063,000)</u>	632,781	<u>\$ 1,695,781</u>
Beginning fund balances			4,636,663	
Ending Fund Balances			<u>\$ 5,269,444</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE - HARBOR
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Property taxes	\$ 382,400	\$ 382,400	\$ 431,302	\$ 48,902
Sales taxes	341,950	300,000	257,334	(42,666)
Contributions and donations	15,383	81,050	65,654	(15,396)
Total Revenues	<u>739,733</u>	<u>763,450</u>	<u>754,290</u>	<u>(9,160)</u>
<u>Expenditures</u>				
Debt Service:				
Principal	880,000	880,000	880,000	-
Interest and fiscal charges	267,600	267,600	188,057	79,543
Total Expenditures	<u>1,147,600</u>	<u>1,147,600</u>	<u>1,068,057</u>	<u>79,543</u>
Revenues Over (Under) Expenditures	<u>(407,867)</u>	<u>(384,150)</u>	<u>(313,767)</u>	<u>70,383</u>
Net Change in Fund Balances	<u>\$ (407,867)</u>	<u>\$ (384,150)</u>	<u>(313,767)</u>	<u>\$ 70,383</u>
Beginning fund balances			446,807	
Ending Fund Balances			<u>\$ 133,040</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CEMETERY
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Other income	\$ 7,000	\$ 9,500	\$ 10,250	\$ 750
Permits	1,500	1,500	-	(1,500)
Investment income	-	-	627	627
Total Revenues	<u>8,500</u>	<u>11,000</u>	<u>10,877</u>	<u>(123)</u>
<u>Expenditures</u>				
Cultural and recreation	10,000	10,000	-	10,000
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Revenues Over (Under)				
Expenditures	<u>(1,500)</u>	<u>1,000</u>	<u>10,877</u>	<u>9,877</u>
Net Change in Fund Balances	<u>\$ (1,500)</u>	<u>\$ 1,000</u>	<u>10,877</u>	<u>\$ 9,877</u>
Beginning fund balances			<u>81,584</u>	
Ending Fund Balances			<u>\$ 92,461</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Fines and fees	\$ 43,000	\$ 36,000	\$ 31,673	\$ (4,327)
Intergovernmental revenue	28,400	28,400	28,381	(19)
Contributions and donations	2,000	3,200	3,603	403
Investment income	100	100	563	463
Total Revenues	<u>73,500</u>	<u>67,700</u>	<u>64,220</u>	<u>(3,480)</u>
<u>Expenditures</u>				
Police	56,900	55,650	42,483	13,167
Total Expenditures	<u>56,900</u>	<u>55,650</u>	<u>42,483</u>	<u>13,167</u>
Revenues Over (Under) Expenditures	<u>16,600</u>	<u>12,050</u>	<u>21,737</u>	<u>9,687</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(13,200)	(13,200)	(13,200)	-
Total Other Financing Sources (Uses)	<u>(13,200)</u>	<u>(13,200)</u>	<u>(13,200)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 3,400</u>	<u>\$ (1,150)</u>	<u>8,537</u>	<u>\$ 9,687</u>
Beginning fund balances			<u>57,938</u>	
Ending Fund Balances			<u>\$ 66,475</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RECREATIONAL DEVELOPMENT
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Other revenue	\$ -	\$ 396,750	\$ 3,435	\$ (393,315)
Charges for services	743,000	434,700	441,974	7,274
Intergovernmental revenue	-	-	393,244	393,244
Contributions and donations	42,000	11,000	13,730	2,730
Investment income	6,250	4,400	5,286	886
Total Revenues	791,250	846,850	857,669	10,819
Expenditures				
Cultural and recreation	390,950	232,100	178,222	53,878
Capital outlay	141,000	149,300	151,566	(2,266)
Total Expenditures	531,950	381,400	329,788	51,612
Revenues Over (Under)				
Expenditures	259,300	465,450	527,881	62,431
Net Change in Fund Balances	\$ 259,300	\$ 465,450	527,881	\$ 62,431
Beginning fund balances			753,622	
Ending Fund Balances			\$ 1,281,503	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STREET IMPROVEMENTS
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Investment income	\$ 4,000	\$ 4,000	\$ 3,145	\$ (855)
Other revenue	-	-	420	420
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>3,565</u>	<u>(435)</u>
<u>Expenditures</u>				
Capital outlay	20,850	20,850	-	20,850
Total Expenditures	<u>20,850</u>	<u>20,850</u>	<u>-</u>	<u>20,850</u>
Revenues Over (Under) Expenditures	<u>(16,850)</u>	<u>(16,850)</u>	<u>3,565</u>	<u>20,415</u>
Net Change in Fund Balances	<u>\$ (16,850)</u>	<u>\$ (16,850)</u>	<u>3,565</u>	<u>\$ 20,415</u>
Beginning fund balances			<u>474,615</u>	
Ending Fund Balances			<u>\$ 478,180</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL OCCUPANCY TAX
For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Hotel occupancy taxes	\$ 1,009,000	\$ 1,009,000	\$ 778,818	\$ (230,182)
Total Revenues	1,009,000	1,009,000	778,818	(230,182)
 <u>Expenditures</u>				
Administration	651,380	688,880	395,366	293,514
Total Expenditures	651,380	688,880	395,366	293,514
Revenues Over (Under) Expenditures	357,620	320,120	383,452	63,332
Net Change in Fund Balances	\$ 357,620	\$ 320,120	383,452	\$ 63,332
Beginning fund balances			441,902	
Ending Fund Balances			\$ 825,354	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIRE EQUIPMENT
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Fines and fees	\$ 68,250	\$ 68,250	\$ 68,250	\$ -
Other revenue	-	-	184,724	184,724
Investment income	3,000	3,000	1,542	(1,458)
Total Revenues	<u>71,250</u>	<u>71,250</u>	<u>254,516</u>	<u>183,266</u>
<u>Expenditures</u>				
Fire	11,000	7,000	2,945	4,055
Capital outlay	54,200	1,506,650	1,508,203	(1,553)
Total Expenditures	<u>65,200</u>	<u>1,513,650</u>	<u>1,511,148</u>	<u>2,502</u>
Revenues Over (Under) Expenditures	<u>6,050</u>	<u>(1,442,400)</u>	<u>(1,256,632)</u>	<u>185,768</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	1,250,650	1,250,650	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,250,650</u>	<u>1,250,650</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 6,050</u>	<u>\$ (191,750)</u>	<u>(5,982)</u>	<u>\$ 185,768</u>
Beginning fund balances			<u>174,813</u>	
Ending Fund Balances			<u>\$ 168,831</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
AVIATION
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Other revenue	\$ 37,000	\$ 37,000	\$ 26,671	\$ (10,329)
Intergovernmental revenue	12,150	12,150	7,287	(4,863)
Investment income	-	-	76	76
Total Revenues	<u>49,150</u>	<u>49,150</u>	<u>34,034</u>	<u>(15,116)</u>
<u>Expenditures</u>				
Administration	37,350	36,850	18,026	18,824
Total Expenditures	<u>37,350</u>	<u>36,850</u>	<u>18,026</u>	<u>18,824</u>
Revenues Over (Under) Expenditures	<u>11,800</u>	<u>12,300</u>	<u>16,008</u>	<u>3,708</u>
Net Change in Fund Balances	<u>\$ 11,800</u>	<u>\$ 12,300</u>	<u>16,008</u>	<u>\$ 3,708</u>
Beginning fund balances			<u>38,424</u>	
Ending Fund Balances			<u>\$ 54,432</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RECYCLING
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Investment income	\$ -	\$ 800	\$ 941	\$ 141
Total Revenues	<u>-</u>	<u>800</u>	<u>941</u>	<u>141</u>
<u>Expenditures</u>				
Administration	5,000	3,850	3,840	10
Total Expenditures	<u>5,000</u>	<u>3,850</u>	<u>3,840</u>	<u>10</u>
Revenues Over (Under) Expenditures	<u>(5,000)</u>	<u>(3,050)</u>	<u>(2,899)</u>	<u>151</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (55,000)</u>	<u>\$ (53,050)</u>	<u>(52,899)</u>	<u>\$ 151</u>
Beginning fund balances			107,161	
Ending Fund Balances			<u>\$ 54,262</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN IMPROVEMENT
For the Year Ended September 30, 2020

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Contributions and donations	\$ 10,000	\$ 10,000	\$ -
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<u>Expenditures</u>			
Cultural and recreation	10,000	3,438	6,562
Administration	4,000	3,981	19
Total Expenditures	<u>14,000</u>	<u>7,419</u>	<u>6,581</u>
Revenues Over (Under) Expenditures	<u>(4,000)</u>	<u>2,581</u>	<u>6,581</u>
Net Change in Fund Balances	<u>\$ (4,000)</u>	<u>2,581</u>	<u>\$ 6,581</u>
Beginning fund balances		23,220	
Ending Fund Balances		<u>\$ 25,801</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
NARCOTICS UNIT
For the Year Ended September 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Other revenue	\$ -	\$ 76,000	\$ 82,427	\$ 6,427
Total Revenues	<u>-</u>	<u>76,000</u>	<u>82,427</u>	<u>6,427</u>
Expenditures				
Police	40,600	70,100	59,639	10,461
Capital outlay	7,600	80,450	79,308	1,142
Total Expenditures	<u>48,200</u>	<u>150,550</u>	<u>138,947</u>	<u>11,603</u>
Revenues Over (Under) Expenditures	<u>(48,200)</u>	<u>(74,550)</u>	<u>(56,520)</u>	<u>18,030</u>
Net Change in Fund Balances	<u>\$ (48,200)</u>	<u>\$ (74,550)</u>	<u>(56,520)</u>	<u>\$ 18,030</u>
Beginning fund balances			320,210	
Ending Fund Balances			<u>\$ 263,690</u>	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Rockwall, Texas
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND
SPECIAL ESCROW FUND
For the Year Ended September 30, 2020

	<u>Balance</u> <u>October 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>September 30, 2020</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 2,132,347	\$ -	\$ (289,941)	\$ 1,842,406
Investments	1,228,227	815,714	-	2,043,941
Interest receivable	7,502	-	(206)	7,296
Total Assets	<u>3,368,076</u>	<u>815,714</u>	<u>(290,147)</u>	<u>3,893,643</u>
<u>Liabilities</u>				
Due to developers	3,368,076	525,567	-	3,893,643
Total Liabilities	<u>\$ 3,368,076</u>	<u>\$ 525,567</u>	<u>\$ -</u>	<u>\$ 3,893,643</u>

STATISTICAL SECTION

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City.

Contents	Page
Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	118
Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	130
Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	144
Demographic and Economic Information - These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.	155
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	158

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

City of Rockwall, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2020	2019	2018	2017
Governmental activities				
Invested in capital assets, net of related debt	\$ 128,444,419	\$ 116,382,345	\$ 113,288,647	\$ 105,564,842
Restricted	6,558,003	5,903,520	11,813,320	15,629,382
Unrestricted	3,949,974	9,578,113	3,878,658	402,927
Total governmental activities net position	\$ 138,952,396	\$ 131,863,978	\$ 128,980,625	\$ 121,597,151
Business-type activities				
Invested in capital assets, net of related debt	\$ 98,233,247	\$ 86,807,074	\$ 84,819,687	\$ 73,291,095
Restricted	2,215,307	1,990,887	1,690,582	4,355,395
Unrestricted	8,882,718	12,083,408	11,363,946	7,689,144
Total business-type activities net position	\$ 109,331,272	\$ 100,881,369	\$ 97,874,215	\$ 85,335,634
Primary government				
Invested in capital assets, net of related debt	\$ 226,677,666	\$ 203,189,419	\$ 198,108,334	\$ 178,855,937
Restricted	8,773,310	7,894,407	13,503,902	19,984,777
Unrestricted	12,832,692	21,661,521	15,242,604	8,092,071
Total primary government net position	\$ 248,283,668	\$ 232,745,347	\$ 226,854,840	\$ 206,932,785

Source: City audited financial records

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 95,507,167	\$ 95,193,217	\$ 86,446,064	\$ 89,523,344	\$ 89,851,392	\$ 91,085,278
14,270,758	7,930,007	10,584,073	2,353,423	16,124,192	1,774,193
2,075,864	4,740,983	11,180,566	14,253,372	238,981	13,400,417
<u>\$ 111,853,789</u>	<u>\$ 107,864,207</u>	<u>\$ 108,210,703</u>	<u>\$ 106,130,139</u>	<u>\$ 106,214,565</u>	<u>\$ 106,259,888</u>
\$ 66,473,007	\$ 65,822,647	\$ 61,795,531	\$ 60,558,579	\$ 58,888,435	\$ 58,139,970
6,727,108	2,688,018	4,555,652	2,125,250	2,306,207	2,992,291
3,886,649	3,831,828	1,736,457	3,208,557	4,300,793	6,124,975
<u>\$ 77,086,764</u>	<u>\$ 72,342,493</u>	<u>\$ 68,087,640</u>	<u>\$ 65,892,386</u>	<u>\$ 65,495,435</u>	<u>\$ 67,257,236</u>
\$ 161,980,174	\$ 161,015,864	\$ 148,241,595	\$ 150,081,923	\$ 148,739,827	\$ 149,225,248
20,997,866	10,618,026	15,139,725	4,478,673	18,430,399	4,766,484
5,962,513	8,572,811	12,917,023	17,461,929	4,539,774	19,525,392
<u>\$ 188,940,553</u>	<u>\$ 180,206,701</u>	<u>\$ 176,298,343</u>	<u>\$ 172,022,525</u>	<u>\$ 171,710,000</u>	<u>\$ 173,517,124</u>

City of Rockwall, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2020	2019	2018	2017
Expenses				
Governmental activities:				
Administration	\$ 9,651,739	\$ 9,414,533	\$ 10,366,228	\$ 11,433,740
Finance	733,346	711,708	1,686,266	1,350,581
Mayor/Council	88,568	100,810	127,123	130,560
Municipal Court	389,693	395,972	429,862	439,986
Police / Fire	18,545,117	18,040,820	16,819,647	15,931,984
Public Works	13,238,262	12,631,449	3,195,355	3,517,130
Community Development	2,107,804	2,060,063	1,965,366	1,973,607
Parks and Recreation	6,168,770	6,750,655	5,450,380	5,016,834
Interest on long-term debt	2,990,051	3,286,942	3,828,514	4,027,789
Total governmental activities	<u>53,913,350</u>	<u>53,392,952</u>	<u>43,868,741</u>	<u>41,901,084</u>
Business-type activities:				
Water and Sewer	31,687,906	28,406,975	25,332,638	21,541,809
Total business-type activities expenses	<u>31,687,906</u>	<u>28,406,975</u>	<u>25,332,638</u>	<u>21,541,809</u>
Total primary government expenses	<u>85,601,256</u>	<u>81,799,927</u>	<u>69,201,379</u>	<u>63,442,893</u>
Program Revenues				
Governmental activities:				
Charges for services	\$ 4,219,361	\$ 4,785,850	\$ 7,017,274	\$ 7,522,068
Operating grants & contributions	1,641,907	1,272,678	411,439	1,942,620
Capital grants & contributions	6,272,150	792,240	44,793	-
Total governmental activities program revenues	<u>12,133,418</u>	<u>6,850,768</u>	<u>7,473,506</u>	<u>9,464,688</u>
Business-type activities:				
Charges for services	35,598,369	31,769,332	29,691,355	24,519,314
Capital grants & contributions	5,431,979	354,542	7,707,536	6,016,867
Total business-type activities program revenues	<u>41,030,348</u>	<u>32,123,874</u>	<u>37,398,891</u>	<u>30,536,181</u>
Total primary government program revenues	<u>53,163,766</u>	<u>38,974,642</u>	<u>44,872,397</u>	<u>40,000,869</u>

2016	2015	2014	2013	2012	2011
\$ 7,993,510	\$ 9,814,689	\$ 10,114,318	\$ 8,977,258	\$ 9,457,080	\$ 8,989,173
1,345,039	1,003,849	1,089,078	951,808	1,360,201	1,331,943
107,998	116,572	94,747	102,993	106,959	111,494
395,127	396,256	415,220	357,208	358,745	362,149
15,268,593	13,556,363	13,351,763	12,614,209	11,839,154	11,157,766
12,889,840	5,438,890	7,653,406	8,651,550	8,398,043	8,008,701
1,778,965	1,724,660	1,699,428	2,432,153	1,185,114	1,203,407
2,157,430	3,981,748	3,185,425	4,825,050	6,003,610	5,843,647
4,165,018	5,302,942	4,853,042	4,714,902	4,666,567	4,554,433
44,253,356	39,819,292	40,857,382	42,215,122	41,549,568	39,757,127
19,608,273	17,278,731	17,071,406	16,723,552	15,549,248	14,715,610
19,608,273	17,278,731	17,071,406	16,723,552	15,549,248	14,715,610
63,861,629	57,098,023	57,928,788	58,938,674	57,098,816	54,472,737
\$ 6,591,258	\$ 5,937,329	\$ 5,161,016	\$ 3,462,858	\$ 3,582,160	\$ 3,203,842
196,662	418,309	432,146	358,808	660,140	366,656
-	57,286	107,342	3,411,221	2,012,936	4,525,403
6,787,920	6,412,924	5,700,504	7,232,887	6,255,236	8,095,901
22,163,656	18,573,676	15,506,885	15,118,907	14,064,514	14,706,570
3,049,464	4,713,024	4,829,708	3,426,328	1,178,672	2,157,402
25,213,120	23,286,700	20,336,593	18,545,235	15,243,186	16,863,972
32,001,040	29,699,624	26,037,097	25,778,122	21,498,422	24,959,873

City of Rockwall, Texas
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net (Expense)/Revenue				
Governmental activities	(41,779,932)	(46,542,184)	(36,395,235)	(32,436,396)
Business-type activities	9,342,442	3,716,899	12,066,253	8,994,372
Total primary government net expense	<u>(32,437,490)</u>	<u>(42,825,285)</u>	<u>(24,328,982)</u>	<u>(23,442,024)</u>
General Revenues and Transfers				
Governmental activities:				
Property taxes	23,183,884	22,916,157	21,984,955	21,470,363
Sales taxes	19,838,209	19,497,488	17,949,999	17,132,733
Other	4,762,107	5,988,792	4,173,705	3,561,607
Transfers	1,084,150	1,023,100	(329,950)	986,650
Total governmental activities	<u>48,868,350</u>	<u>49,425,537</u>	<u>43,778,709</u>	<u>43,151,353</u>
Business-type activities:				
Other	191,611	313,355	142,378	151,304
Transfers	(1,084,150)	(1,023,100)	329,950	(986,650)
Total business-type activities	<u>(892,539)</u>	<u>(709,745)</u>	<u>472,328</u>	<u>(835,346)</u>
Total primary government	<u>47,975,811</u>	<u>48,715,792</u>	<u>44,251,037</u>	<u>42,316,007</u>
Change in Net Position				
Governmental activities	7,088,418	2,883,353	7,383,474	10,714,957
Business-type activities	8,449,903	3,007,154	12,538,581	8,159,026
Total primary government	<u>\$ 15,538,321</u>	<u>\$ 5,890,507</u>	<u>\$ 19,922,055</u>	<u>\$ 18,873,983</u>

Source: City audited financial records

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
(37,465,436)	(33,406,368)	(35,156,878)	(34,982,235)	(35,294,332)	(31,661,226)
5,604,847	6,007,969	3,265,187	1,821,683	(306,062)	2,148,362
<u>(31,860,589)</u>	<u>(27,398,399)</u>	<u>(31,891,691)</u>	<u>(33,160,552)</u>	<u>(35,600,394)</u>	<u>(29,512,864)</u>
20,966,521	20,432,488	18,438,330	17,870,887	17,321,016	17,204,239
16,331,411	15,171,326	14,341,277	14,045,093	12,720,023	11,526,555
3,454,314	4,312,446	3,365,885	3,310,417	3,613,020	3,011,917
949,250	936,500	1,091,950	1,217,550	1,594,950	979,863
<u>41,701,496</u>	<u>40,852,760</u>	<u>37,237,442</u>	<u>36,443,947</u>	<u>35,249,009</u>	<u>32,722,574</u>
88,673	11,798	22,017	180,858	139,212	238,819
(949,250)	(936,500)	(1,091,950)	(1,217,550)	(1,594,950)	(979,863)
<u>(860,577)</u>	<u>(924,702)</u>	<u>(1,069,933)</u>	<u>(1,036,692)</u>	<u>(1,455,738)</u>	<u>(741,044)</u>
<u>40,840,919</u>	<u>39,928,058</u>	<u>36,167,509</u>	<u>35,407,255</u>	<u>33,793,271</u>	<u>31,981,530</u>
4,236,060	7,446,392	2,080,564	1,461,712	(45,323)	1,061,348
4,744,270	5,083,267	2,195,254	784,991	(1,761,800)	1,407,318
<u>\$ 8,980,330</u>	<u>\$ 12,529,659</u>	<u>\$ 4,275,818</u>	<u>\$ 2,246,703</u>	<u>\$ (1,807,123)</u>	<u>\$ 2,468,666</u>

City of Rockwall, Texas
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Non-spendable	3,088	2,723	-	-
Committed	-	-	-	-
Unreserved	-	-	-	-
Unassigned	16,652,449	14,692,432	12,884,778	10,827,051
Total general fund	<u>\$ 16,655,537</u>	<u>\$ 14,695,155</u>	<u>\$ 12,884,778</u>	<u>\$ 10,827,051</u>
All other governmental funds				
Restricted	\$ 1,155,519	\$ 1,314,152	\$ 860,725	\$ 592,611
Restricted for Debt Service	5,402,484	5,083,470	-	-
Committed	5,316,634	4,291,828	-	-
Committed for Debt Service	-	-	3,277,958	3,828,849
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Assigned	-	-	9,713,024	12,787,803
Unassigned	(8,253,123)	-	-	-
Total all other governmental funds	<u>\$ 3,621,514</u>	<u>\$ 10,689,450</u>	<u>\$ 13,851,707</u>	<u>\$ 17,209,263</u>

Source: City audited financial records

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	23,038	-
-	-	-	2,514	1,120	2,116
-	-	-	-	-	-
-	-	-	-	-	-
11,165,872	11,476,929	10,305,640	11,273,469	9,893,803	10,085,001
<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>
\$ (86,775)	\$ 127,659	\$ (88,096)	328,435	1,511,561	1,641,992
-	-	-	-	-	-
-	-	-	2,973,086	2,722,094	2,608,081
2,201,438	936,770	460,648	772,045	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,628,545	8,859,209	12,396,173	15,535,782	14,549,510	16,652,507
-	-	-	-	-	-
<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>

City of Rockwall, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2020	2019	2018	2017
Revenues				
Ad valorem taxes, penalty and interest	\$ 23,251,697	\$ 22,676,730	\$ 21,889,749	\$ 21,364,031
Sales and hotel occupancy taxes	20,617,027	20,358,483	17,949,998	17,132,733
Franchise taxes	3,245,274	3,408,880	3,255,645	3,154,432
Charges for services	1,835,338	2,405,845	2,364,134	2,431,114
Permits	1,795,728	1,652,856	1,487,961	1,772,362
Municipal court	571,028	695,536	938,043	1,042,793
Intergovernmental	2,007,478	1,205,426	943,848	1,012,738
Interest income	377,092	703,092	401,167	141,210
Miscellaneous	442,603	851,866	611,405	538,312
Contributions and donations	185,056	459,506	424,128	1,780,277
Total Revenues	54,328,321	54,418,220	50,266,078	50,370,002
Expenditures				
Current:				
Mayor/council	88,568	100,810	127,123	130,560
Administration	5,218,346	4,590,328	4,772,422	4,859,771
Finance	737,711	701,499	1,178,791	1,183,815
Municipal court	389,693	395,972	429,862	439,986
Police	12,145,881	11,129,210	11,126,009	11,053,569
Fire	5,246,718	4,530,268	4,272,346	3,876,111
Public works	4,776,601	5,370,529	5,102,468	5,796,784
Community development	2,107,804	2,170,931	1,965,366	1,973,607
Parks and recreation	4,694,193	5,280,625	3,990,911	3,974,766
Total current	35,405,515	34,270,172	32,965,298	33,288,969
Capital outlay	11,991,170	8,352,381	4,988,574	3,417,903
Principal	\$ 6,690,000	\$ 7,095,000	\$ 6,040,000	\$ 6,040,000
Interest	3,125,840	3,430,397	3,665,504	3,868,544
Bond issuance costs	-	-	-	-
Fiscal charges	12,500	10,250	12,500	14,000
Total debt services	9,828,340	10,535,647	9,718,004	9,922,544
Total expenditures	57,225,025	53,158,200	47,671,876	46,629,416
Excess (deficiency) of revenues over (under) expenditures	(2,896,704)	1,260,020	2,594,202	3,740,586

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 20,946,082	\$ 20,441,533	\$ 18,416,548	\$ 17,890,435	\$ 17,338,798	\$ 17,329,982
16,331,411	15,171,325	14,341,278	14,045,093	12,720,023	11,526,555
3,186,160	3,927,501	3,016,446	2,748,707	2,879,585	2,604,569
1,765,734	1,802,529	1,346,695	1,049,134	1,383,158	710,007
1,233,776	1,277,011	1,019,605	1,119,438	1,076,770	765,500
1,152,543	1,177,416	1,161,283	1,050,955	1,141,742	1,157,838
831,958	774,205	624,045	440,250	835,948	478,037
105,047	88,724	51,672	(21,660)	114,588	136,878
315,876	440,246	525,865	795,304	795,150	661,379
90,812	388,236	527,008	44,929	727,361	364,975
<u>45,959,399</u>	<u>45,488,726</u>	<u>41,030,445</u>	<u>39,162,585</u>	<u>39,013,123</u>	<u>35,735,720</u>
107,998	116,572	94,747	102,995	106,958	111,494
4,348,317	4,221,318	3,997,844	3,821,755	3,690,167	3,402,793
1,017,359	948,974	985,734	924,415	1,245,790	1,211,261
389,914	396,256	415,220	349,536	337,537	335,082
10,660,642	9,934,841	9,539,572	8,847,655	8,299,514	7,982,280
3,425,461	3,153,514	2,766,298	2,383,832	2,347,279	2,146,012
5,036,475	4,559,460	4,174,815	2,153,427	2,285,737	2,122,710
1,778,733	1,724,660	1,699,428	1,139,859	1,164,786	1,178,982
3,157,568	3,227,161	2,907,884	4,892,456	4,689,177	4,590,161
<u>29,922,467</u>	<u>28,282,756</u>	<u>26,581,542</u>	<u>24,615,930</u>	<u>24,166,945</u>	<u>23,080,775</u>
<u>5,934,578</u>	<u>4,595,717</u>	<u>8,323,244</u>	<u>11,163,046</u>	<u>8,194,244</u>	<u>7,810,972</u>
\$ 6,560,000	\$ 6,809,632	\$ 6,803,038	\$ 5,268,038	\$ 4,933,038	\$ 4,278,038
3,945,758	5,091,670	4,630,739	4,613,787	4,820,183	4,570,301
231,376	-	74,581	90,615	44,305	150,900
25,855	39,250	14,800	10,500	8,800	11,200
<u>10,762,989</u>	<u>11,940,552</u>	<u>11,523,158</u>	<u>9,982,940</u>	<u>9,806,326</u>	<u>9,010,439</u>
<u>46,620,034</u>	<u>44,819,025</u>	<u>46,427,944</u>	<u>45,761,916</u>	<u>42,167,515</u>	<u>39,902,186</u>
<u>(660,635)</u>	<u>669,701</u>	<u>(5,397,499)</u>	<u>(6,599,331)</u>	<u>(3,154,392)</u>	<u>(4,166,466)</u>

City of Rockwall, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Other financing sources (uses):				
Transfers in	1,985,700	727,443	1,280,466	1,316,687
Transfers out	(4,196,550)	(3,339,343)	(5,240,416)	(3,930,037)
Bonds issued	-	-	-	-
Capital Leases	-	-	-	-
Refunding bonds issued	-	-	-	-
Accrued interest on bonds issued	-	-	-	-
Premium (discounts) on bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Prior Period Adjustment	-	-	-	-
Total other financing sources (uses)	<u>(2,210,850)</u>	<u>(2,611,900)</u>	<u>(3,959,950)</u>	<u>(2,613,350)</u>
Net change in fund balances	<u>\$ (5,107,554)</u>	<u>\$ (1,351,880)</u>	<u>\$ (1,365,748)</u>	<u>\$ 1,127,236</u>
Debt service as a percentage of noncapital expenditures	21.7%	23.5%	22.7%	22.9%

Source: City audited financial records

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
540,350	689,000	2,769,639	2,277,550	2,217,035	3,456,450
(3,131,100)	(3,032,500)	(5,257,689)	(4,215,000)	(3,502,085)	(2,913,587)
8,076,711	-	9,820,000	10,530,000	2,150,000	13,210,000
-	-	-	-	-	-
53,221,012	-	-	-	-	-
-	-	-	-	-	-
6,769,228	-	-	221,417	-	325,248
(59,060,574)	-	(9,745,419)	-	-	(1,651,905)
(246,478)	-	-	-	-	-
<u>6,169,149</u>	<u>(2,343,500)</u>	<u>(2,413,469)</u>	<u>8,813,967</u>	<u>864,950</u>	<u>12,426,206</u>
<u>\$ 5,508,514</u>	<u>\$ (1,673,799)</u>	<u>\$ (7,810,968)</u>	<u>\$ 2,214,636</u>	<u>\$ (2,289,442)</u>	<u>\$ 8,259,740</u>
25.8%	29.6%	30.0%	28.6%	28.7%	27.6%

City of Rockwall, Texas
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2011	\$ 17,329,982	\$ 11,526,555	\$ 2,604,569	\$ 31,461,106
2012	17,338,798	12,720,023	2,879,585	32,938,406
2013	17,890,435	14,045,093	2,748,707	34,684,235
2014	18,438,330	14,341,277	3,093,257	35,872,864
2015	20,441,533	15,171,325	3,927,501	39,540,359
2016	20,946,082	16,331,411	3,186,160	40,463,653
2017	21,364,031	17,132,733	3,154,432	41,651,196
2018	21,889,749	17,949,998	3,255,645	43,095,392
2019	22,676,730	19,497,488	3,408,880	45,583,098
2020	23,251,697	19,838,209	3,245,274	46,335,180

Source: City records

City of Rockwall, Texas
UTILITY SERVICE REVENUE
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Sewer Charges</u>	<u>Total</u>
2011	\$ 8,547,662	\$ 3,406,283	\$ 11,953,945
2012	7,780,095	3,720,357	11,500,451
2013	8,285,306	4,255,951	12,541,257
2014	8,140,267	4,901,303	13,041,570
2015	10,220,088	5,511,705	15,731,793
2016	12,738,912	6,360,126	19,099,038
2017	13,443,511	7,092,057	20,535,568
2018	14,994,386	7,347,007	22,341,393
2019	14,131,403	8,475,098	22,606,500
2020	15,641,898	9,027,765	24,669,663

City of Rockwall, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Tax Year	Estimated Market Value		
		Real Property Residential	Real Property Non-Residential	Non-Real Property Personal
2011	2010	\$ 2,276,011,463	\$ 1,042,597,193	\$ 337,323,537
2012	2011	2,316,829,222	1,041,610,117	337,423,698
2013	2012	2,400,322,618	1,029,298,627	345,365,078
2014	2013	2,437,302,085	1,126,527,658	385,352,763
2015	2014	2,645,861,999	1,318,998,496	438,951,140
2016	2015	2,897,340,628	1,324,784,283	426,923,073
2017	2016	3,250,135,202	1,410,522,815	457,736,898
2018	2017	3,693,500,936	1,518,970,591	493,995,150
2019	2018	4,036,275,136	1,587,770,529	533,531,906
2020	2019	4,256,220,496	1,654,276,920	582,424,005

Source: Rockwall Central Appraisal District

	Less:		
	Tax Exempt	Total Taxable	Total Direct
	Property	Assessed Value	Tax Rate
	<hr/>	<hr/>	<hr/>
\$	249,159,269	\$ 3,406,772,924	0.5031
	264,503,280	3,431,359,757	0.5031
	278,144,322	3,496,842,001	0.5025
	280,459,789	3,668,722,717	0.5025
	302,418,574	4,101,393,061	0.4955
	334,889,710	4,314,158,274	0.4853
	400,924,193	4,717,470,722	0.4543
	463,427,475	5,243,039,202	0.4236
	455,282,292	5,702,295,279	0.4021
	436,900,344	6,056,021,077	0.3879

City of Rockwall, Texas

PROPERTY TAX EXEMPTIONS

Last Ten Fiscal Years (Unaudited)

<u>Fiscal Year</u>	<u>Over 65 and Disabled</u>	<u>Disabled Veterans</u>	<u>Agriculture</u>	<u>Freeport Exemption</u>
2011	\$ 123,493,766	\$ 8,781,840	\$ 99,301,400	\$ 20,804,929
2012	130,833,284	10,360,860	105,251,440	20,979,952
2013	133,480,470	10,577,050	106,197,190	23,803,292
2014	139,936,532	12,780,746	102,226,360	25,071,144
2015	148,647,965	14,905,177	109,426,700	22,030,705
2016	162,365,290	20,961,691	107,887,230	28,084,128
2017	162,472,841	23,628,158	109,384,390	25,288,620
2018	169,304,945	28,450,789	120,809,076	27,839,131
2019	177,252,532	39,833,915	126,796,575	34,593,453
2020	190,507,223	48,858,687	115,983,406	29,836,635

City of Rockwall, Texas
SALES TAX COLLECTIONS AS COMPARED TO TAX LEVY
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	Total Sales Tax Collections	Percent of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate
2011	\$ 11,526,555	68.74%	0.34
2012	12,720,023	75.10%	0.37
2013	14,045,093	81.16%	0.40
2014	14,341,277	78.98%	0.39
2015	15,171,325	75.62%	0.37
2016	16,331,411	77.45%	0.35
2017	17,132,733	81.25%	0.36
2018	17,949,999	82.74%	0.34
2019	19,497,488	86.70%	0.34
2020	19,838,209	86.21%	0.33

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City of Rockwall, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years (Unaudited)

<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>	<u>Total</u>
2011	0.2562	0.2469	0.5031	1.4700	0.3864	2.3595
2012	0.2563	0.2468	0.5031	1.4700	0.3864	2.3595
2013	0.2619	0.2406	0.5025	1.4700	0.3864	2.3589
2014	0.2363	0.2662	0.5025	1.4600	0.3959	2.3584
2015	0.2207	0.2748	0.4955	1.4400	0.3959	2.3314
2016	0.2342	0.2511	0.4853	1.4400	0.3959	2.3212
2017	0.2386	0.2157	0.4543	1.4650	0.3759	2.2952
2018	0.2454	0.1782	0.4236	1.4400	0.3498	2.2134
2019	0.2229	0.1792	0.4021	1.4300	0.3284	2.1605
2020	0.2196	0.1684	0.38799	1.3500	0.3250	2.06299

Source: City records

City of Rockwall, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago (Unaudited)

Taxpayer	2020		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Excel Rockwall, LP	\$ 60,891,330	1	1.01%
Allen Foods/Bimbo Bakeries	44,925,542	2	0.74%
Star Hubbard LLC	38,411,587	3	0.63%
Rockwall Regional Hospital, LLP	36,650,751	4	0.61%
Whitmore Manufacturing CO	36,297,410	5	0.60%
Rockwall Crossing LTD	34,786,390	6	0.57%
Rockwall Dunhill LLC	31,009,650	7	0.51%
2055 Summer Lee Rockwall (Hilton)	29,010,580	8	0.48%
Lollicup USA	28,247,789	9	0.47%
Oncor Electric Delivery Service	26,743,720	10	0.44%
Continental Pet Technology	-	-	-
Mariah Bay Development Inc.	-	-	-
Wal-mart	-	-	-
Texas Star Express	-	-	-
Subtotal	\$ 306,083,419		5.05%
Total Taxable Value	\$ 6,056,021,077		100.00%

Source: Rockwall Central Appraisal District

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

2011

Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
\$ 50,948,210	1	1.50%
-	-	-
-	-	-
36,925,810	3	1.08%
-	-	-
22,646,520	8	0.66%
25,000,000	6	0.73%
29,160,780	5	0.86%
-	-	-
21,633,760	9	0.64%
37,595,890	2	1.10%
30,981,690	4	0.91%
23,474,360	7	0.69%
18,814,200	10	0.55%
\$ 297,181,220		8.72%
3,406,772,924		100.00%

City of Rockwall, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Tax Year	Total Tax Levy	Total Current Year Collections	Percent of Levy Collected During Fiscal Period	Delinquent Tax Collections
2011	2010	\$ 16,768,511	\$ 16,616,216	99.09%	\$ 95,906
2012	2011	16,937,674	16,780,370	99.07%	88,353
2013	2012	17,306,465	17,205,265	99.42%	-
2014	2013	18,157,980	18,055,096	99.43%	-
2015	2014	20,063,663	19,951,271	99.44%	-
2016	2015	20,561,430	20,538,371	99.89%	139,645
2017	2016	21,086,975	21,119,819	100.16%	218,207
2018	2017	21,695,004	21,663,720	99.86%	210,894
2019	2018	22,488,162	22,340,361	99.34%	207,447
2020	2019	23,011,067	22,948,773	99.73%	261,287

<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>
\$ 16,712,122	99.66%
16,868,723	99.59%
17,205,265	99.42%
18,055,096	99.43%
19,951,271	99.44%
20,678,016	100.57%
21,338,026	101.19%
21,874,614	100.83%
22,547,808	100.27%
23,210,059	100.86%

City of Rockwall, Texas

TOP TEN WATER CUSTOMERS

Last Ten Fiscal Years (Unaudited)

Customer	2020		
	Water Usage	Rank	Percentage of Total Water Usage
City of Rockwall	55,015,500	1	1.68%
Rockwall I.S.D.	52,449,200	2	1.60%
AstroChef Inc, Pegasus Foods	29,261,000	3	0.89%
IX MC 923 Yellow Jacket LP	14,503,300	4	0.44%
Allen Food Bakeries, Inc	14,406,300	5	0.44%
Walden Residential	13,738,300	6	0.42%
Star Hubbard LLC	13,331,300	7	0.41%
Graham Packaging Continental PET	11,870,000	8	0.36%
Excel Rockwall, L.P.	11,810,400	9	0.36%
SPR Packaging LLC	9,407,800	10	0.29%
D.W.C./Highlife Properties	-	-	-
PA Harbor Retail	-	-	-
Rockwall Crossing Ltd.	-	-	-
Lake Pointe Church	-	-	-
Subtotal	225,793,100		6.90%
Total Water Usage	3,270,140,500		100.00%

2011

Water Usage	Rank	Percentage of Total Water Usage
48,449,000	2	1.33%
62,366,600	1	1.72%
-	-	-
15,966,700	6	0.44%
-	-	-
14,198,700	8	0.39%
33,135,100	3	0.91%
-	-	0.00%
17,815,600	4	-
-	-	-
16,896,500	5	0.47%
12,541,100	9	0.35%
15,498,400	7	0.43%
11,723,500	10	0.32%
<hr/> 248,591,200		<hr/> 6.85%
<hr/> <hr/> 3,629,256,940		<hr/> <hr/> 100.00%

City of Rockwall, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities	
	General Obligation Bonds	Certificates of Obligation	Discounts and Premiums	Capitalized Lease Obligations	General Obligation Bonds	Certificates of Obligation
2011	\$ 88,473,746	\$ 23,050,000	\$ 2,004,225	\$ 236,589	\$ 91,254	\$ 28,205,000
2012	84,675,708	24,065,000	1,906,421	193,299	69,292	27,145,000
2013	88,562,670	25,440,000	2,036,645	148,083	47,330	29,510,000
2014	87,404,632	16,935,000	1,921,161	100,855	25,638	27,900,000
2015	85,790,000	14,610,000	1,817,822	51,525	-	26,220,000
2016	90,400,000	8,580,000	1,709,884	-	-	31,230,000
2017	85,235,000	7,705,000	1,597,726	-	19,830,000	8,910,000
2018	79,880,000	7,020,000	1,485,568	-	18,705,000	7,565,000
2019	73,500,000	6,305,000	1,373,410	-	16,700,000	6,995,000
2020	67,380,000	5,735,000	1,261,252	-	14,720,000	6,395,000

Note: See Table 20 for personal income and population data

*Debt is shown gross of deferred amounts

Business-Type Activities

Water and Sewer Revenue Bonds	Discounts and Premiums	Capitalized Lease Obligations	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 5,215,000	\$ 193,106	\$ 6,710,000	\$ 154,178,920	8.19%	\$ 4,189
4,550,000	181,984	6,321,743	149,108,447	7.54%	3,864
3,865,000	235,920	5,910,072	155,755,720	7.62%	4,019
3,495,000	248,709	5,485,067	143,516,062	6.72%	3,587
3,235,000	210,342	5,041,729	136,976,418	6.06%	3,347
-	2,907,590	4,571,724	139,399,198	6.17%	3,406
-	2,750,454	4,233,385	130,261,565	5.37%	3,093
-	2,312,754	3,881,713	120,850,035	4.70%	2,762
-	2,014,431	3,508,374	110,396,215	4.06%	2,480
-	1,716,108	3,454,998	100,662,358	3.59%	2,236

City of Rockwall, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental and Business Type Activities				
	General Obligation Bonds	Certificates of Obligation	Contractual Obligations	Gross Bonded Debt	Unamortized Premium (Discount)
2011	\$ 88,473,746	\$ 51,255,000	\$ -	\$ 139,728,746	\$ 2,004,225
2012	84,675,708	51,210,000	-	135,885,708	2,046,038
2013	88,562,670	54,950,000	-	143,512,670	2,218,052
2014	87,404,632	44,835,000	-	132,239,632	2,105,454
2015	85,790,000	40,830,000	-	126,620,000	1,992,856
2016	90,400,000	39,810,000	-	130,210,000	1,709,884
2017	105,065,000	16,615,000	-	121,680,000	1,597,726
2018	98,585,000	14,585,000	-	113,170,000	3,798,322
2019	90,200,000	13,300,000	-	103,500,000	3,387,841
2020	82,100,000	12,130,000	-	94,230,000	2,977,360

Note: See Table 20 for population data and Table 9 for property value data

*Deferred amounts include unamortized premium (discount) and loss on refunding

Less: Debt Service Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value	Per Capita
\$ 1,426,272	\$ 140,306,699	4.12%	\$ 3,812
1,221,201	136,710,545	3.98%	3,543
772,045	144,958,677	4.15%	3,740
460,648	133,884,438	3.65%	3,346
936,770	127,676,086	3.11%	3,119
2,201,438	129,718,446	3.01%	3,169
3,828,849	119,448,877	2.53%	2,836
3,284,407	113,683,915	2.17%	2,598
4,636,663	102,251,178	1.79%	2,297
5,456,791	91,750,569	1.52%	2,038

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City of Rockwall, Texas
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2020 (Unaudited)

<u>Governmental Unit</u>	<u>Net General Obligation Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable to the City of Rockwall (2)</u>	<u>Amounts Applicable to the City of Rockwall</u>
Direct:			
City of Rockwall - debt repaid with property taxes	\$ 73,115,000	100.00%	\$ 73,115,000
Indirect:			
Rockwall Independent School District	507,655,857	59.99%	304,542,749
Rockwall County	144,815,000	47.74%	69,134,681
Total Indirect	652,470,857		373,677,430
Total Direct and Overlapping Bonded Debt	\$ 725,585,857		\$ 446,792,430
Average debt per capita			\$ 11,529

Source: Municipal Advisory Council of Texas Annual Report

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

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

- (2) 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
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years (Unaudited)

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:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Maximum Rate	2.50	2.50	2.50	2.50	2.50	2.50
Total Tax Rate	0.38799	0.4021	0.4236	0.4543	0.4853	0.4955
Legal Debt Margin	<u>2.1120</u>	<u>2.0979</u>	<u>2.0764</u>	<u>2.0457</u>	<u>2.0147</u>	<u>2.0045</u>

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
2.50	2.50	2.50	2.50
0.5025	0.5025	0.5031	0.5031
<u>1.9975</u>	<u>1.9975</u>	<u>1.9969</u>	<u>1.9969</u>

City of Rockwall, Texas

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Revenues	Direct Operating Expense	Net Revenue Available for Debt Service	Annual Revenue Debt Service Requirements	
				Principal	Interest
2011	\$ 15,439,747	\$ 10,805,039	\$ 4,634,708	\$ 740,000	\$ 360,448
2012	14,809,266	11,463,657	3,345,609	665,000	219,253
2013	16,096,968	11,885,957	4,211,011	685,000	191,306
2014	16,378,963	12,610,238	3,768,725	260,000	147,294
2015	19,748,474	13,657,885	6,090,589	270,000	136,894
2016	23,406,369	15,252,009	8,154,360	-	-
2017	26,262,806	17,163,431	9,099,375	-	-
2018	28,850,782	18,680,374	10,170,408	-	-
2019	31,813,449	24,104,087	7,709,362	-	-
2020	35,686,656	27,091,220	8,595,436	-	-

Note: Direct operating expenses excludes depreciation

**Annual Revenue Debt
Service Requirements**

Total	Coverage
\$ 1,100,448	4.21
884,253	3.78
876,306	4.81
407,294	9.25
406,894	14.97
-	-
-	-
-	-
-	-
-	-

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City of Rockwall, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population	Personal Income (thousands of dollars) (3)	Per Capita Personal Income (1)	RISD School Enrollment (2)	Unemployment Rate (%) (1)
2011	36,810	\$ 1,881,580	\$ 51,116	13,965	6.7
2012	38,586	1,976,529	51,224	14,213	5.1
2013	38,755	2,044,742	52,761	14,359	5.3
2014	40,008	2,135,587	53,379	14,626	4.2
2015	40,929	2,259,553	55,627	15,468	3.3
2016	41,519	2,309,577	55,627	15,512	3.1
2017	42,120	2,424,806	57,569	15,822	3.7
2018	43,750	2,568,869	58,717	16,295	3.3
2019	44,520	2,715,854	61,003	16,587	3.1
2020	45,010	2,801,287	62,237	17,007	5.8

Source: (1) Federal Reserve Bank Economic Research
(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 and Nine Years Ago (Unaudited)

Employer	2020		
	Employees	Rank	Percentage of Total City Employment
Rockwall Independent School District	1,944	1	8.68%
L-3 Harris Technologies	700	2	3.13%
Texas Health Presbyterian Hospital	611	3	2.73%
Pegasus Foods	650	4	2.90%
Channell Commercial	380	5	1.70%
Wal-Mart Superstore	350	6	1.56%
Rockwall County	344	7	1.54%
City of Rockwall	303	8	1.35%
Texas Star Express	275	9	1.23%
Karat by Lollicup USA	260	10	1.16%
Special Products	-	-	-
Target	-	-	-
Rockwall Nursing Home	-	-	-
Kohl's Department Store	-	-	-
Subtotal	<u>5,817</u>		<u>25.97%</u>
Total	<u><u>22,400</u></u>		<u><u>100.00%</u></u>

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

2011

Employees	Rank	Percentage of Total City Employment
1,550	1	8.17%
-	-	-
419	4	2.21%
-	-	-
-	-	-
450	3	2.37%
298	5	1.57%
255	6	1.34%
484	2	2.55%
-	-	-
205	7	1.08%
200	8	1.05%
160	9	0.84%
140	10	-
<u>4,161</u>		<u>21.94%</u>
<u>18,963</u>		<u>100.00%</u>

City of Rockwall, Texas
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY
FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2020	2019	2018	2017	2016	2015
Administration	27	28	27	27	27	26
Finance	5.5	5.5	5.5	5.5	5.5	5
Municipal Court	5	5	5	5	5	5
Fire	39	36	29	29	26	26
Police	109	108	105	103	102	101.5
Community Development	20	21	20	20	19	19
Parks & Recreation	34	30	30	30	30	30
Public Works	21	21	21	21	21	21
Water/Sewer	42	41	38	36	33	33
Total	302.50	295.50	280.50	276.50	268.50	266.50

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
26	25	21	21
5	5	8	8
5	4	4	4
23	19	17	17
100.5	97	92.5	91.5
19	24.5	29.5	29.5
29	25	26	26
21	21	21	21
34	34	37	37
<u>262.50</u>	<u>254.50</u>	<u>256.00</u>	<u>255.00</u>

City of Rockwall, Texas
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years (Unaudited)

Function	2020	2019	2018	2017
Finance				
Invoices processed	12,290	12,987	12,613	12,940
Payroll checks issued	11,733	11,875	11,476	12,044
Purchase orders issued	2,311	2,437	2,480	2,389
Municipal Court				
Violations Processed	5,690	8,136	10,570	12,124
Fire				
Employees (paid)	39	36	30	29
Volunteers	32	32	32	38
Fire Calls (City and County)	2,715	2,672	2,496	1,684
* FY18 includes initial year of First Responder Program calls				
Police				
Employees (uniformed)	85	84	82	81
Employees (civilian)	24.0	24.0	23.0	23.0
Calls for Service*	17,171	18,435	16,676	18,101
* Police Department software was upgraded in Sept. 2010 and utilizes a different criteria to count calls.				
Community Development				
# permits - New commercial construction	19	21	16	20
Value - New commercial construction	46943066	148,369,487	80,969,465	107,317,132
# permits - New residential construction	332	297	341	370
Value - New residential construction	-	-	79,618,273	84,226,817
Parks & Recreation				
The Center facility usage	6,575	25,000	48,052	47,759
Special event attendance	39,020	148,775	90,200	89,450
# recreation participants (youth & adult)	2,989	11,397	8,716	5,600

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
12,286	13,782	14,518	15,351	15,772	15,582
11,213	11,093	10,118	9,650	10,065	10,500
2,141	2,135	1,939	2,002	2,150	2,269
11,171	13,135	16,950	15,208	16,859	16,361
26	26	23	19	17	17
48	34	30	29	35	41
1,240	902	723	913	831	1,059
79	78	78	76	72	71
24.0	22.5	22.5	21	20	20
17,553	18,152	17,391	16,317	18,267	21,490
16	19	12	25	14	21
34,712,638	44,764,279	13,645,795	55,921,000	36,578,259	15,446,160
341	346	257	272	218	185
80,982,059	79,262,932	59,868,007	56,266,387	39,815,104	36,244,834
46,946	62,991	78,350	84,000	81,500	84,001
86,150	80,000	81,000	83,000	85,000	80,000
5,433	4,711	4,900	4,700	4,500	3,268

City of Rockwall, Texas
OPERATING INDICATORS BY FUNCTIONS (Continued)
Last Ten Fiscal Years (Unaudited)

Function	2020	2019	2018	2017
Public Works				
Streets - sq yd concrete street repair	5,002	6,320	2,248	1,263.90
\$ spent on concrete/asphalt street repair	\$ 1,780,215	\$ 2,482,129	\$ 1,015,920	\$ 834,308
Miles of public street maintained by City*	225.99	225.99	225.99	218.45
* Beginning in 2011, mileage calculations have changed and software advances have allowed for a more accurate count				
Water/Sewer				
Water customers	16,861	16,506	16,296	15,902
Sewer customers	15,625	13,802	13,583	13,212
Average daily water consumption (gal)	10,898,274	9,544,744	7,746,687	7,826,181
Peak daily water consumption (gal)	22,031,522	20,877,020	20,871,860	16,631,760
Maximum storage capacity (gal)	12,000,000	12,000,000	12,000,000	12,000,000

Source: City departments

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

n/a - Data not available

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

Note: Residential Permit Values can no longer be accumulated per Texas Legislature as of FY2020

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
1,262.94	5,407.00	3,872.00	2,333.00	4,316.37	2,276.40
\$ 749,128	\$ 806,081	\$ 909,163	\$ 712,451	\$ 654,243	\$ 602,167
215.81	211.65	188.18	185.67	184.06	183.05
15,557	15,147	14,874	14,599	13,416	13,044
12,944	12,644	13,215	12,968	12,137	11,891
5,595,421	5,813,542	6,210,113	8,158,146	8,322,890	9,943,169
16,342,090	17,497,100	12,930,773	15,728,969	20,230,443	21,739,681
12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000

City of Rockwall, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2020	2019	2018	2017
Fire				
Number of stations	4	4	4	4
Number of fire engines/trucks	12	12	12	12
Police				
Number of stations	1	1	1	1
Number of patrol units	41	41	41	41
Parks & Recreation				
Parks acres (developed)	620	620	620	620
Playgrounds	28	28	28	28
Picnic areas	38	38	37	37
Swimming pools	2	2	2	2
Public Works				
\$ Spent on new construction	\$ 6,114,766	\$ 4,706,475	\$ 3,848,535	\$ 1,026,792
Miles of public streets	225.99	225.99	225.56	218.45
Water/Sewer				
Water mains (miles)	341.96	334.27	323.61	318.56
Sanitary sewers (miles)	273.36	268.88	255.22	251.66

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
4	4	4	4	4	4
13	13	13	13	15	15
1	1	1	1	1	1
41	40	42	42	42	42
598	586	538	538	538	538
26	25	25	25	25	25
35	32	32	32	32	32
2	2	2	2	2	2
\$ 3,510,781	\$ 8,751,606	\$ 4,760,116	\$ 3,567,315	\$ 2,164,305	\$ 1,079,938
215.81	211.65	188.18	185.67	184.06	183.05
300.69	302.77	287.91	287.91	276.94	265.82
237.13	241.21	231.91	231.91	218.88	222.62